

ANNUAL BUDGET

2015/2018

CHIEF ALBERT LUTHULI MUNICIPALITY



Chief Albert Luthuli

Municipality

Vision

A transparent, innovative and developmental municipality that improves the quality of life of its people.

Mission

To provide a transparent and accountable government by rendering affordable and sustainable services; and encouraging economic and social development through community participation.

Core Values and Principles

- The municipality is driven by the aspirations of the people; we will respect and uphold the Constitution of the Republic of South Africa.
- The municipality commits itself to the Code of Conduct for Councillors and Officials contained in the Municipal Systems Act, 2000.

- The municipality commits itself to the principles of sound financial management
- The municipality subscribes to the principles of Batho Pele: Consultation, Service Standards, Access, Courtesy, Information, Openness and transparency, Redress and Value for Money.
- The municipality subscribes to Cooperative Governance. As a partner in governance we will promote and constructively participate in Regional, Provincial and National programmes.

Table of Contents

Abbreviation of funding sources.....	6
Functional Codes.....	7
PART 1	8
Report by the Executive Mayor	9- 20
Schedule 1 – Draft Resolution on approval of the Annual Budget	21
Executive Summary.....	23
Table A1 – Budget Summary.....	29
Table A2 – Budgeted financial performance by vote.....	30
Table A2A – Detail budgeted financial performance by vote	31
Table A3 - Budgeted financial performance by municipal vote.....	33
Table A4 – Budgeted financial performance by revenue source & expenditure type	34
Chart 1 – Revenue by major source.....	35
Chart 3 – Operating expenditure by type	36
Chart 4 – Operating Expenditure by municipal vote	37
Table A5 – Budgeted capital expenditure by vote.....	38
Table A6 – Budgeted financial position	39
Table A7 – Budgeted cash flow	40
Table A8 – Cash back reserves / accumulated surplus reconciliation	41
Table A9 – Asset management	42- 43
Table A10 – Basic Service Delivery Measurement.....	44
PART 2	46
Overview of the budget process	47-56
Table SA1 – Supporting detail to budgeted financial performance.....	57-58
Table SA2 – Matrix financial performance – revenue source & expenditure type	59

Table SA3 – Supporting detail to budgeted financial position.....	60
Table SA4 – Reconciliation of IDP strategic objectives and revenue.....	61
Table SA5 – Reconciliation of IDP strategic objectives and operating expenditure	62
Table SA6 – Reconciliation of IDP strategic objectives and capital expenditure	63
Table SA8 – Performance indicators and benchmarks	64
Table SA9 – Social, economic and demographic statistic assumptions.....	65
Table SA10 – Funding measurement	66
Table SA14 – Household bills	67
Table SA15 – Investment particulars by type	68
Table SA16 – Investment particulars by maturity.....	69
Table SA17 – Borrowing.....	70
Table SA18 – Transfer and grant receipts.....	71
Table SA19 – Expenditure on transfers and grant programme	72
Table SA20 – Reconciliation of transfers, grant receipts and unspent funds.....	73
Table SA21 – Transfers and grants made.....	74
Table SA22 – Summary councillor and staff benefits	75-76
Table SA23 – Salaries, allowances and benefits – councillors and senior managers	77
Table SA24 – Summary of personnel numbers.....	78
Table SA25 – Budget monthly revenue and expenditure	79-80
Table SA26 - Budget monthly revenue and expenditure (municipal vote)	81
Table SA27 – Budget monthly revenue and expenditure by classification.....	82
Table SA28 - Budgeted monthly capital expenditure (municipal vote)	83-84
Table SA29 – Budgeted monthly capital expenditure	85
Table SA30 – Budgeted monthly cash flow.....	86-87
Table SA32 – List of external mechanism	88
Table SA33 – Contracts having future budgetary implications.....	89
Table SA34a – Capital expenditure on new assets	90
Table SA34b – Capital expenditure on existing assets.....	91
Table SA34c – Repairs and maintenance by asset class	91
Table SA34d-Depreciation by Asset Class.....	92
Table SA35-Future Financial Implication on capital budget.....	93
Table SA36 – Detailed capital budget by programme	94
Schedule 2 – Proposed Tariffs.....	97-121

Schedule 3 – Proposed Sundry Tariffs	
Schedule 4 – Personnel Budget	
Schedule 5 – Budget Related Policies	122
Tariff Policy	122-143
Rates Policy	144-163
Credit Control and Debt Collection Policy	163-182
Cash Management and Investment Policy	183-193
Funding and Reserves Policy.....	194-198
Long-term Financial Planning Policy	199-201
Indigent Policy.....	202-208
Free Basic Services Policy.....	209-213
Supply Chain Management Policy.....	214-267
Budget Policy.....	268-287
Water and Electricity Management Policy	288-292
Overtime Policy.....	293-297
Subsistence and Travelling Policy.....	298-306
PART 3	307
Signed Quality Certificate	308
Signed Council Resolution.....	209-310

Abbreviation of funding sources

CFR (RO) – Capital Facilities Reserve (Roll Over)

CRR- Capital Replacement Reserve

CRR (Ad hoc) – Capital Replacement Reserve (Ad hoc)

CRR (RO) –Capital Replacement Reserve (Roll over)

CRR (Services) – Capital Replacement Reserve (Services)

CTC – Cleanest Town Competition

DAC- Department of Art and Culture

EFF – External Financing Fund

EFF (Ad hoc) - External Financing Fund (Ad hoc)

EFF (CF) – External Financing Fund (counter funding)

EFF (Inyanda) – External Financing Fund (Inyanda)

EFF (RO) – External Financing Fund (Roll over)

EPW – Expanded Public Works Programme

FMG – Finance Management Grant

INEP – Integrated National Electricity Program

INSURANCE- Insurance Fund

MIG –Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

CALM- Chief Albert Luthuli Municipality

CALM (Ad hoc) – Chief Albert Luthuli Municipality (Ad Hoc)

ALM (RO) – Chief Albert Luthuli Municipality (Roll over)

NLDTF – National Lottery Distribution Fund

NPAG – New Phased Approached Grant

Functional Codes

PART 1

ANNUAL BUDGET

PART 1

Report by the Executive Mayor Clr. B.P. Shiba

The Honourable Speaker of Council, Councillor SM Nkosi

Chief Whip of Council, Councillor DP Nkosi

Members of the Mayoral Committee

Chairpersons of Section 79 Committees

Leaders of All Political Parties

Honourable Councillors

Traditional Leaders

Leadership of Pastors Forum

The Municipal Manager, Mr VN Mpila

Directors and Officials

Citizens of Chief Albert Luthuli Municipality

Ladies and Gentlemen

On an occasion such as this, the last budget I am tabling to council as Executive Mayor in this term of office, I should perhaps, start from the beginning of the journey. So, let me begin!

I still vividly remember the day, I rose to the podium in Carolina Academy, on the occasion of our inauguration. With my legs shaking, I stood in front of the masses of our people and boldly said:

“I Busisiwe Paulina Shiba, do hereby solemnly affirm to Chief Albert Luthuli Municipality and undertake before those assembled here to hold my office as Executive Mayor with honour and dignity; to respect and uphold the Constitution, other laws of the Republic of South Africa, policies and by-laws of our Municipality; to be a true and faithful councillor, not to divulge directly or indirectly any matter entrusted to me under secrecy and to perform the duties of my office consciously and to the best of my ability.”

With my left hand up, I concluded this by saying, So help me God! I made this conclusion not because it is only required when making an oath, but I was sincerely inviting divine intervention. I deeply appreciated the fact that the road ahead will not be an easy one, at times I will stumble and at times I will fall, but the salient act remained that of waking up and soldiering on.

I trust many of you will agree with me when I say, despite the many challenges I had in my term of office, I lived up to the oath I made in 2011. I boldly say this, because I do not recall an occasion when any of the Ministers, MECs and the Premier under whom I served, or anybody else in Government or my party, the ANC, complaining that I was failing my constitutional duties.

Four years later, allow me to confess that it was not an easy journey. Beyond my love for the people of our municipality, I also found strength in the commitment and support of councillors, our administration, the Premier and his office, my husband and family, most importantly my political party, the ANC. The support, I received from the above mentioned people and structures made me believe in the words of President Mbeki, when he said:

“Whatever the setbacks of the moment, nothing can stop us now!
Whatever the difficulties, Africa shall be at peace!
However improbable it may sound to the sceptics, Africa will prosper!”

I today, thank all of you for your immeasurable support. We are today at this point, because we collectively believed that nothing can stop our council from defeating poverty, unemployment and inequality. Our belief passed the test of time, despite annoying and discouraging sounds from sceptics, we still believed that Chief Albert Luthuli Municipality will prosper. Thank you once again!

Honourable Speaker, I table this budget to council a few days after our continent and the world celebrated Africa Day on the 25th of May. I therefore deemed it fit to dedicate our 2015/16 budget, to the African martyrs that gathered in Addis Ababa, in 1963, to formalise a struggle that will ensure Africa’s rightful place in the family of nations.

This budget serves as a commitment and a tool to advance the African agenda and ensure that, Africa’s cause triumphs. I use this budget which aims to improve the living conditions of our people, which are mainly Africans to honour and advance the relentless struggles waged by amongst others Josina Mutemba, Anton Lembede, Amilcar Cabral, Franz Fanon, Kwame Nkrumah, Julius Nyerere, Pixley kaSeme, Thomas Sankara, Robert Mugabe, Kenneth Kaunda, Joyce Banda, Albertina Sisulu, Sam Nujoma, Patrick Lumumba, Jomo Kenyata, Albert Luthuli and many other African freedom fighters.

The 2015/16 spending plan must assist us reduce the competition for resources and basic services amongst the working class, which has recently manifested itself in the most degenerate form, that of xenophobia. My considered view is that South Africans are not xenophobic and violent, and the recent regrettable acts of violence against our African brothers and sisters is not xenophobia, but criminal acts instigated by poverty and scarcity of resources. So I argue that South Africa’s liberal media uses a euphemism, xenophobia, to characterise and downplay the problem.

The real problem is poverty, unemployment, inequality and underdevelopment. It is therefore precisely the reason that our total budgeted amount for the 2015/16 is almost R500 million (R492, 824, 664). This almost half a billion budget is aiming at improving service delivery, reversing underdevelopment and poverty and making it improbable for the competition of resources amongst Africans to degenerate to the level of xenophobia and violence. We want to reverse these frontiers of poverty, because we know that, Africa’s cause shall not triumph if majority of our people still live in underdeveloped areas, without water, electricity, sanitation and many other basic services.

I think it is important for the benefit of both council and our community that I try summarise our spending plan:

Total revenue (Excluding capital transfers and contributions) R336, 127, 574.63

Total Expenditure R 382, 938, 214.98

Deficit	(46,810,640.3)
---------	----------------

Non Cash Item

Depreciation	66,974,587.90
--------------	---------------

Debt Impairment	30,070,157.59
-----------------	---------------

Surplus excluding non-cash item	50,234,105.14
---------------------------------	---------------

Honourable Speaker, before I outline how do we plan on spending this almost half a billion, I beg you to permit me, to give a detailed account of the work we have done. I want to do this, to give testimony to our people that we are municipality work and they can trust us with their monies. As I give this detailed account, pictures of some of these projects will be flashing on the overhead projector. This will serve as further evidence that we are indeed a government at work and Siyaqhuba!

Review of performance:

Like I said earlier, that today I start from the beginning of the journey. So let me begin!

Africa's cause shall not triumph if our governments and institutions are not accountable. We will continue to be a troubled continent muzzled by wars, if we are not transparent to our people on how we spend their monies. Lack of transparency breeds suspicion and mistrust, as result creates conditions for war and at times over resources that are not there. As an institution we must at all times be able to account for how we used public resources and whether we were able to deliver on agreed development outcomes or not.

In the beginning we all agreed to deal with the following to reverse the frontiers of poverty and advance the development of our continent:

- To increase the number of households receiving electricity. It is with glee that, I report that we were able to do following in relation to this developmental goal.
-

NUMBER OF HOUSEHOLDS BENEFITTING FROM ACCESS TO ELECTRICITY

Ward	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED
18	Electrification Programme to Mbhejeka	50
2	Electrification Programme to Esandleni	15
5	Electrification Programme to Dundonald	5
8	Electrification Programme to Bampoen	21
8	Electrification Programme to TV	20
16	Electrification Programme to Emagomini	18
16	Electrification Programme to Lochiel	12
6	Electrification Programme to EGG	6
20	Electrification Programme to Nhlanzatshe 4C	11
20	Electrification Programme to Nhlanzatshe 7	8
14	Electrification Programme to Nhlanzatshe 3CD	47
15	Electrification Programme to Silobela Ext 4	450
Total		663

We continued in succeeding financial years with the following:

WARD	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED
6	Electrification of household	89
7	Electrification of household	119
8	Electrification of household	106
10	Electrification of household	90
11	Electrification of household	68
12	Electrification of household	27
14	Electrification of household	150
15	Electrification of household	30
21	Electrification of household	40
22	Electrification of household	50
23	Electrification of household	17
24	Electrification of household	40
Total		826

WARD	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED
01	Noordin	80
04	Caithness	56
06	S'thobela	89
08	Bampoen	103
10	Armburg	41
11	Glenmore	03
12	Ebutsini	27
14	Nhlazatshe Bantfwabetfu	150
21	Carolina	80

23	Badplaas	83
24	Nhlazatshe	40

- We committed to assisting the fight against crime by increasing the number of high mast lights and streets lights. We have indeed remained true to our commitment and installed the following:

Ward	NAME OF THE PROJECT	NUMBER
13	Tjakastad	1
16	Nhlazatshe 1	1
17&23	Badplaas	1
19	Mooiplaas	1
20	Nhlazatshe 4B	1
15&22	crossroad	1
24	Nhlazatshe.	1
25	Nhlazatshe 1	1
15	Installation of street Lights	25
22	Installation of street Lights	25
24	Installation of street Lights	25
25	Installation of street Lights	25
01	Installation of High mast Lights	2
03	Installation of High mast Lights	2
04	Installation of High mast Lights	2
05	Installation of High mast Lights	2
12	Installation of High mast Lights	2
14	Installation of High mast Lights	2
15	Installation of High mast Lights	2
17	Installation of High mast Lights	2
WARD	NAME OF THE PROJECT	
01	Installation of High mast lights	1
02	Installation of High mast lights	2
06	Installation of High mast lights	2
07	Installation of High mast lights	2
08	Installation of High mast lights	2
09	Installation of High mast lights	2
10	Installation of High mast lights	2
11	Installation of High mast lights	1
12	Installation of High mast lights	1
16	Installation of High mast lights	2
18	Installation of High mast lights	2
21	Installation of High mast lights	2

- We committed to providing clean water to every citizen of Chief Albert Luthuli Municipality. Even though not at satisfactory levels we are slowly moving in the correct directions. From 2011 to date we were able to do the following:

Ward	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED
16	Water reticulation to kaNtshwele – Electrification of Borehole	82
9	Water reticulation to Ntababomvu	17
4	Water reticulation to Caithness – Protection of River Crossing	55
9	Water reticulation to Esandleni – Construction of Tank Stand	256
2	Water reticulation to Fernie	33
3	Water reticulation to Ndonga	80
8	Water reticulation to Bampoen – Electrification of Borehole	36
16	Water reticulation to Nhlazatshe 1– Electrification of Borehole	27
8	Water reticulation in Oshoek, Mashonamini, Hartebeeskop and Smithfield	995
15	Water reticulation to Silobela Ext 4	40
17&23	Refurbishment of Badplaas Water Treatment Works	2,224
15&22	Refurbishment of Carolina Waste Water Treatment Works	5,625
13,18 & 19	Installation of package plant in Avontuur and Mooiplaas Water Treatment Works	4,990
1,2,3	Installation of package plant in Methula Water Treatment Works	9,093
15 & 22	Replacement of water reticulation AC pipes at Silobela Ext 1	1,200
15, part of 21 & 22	Replacement of Bulk AC Rising Main Pipeline from Carolina Water Treatment Works to Reservoirs in Caropark	15,949
15, part of 21 & 22	Replacement of Bulk AC Pipes from Caropark Reservoirs to Silobela Township	3,991
15, part of 21 & 22	Upgrading pumping capacity & retro fitting of Carolina water treatment works	15,949
10,13,14, part of 16,18,20,24 & 25	Eerstehoek Water Treatment Works: Flow Optimization	14,704
12	Ekulindeni: Upgrading of Bulk Water System	2,364
13,18 & 19	Installation of package plant in Avontuur and Mooiplaas Water Treatment Works	4 990
4,5,6,7 & 9	Augmentation Of mayflower WTW	11 113
15	Provision of Water Reticulation In Silobela Ext 4	560

10,13,14,18,24,25	Installation Of package Plant in Eerstehoek (Nkomati Mine): CALM/NKOM 3/213	14 708
1,2, 3	Refurbishment of Bulk and internal Water infrastructure in Methula: ALMT 10/2012	5 764
10,13,14,18,24,25	Refurbishment of Eerstehoek WTW (DWA Project): ALMT09/2012	14 708
4,5,6,7,9	Refurbishment of Bulk and internal Water infrastructure in Mayflower and Lusushwana: ALMT17/2012	
12	Refurbishment of Bulk and internal Water infrastructure in Ekulindeni: ALMT16/2012	1998
15,22,21`	Replacement of AC pipes at Carolina : ALMT 03/2012	A
15,22,21	Replacement of Bulk AC Rising Main Pipeline from Carolina Water Treatment Works to Reservoirs in Caropark : ALMT13/2011 Replacement of Bulk AC Rising Main Pipeline from Carolina Water Treatment Works to Reservoirs in Caropark : ALMT13/2011	B
15,22,21	Replacement of AC Pipes from Caropak Reservoirs to Silobela : ALMT 03/2012	C TOTAL= A+b& C 6618
8	Refurbishment of Smithfield Booster Pump :CALQ 3/2011	911
3	Provision of Raised Tanks in Ndonga	15
8	Completion of water to Oshoek, Mashonamini, Hartebeesskop & Smithfields	120
1,2,3	Fernie Package plant	5769
12	Refurbishment of Bulk and internal water supply at Ekulindeni	1998
15,22,21	Upgrading pumping capacity & retro fitting of Carolina water treatment works	6 618
6,9,21,23	Provision of boreholes in CALM farms	159
3,8,9,13,16,18	Internal Water Supply Infrastructure (boreholes)	6751
10,13,14,18,24,25	Refurbishment of bulk and internal water supply infrastructure in Eerstehoek water supply scheme : phase 5 ALMT 05/2013	1081
4,5,6,7,9,11	Refurbishment of bulk and internal water supply infrastructure in Mpuluzi water supply scheme: phase 5. ALMT 03/2013	11 113

- Restoring the dignity of our people by giving them decent structures to relieve themselves. From 2011 to date we have been able to the following:

Ward	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED
2	Provision of VIP toilets in WARD 2 [Fernie phase 2 & 3]	201
3	Completion of provision of VIPs toilet in Ward 3	201
11	Provision of VIPs in Glenmore and Redhill	283
6	Provision of VIPs in Dundonald and Slovo	120
	Provision of VIP toilets at Hereford	115
8&6	Provision of VIP toilets in Aankomst, Smithfield, Oshoek, Teekloof, Houtbos, Sthobela and Hartebeeskop	269
16	Provision of VIP toilets in Nhlazatshe 1 and surrounding areas [The	67

	Brook, Milliken, and Phaphama] Phase1 to 3	
21	Provision of VIPs in ward in ward 21 [including Magudu areas]	201
18	Provision of VIP toilets in Tjakastad	134
19	Provision of VIPs in Ward 19	134
10	Provision of VIPs in Ward 10	201
13	Provision of VIPs in Ward 13	269
1	VIPs in Nordeen and Tinkulungwane	259
20	Provision of VIPs in Ward 20	160
24	Provision of VIPs in Ward 24	200
25	Provision of VIPs in Ward 25	125
7	Construction of Sewer Network at Goba	570
15&22	Construction of Sewer Network at Silobela Ext 2&3	90
15	Construction of Sewer Network at Silobela Ext 4	350
1	Provision of VIP toilet	50
2	Provision of VIP toilet	50
5	Provision of VIP toilet	100
8	Provision of VIP toilet	100
9	Provision of VIP toilet	23
10	Provision of VIP toilet	33
11	Provision of VIP toilet	200
13	Provision of VIP toilet	150
16	Provision of VIP toilet	50
18	Provision of VIP toilet	100
20	Provision of VIP toilet	33
21	Provision of VIP toilet	24
23	Provision of VIP toilet	23
24	Provision of VIP toilet	100
25	Provision of VIP toilet	34
22	Construction of Sewer reticulation in Silobela (GSDM)	60
6,9,21,23	Provision of VIP toilet in Chief Albert Luthuli Municipality(GSDM)	154
22	Provision of 500 vip top structures in Silobela Ext 2 & 3. Additional 250 Vip top structure in Silobela Ext 2 & 3(phase 3)	750
22	Construction of Sewer reticulation in Silobela (GSDM)	190
6,9,21,23	Provision of VIP toilet in Chief Albert Luthuli Municipality(GSDM)	132

- The improvement of our access roads remains a priority. We were able to pave and improve the following roads:

WARD	NAME OF THE PROJECT	NUMBER OF KILOMETERS (Km)
12	Design and construction of Paved Road at Ekulindeni	1,500
04	Design and construction of Paved Road at Mayflower	0,700

14,16 & 25	Construction of Nhlazatshe road and refurbishment of a bridge.	1,195
22	Construction of roads in Silobela (GSDM)	0,800
12	Design and construction of Paved Road at Ekulindeni	1
17 & 23	Design and construction of Paved Road in Emanzana	1.3
4	Design and construction of Paved Road at Mayflower	0.7

- When engaging with our people in every corner of the municipality, they from time to time demand community assets. From 2011 to date we were able to erect the following:

WARD	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED
10,13,14, part of 16,18,20,24 & 25	Construction of Elukwatini Landfill Site	14,799
10,13,14, part of 16,18,20,24 & 25	Refurbishment of Elukwatini stadium	14 799
15,21,22	Construction of Disaster management center	6 618

This is how far we have gone implementing the manifesto of the ruling party and the demands our people registered in our IDP. Let me now turn back to the business of the day and table how we will spend the Rands and cents at our disposal this financial year.

Honourable Speaker, to ensure that all our citizens have access to basic services, to undermine underdevelopment and alleviate poverty our budget has packaged the following social package:

- Free Basic Water – 6kl per month for every households
- Free Basic Electricity - 50kWh per month for registered indigents
- 50% Discount Sanitation Services for registered indigents
- 50% Discount on Refuse Removal Services for registered indigents

The provision of basic services like water, sanitation and electricity to our people remains a non-negotiable and we shall fight for it till the end of our term. We will do this because we know very well the pain of mother's who have to walk kilometres with a bucket on their back get water or with wood on their heads to make fire to be able to cook. African cause will only triumph, if we do not relieve women from these clutches of colonialism and underdevelopment.

Honourable Speaker, I trust that we are all acutely aware that our country is experiencing slow economic growth, with recent static figures telling us that our economy only grew by 1.3% in the first

quarter of 2015. This sluggish growth in the economy presents our fiscus with financial constraints and leaves us with limited resources to implement our priorities as outlined in the NDP and the MTSF. In order to increase our own revenue and successfully implement the provision of free basic services, council then proposed the following tariff increases:

- Electricity -12.2%
- Water -6%
- Refuse Removal 6%
- Sanitation 6%
- Property Rates 4%
- All other tariffs 6%

These tariff increases are linked to the Consumer Price Index or what we would loosely refer to as inflation, with the exception of electricity whose price is regulated by NERSA.

Amongst many other cruel legacies of apartheid, lies the deprivation of water. The apartheid regime forcefully removed our people from areas that were suitable for humans to live in and packaged them like goods in areas where it was difficult to make a living in, areas without water and dams nearby. As if that was not enough, it then deliberately underdeveloped these areas with its nonsensical policy of separate development and the results of that we still live with today.

It is precisely this reason that the 2015/16 budget prioritises water above all other needs of our communities. The principle of this budget is not only consistent with the Premier Mabuza's state of the province address, but also consistent with African Union's understanding, that access to clean water is a necessary condition for Africa to develop. Our contribution as Chief Albert Luthuli Municipality to this project of developing Africa and ensuring that Premier Mabuza's bold state of the province address does not only remain a good speech will be as follows:

Upgrading of Empuluzi WWTW for R2 000 000

Upgrading of Emanzana WWTW for R2 000 000

Upgrading of Carolina WWTW for R6 000 000

Upgrading of Ekulindeni WWTW for R1 886 450

Upgrading of Elukwatini WWTW for R3 000 000

Replacement of AC Pipelines on the Eerstehoek Water Scheme for R10 000 000

Upgrading pumping capacity and retrofitting of Carolina Water Scheme R14 000 000

Upgrading of Emanzana water scheme R4 000 000

Construction of Bulk Pipeline to and Storage at Mayflower Gate R 2000 000

Construction of Bulk Storage, Pipeline and Raised Tank for Nhlazatshe 2,4,5,6,7 for R5 000 000

Replacement of AC Pipes in Carolina for R10 000 000

Refurbishment of Eerstehoek and Empuluzi Water Treatment Plants for R15 000 000

Refurbishment and Electrification of Boreholes x 40: Syde 2, DeWet, Ndonga, Caithness, Ndonga, Mafufumbe, Vilakazi Store, Magagula section, Ngwenya store, Robinsdale, Oshoek, Block 6, Mafufumbe Mngomezulu, Mafufumbe Khanya School, KaJim, Aankomst, Ekuphumuleni, Beeskop, Ngodini, Hereford, [Mabasa], SunCity, Faith Mission2, Mtshali store, Magic store, ka Mboyi, Nhlaba, Los Mecherry, Edwaleni, Elukwatini South, Mission, Lochiel Ka Mngcuza, Lochiel next to primary school, Mbhejeka 2, Avountuur [Mashonamini], Nkaba, Steynsdorp, Lelifontein, Steensdraai, Moedig, Engelsedraai, Heuningklip, Schoeman, Sebentani for R10 000 000.

Despite the limited resources and the fact that water is our arch priority, we will in the upcoming financial year build 440 Smartsan toilets, which will benefit wards 1,2,3,4,5,6,8,11 and 12 to the value of R11 000 000. The multi year project of installing toilet top structures in Silobela will continue and this year we have budgeted R9 000 000.

Honourable Speaker, when ESKOM was established as a state owned entity in 1923, its sole mandate was to provide electricity for business and the minority. Its planning never envisaged a free and democratic South Africa where majority of our citizens have access to electricity and today we all bear the brunt of that through severe power shortages. So there is no way we can have a complete budget that does not speak to the issue of electricity shortage. To try respond to that we have budgeted R5 000 000 to upgrade Carolina substation. We have also budgeted an additional R 26 734 000 to electrify houses indifferent areas of our municipality.

Honourable Speaker, a major challenge in our spending plans is the collection of revenue. The truth is, we cannot spend if we do not collect! To improve our revenue collection, my office will embark on a massive campaign under the theme “Sihlangabete. Kokhela tintsita mhlali!”. The aim of the

campaign will be to encourage citizens to pay for services and create an enabling environment for service delivery.

Ladies and gentlemen, thank you very much for your undivided attention. Let me conclude by quoting a German philosopher, Karl Marx, when he says, “Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past.”

Lets us make history, no matter how improbable it may look and sound. No matter the financial constraints we have now, poverty will one day be history in our Municipality. No matter the challenges of capacity we have now, one day all our citizens shall have access to water, sanitation and electricity. No matter the difficulties we have now, our municipality and Africa in general will one day prosper.

I thank you!

It is recommended by the Executive Mayor:

DRAFT RESOLUTION ON THE APPROVAL OF THE ANNUAL BUDGET FOR CAPITAL AND OPERATING EXPENDITURE FOR THE 2015/2016, 2016/2017 AND 2017/2018 FINANCIAL YEARS

RECOMMENDED TO RESOLVE

1. **THAT** the multi-year annual budget of capital and operating expenditure for 2015/2016 and the indicated two outer years of 2016/2017 and 2017/2018 tabled for approval as set out by the following tables:
 - 1.1. Table A1 : Budget summary
 - 1.2. Table A2 : Budgeted financial performance
 - 1.3. Table A3: Budgeted financial performance (municipal vote)
 - 1.4. Table A4 : Budget financial performance by revenue source and expenditure type
 - 1.5. Table A5 : Budgeted capital expenditure by vote
 - 1.6. Table A6 : Budgeted financial position
 - 1.7. Table A7 : Budgeted cash flows
 - 1.8. Table A8 : Cash backed reserves / accumulate surplus reconciliation
 - 1.9. Table A9 : Asset management
 - 1.10 Table A10 : Basic Service Delivery Measurement
2. **THAT** in terms of Section 75A of the Local Government Municipal Systems Act, Act 32 of 2000, interest be recovered on amounts outstanding for periods longer than thirty (30) days on all debtor accounts at a rate equal to the prime rate from SARB plus 1% as per the Credit Control and Debt collection policy from time to time.
3. **THAT** the proposed electricity budget with tariffs be implemented once approved by NERSA.
4. **THAT** the adjusted sundry tariffs, Value Added Tax inclusive, as reflected in the comments of the various Heads of Departments under Schedule 3 be approved for implementation with effect from 1 July 2015.
5. **THAT** the reviewed Budget related policies be approved
 - Supply Chain management Policy
 - Credit Control and Debt Collection Policy
 - Overtime Policy

- Subsistence and Travel Allowance Policy
 - Rates Policy
6. **THAT** the measurable performance objectives for revenue from each source as per Table A4 be approved for the 2015/2016 budget year.
7. **THAT** the tabled budget accordingly be submitted to the Mpumalanga Department of Finance and National Treasury in the formats as prescribed.

Executive Summary

EXECUTIVE SUMMARY ON THE 2015/16 TO 2017/18 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) TABLE ANNUAL BUDGET

1. Report by the Chief Financial Officer

As outlined by President Zuma in the State of the Nation Address on the 12th of February, Cabinet has agreed on nine strategic priorities to be pursued in the 2015/16 financial year, in partnership with the private sector and all stakeholders. They include:

- 1) Resolving the energy challenge,
- 2) Revitalising agriculture,
- 3) Adding value to our mineral wealth,
- 4) Enhancing the Industrial Policy Action Plan,
- 5) Encouraging private investment,
- 6) Reducing workplace conflict,
- 7) Unlocking the potential of small enterprises,
- 8) Infrastructure investment, and
- 9) Support for implementation of the National Development Plan through in-depth, results-driven processes, known as phakisa laboratories.

The Minister of Finance in the budget speech mentioned that projected economic growth for 2015 is just 2 per cent, down from 2.5 per cent indicated in October last year. We expect growth to rise to 3 per cent by 2017. Consumer price inflation peaked at 6.6 per cent in June last year. It has subsequently declined to just 4.4 per cent last month, and is expected to average 4.3 per cent in 2015, laying a foundation for economic growth.

Chief Albert Luthuli Municipality priorities:

- Municipal revenues and cash flows are expected to remain under pressure in 2015/16 and the municipality adopted a conservative approach when projecting their expected revenues and cash receipts.
- The municipality will ensure that billing systems are accurate, send out accounts to residents and follow up to collect revenues owed by the Credit Control Unit.
- The municipality will ensure that recoverable debtors are paid as soon as possible to ensure that obligations that are due within 30 days are paid in time.

- The municipality tariffs should be able to cover the cost to provide such service.
- Facilitates the registration of Indigents to fight poverty and unemployment
- Municipality will focus on Electricity losses such as theft of electricity and meter tempering and inadequate monitoring of electricity usage.

On the 29 January 2015, NERSA approved and published guidelines on municipal electricity price increase for the 2015/16 financial year. A guideline increase of 12.20 per cent has been approved based on the following assumptions:

- Bulk purchases have increased by 14.24 per cent in line with Eskom's electricity tariff increase to municipalities;
- A consumer price index (CPI) of 6.3 per cent as indicated in the Medium Term Budget Policy Statement (MTBPS) 2014;
- Salary and wage increases; and
- Repairs and maintenance, capital charges and other costs have increased by the CPI.

The Salary and Wage Collective Agreement for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent

The National Treasury projects GDP growth of 2 per cent in 2015, rising to 3 per cent by 2017. Average growth over the forecast period is 0.4 percentage points lower than at the time of the 2014 Medium Term Budget Policy Statement. Inadequate electricity supply, however, will impose a serious constraint on output and exports over the short term.

2. Part 1 – Annual Budget

This annexure contains the A1-10 tables and draft resolutions to be approved by Council with supporting schedules, inclusive of the following:

- Report of the Executive Mayor
- Schedule 1 : Draft resolution for the 2015/2016, 2016/2017 and 2017/2018 annual budget
- Executive Summary
- Annual Budget Tables
 - Table A1 : Budget summary
 - Table A2 : Budgeted financial performance by vote
 - Table A3 : Budgeted financial performance by municipal vote
 - Table A4 : Budget financial performance by revenue source and expenditure type
 - Table A5 : Budgeted capital expenditure by vote
 - Table A6 : Budgeted financial position
 - Table A7 : Budgeted cash flows
 - Table A8 : Cash backed reserves / accumulate surplus reconciliation
 - Table A9 : Asset management
 - Table A10 : Basic service delivery measurement

Executive Summary

Table A1 provides a consolidated budget summary of the proposed annual budget. The combined expenditure for the MTREF is as follows:

	2015/16	2016/17	2017/18
Operating expenditure	382,938	400,693	418,750
Capital expenditure	109,886	119,129	119,989
Total	492,824	519,822	538,739

Table A2 provides details on the budgeted financial performance by vote, whilst Table A4 and supporting table SA1 and SA2 provides details on the budgeted financial performance by revenue source and expenditure type.

Table A4 is graphically presented in:

- Chart 1 Revenue by major source
- Chart 2 Other revenue
- Chart 3 Operating expenditure by type

The tabled budget herewith presented provides for total operating revenue of R336,1-million for 2015/2016 financial year, R354,6-million for the 2016/2017 financial year and

R373,4-million for the 2017/2018 financial years. This reflects an increase of 12,2% in operating revenue in 2015/16 financial year. The increases are informed by the inflation rate in increase in equitable share allocation as per DoRA.

The DORA clearly states that any conditional allocation not spent at the end of a financial year reverts back to the national revenue fund unless proof to the satisfaction of National Treasury that unspent allocations is committed to identifiable projects. At this stage it is envisaged that all conditional grants will be spend by 30 June 2015.

The key operating expenditure allocations in the proposed budget for 2015/2016 financial year include:

- R34,4M Council General
- R133,1M Technical Services
- R114,8M Budget & Treasury
- R38M Public Safety
- R21,4 M Community Services
- R22,3M Corporate Services
- R9,4M Planning & Economic Development
- R9.4M Municipal Manager

The proposed capital expenditure for 2015/2016 amounts to R136,6-million, R152,7-million for the 2016/2017 financial year and an amount of R155,2 -million for the 2017/2018 financial year.

The key capital expenditure in the proposed capital budget for 2015/2016 financial year is:

- R70M Water services
- R5M Electricity services
- R35M Water Waste Management services

Table A6 and supporting table SA3 provides information on the projected budgeted financial position and table A7 provides details on the projected cash flow.

3. Part 2 – Supporting Documents

This annexure contains the supporting tables with explanatory notes, inclusive of the following:

- Overview of the annual budget process.
- Overview of the alignment of the annual budget with the integrated development plan.
- Measurable performance objectives and indicators.
- Overview of budget related policies.
- Overview of budget assumptions.
- Overview of budget funding.
- Funding requirements for capital expenditure.
- Expenditure on allocations and grant programmes.
- Allocations or grants made by the municipality.
- Councillors and board member allowances and employee benefits.
- Monthly targets for revenue, expenditure and cash flow.
- Contracts having future budgetary implications.
- Capital expenditure details.
- Legislative compliance status.

Schedule 2 : Comparison on the imposing of assessment rates and setting of tariffs for the 2015/2016 financial year.

Schedule 3 : Recommendation on the proposed sundry tariffs for the various services for the 2015/2016 financial year.

Schedule 4 : Budget Related Policies

4. Part 3 – Draft Annual Budgets and SDBIP's for internal departments

This annexure disclose the annual budgets and draft service delivery implementations plans for internal departments with a high level executive summary as follows:

- Report by the Executive Manager on the Draft SDBIP which include the following annexures:
 - Supporting Table SA 25 – Monthly projections of revenue for each source and expenditure type.

- Supporting Table SA 27 – Monthly projection of operating revenue and expenditure by vote.
- Supporting Table SA 29 – Monthly projections of capital expenditure by vote.

- Executive Summaries for internal departments.
- Departmental annual operating budget.
- Departmental detailed capital expenditure.

PJ NHLABATHI
Chief Financial Officer

Table A1 – Budget Summary

MP301 Albert Luthuli - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	21,998	31,158	29,131	33,999	36,935	36,935	36,935	39,348	41,512	43,712
Service charges	25,550	29,443	30,707	40,334	40,276	40,276	40,276	43,289	45,670	48,090
Investment revenue	2,842	1,758	1,238	1,843	1,843	1,843	1,843	2,346	2,475	2,606
Transfers recognised - operational	250,014	268,343	307,171	199,712	199,904	199,904	199,904	227,968	240,506	253,253
Other own revenue	29,980	30,540	24,318	20,586	20,633	20,633	20,633	23,178	24,452	25,748
Total Revenue (excluding capital transfers and contributions)	330,183	361,242	392,565	296,474	299,590	299,590	299,590	336,128	354,615	373,409
Employee costs	82,844	95,987	105,908	101,828	98,951	98,951	98,951	110,898	116,998	123,199
Remuneration of councillors	11,402	12,603	13,350	15,494	15,494	15,494	15,494	17,043	17,980	18,933
Depreciation & asset impairment	93,489	94,509	63,238	103,210	103,210	103,210	103,210	66,975	70,658	74,403
Finance charges	256	878	762	—	—	—	—	977	1,031	1,085
Materials and bulk purchases	58,062	55,462	45,970	53,461	53,575	53,575	53,575	58,182	61,382	64,635
Transfers and grants	—	—	—	—	—	—	—	—	—	—
Other expenditure	136,592	131,606	127,762	105,936	111,722	111,722	111,722	128,864	132,645	136,495
Total Expenditure	382,644	391,045	356,990	379,928	382,951	382,951	382,951	382,938	400,693	418,750
Surplus/(Deficit)	(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Transfers recognised - capital	—	—	—	—	—	—	—	—	—	—
Contributions recognised - capital & contributed a	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Capital expenditure & funds sources										
Capital expenditure	82,673	96,878	130,779	132,237	151,493	151,493	151,493	109,886	119,129	119,989
Transfers recognised - capital	69,016	96,878	130,779	132,237	151,493	151,493	151,493	109,886	119,129	119,989
Public contributions & donations	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	13,657	—	—	—	—	—	—	—	—	—
Total sources of capital funds	82,673	96,878	130,779	132,237	151,493	151,493	151,493	109,886	119,129	119,989
Financial position										
Total current assets	61,715	70,463	113,972	77,958	76,955	76,955	76,955	58,918	51,688	70,235
Total non current assets	747,653	741,750	810,522	842,955	884,274	884,274	884,274	927,186	975,657	1,021,243
Total current liabilities	56,585	95,589	164,306	30,745	30,745	30,745	30,745	32,480	25,984	10,394
Total non current liabilities	18,914	20,176	27,885	10,606	10,606	10,606	10,606	27,656	28,559	29,476
Community wealth/Equity	733,869	696,449	732,304	879,563	919,879	919,879	919,879	925,968	972,803	1,051,607
Cash flows										
Net cash from (used) operating	65,781	85,697	135,024	105,970	150,158	150,158	150,158	112,447	121,830	122,833
Net cash from (used) investing	(76,421)	(87,452)	(117,227)	(106,807)	(151,493)	(151,493)	(151,493)	(109,886)	(119,129)	(119,989)
Net cash from (used) financing	3,432	619	(357)	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	2,331	1,195	18,635	18,304	17,299	17,299	17,299	4,017	6,718	9,562
Cash backing/surplus reconciliation										
Cash and investments available	16,609	2,646	22,086	20,846	19,843	19,843	19,843	7,517	10,567	13,796
Application of cash and investments	38,514	63,068	142,034	(8,394)	2,352	2,352	2,352	4,237	3,390	(20,616)
Balance - surplus (shortfall)	(21,905)	(60,422)	(119,948)	29,240	17,491	17,491	17,491	3,280	7,178	34,413
Asset management										
Asset register summary (WDV)	740,802	870,349	1,206,353	842,955	891,712	891,712	1,001,599	1,001,599	1,120,727	1,233,716
Depreciation & asset impairment	93,489	94,509	63,238	103,210	103,210	103,210	66,975	66,975	70,658	74,403
Renewal of Existing Assets	—	—	—	—	—	—	—	—	—	—
Repairs and Maintenance	23,823	24,099	11,688	13,355	13,470	13,470	13,400	13,400	14,120	14,869
Free services										
Cost of Free Basic Services provided	—	—	—	6,196	6,575	6,575	8,093	8,093	8,701	9,177
Revenue cost of free services provided	—	—	—	3,278	3,278	3,278	3,278	3,278	3,475	3,683
Households below minimum service level										
Water:	14	14	—	14	14	14	14	14	14	14
Sanitation/sewerage:	4	4	4	4	4	4	4	4	4	4
Energy:	10	10	10	23	23	23	23	23	23	23
Refuse:	40	40	40	38	38	38	38	38	38	38

Table A2 – Budgeted financial performance by vote

MP301 Albert Luthuli - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Table 12 Budgeted Financial Performance (Revenue and Expenditure) by Standard Classification										
Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
Governance and administration		302,823	330,170	344,584	246,369	249,324	249,324	283,353	298,938	314,781
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		300,629	329,742	343,326	245,880	248,565	248,565	282,518	298,057	313,855
Corporate services		2,195	427	1,258	489	759	759	835	881	927
Community and public safety		1,810	2,057	3,192	1,455	1,596	1,596	2,981	3,145	3,312
Community and social services		-	-	128	96	191	191	210	222	234
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1,810	2,057	3,064	1,359	1,405	1,405	2,771	2,923	3,078
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	14,083	4,245	4,324	4,324	2,300	2,426	2,555
Planning and development		-	-	14,083	140	219	219	241	254	268
Road transport		-	-	-	4,105	4,105	4,105	2,059	2,172	2,287
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		25,550	29,443	30,707	40,334	40,435	40,435	43,289	45,670	48,090
Electricity		15,931	17,077	16,287	23,409	23,489	23,489	24,898	26,267	27,659
Water		789	2,892	4,905	6,225	6,246	6,246	6,621	6,985	7,355
Waste water management		4,681	5,258	5,008	5,931	5,931	5,931	6,524	6,883	7,247
Waste management		4,150	4,216	4,507	4,770	4,770	4,770	5,247	5,535	5,828
Other	4	-	-	-	4,070	3,911	3,911	4,205	4,436	4,671
Total Revenue - Standard	2	330,183	361,670	392,565	296,474	299,590	299,590	336,128	354,615	373,409
Expenditure - Standard										
Governance and administration		175,438	214,402	254,596	202,881	197,773	197,773	180,851	190,798	200,911
Executive and council		114,588	133,556	165,459	43,901	38,819	38,819	43,772	46,179	48,627
Budget and treasury office		42,467	55,212	69,914	137,759	139,857	139,857	114,816	121,131	127,551
Corporate services		18,384	25,635	19,223	21,221	19,098	19,098	22,263	23,488	24,733
Community and public safety		20,545	39,139	836	46,526	42,416	42,416	51,490	54,322	57,201
Community and social services		4,933	7,163	62	7,558	6,297	6,297	8,664	9,141	9,625
Sport and recreation		-	4,760	-	4,560	4,254	4,254	4,770	5,033	5,299
Public safety		15,612	27,216	774	34,407	31,865	31,865	38,056	40,149	42,276
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		17,587	8,298	21,012	22,305	19,031	19,031	22,526	23,764	25,024
Planning and development		7,094	8,298	8,405	9,226	8,056	8,056	9,447	9,966	10,495
Road transport		10,493	-	12,607	13,079	10,976	10,976	13,079	13,798	14,529
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		129,204	87,908	98,707	99,214	111,595	111,595	118,933	125,474	132,124
Electricity		59,827	41,360	53,195	53,194	60,796	60,796	66,895	70,575	74,315
Water		33,547	42,063	42,857	32,843	36,789	36,789	36,969	39,003	41,070
Waste water management		3,845	-	2,655	5,037	6,044	6,044	7,043	7,431	7,824
Waste management		31,985	4,485	-	8,140	7,965	7,965	8,025	8,467	8,915
Other	4	39,871	41,299	7,505	9,002	12,136	12,136	9,138	6,334	3,490
Total Expenditure - Standard	3	382,644	391,045	382,656	379,928	382,951	382,951	382,938	400,693	418,750
Surplus/(Deficit) for the year		(52,461)	(29,375)	9,909	(83,455)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)

Table A2A – Detail budgeted financial performance by vote

MP301 Albert Luthuli - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Municipal governance and administration</i>		302,823	330,170	344,584	246,369	249,324	249,324	283,353	298,938	314,781
Executive and council		—	—	—	—	—	—	—	—	—
Mayor and Council		—	—	—	—	—	—	—	—	—
Municipal Manager		—	—	—	—	—	—	—	—	—
Budget and treasury office		300,629	329,742	343,326	245,880	248,565	248,565	282,518	298,057	313,854
Corporate services		2,195	427	1,258	489	759	759	835	881	927
Human Resources		—	—	—	—	—	—	—	—	—
Information Technology		—	—	—	—	—	—	—	—	—
Property Services		—	427	785	489	759	759	835	881	927
Other Admin		2,195	—	472	—	—	—	—	—	—
<i>Community and public safety</i>		1,810	2,057	3,192	1,455	1,596	1,596	2,981	3,143	3,312
Community and social services		—	—	128	96	191	191	210	222	234
Libraries and Archives		—	—	—	—	—	—	—	—	—
Museums & Art Galleries etc		—	—	72	96	191	191	210	222	234
Community halls and Facilities		—	—	—	—	—	—	—	—	—
Cemeteries & Crematoriums		—	—	—	—	—	—	—	—	—
Child Care		—	—	—	—	—	—	—	—	—
Aged Care		—	—	—	—	—	—	—	—	—
Other Community		—	—	56	—	—	—	—	—	—
Other Social		—	—	—	—	—	—	—	—	—
Sport and recreation		1,810	2,057	3,064	1,359	1,405	1,405	2,771	2,923	3,078
Public safety		1,810	2,057	733	1,119	1,119	1,119	2,457	2,592	2,729
Police		—	—	27	35	12	12	14	14	15
Fire		—	—	—	—	—	—	—	—	—
Civil Defence		—	—	—	—	—	—	—	—	—
Street Lighting		—	—	—	—	—	—	—	—	—
Other		—	—	2,305	205	273	273	300	317	334
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	—	—	—
Ambulance		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		—	—	14,083	4,245	4,324	4,324	2,300	2,426	2,555
Planning and development		—	—	14,083	140	219	219	241	254	268
Economic Development/Planning		—	—	14,083	140	219	219	241	254	268
Town Planning/Building		—	—	—	—	—	—	—	—	—
Licensing & Regulation		—	—	—	4,105	4,105	4,105	2,059	2,172	2,287
Road transport		—	—	—	4,105	4,105	4,105	2,059	2,172	2,287
Roads		—	—	—	—	—	—	—	—	—
Public Buses		—	—	—	—	—	—	—	—	—
Parking Garages		—	—	—	—	—	—	—	—	—
Vehicle Licensing and Testing		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
Pollution Control		—	—	—	—	—	—	—	—	—
Biodiversity & Landscape		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		25,550	29,443	30,707	40,334	40,435	40,435	43,289	45,670	48,990
Electricity		15,931	17,077	16,287	23,409	23,489	23,489	24,898	26,267	27,659
Electricity Distribution		15,931	17,077	16,287	23,409	23,489	23,489	24,898	26,267	27,659
Electricity Generation		—	—	—	—	—	—	—	—	—
Water		789	2,892	4,905	6,225	6,246	6,246	6,621	6,985	7,355
Water Distribution		789	2,892	4,905	6,225	6,246	6,246	6,621	6,985	7,355
Water Storage		—	—	—	—	—	—	—	—	—
Waste water management		4,681	5,258	5,008	5,931	5,931	5,931	6,524	6,883	7,247
Sewerage		4,681	5,258	5,008	5,931	5,931	5,931	6,524	6,883	7,247
Storm Water Management		—	—	—	—	—	—	—	—	—
Public Toilets		—	—	—	—	—	—	—	—	—
Waste management		4,150	4,216	4,507	4,770	4,770	4,770	5,247	5,535	5,828
Solid Waste		4,150	4,216	4,507	4,770	4,770	4,770	5,247	5,535	5,828
Other		—	—	—	4,070	3,911	3,911	4,205	4,436	4,671
Air Transport		—	—	—	—	—	—	—	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Tourism		—	—	—	—	—	—	—	—	—
Forestry		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Total Revenue - Standard	2	330,183	361,670	392,565	296,474	299,590	299,590	336,128	354,615	373,409
Expenditure - Standard										
<i>Municipal governance and administration</i>		175,438	214,402	254,596	202,881	197,773	197,773	180,851	190,798	200,911
Executive and council		114,588	133,556	165,459	43,901	38,819	38,819	43,772	46,179	48,527
Mayor and Council		108,843	125,028	86,004	34,161	30,388	30,388	34,414	36,306	38,231
Municipal Manager		5,745	8,527	79,435	9,740	8,431	8,431	9,358	9,873	10,396
Budget and treasury office		42,467	55,212	69,914	137,759	139,857	139,857	114,816	121,131	127,551
Corporate services		18,384	25,635	19,223	21,221	19,098	19,098	22,263	23,488	24,733
Human Resources		—	—	—	4,057	3,978	3,978	4,115	4,341	4,571
Information Technology		—	—	—	3,696	2,078	2,078	3,850	4,061	4,277
Property Services		—	—	—	—	—	—	—	—	—
Other Admin		18,384	25,635	19,223	13,468	13,042	13,042	14,299	15,085	15,885
<i>Community and public safety</i>		20,545	39,139	836	46,526	42,416	42,416	51,490	54,322	57,201
Community and social services		4,933	7,163	62	7,558	6,297	6,297	8,664	9,141	9,625
Libraries and Archives		—	—	—	1,616	1,270	1,270	1,825	1,925	2,027
Museums & Art Galleries etc		—	—	—	—	—	—	—	—	—
Community halls and Facilities		—	—	—	—	—	—	—	—	—
Cemeteries & Crematoriums		—	—	—	1,610	1,399	1,399	2,428	2,561	2,697
Child Care		—	—	—	—	—	—	—	—	—
Aged Care		—	—	—	—	—	—	—	—	—
Other Community		—	—	—	4,333	3,628	3,628	4,412	4,655	4,901
Other Social		4,933	7,163	62	—	—	—	—	—	—
Sport and recreation		—	4,760	—	4,560	4,254	4,254	4,770	5,033	5,299
Public safety		15,612	27,216	774	34,407	31,865	31,865	38,056	40,149	42,276
Police		15,612	27,216	774	28,267	27,589	27,589	33,403	35,240	37,108
Fire		—	—	—	6,120	4,276	4,276	4,653	4,909	5,169
Civil Defence		—	—	—	—	—	—	—	—	—
Street Lighting		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	—	—	—
Ambulance		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		17,567	8,298	21,012	22,305	19,031	19,031	22,526	23,764	25,024
Planning and development		7,094	8,298	8,405	9,226	8,056	8,056	9,447	9,966	10,495
Economic Development/Planning		7,094	8,298	8,405	9,226	8,056	8,056	9,447	9,966	10,495
Town Planning/Building		—	—	—	—	—	—	—	—	—
Licensing & Regulation		—	—	—	—	—	—	—	—	—
Road transport		10,493	—	12,607	13,079	10,976	10,976	13,079	13,798	14,529
Roads		10,493	—	12,607	13,079	10,976	10,976	13,079	13,798	14,529
Public Buses		—	—	—	—	—	—	—	—	—
Parking Garages		—	—	—	—	—	—	—	—	—
Vehicle Licensing and Testing		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
Pollution Control		—	—	—	—	—	—	—	—	—
Biodiversity & Landscape		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		129,204	87,908	98,707	99,214	111,595	111,595	118,933	125,474	132,124
Electricity		58,827	41,360	53,195	53,194	60,796	60,796	66,895	70,575	74,315
Electricity Distribution		58,827	41,360	53,195	53,194	60,796	60,796	66,895	70,575	74,315
Electricity Generation		—	—	—	—	—	—	—	—	—
Water		33,547	42,063	42,857	32,843	36,789	36,789	36,969	39,003	41,070
Water Distribution		33,547	42,063	42,857	32,843	36,789	36,789	36,969	39,003	41,070
Water Storage		—	—	—	—	—	—	—	—	—
Waste water management		3,845	—	2,655	5,037	6,044	6,044	7,043	7,431	7,824
Sewerage		3,845	—	2,655	5,037	6,044	6,044	7,043	7,431	7,824
Storm Water Management		—	—	—	—	—	—	—	—	—
Public Toilets		—	—	—	—	—	—	—	—	—
Waste management		31,985	4,485	—	8,140	7,965	7,965	8,025	8,467	8,915
Solid Waste		31,985	4,485	—	8,140	7,965	7,965	8,025	8,467	8,915
Other		39,871	41,299	7,505	9,002	12,136	12,136	9,138	6,334	3,490
Air Transport		—	—	—	—	—	—	—	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Tourism		—	—	—	—	—	—	—	—	—
Forestry		—	—	—	—	—	—	—	—	—
Markets		39,871	41,299	7,505	9,002	12,136	12,136	9,138	6,334	3,490
Total Expenditure - Standard	3	382,644	391,945							

TabA3 - Budgeted financial performance by municipal vote

MP301 Albert Luthuli - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

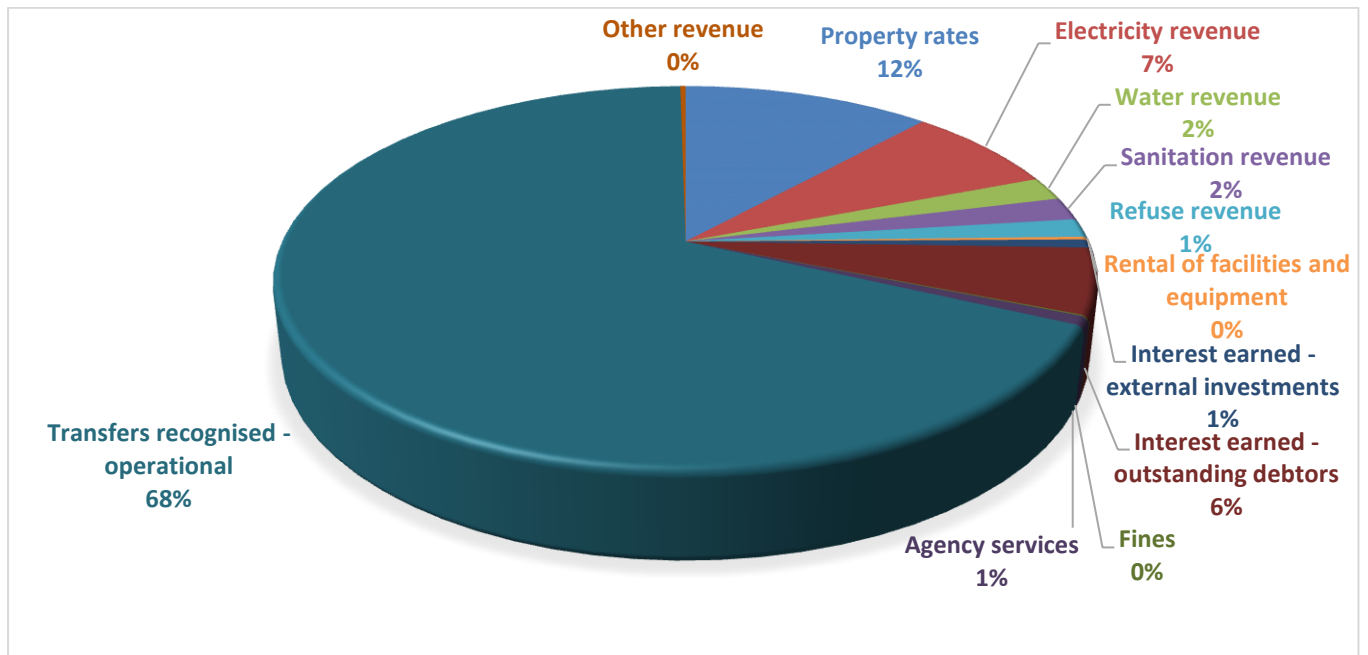
307 Albert Edition - Table A5 Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)										
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Municipal Manager		581	-	-	-	-	-	-	-	-
Budget & Treasury		184,589	250,149	343,326	245,880	248,565	248,565	282,518	298,057	313,854
Corporate Services		948	977	1,258	489	759	759	835	881	927
Community Services		4,232	4,318	4,507	4,865	4,961	4,961	5,457	5,757	6,062
Public Safety		2,047	2,304	3,064	1,359	1,405	1,405	2,771	2,923	3,078
Technical Serices		126,068	103,078	26,200	43,740	43,681	43,681	44,306	46,742	49,220
Vote 7 - Planning & Economic Development		11,717	172	14,083	140	219	219	241	254	268
Vote 8 - Executive Mayor & Council General		-	245	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	330,183	361,242	392,437	296,474	299,590	299,590	336,128	354,615	373,409
Expenditure by Vote to be appropriated	1									
Municipal Manager		5,745	8,527	79,435	9,740	8,431	8,431	9,358	9,873	10,396
Budget & Treasury		63,415	74,112	69,914	137,759	142,578	142,578	114,816	121,131	127,551
Corporate Services		19,178	21,357	19,223	21,221	19,098	19,098	22,263	23,488	24,733
Community Services		13,666	26,008	62	20,678	19,110	19,110	21,460	22,640	23,840
Public Safety		16,511	25,563	774	35,539	32,103	32,103	38,056	40,149	42,276
Technical Serices		131,743	107,048	3,035	112,736	123,188	123,188	133,125	140,446	147,890
Vote 7 - Planning & Economic Development		9,583	10,353	-	9,226	8,056	8,056	9,447	9,966	10,495
Vote 8 - Executive Mayor & Council General		122,803	118,075	30	33,029	30,388	30,388	34,414	33,000	31,569
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	382,644	391,045	172,474	379,928	382,951	382,951	382,938	400,693	418,750
Surplus/(Deficit) for the year	2	(52,461)	(29,803)	219,964	(83,454)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)

Table A4 – Budgeted financial performance by revenue source & expenditure type

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)

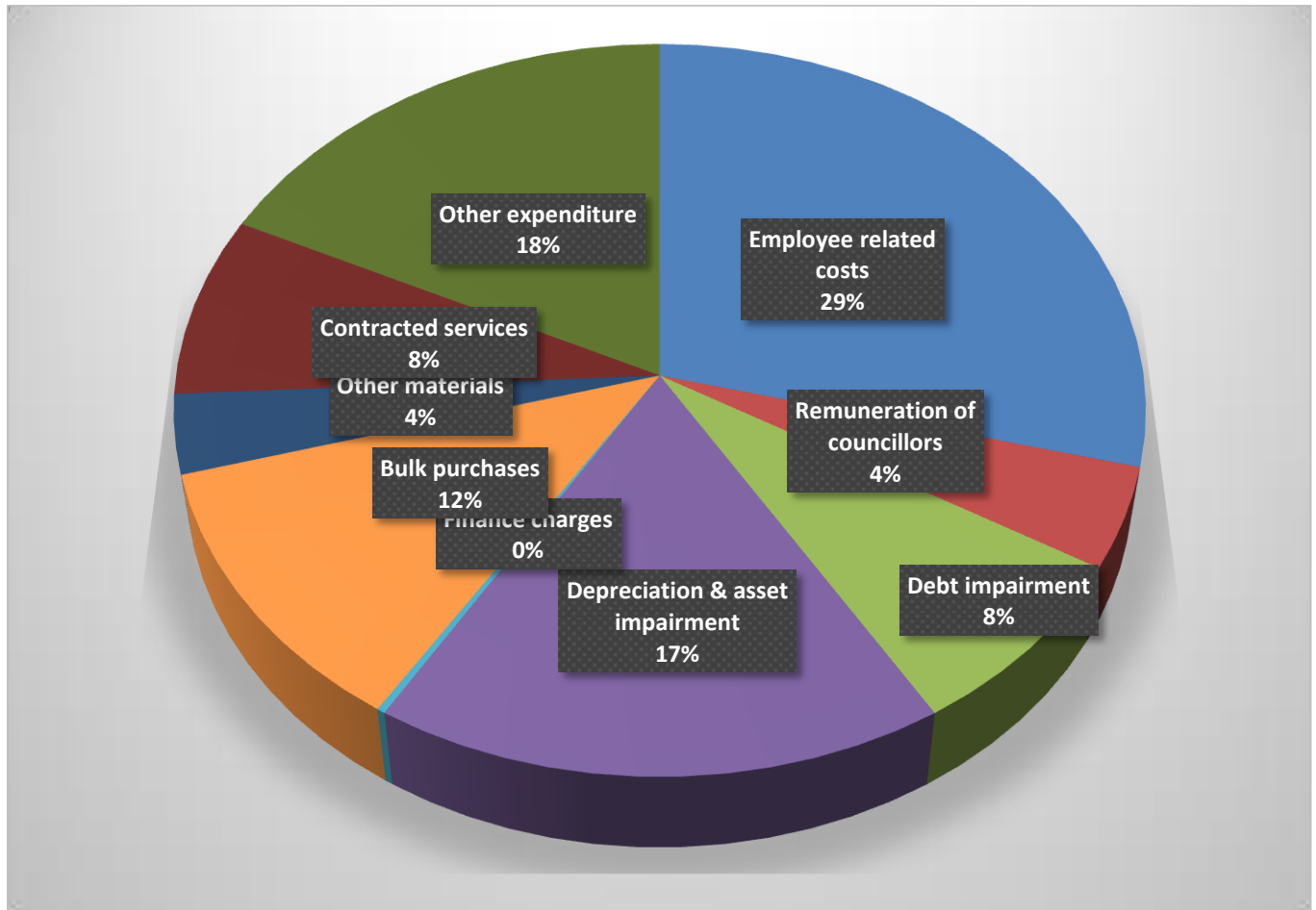
M301 Albert Euldhil - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	21,998	31,158	29,131	33,999	36,935	36,935	36,935	39,348	41,512	43,712
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	15,931	17,077	16,287	23,409	23,330	23,330	23,330	24,898	26,267	27,659
Service charges - water revenue	2	789	2,892	4,905	6,225	6,246	6,246	6,246	6,621	6,985	7,355
Service charges - sanitation revenue	2	4,681	5,258	5,008	5,931	5,931	5,931	5,931	6,524	6,883	7,247
Service charges - refuse revenue	2	4,150	4,216	4,507	4,770	4,770	4,770	4,770	5,247	5,535	5,828
Service charges - other											
Rental of facilities and equipment		440	427	785	489	759	759	759	835	881	927
Interest earned - external investments		2,642	1,758	1,238	1,843	1,843	1,843	1,843	2,346	2,475	2,606
Interest earned - outstanding debtors		16,043	16,059	18,256	17,690	17,690	17,690	17,690	18,751	19,782	20,831
Dividends received			7			-	-	-		-	-
Fines		857	194	495	205	273	273	273	300	317	334
Licences and permits		953	1,863	2,307		-	-	-		-	-
Agency services					1,119	1,119	1,119	1,119	2,457	2,592	2,729
Transfers recognised - operational		250,014	268,343	307,171	199,712	199,904	199,904	199,904	227,968	240,506	253,253
Other revenue	2	11,687	11,990	1,806	1,083	792	792	792	834	880	927
Gains on disposal of PPE				669							
Total Revenue (excluding capital transfers and contributions)		330,183	361,242	392,565	296,474	299,590	299,590	299,590	336,128	354,615	373,409
Expenditure By Type											
Employee related costs	2	82,844	95,987	105,908	101,828	98,951	98,951	98,951	110,898	116,998	123,199
Remuneration of councillors		11,402	12,603	13,350	15,494	15,494	15,494	15,494	17,043	17,980	18,933
Debt impairment	3	30,026	34,216	29,682	13,541	28,208	28,208	28,208	30,070	31,724	33,405
Depreciation & asset impairment	2	93,489	94,509	63,238	103,210	103,210	103,210	103,210	66,975	70,658	74,403
Finance charges		256	878	762					977	1,031	1,085
Bulk purchases	2	34,239	31,363	34,282	40,105	40,105	40,105	40,105	44,782	47,245	49,749
Other materials	8	23,823	24,099	11,688	13,355	13,470	13,470	13,470	13,400	14,137	14,886
Contracted services		30,274	27,264	40,450	24,096	27,510	27,510	27,510	30,470	32,146	33,850
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	76,291	70,126	57,630	68,299	56,003	56,003	56,003	68,324	68,775	69,240
Loss on disposal of PPE											
Total Expenditure		382,644	391,045	356,990	379,928	382,951	382,951	382,951	382,938	400,693	418,750
Surplus/(Deficit)		(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Transfers recognised - capital											
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Taxation											
Surplus/(Deficit) after taxation		(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)

Graphical of Budgeted Income



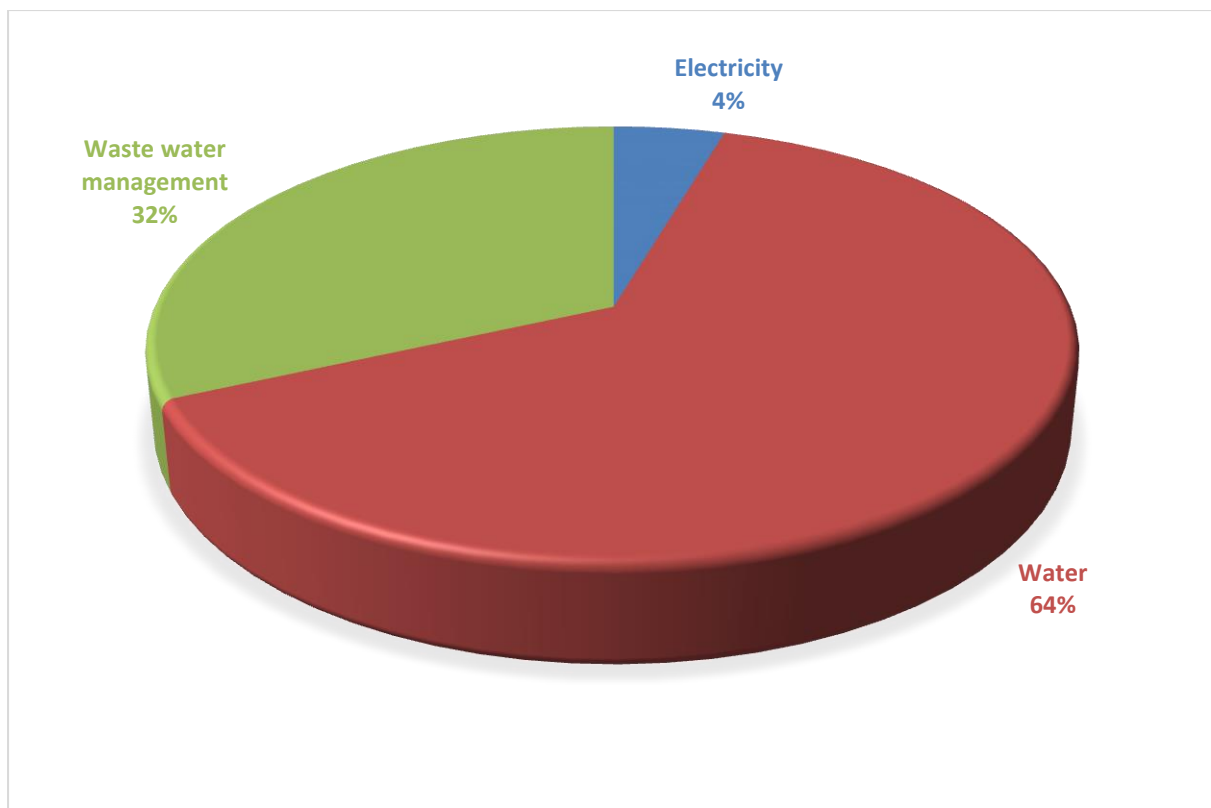
Chief Albert Luthuli Municipality is rural in nature it provides all the service in Carolina, Silobela and Badplaas Town. In all the other areas electricity is supplied by ESKOM. Major source of revenue is grant income. The grants contribute 68% of the total projected income.

Graphical of Budgeted Expenditure



The employee related costs represent 29% of the total operating expenditure excluding remuneration of Councilors. A provision of R66M for depreciation is made in compliance with GRAP.

Budgeted capital expenditure by vote



The main focus for Chief Albert Luthuli Municipality on capital investment is access to basic water. Water contributes 64% of the total capital budget.

Table A5 – Budgeted capital expenditure by vote

MP301 Albert Luthuli - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Municipal Manager		-	-	-	-	-	-	-	-	-	-
Budget & Treasury		200	-	-	-	-	-	-	-	-	-
Corporate Services		2,613	-	-	-	-	-	-	-	-	-
Community Services		11,363	6,235	26,118	13,337	6,450	6,450	6,450	-	-	-
Public Safety		2,109	-	-	5,000	3,322	3,322	3,322	-	-	-
Technical Services		80,634	90,644	104,661	84,400	141,722	141,722	141,722	109,886	119,129	119,989
Vote 7 - Planning & Economic Development		40	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Mayor & Council General		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	96,959	96,878	130,779	102,737	151,494	151,494	151,494	109,886	119,129	119,989
Single-year expenditure to be appropriated	2										
Municipal Manager		-	-	-	-	-	-	-	-	-	-
Budget & Treasury		-	-	-	-	-	-	-	-	-	-
Corporate Services		-	-	-	-	-	-	-	-	-	-
Community Services		-	-	-	-	-	-	-	-	-	-
Public Safety		-	-	-	-	-	-	-	-	-	-
Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning & Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Mayor & Council General		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		96,959	96,878	130,779	102,737	151,494	151,494	151,494	109,886	119,129	119,989
Capital Expenditure - Standard											
Governance and administration		2,833	-	-	-	-	-	-	-	-	-
Executive and council		200	-	-	-	-	-	-	-	-	-
Budget and treasury office		200	-	-	-	-	-	-	-	-	-
Corporate services		2,613	-	-	-	-	-	-	-	-	-
Community and public safety		2,615	6,235	-	18,337	9,772	9,772	9,772	-	-	-
Community and social services		-	6,235	-	18,337	-	-	-	-	-	-
Sport and recreation		506	-	-	-	6,450	6,450	6,450	-	-	-
Public safety		2,109	-	-	-	3,322	3,322	3,322	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		40	29,096	33,150	14,500	21,258	21,258	21,258	-	-	-
Planning and development		40	-	-	-	-	-	-	-	-	-
Road transport		-	29,096	33,150	14,500	21,258	21,258	21,258	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		40,838	61,547	71,510	99,400	120,464	120,464	120,464	109,886	119,129	119,989
Electricity		4,483	27,619	11,068	15,400	11,000	11,000	11,000	5,000	6,000	7,000
Water		22,040	24,330	60,442	74,000	95,464	95,464	95,464	70,000	66,000	73,000
Waste water management		3,459	9,598	-	10,000	14,000	14,000	14,000	34,886	47,129	39,989
Waste management		10,857	-	-	-	-	-	-	-	-	-
Other		36,346	-	26,118	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	82,673	96,878	130,779	132,237	151,493	151,493	151,493	109,886	119,129	119,989
Funded by:											
National Government		69,016	96,878	130,779	132,237	143,053	143,053	143,053	109,886	119,129	119,989
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	8,440	8,440	8,440	-	-	-
Transfers recognised - capital	4	69,016	96,878	130,779	132,237	151,493	151,493	151,493	109,886	119,129	119,989
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		13,657	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	82,673	96,878	130,779	132,237	151,493	151,493	151,493	109,886	119,129	119,989

Table A6 – Budgeted Financial Position

MP301 Albert Luthuli - Table A6 Budgeted Financial Position

M 507 Albert Einstein - Table No Budgeted financial position											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		2,331	1,195	18,634	18,302	17,299	17,299	17,299	4,017	6,718	9,562
Call investment deposits	1	10,225	1,199	3,181	2,544	2,544	2,544	2,544	3,500	3,850	4,235
Consumer debtors	1	18,785	24,101	89,589	57,113	57,113	57,113	57,113	51,401	41,121	56,438
Other debtors		30,209	42,254								
Current portion of long-term receivables		34									
Inventory	2	131	1,715	2,568							
Total current assets		61,715	70,463	113,972	77,958	76,955	76,955	76,955	58,918	51,688	70,235
Non current assets											
Long-term receivables											
Investments		4,053	252	271							
Investment property		18,345	18,345	19,143	20,180	20,180	20,180	20,180	20,180	20,180	20,180
Investment in Associate											
Property, plant and equipment	3	722,457	720,415	788,371	822,776	864,095	864,095	864,095	907,007	955,477	1,001,063
Agricultural											
Biological											
Intangible											
Other non-current assets		2,797	2,738	2,738							
Total non current assets		747,653	741,750	810,522	842,955	884,274	884,274	884,274	927,186	975,657	1,021,243
TOTAL ASSETS		809,367	812,213	924,495	920,914	961,230	961,230	961,230	986,104	1,027,345	1,091,477
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	397	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	56,585	88,527	154,874	30,745	30,745	30,745	30,745	32,480	25,984	10,394
Provisions		-	7,062	9,035							
Total current liabilities		56,585	95,589	164,306	30,745	30,745	30,745	30,745	32,480	25,984	10,394
Non current liabilities											
Borrowing		625	384	229	-	-	-	-	-	-	-
Provisions		18,288	19,792	27,656	10,606	10,606	10,606	10,606	27,656	28,559	29,476
Total non current liabilities		18,914	20,176	27,885	10,606	10,606	10,606	10,606	27,656	28,559	29,476
TOTAL LIABILITIES		75,498	115,764	192,191	41,351	41,351	41,351	41,351	60,136	54,542	39,870
NET ASSETS	5	733,869	696,449	732,304	879,563	919,879	919,879	919,879	925,968	972,803	1,051,607
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		709,822	672,402	708,257	853,382	893,698	893,698	893,698	901,922	948,756	1,027,561
Reserves	4	24,047	24,047	24,047	26,181	26,181	26,181	26,181	24,047	24,047	24,047
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	733,869	696,449	732,304	879,563	919,879	919,879	919,879	925,968	972,803	1,051,607

Table A7 – Budgeted cash flow

MP301 Albert Luthuli - Table A7 Budgeted Cash Flows

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges			26,231	34,966	5,330	65,047	48,643	48,643	48,643	25,576	26,983	28,413
Service charges										28,138	29,685	31,259
Other revenue					5,393					4,426	4,670	4,917
Government - operating		1	239,432	276,343	221,386	199,712	199,712	199,712	199,712	227,968	240,506	253,253
Government - capital		1			111,382	102,737	151,493	151,493	151,493	109,886	119,129	119,989
Interest			18,684	17,817	19,495	3,228	1,843	1,843	1,843	2,346	2,475	2,606
Dividends										-	-	-
Payments												
Suppliers and employees			(236,885)	(242,551)	(227,531)	(258,839)	(250,687)	(250,687)	(250,687)	(284,917)	(300,587)	(316,518)
Finance charges			(256)	(878)	(430)			-	-	(977)	(1,031)	(1,085)
Transfers and Grants		1	18,575			(5,915)	(846)	(846)	(846)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			65,781	85,697	135,024	105,970	150,158	150,158	150,158	112,447	121,830	122,833
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			(88,359)	(100,279)	(115,705)					-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables			176							-	-	-
Decrease (increase) in non-current investments			11,762	12,827	(1,522)					-	-	-
Payments												
Capital assets				-		(106,807)	(151,493)	(151,493)	(151,493)	(109,886)	(119,129)	(119,989)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(76,421)	(87,452)	(117,227)	(106,807)	(151,493)	(151,493)	(151,493)	(109,886)	(119,129)	(119,989)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits			2,589	839						-	-	-
Payments												
Repayment of borrowing			843	(220)	(357)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			3,432	619	(357)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			(7,208)	(1,136)	17,440	(837)	(1,335)	(1,335)	(1,335)	2,560	2,701	2,844
Cash/cash equivalents at the year begin:		2	9,539	2,331	1,195	19,141	18,634	18,634	18,634	1,457	4,017	6,718
Cash/cash equivalents at the year end:		2	2,331	1,195	18,635	18,304	17,299	17,299	17,299	4,017	6,718	9,562

Table A8 – Cash back reserves / accumulated surplus reconciliation

MP301 Albert Luthuli - Table A8 Cash backed reserves/accumulated surplus reconciliation

HM 501 Albert Edition - Table No Cash backed Reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	2,331	1,195	18,635	18,304	17,299	17,299	17,299	4,017	6,718	9,562
Other current investments > 90 days		10,225	1,199	3,181	2,542	2,544	2,544	2,544	3,500	3,850	4,235
Non current assets - Investments	1	4,053	252	271	-	-	-	-	-	-	-
Cash and investments available:		16,609	2,646	22,086	20,846	19,843	19,843	19,843	7,517	10,567	13,796
<u>Application of cash and investments</u>											
Unspent conditional transfers		4,119	1,386	40,792	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	34,395	61,682	101,242	(8,394)	2,352	2,352	2,352	4,237	3,390	(20,616)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		38,514	63,068	142,034	(8,394)	2,352	2,352	2,352	4,237	3,390	(20,616)
Surplus(shortfall)		(21,905)	(60,422)	(119,948)	29,240	17,491	17,491	17,491	3,280	7,178	34,413

Table A9 – Asset management

MP301 Albert Luthuli - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	82,673	96,878	130,779	132,237	151,493	151,493	109,886	119,129	119,989
Infrastructure - Road transport		-	29,096	33,150	14,500	21,258	21,258	-	-	-
Infrastructure - Electricity		4,483	27,619	11,068	15,400	11,000	11,000	5,000	6,000	7,000
Infrastructure - Water		22,040	24,330	60,442	74,000	95,464	95,464	70,000	66,000	73,000
Infrastructure - Sanitation		3,459	9,598	-	10,000	14,000	14,000	34,886	47,129	39,989
Infrastructure - Other		47,203	-	26,118	-	-	-	-	-	-
Infrastructure		77,184	90,644	130,779	113,900	141,721	141,721	109,886	119,129	119,989
Community		-	6,235	-	18,337	9,772	9,772	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	5,488	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	29,096	33,150	14,500	21,258	21,258	-	-	-
Infrastructure - Electricity		4,483	27,619	11,068	15,400	11,000	11,000	5,000	6,000	7,000
Infrastructure - Water		22,040	24,330	60,442	74,000	95,464	95,464	70,000	66,000	73,000
Infrastructure - Sanitation		3,459	9,598	-	10,000	14,000	14,000	34,886	47,129	39,989
Infrastructure - Other		47,203	-	26,118	-	-	-	-	-	-
Infrastructure		77,184	90,644	130,779	113,900	141,721	141,721	109,886	119,129	119,989
Community		-	6,235	-	18,337	9,772	9,772	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	5,488	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	82,673	96,878	130,779	132,237	151,493	151,493	109,886	119,129	119,989
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	302,991	222,224	231,403	236,724	243,482	243,482	243,482	243,482	243,482
Infrastructure - Electricity		24,369	23,680	35,081	39,080	34,680	34,680	39,680	45,680	45,680
Infrastructure - Water		232,839	224,301	285,400	260,613	311,577	311,577	381,577	447,577	520,577
Infrastructure - Sanitation		42,560	41,912	41,282	51,912	55,912	55,912	90,799	137,927	177,916
Infrastructure - Other		119,698	216,111	-	234,448	225,883	225,883	225,883	225,883	225,883
Infrastructure		722,457	728,228	593,166	822,776	871,533	871,533	981,419	1,100,548	1,213,537
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		18,345	18,345	19,143	20,180	20,180	20,180	20,180	20,180	20,180
Other assets		-	123,777	594,045	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	740,802	870,349	1,206,353	842,955	891,712	891,712	1,001,599	1,120,727	1,233,716
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		93,489	94,509	63,238	103,210	103,210	103,210	66,975	70,658	74,403
Repairs and Maintenance by Asset Class	3	23,823	24,099	11,688	13,355	13,470	13,470	13,400	14,120	14,869
Infrastructure - Road transport		2,254	2,419	3,842	4,713	4,713	4,713	5,159	5,443	5,731
Infrastructure - Electricity		15,007	1,973	1,973	3,080	4,200	4,200	3,450	3,640	3,833
Infrastructure - Water		2,388	6,900	5,303	4,230	3,530	3,530	3,330	3,513	3,699
Infrastructure - Sanitation		3,520	-	170	300	300	300	500	528	555
Infrastructure - Other		-	811	-	120	15	15	16	-	-
Infrastructure		23,169	12,103	11,289	12,443	12,758	12,758	12,455	13,123	13,819
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	654	11,996	399	912	712	712	945	997	1,050
TOTAL EXPENDITURE OTHER ITEMS		117,312	118,608	74,926	116,565	116,680	116,680	80,375	84,778	89,272
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		3.3%	3.3%	1.5%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%
Renewal and R&M as a % of PPE		3.0%	3.0%	1.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%

Table A10 – Basic Service Delivery Measurement

MP301 Albert Luthuli - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		10,605	10,605	10,605	10,805	10,805	10,805	10,805	10,805	10,805
Piped water inside yard (but not in dwelling)		19,772	19,772	19,772	22,705	22,705	22,705	22,705	22,705	22,705
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4	2,218	2,218	2,218						
Minimum Service Level and Above sub-total		32,595	32,595	32,595	33,510	33,510	33,510	33,510	33,510	33,510
Using public tap (< min.service level)	3	4,821	4,821		4,821	4,821	4,821	4,821	4,821	4,821
Other water supply (< min.service level)	4	685	685		685	685	685	685	685	685
No water supply		8,690	8,690		8,690	8,690	8,690	8,690	8,690	8,690
Below Minimum Service Level sub-total		14,196	14,196	-	14,196	14,196	14,196	14,196	14,196	14,196
Total number of households	5	46,791	46,791	32,595	47,706	47,706	47,706	47,706	47,706	47,706
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		7,986	7,986	7,986	9,009	9,009	9,009	9,009	9,009	9,009
Flush toilet (with septic tank)		456	456	456	792	792	792	792	792	792
Chemical toilet					946	946	946	946	946	946
Pit toilet (ventilated)		6,327	6,327	6,327	18,196	18,196	18,196	18,196	18,196	18,196
Other toilet provisions (> min.service level)		28,182	28,182	28,182	14,600	14,600	14,600	14,600	14,600	14,600
Minimum Service Level and Above sub-total		42,951	42,951	42,951	43,543	43,543	43,543	43,543	43,543	43,543
Bucket toilet		473	473	473	473	473	473	473	473	473
Other toilet provisions (< min.service level)		1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213
No toilet provisions		2,476	2,476	2,476	2,476	2,476	2,476	2,476	2,476	2,476
Below Minimum Service Level sub-total		4,162	4,162	4,162	4,162	4,162	4,162	4,162	4,162	4,162
Total number of households	5	47,113	47,113	47,113	47,705	47,705	47,705	47,705	47,705	47,705
Energy:										
Electricity (at least min.service level)		35,564	35,564	35,564	35,564	35,564	35,564	35,564	35,564	35,564
Electricity - prepaid (min.service level)										
Minimum Service Level and Above sub-total		35,564	35,564	35,564	35,564	35,564	35,564	35,564	35,564	35,564
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		10,472	10,472	10,472	23,312	23,312	23,312	23,312	23,312	23,312
Below Minimum Service Level sub-total		10,472	10,472	10,472	23,312	23,312	23,312	23,312	23,312	23,312
Total number of households	5	46,036	46,036	46,036	58,876	58,876	58,876	58,876	58,876	58,876
Refuse:										
Removed at least once a week		6,108	6,108	6,108	9,210	9,210	9,210	9,210	9,210	9,210
Minimum Service Level and Above sub-total		6,108	6,108	6,108	9,210	9,210	9,210	9,210	9,210	9,210
Removed less frequently than once a week		1,015	1,015	1,015	485	485	485	485	485	485
Using communal refuse dump		267	267	267	1,264	1,264	1,264	1,264	1,264	1,264
Using own refuse dump		27,810	27,810	27,810	29,797	29,797	29,797	29,797	29,797	29,797
Other rubbish disposal		55	55	55	6,949	6,949	6,949	6,949	6,949	6,949
No rubbish disposal		10,764	10,764	10,764						
Below Minimum Service Level sub-total		39,911	39,911	39,911	38,495	38,495	38,495	38,495	38,495	38,495
Total number of households	5	46,019	46,019	46,019	47,705	47,705	47,705	47,705	47,705	47,705
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)					47,705	47,705	47,705	47,705	47,705	47,705
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)					1,441	1,517	1,517	1,585	1,669	1,768
Sanitation (free sanitation service)					1,120	1,351	1,351	1,120	1,351	1,431
Electricity/other energy (50kwh per household per month)					2,290	2,290	2,290	3,908	4,123	4,329
Refuse (removed once a week)					1,345	1,416	1,416	1,480	1,558	1,650
Total cost of FBS provided (minimum social packa		-	-	-	6,196	6,575	6,575	8,093	8,701	9,177
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)					3,278	3,278	3,278	3,278	3,475	3,683
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	3,278	3,278	3,278	3,278	3,475	3,683

PART 2

SUPPORTING DOCUMENTS

PART 2

Overview of the budget process

1. Overview of the budget process

The integrated development plan (IDP) annual revision allow the municipality to expand upon or refine plans and strategies to included additional issues and to ensure that these plans and strategies inform institutional and financial planning through the budget process. The Draft IDP was approved by Council in March 2015 for consultation.

To achieve the above the IDP revision process plan as well as the budget process timetable were considered and approved by Council in August 2014 which indicate all the key deadlines relating to the review of the IDP and the preparation of the multi-year budget and review of budget-related policies.

The budget preparation process for the 2015/2018 financial year was started in August 2014 with the approval of the budget timetable whilst preliminary consultation and discussions on the draft budget with senior management was finalised in March 2015.

In terms of S24 of the MFMA the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. An annual budget must be approved before the start of the budget year; is approved by the adoption by the council of a resolution referred to in section 17 (3) (a) (i); and must be approved together with the adoption of resolutions as may be necessary imposing any municipal tax for the budget year; setting any municipal tariffs for the budget year; approving measurable performance objectives for revenue from each source and for each vote in the budget; approving any changes to the municipality's integrated development plan; and approving any changes to the municipality's budget-related policies.

The tabled budget herewith presented provides for total operating revenue of R 336,1M for 2015/2016 financial year, R354,6M for the 2016/2017 financial year and R373,4M for the 2017/2018 financial years.

The year 2015 is the Year of the Freedom Charter and Unity in Action to Advance Economic Freedom. It is the year of going the extra mile in building a united, democratic, non-racial, non-sexist and prosperous South Africa as per the State of Nation Address.

The NDP contains proposals for tackling the problems of poverty, inequality and unemployment. It is a roadmap to a South Africa where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment. Chief Albert Luthuli Municipality will ensure that we objectives to alleviate poverty, inequality and unemployment is achieved.

Chief Albert Luthuli Municipality will be contributing R110M for infrastructure development which is funded from MIG, INEP and DWA which is allocated in terms of Division of Revenue Act (DoRA). We will continue to extend access to basic water supply to our residents within Chief Albert Luthuli municipality.

The municipality will continue to create jobs through EPWP projects and also to attract investors that will create jobs through LED programmes

As a result of the community participation through the Integrated Development Plan process plan that was approved in August 2014, budget timetable and public participation the multi-year budget is tabled for approval.

The Minister of Cooperative Governance and Traditional Affairs (COGTA) introduced the Back to Basics (B2B) approach at the Presidential Local Government Summit on 18 September 2014. The Summit mandated a country-wide programme of action to address challenges facing local government. Subsequently, the President's Coordinating Council (PCC) endorsed the Back to Basics Approach and its implementation

Five pillars of Back to Basics

1. Putting people and their concerns first and ensuring constant contact with communities through effective public participation platforms.
2. Creating conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities, maintenance and upkeep, including the budgeting to do this. Ensure no failures in services and where there are, restore with urgency.
3. Being well governed and demonstrating good governance and administration - cutting wastage, spending public funds prudently, hiring competent staff, ensuring transparency and accountability.

4. Ensuring sound financial management and accounting, and prudently managing resources so as to sustainably deliver services and bring development to communities.
5. Building and maintaining sound institutional and administrative capabilities administered and managed by dedicated and skilled personnel at all levels.

The challenge for the municipality is to do more within its existing resources by reprioritizing money from low-priority programmes to high-priority programmes. Municipalities play a critical role in furthering government objective of providing services to all while facilitating local economic development.

It is important that the financial position of the municipality remains sustainable over the medium term facing the current constraints.

To assist our communities to alleviate poverty, inequality and unemployment the following social packages are included in the budget for households:

- Free Basic Water – 6kl per month for every households
- Free Basic Electricity - 50kWh per month for registered indigents
- 50% Discount Sanitation Services for registered indigents
- 50% Discount on Refuse Removal Services for registered indigents

The tabled budget herewith presented provides for total operating revenue of R336,1-million for 2015/2016 financial year, R354,6-million for the 2016/2017 financial year and R373,4-million for the 2017/2018 financial years. The bulk of the revenue is derived from user charges for services and property rates of which property rates are the main contributing. 68% of the revenue sources is from grants.

The main revenue sources are as follows:-

Property rates	R39,448M
Service charges	R43,289M
Interest revenue	R2,346M
Transfers recognised - operational	R227,968M
Other own revenue	R23,178M

R336,128M

The executive summary and supporting documents in the tabled budget document contain more details regarding the contents of the budgeted provisions.

2. Overview of alignment of annual budget with integrated development plan

Supporting table SA4, SA5 and SA6 provides a breakdown of all revenue, operating expenditure and capital expenditure aligned to the goals and actions of the IDP on a high level.

The annual budget is linked to the five (5) main strategic goals and objectives, which are:

- Municipal transformation and institutional development
- Local Economic Development (LED)
- Municipal financial viability
- Good governance and public participation
- Basic Service Delivery

Through the IDP process it was reconfirmed that the municipality is committed to the total well-being of all its citizens through:

- the rendering of affordable, cost effective, accessible, efficient and quality services for present and future customers.
- the maximizing of infrastructural development through the utilisation of all available resources.
- improving the quality of life by co-ordinating gender and social development programmes.

- the implementation of effective management systems and procedures.
- the creation of an enabling environment for LED.
- ensuring effective co-operation with relevant stakeholders.
- to ensure skilled, motivated and committed workforce.
- compliance with the Batho Pele principles.

3. Measurable performance objectives and indicators

Supporting table SA8 provides details on the financial indicators and benchmarks. The tabled budget was compiled considering the following main key performance indicators as a benchmark:

4. Overview of budget-related policies

The purpose of budget-related and financial policies is to provide a sound environment to manage the financial affairs of the municipality. The following are key budget relating policies which municipality has approved and where the policy doesn't exist the process of development will be looked at:

- **Tariff Policy** – the policy prescribes the procedures for calculating tariffs. This policy is required in terms of Section 74 of the Local Government Municipal Systems Act, Act 22 of 2000.
- **Rates Policy** – a policy required by the Municipal Property Rates Act, Act 6 of 2004. This policy provides the framework for the determining of rates. It further ensures certainty and clarity as to amounts payable in respect of property rates. The policy is submitted with the budget for review and be approved for public participation.
- **Free Basic services policy**- this policy aims to enhance the delivery of Free Basic Services to poor households, and assist municipality in developing innovative, reliable and integrated billing systems that would allow for improved delivery of services and an effective and efficient billing system for the debtors/consumers of the municipality. The policy is submitted with the budget for review and be approved for public participation.
- **Indigent Support Policy** – to provide access to and regulate free basic services to all indigent households. The policy is submitted with the budget for review and be approved for public participation.
- **Credit Control and Debt Collection Policy** – to provide for credit and debt collection procedures and mechanisms to ensure that all consumers pay for the services that are supplied. The policy is submitted with the budget for review and be approved for public participation.
- **Budget Policy** – this policy set out the principles which must be followed in preparing a medium term revenue and expenditure framework budget. It further ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
- **Cash management and Investment Policy** – this policy was compiled in accordance with the Municipal Investment Regulation R308 and ensures that cash resources are managed in the most efficient and effective manner possible.
- **Asset Management Policy** – the objective of the policy is to prescribe the accounting and administrative procedures relating to property, plant and equipment (assets). The asset management policy it has incorporate the asset disposal processes.
- **Capital Investment and Infrastructure Development Policy**- the policy is not yet in place but strategies and programmes are being developed, they will be identified to form part of

the financial plan to achieve the desired objective of improving financial viability, sustainability of the municipality, and capital investment on infrastructure. The policy will give guides on alternative funding models such as donor funding ect.

- **Borrowing policy-** The strong capital market in South Africa (banks and other lending institutions like DBSA, INCA etc.) provides an additional instrument to access financial resources. However, it is clear that the municipality cannot borrow to balance its budget and pay for overspending. The municipality's credit rating should also be looked at. The finance will develop the policy during the second so that it forms part of public consultation in March 2013.
- **This Funding and Reserves Policy-** will set out the assumptions and methodology for estimating – projected billings, collections and all direct revenues; the provision for revenue that will not be collected; the funds the Municipality can expect to receive from investments; the dividends the Municipality can expect to receive from Municipal entities; assets; the Municipality's borrowing requirements; and the funds to be set aside in reserves.
- **Accounting Policy** – the policy prescribes the basis of presentation of the annual financial statements in accordance with the General Recognised Accounting Practices and Accounting Standards, the policy will be reviewed during the preparation of annual financial statement.
- **Supply Chain Management Policy** – this policy is developed in terms of Section 111 of the Municipal Finance Management Act, Act 56 of 2003. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost-effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services. The policy is submitted with the budget for review and be approved for public participation.
- **Transport and Subsistence Policy** – this policy regulates the reimbursement of travelling and subsistence cost to officials and councillors undertaking official visits.

Approved Budget Related Policies on the Municipal Website

These policies are available on the official website www.albertluthuli.gov.za

5. Overview of budget assumptions

One of the key issues identified for the sustainability of Chief Albert Luthuli Local Municipality is to expand its revenue in relation to its costs and its financial viability, whilst implementing its mandate'. The responsive key objective is 'effective, efficient, coordinated financial management and increased revenue that will enable the Council to deliver its mandate'. The plans and strategies detailed in this chapter contribute to the will of achieving this objective

The selected key assumptions relating to this budget are as follows:

- Government grants for years 2015/2016 to 2017/2018 are as per the Division of Revenue Act.
- Increases for the purchase of electricity and water have been estimated at 12.2% and 6% p.a.
- Provision has been made for tariff increases relating to other services at an average rate of 6% p.a.
- Property Rates increase by 4%

6. Overview of budget funding

The budget is funded on the anticipated revenue from trading services such as water and electricity, though the council is experiencing low payment rate, it is anticipated that in the 2015/ 2016 budget year, collection rate will be remain at average of 80%. The debt recovery plan will be put in place to ensure that the set objective is achieved. Proposed tariff adjustments to come into effect on 1 July 2015 are contained in the draft resolution.

A comparison on the imposing of assessment rates and setting of tariffs for the 2015/2016 financial year is included under Schedule 2 whilst the proposed tariffs for sundry services are included under Schedule 3.

Supporting table SA10 provides detail on funding measurement and funding supporting indicators.

7. Funding requirement for capital expenditure

It is therefore essential that the proposed capital budget carefully be considered and that the impact of all future developments on the current bulk infrastructure network strategically be considered.

	2015/2016
<u>National Government</u>	
Municipal Infrastructure Grant	84,091
Department of Water Affairs	25 000
Department of Energy	5 000
Total	114 091

Supporting table SA17 provides particulars of all existing and any new borrowing proposed to be raised.

Supporting table SA15 and SA16 provide more detail on investments.

8. Expenditure on allocations and grant programmes

All national allocations to local government are published in the Division of Revenue Act, per municipality for the next three (3) years, whilst provincial allocations form part of the provincial budgets.

Supporting tables SA18, SA19 and SA20 provide details of planned expenditure against each allocation and grant received. The following grants have been allocated to the municipality:

	2015/2016	2016/2017	2017/2018
Equitable Share (this grant is an unconditional grant and is partially utilised for the provision of free basic services through Councils Indigent Support and Free Basic Services Policies)	219 137 000	226 756 000	232 189 000
Financial Management Grant	1 600 000	1 625 000	1 700 000
Municipal System Improvement Grant	930 000	957 000	1 033 000
Expended Public Works	2,059 000		

--	--	--	--

9. Allocations or grants made by the municipality

No provision is made by the municipality.

10. Councillors allowances, employee benefits and Performance agreement of senior managers

The performance agreement of senior managers are not attached to this documents, the documents will be signed after the adoption of the final budget after approval by council on 28 May 2015. The performance agreements will be published in the municipal website.

The listed table reflecting the supporting table SA22, SA23 and SA24 provides the proposed cost to Council on salaries, allowances and benefits, as well as personnel members for:

- councillors of the municipality
- municipal manager and senior managers
- other municipal staff

11. Monthly targets for revenue, expenditure and cash flow

Supporting table SA25 and SA27 disclose the monthly targets for operating revenue by source, operating expenditure by type as well as a consolidated projection of revenue and expenditure by vote, whilst supporting table SA29 provides monthly projections for capital expenditure by vote.

All these schedules have been included in the draft SDBIP which is included in the tabled budget document as **PART 3**.

The SDBIP further includes the detailed capital budget by programme and shows each capital project associated within the programme and indicates the planning for each project.

Supporting table SA30 provides a consolidated projection of cash flow for the budget setting out receipts by source and payments by type, both operating and capital broken down per month for the budget year and also shown in total the following two (2) years.

12. Contracts having future budgetary implications

Multi-year funded projects are contracts having future budgetary implications as there are contracts which will impose financial obligations beyond three (3) years.

13. Capital expenditure details

Supporting table SA34 discloses capital expenditure by asset class and table SA36 provides a list of capital programmes and projects aligned to the goals of the integrated development plan. See also supporting table SA6 for reconciliation with IDP strategic objectives.

14. Legislative compliance status

The municipality is fully committed to promote and seek to implement the basic values and principles of public administration described as per Section 195(1) of the Constitution.

In achieving this commitment the municipality is presently in full compliance with the stipulations of the following legislation, the principles as per circulars issued in line with the legislation as well as promulgated regulations to give effect to the stipulations of such legislation, except where a lower extent of compliance is reflected:

- Local Government : Municipal Structures Act, Act 117 of 1998 with all its amendments to date.
- Local Government : Municipal Systems Act, Act 32 of 2000 with all its amendments to date in its entirety together with regulations promulgated and applicable to high capacity municipalities.
- Local Government : Municipal Finance Management Act, Act 56 of 2004 in its entirety including regulations promulgated and applicable to high capacity municipalities.
- Compliance is also given to circulars by National Treasury in line with the Municipal Systems Act and the Municipal Finance Management Act in so far stipulations had been approved by the Council for adoption.
- Local Government : Property Rates Act, Act 6 of 2004 and its promulgated regulations in so far as a new valuation is implemented from 1 July 2009 in full compliance to legislative requirement.
- Full compliance, where sections and stipulations of sections are applicable to the municipality:
 - Electricity Act of 1987
 - Labour Relations Act of 1995
 - The Constitution of South Africa, 1996
 - Financial and Fiscal Commission Act, 1997
 - Intergovernmental Fiscal Relations Act, 1997
 - Water Services Act, 1997
 - Municipal Demarcation Act, 1998
 - National Environmental Management Act, 1998
 - Remuneration of Political Office Bearers Act, 1998
 - Skills Development Act, 1998
 - National Land Transport Transition Act, 2000
 - Preferential Procurement Policy Framework Act, 2000
 - Intergovernmental Relations Framework Act, 2005
 - Division of Revenue Acts as enacted annually

15. PART 3 - SDBIP

In terms of the budget regulation, National Treasury encourages municipalities to include the draft municipal service delivery and budget implementation plan (SDBIP) with the tabled budget. This will promote effective planning and implementation of the annual budget within the municipality.

The draft SDBIP includes the following:

- 15.1. Report on the SDBIP.
- 15.2. Supporting table SA25 – monthly projections of revenue for each source and expenditure type.
- 15.3. Supporting table SA27 – monthly projections of operating revenue and expenditure by vote.
- 15.4. Supporting table SA29 – monthly projections of capital expenditure by vote.
- 15.5. Detail projects per capital programme.

16. The following Supporting Tables could not be included in the Tabled Budget due to the unavailability of information or limitation from the financial system.

- SA7 : Measurable Performance Objectives
- SA11 : Property Rates Summary
- SA12 & SA13 : Property Rates by category

PJ NHLABATHI
Chief Financial Officer

Table SA1 – Supporting detail to budgeted financial performance

MP301 Albert Luthuli - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		21,998	31,158	29,131	37,277	40,213	40,213	40,213	42,626	44,971	47,354
less Revenue Foregone					3,278	3,278	3,278	3,278	3,458	3,458	3,642
Net Property Rates		21,998	31,158	29,131	33,999	36,935	36,935	36,935	39,168	41,512	43,712
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		15,931	17,077	16,287	23,409	23,330	23,330	23,330	24,898	26,267	27,659
less Revenue Foregone											
Net Service charges - electricity revenue		15,931	17,077	16,287	23,409	23,330	23,330	23,330	24,898	26,267	27,659
Service charges - water revenue	6										
Total Service charges - water revenue		789	2,892	4,905	6,225	6,246	6,246	6,246	6,621	6,985	7,355
less Revenue Foregone											
Net Service charges - water revenue		789	2,892	4,905	6,225	6,246	6,246	6,246	6,621	6,985	7,355
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		4,681	5,258	5,008	5,931	5,931	5,931	5,931	6,524	6,883	7,247
less Revenue Foregone											
Net Service charges - sanitation revenue		4,681	5,258	5,008	5,931	5,931	5,931	5,931	6,524	6,883	7,247
Service charges - refuse revenue	6										
Total refuse removal revenue		4,150	4,216	4,507	4,770	4,770	4,770	4,770	5,247	5,535	5,828
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		4,150	4,216	4,507	4,770	4,770	4,770	4,770	5,247	5,535	5,828
Other Revenue by source											
List other revenue by source		11,687	11,990	1,806	1,083	792	792	792	834	880	927
Total 'Other' Revenue	3	11,687	11,990	1,806	1,083	792	792	792	834	880	927
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		52,975	62,796	68,746	66,618	63,741	63,741	63,741	74,425	78,518	82,680
Pension and UIF Contributions		9,533	11,299	12,801	10,752	10,752	10,752	10,752	13,380	14,115	14,864
Medical Aid Contributions		3,425	4,014	5,030	4,277	4,277	4,277	4,277	5,147	5,430	5,718
Overtime		4,127	4,864	5,508	3,067	3,067	3,067	3,067	1,923	2,029	2,136
Performance Bonus											
Motor Vehicle Allowance		3,850	4,496	5,373	5,222	5,222	5,222	5,222	6,045	6,378	6,716
Cellphone Allowance											
Housing Allowances		717	671	720	284	284	284	284	625	659	694
Other benefits and allowances		1,510	4,003	4,556	5,543	5,543	5,543	5,543	3,024	3,190	3,359
Payments in lieu of leave		3,698	1,856	1,778	5,763	5,763	5,763	5,763	6,330	6,678	7,032
Long service awards					302	302	302	302			
Post-retirement benefit obligations		3,010	1,988	1,398							
Less: Employee costs capitalised to PPE	5	82,844	95,987	105,908	101,828	98,951	98,951	98,951	110,898	116,998	123,199
Total Employee related costs	1	82,844	95,987	105,908	101,828	98,951	98,951	98,951	110,898	116,998	123,199
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital											
Depreciation & asset impairment	10										
Depreciation of Property, Plant & Equipment		93,489	94,509	63,238	103,210	103,210	103,210	103,210	66,975	70,658	74,403
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	93,489	94,509	63,238	103,210	103,210	103,210	103,210	66,975	70,658	74,403
Bulk purchases	1										
Electricity Bulk Purchases		34,239	31,363	34,282	39,955	39,955	39,955	39,955	44,782	47,245	49,749
Water Bulk Purchases											
Total bulk purchases	1	34,239	31,363	34,282	40,105	40,105	40,105	40,105	44,782	47,245	49,749
Transfers and grants	1										
Cash transfers and grants											
Non-cash transfers and grants											
Total transfers and grants	1										
Contracted services											
List services provided by contract		30,274	27,264	40,450	24,096	27,510	27,510	27,510	30,470	32,146	33,850
Valuation Roll									3,200	3,376	3,555
Cash in Transit									220	232	244
Professional Fees									4,150	4,378	4,610
Water Tankers									3,000	3,165	3,333
Monitoring & Armed Reaction									19,000	20,045	21,107
Standby Contractor									900	950	1,000
Allocations to organs of state:	1	30,274	27,264	40,450	24,096	27,510	27,510	27,510	30,470	32,146	33,850
Electricity											
Water											
Sanitation											
Other											
Total contracted services		30,274	27,264	40,450	24,096	27,510	27,510	27,510	30,470	32,146	33,850
Other Expenditure By Type	3										
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees											
General expenses		76,291	70,126	57,630	68,299	56,003	56,003	56,003	3,134	3,020	3,201
List Other Expenditure by Type									65,190	65,755	66,039
Total 'Other' Expenditure	1	76,291	70,126	57,630	68,299	56,003	56,003	56,003	68,324	68,775	69,240
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9										

Table SA2 – Matrix financial performance – revenue source & expenditure type

MP301 Albert Luthuli - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Municipal Manager	Budget & Treasury	Corporate Services	Community Services	Public Safety	Technical Services	Vote 7 - Planning & Economic Development	Vote 8 - Executive Mayor & Council	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			39,348														39,348
Property rates - penalties & collection charges																	-
Service charges - electricity revenue							24,888										24,888
Service charges - water revenue							6,621										6,621
Service charges - sanitation revenue							6,524										6,524
Service charges - refuse revenue					5,247												5,247
Service charges - other																	-
Rental of facilities and equipment				835													835
Interest earned - external investments			2,346														2,346
Interest earned - outstanding debtors			18,751														18,751
Dividends received																	-
Fines						300											300
Licences and permits																	-
Agency services						2,457											2,457
Other revenue			369		210	14		241									834
Transfers recognised - operational			221,704				6,264										227,968
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		-	282,518	835	5,457	2,771	44,386	241	-	-	-	-	-	-	-	-	336,128
Expenditure By Type																	
Employee related costs		4,941	15,608	13,278	15,219	13,655	36,641	6,172	5,384								110,898
Remuneration of councillors									17,043								17,043
Debt impairment			14,919		1,836		13,315										30,070
Depreciation & asset impairment			66,975														66,975
Finance charges																	-
Bulk purchases							44,782										44,782
Other materials			234		141	522	12,494	10									13,400
Contracted services			4,020	850	-	19,000	5,400	1,200									30,470
Transfers and grants																	-
Other expenditure		4,296	12,934	8,073	3,677	4,213	22,086	2,075	11,946								69,301
Loss on disposal of PPE																	-
Total Expenditure		9,237	114,689	22,201	20,873	37,389	134,718	9,457	34,374	-	-	-	-	-	-	-	382,938
Surplus/(Deficit)		(9,237)	167,829	(21,367)	(15,416)	(34,618)	(90,413)	(9,216)	(34,374)	-	-	-	-	-	-	-	(46,811)
Transfers recognised - capital																	-
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(9,237)	167,829	(21,367)	(15,416)	(34,618)	(90,413)	(9,216)	(34,374)	-	-	-	-	-	-	-	(46,811)

Table SA3 – Supporting detail to budgeted financial position

MP301 Albert Luthuli - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

P301 Albert Lutuli - Supporting table SA3 Supporting detail to Budgeted Financial Position											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		10,225	1,199	2,910	2,544	2,544	2,544	2,544	3,500	3,850	4,235
Other current investments > 90 days				271							
Total Call investment deposits	2	10,225	1,199	3,181	2,544	2,544	2,544	2,544	3,500	3,850	4,235
Consumer debtors											
Consumer debtors		92,548	107,305	339,392	384,077	384,077	384,077	384,077	345,669	276,535	221,228
Less: Provision for debt impairment		(73,763)	(83,205)	(249,803)	(326,964)	(326,964)	(326,964)	(326,964)	(294,268)	(235,414)	(164,790)
Total Consumer debtors	2	18,785	24,101	89,589	57,113	57,113	57,113	57,113	51,401	41,121	56,438
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		1,093,370	1,188,328	1,316,695	1,370,375	1,411,694	1,411,694	1,411,694	1,521,581	1,640,709	1,760,698
Leases recognised as PPE	3										
Less: Accumulated depreciation		370,913	467,914	528,324	547,599	547,599	547,599	547,599	614,574	685,232	759,635
Total Property, plant and equipment (PPE)	2	722,457	720,415	788,371	822,776	864,095	864,095	864,095	907,007	955,477	1,001,063
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities				397							
Total Current liabilities - Borrowing		-	-	397	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		50,972	87,141	112,748	30,745	30,745	30,745	30,745	32,480	25,984	10,394
Unspent conditional transfers		4,119	1,386	40,792							
VAT		1,494		1,334							
Total Trade and other payables	2	56,585	88,527	154,874	30,745	30,745	30,745	30,745	32,480	25,984	10,394
Non current liabilities - Borrowing											
Borrowing	4	625	384	229							
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		625	384	229	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits		10,606	10,988	11,243	10,606	10,606	10,606	10,606	11,243	11,243	11,243
List other major provision items											
Refuse landfill site rehabilitation											
Other		7,682	8,804	16,413				-	16,413	17,316	18,233
Total Provisions - non-current		18,288	19,792	27,656	10,606	10,606	10,606	10,606	27,656	28,559	29,476
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance			672,402	708,257	850,200	893,698	893,698	893,698	983,067	1,081,374	1,189,511
GRAP adjustments											
Restated balance		-	672,402	708,257	850,200	893,698	893,698	893,698	983,067	1,081,374	1,189,511
Surplus/(Deficit)		(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	(52,461)	642,600	743,832	766,745	810,336	810,336	810,336	936,257	1,035,295	1,144,171
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves		24,047	24,047	24,047	26,181	26,181	26,181	26,181	24,047	24,047	24,047
Revaluation											
Total Reserves	2	24,047	24,047	24,047	26,181	26,181	26,181	26,181	24,047	24,047	24,047
TOTAL COMMUNITY WEALTH/EQUITY	2	(28,414)	666,646	767,879	792,926	836,517	836,517	836,517	960,303	1,059,342	1,168,217

Table SA4 – Reconciliation of IDP strategic objectives and revenue

MP301 Albert Luthuli - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Mr 301 Albert Eudum - Supporting Table G4: Reconciliation of IFR Strategic Objectives and Budget (Revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Electricity Infrastructure Development and Service Delivery	Service Delivery			25,550	29,443	30,707	44,439	44,540	44,540	45,348	47,842	50,377	
Sustainable and Economical Monetary Management	Financial viability			300,629	329,315	343,326	249,950	252,476	252,476	286,723	302,493	318,525	
Local Economic Development	Economic Growth and Development			-		14,083	140	219	219	241	254	268	
Municipal Transformation and Organisational Development	Good Corporate Governance			4,004	2,485	4,450	1,944	2,355	2,355	3,816	4,026	4,239	
Good governance and public participation	Good Corporate Governance												
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	330,183	361,243	392,565	296,473	299,590	299,590	336,128	354,615	373,409

Table SA5 – Reconciliation of IDP strategic objectives and operating expenditure

MP301 Albert Luthuli - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Supporting Table 6: Accommodation of 1st Strategic Objectives and Budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Electricity Infrastructure Development and Service Delivery	Service Delivery			139,697	87,908	111,314	112,293	122,570	122,570	132,012	139,272	146,654	
Sustainable and Economical Monetary Management	Financial viability			42,467	55,212	69,914	137,759	139,857	139,857	114,816	121,131	127,551	
Local Economic Development	Economic Growth and Development			7,094	8,298	8,405	9,226	8,056	8,056	9,447	9,966	10,495	
Municipal Transformation and Organisational Development	Good Corporate Governance			78,799	106,072	27,563	76,749	73,650	73,650	82,892	84,144	85,424	
Good governance and public participation	Good Corporate Governance			114,588	133,556	139,793	43,901	38,819	38,819	43,772	46,179	48,627	
Allocations to other priorities													
Total Expenditure				1	382,644	391,045	356,990	379,928	382,951	382,951	382,938	400,693	418,750

Table SA6 – Reconciliation of IDP strategic objectives and capital expenditure

MP301 Albert Luthuli - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Supporting Table One: Reconciliation of RDP Strategic Objectives and Budget (Capital Expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Electricity Infrastructure Development and Service Delivery	Service Delivery	A		91,470	90,644	130,779	84,400	141,721	141,721	109,886	119,129	119,989
		B										
Sustainable and Economical Monetary Management	Financial viability	C		200	-	-	-	-	-	-	-	-
		D										
Local Economic Development	Economic Growth and Development	E		40	-	-	-	-	-	-	-	-
		F										
Municipal Transformation and Organisational Development	Good Corporate Governance	G		2,613	-	-	-	-	-	-	-	-
		H										
Good governance and public participation	Good Corporate Governance	I		2,635	6,235	-	18,337	9,772	9,772		-	-
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	96,959	96,878	130,779	102,737	151,493	151,493	109,886	119,129	119,989

Table SA8 – Performance indicators and benchmarks

MP301 Albert Luthuli - Supporting Table SA8 Performance indicators and benchmarks

MP301 Albert Luthuli - Supporting Table SAS Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-0.2%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	-0.7%	1.2%	1.3%	0.0%	0.0%	0.0%	0.0%	0.9%	0.9%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	2.6%	1.6%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.1	0.7	0.7	2.5	2.5	2.5	2.5	1.8	2.0	6.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.7	0.7	2.5	2.5	2.5	2.5	1.8	2.0	6.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.0	0.1	0.7	0.6	0.6	0.6	0.2	0.4	1.3
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		55.5%	57.7%	8.9%	87.5%	63.0%	63.0%	63.0%	65.0%	65.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		55.2%	57.7%	8.9%	87.5%	63.0%	63.0%	63.0%	65.0%	65.0%	65.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.8%	18.4%	22.8%	19.3%	19.1%	19.1%	19.1%	15.3%	11.6%	15.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		2186.7%	7291.3%	605.0%	168.0%	177.7%	177.7%	177.7%	808.6%	386.8%	108.7%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.1%	26.6%	27.0%	34.3%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	28.1%	31.9%	5.0%	39.5%	38.1%	38.1%		37.9%	37.9%	37.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.2%	6.7%	3.0%	4.5%	4.5%	4.5%		4.0%	4.0%	4.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	28.4%	26.4%	16.3%	34.8%	34.5%	34.5%	34.5%	20.2%	20.2%	20.2%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.4	4.7	26.5	52.5	52.5	52.5	42.5	43.7	43.8	46.1
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	102.2%	108.7%	147.8%	76.3%	73.2%	73.2%	73.2%	61.6%	46.7%	60.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.1	0.1	0.9	1.0	0.9	0.9	0.9	0.2	0.3	0.4

Table SA9 – Social, economic and demographic statistic assumptions

MP301 Albert Luthuli - Supporting Table SA9 Social, economic and demographic statistics and assumptions

MP301 Albert Lutuli - Supporting Table SAS Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population				194	186	186	186	186	186	186	186	186
Females aged 5 - 14				27	22	22	22	22	22	22	22	22
Males aged 5 - 14				26	22	22	22	22	22	22	22	22
Females aged 15 - 34				35	35	35	35	35	35	35	35	35
Males aged 15 - 34				32	32	32	32	32	32	32	32	32
Unemployment					15,975	15,975	16	16	16	16	16	16
Monthly household income (no. of households)												
No income	1, 12				80,219	80,219	80,219	80,219	80,219	80,219	80,219	80,219
R1 - R1 600					80,075	80,075	80,075	80,075	80,075	80,075	80,075	80,075
R1 601 - R3 200					6,374	6,374	6,374	6,374	6,374	6,374	6,374	6,374
R3 201 - R6 400					4,209	4,209	4,209	4,209	4,209	4,209	4,209	4,209
R6 401 - R12 800					3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395
R12 801 - R25 600					1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897
R25 601 - R51 200					392	392	392	392	392	392	392	392
R52 201 - R102 400					91	91	91	91	91	91	91	91
R102 401 - R204 800					109	109	109	109	109	109	109	109
R204 801 - R409 600					58	58	58	58	58	58	58	58
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area				194,083	186	186	186	186	186	186	186	186
Number of poor people in municipal area					80,219	80,219	80,219	80,219	80,219	80,219	80,219	80,219
Number of households in municipal area				46,036	47,705	47,705	47,705	47,705	47,705	47,705	47,705	-
Number of poor households in municipal area					51,595	51,595	51,595	51,595	51,595	51,595	51,595	51,595
Definition of poor household (R per month)												
Housing statistics												
Formal	3			42,912	42,912	44,848	44,848	44,848	44,848	44,848	44,848	44,848
Informal				3,124	3,124	2,857	2,857	2,857	2,857	2,857	2,857	2,857
Total number of households				46,036	46,036	47,705	47,705	47,705	47,705	47,705	47,705	47,705
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings				-	-	-	-	-	-	-	-	-
Economic												
Inflation/inflation outlook (CPIX)	6											
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates												
Property tax/service charges	7											
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Table SA10 – Funding measurement

MP301 Albert Luthuli Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	2,331	1,195	18,635	18,304	17,299	17,299	17,299	4,017	6,718	9,562
Cash + investments at the yr end less applications - R'000	18(1)b	2	(21,905)	(60,422)	(119,948)	29,240	17,491	17,491	17,491	3,280	7,178	34,413
Cash year end/monthly employee/supplier payments	18(1)b	3	0.1	0.1	0.9	1.0	0.9	0.9	0.9	0.2	0.3	0.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(52,461)	(29,803)	35,575	(83,455)	(83,361)	(83,361)	(83,361)	(46,811)	(46,079)	(45,341)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	21.5%	(7.3%)	18.2%	(2.1%)	(6.0%)	(6.0%)	1.0%	(0.5%)	(0.7%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	33.8%	38.4%	12.8%	68.5%	49.7%	49.7%	49.7%	54.9%	54.9%	54.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	63.1%	56.5%	49.6%	18.2%	36.5%	36.5%	36.5%	36.4%	36.4%	36.4%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	104.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	35.3%	35.0%	(36.3%)	0.0%	0.0%	0.0%	(10.0%)	(20.0%)	37.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	3.3%	3.3%	1.5%	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table SA14 – Household bills

MP301 Albert Luthuli - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		1,833	2,597	2,428	2,833	3,078	3,078	3,078	3,279	3,459	3,643
Electricity: Basic levy											
Electricity: Consumption		1,328	1,423	1,357	1,951	1,944	1,944	1,944	2,075	2,189	2,305
Water: Basic levy											
Water: Consumption		66	241	409	519	520	520	520	552	582	613
Sanitation		390	438	417	494	494	494	494	544	574	604
Refuse removal		346	351	376	397	397	397	397	437	461	486
Other											
sub-total		3,962,342.92	5,050,058.42	4,986,468.08	6,194,409.66	6,434,244.41	6,434,244.41	11.2%	6,886,394.66	7,265,146.37	7,650,199.13
VAT on Services											
Total large household bill:		3,962,342.92	5,050,058.42	4,986,468.08	6,194,409.66	6,434,244.41	6,434,244.41	11.2%	6,886,394.66	7,265,146.37	7,650,199.13
% increase/-decrease			27.5%	(1.3%)	24.2%	3.9%	-		7.0%	5.5%	5.3%

Table SA15 – Investment particulars by type

MP301 Albert Luthuli - Supporting Table SA15 Investment particulars by type

Supporting Table 2015 Investment portfolios by type										
Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		14,278	1,451	3,452	2,544	2,544	2,544	3,500	3,850	4,235
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	14,278	1,451	3,452	2,544	2,544	2,544	3,500	3,850	4,235
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:		14,278	1,451	3,452	2,544	2,544	2,544	3,500	3,850	4,235

Table SA16 – Investment particulars by maturity

MP301 Albert Luthuli - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
<u>Parent municipality</u>														
Sarlam						11			No maturity date	76	8			85
Rand Merchant Bank						11			25 May 2002	195	21			216
Stanlib						11			No maturity date	2,083	230			2,323
Sarlam										818	90			908
														-
														-
														-
Municipality sub-total										3,181		-	-	3,531
<u>Entities</u>														
														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									3,181		-	-	3,531

Table SA17 – Borrowing

MP301 Albert Luthuli - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

Table SA18 – Transfer and grant receipts

MP301 Albert Luthuli - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		150,284	167,202	181,564	195,642	195,642	195,642	223,726	229,338	234,922
Local Government Equitable Share		141,281	159,110	171,462	188,970	188,970	188,970	219,137	226,756	232,189
Water Services Operating Subsidy		6,963	1,288							
EPWP Incentive			4,694	3,785	4,105	4,105	4,105	2,059		
Finance Management		1,250	1,250	1,550	1,600	1,600	1,600	1,600	1,625	1,700
Municipal Systems Improvement		790	860	890	967	967	967	930	957	1,033
Water Services Operating Subsidy										
Other transfers/grants [insert description]				3,877						
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	150,284	167,202	181,564	195,642	195,642	195,642	223,726	229,338	234,922
Capital Transfers and Grants										
National Government:		87,333	84,019	96,426	106,807	130,807	130,807	114,091	123,504	124,620
Municipal Infrastructure Grant (MIG)		63,670	73,374	73,666	81,407	105,407	105,407	84,091	87,504	92,620
			8,145	12,260	15,000	15,000	15,000	25,000	30,000	25,000
			2,500	10,500	10,400	10,400	10,400	5,000	6,000	7,000
Regional Bulk Infrastructure		4,045								
Other capital transfers/grants [insert desc]		19,618								
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	87,333	84,019	96,426	106,807	130,807	130,807	114,091	123,504	124,620
TOTAL RECEIPTS OF TRANSFERS & GRANTS		237,617	251,221	277,990	302,449	326,449	326,449	337,817	352,842	359,542

Table SA19 – Expenditure on transfers and grant programme

MP301 Albert Luthuli - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		150,284	167,202	177,687	195,642	195,642	195,642	223,726	229,338	234,922
Local Government Equitable Share		141,281	159,110	171,462	188,970	188,970	188,970	219,137	226,756	232,189
Water Services Operating Subsidy		6,963	1,288	-	-	-	-	-	-	-
EPWP Incentive		-	4,694	3,785	4,105	4,105	4,105	2,059	-	-
Finance Management		1,250	1,250	1,550	1,600	1,600	1,600	1,600	1,625	1,700
Municipal Systems Improvement		790	860	890	967	967	967	930	957	1,033
Water Services Operating Subsidy		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		150,284	167,202	177,687	195,642	195,642	195,642	223,726	229,338	234,922
Capital expenditure of Transfers and Grants										
National Government:		87,333	84,019	96,426	106,807	130,807	130,807	114,091	123,504	124,620
Municipal Infrastructure Grant (MIG)		63,670	73,374	73,666	81,407	105,407	105,407	84,091	87,504	92,620
		-	8,145	12,260	15,000	15,000	15,000	25,000	30,000	25,000
		-	2,500	10,500	10,400	10,400	10,400	5,000	6,000	7,000
		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure		4,045	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		19,618	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		87,333	84,019	96,426	106,807	130,807	130,807	114,091	123,504	124,620
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		237,617	251,221	274,113	302,449	326,449	326,449	337,817	352,842	359,542

Table SA20 – Reconciliation of transfers, grant receipts and unspent funds

MP301 Albert Luthuli - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		150,284	167,202	177,687	195,642	195,642	195,642	223,726	229,338	234,922
Conditions met - transferred to revenue		150,284	167,202	177,687	195,642	195,642	195,642	223,726	229,338	234,922
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
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		150,284	167,202	177,687	195,642	195,642	195,642	223,726	229,338	234,922
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			24,413	1,386	40,792	40,792	40,792			
Current year receipts		87,333	84,019	96,426	106,807	130,807	130,807	114,091	123,504	124,620
Conditions met - transferred to revenue		62,920	107,046	57,020	147,599	171,599	171,599	114,091	123,504	124,620
Conditions still to be met - transferred to liabilities		24,413	1,386	40,792						
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
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 capital transfers and grants revenue		62,920	107,046	57,020	147,599	171,599	171,599	114,091	123,504	124,620
Total capital transfers and grants - CTBM	2	24,413	1,386	40,792	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		213,204	274,248	234,707	343,241	367,241	367,241	337,817	352,842	359,542
TOTAL TRANSFERS AND GRANTS - CTBM		24,413	1,386	40,792	-	-	-	-	-	-

Table SA21 – Transfers and grants made

MP301 Albert Luthuli - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Insert description</i>	4										
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
<i>Insert description</i>	5										
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
<i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
<i>Insert description</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-

Table SA22 – Summary councillor and staff benefits

MP301 Albert Luthuli - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	7,028	7,672	7,801	8,722	8,722	8,722	9,333	9,846	10,368
Pension and UIF Contributions		974	1,317	1,109	1,494	1,494	1,494	1,598	1,686	1,775
Medical Aid Contributions		97		247	201	201	201	216	227	239
Motor Vehicle Allowance		2,682	2,958	3,063	3,885	3,885	3,885	4,157	4,385	4,618
Cellphone Allowance		621	637	1,021	986	986	986	1,055	1,113	1,172
Housing Allowances										
Other benefits and allowances				110						
Sub Total - Councillors		11,402	12,584	13,350	15,288	15,288	15,288	16,358	17,258	18,173
% increase	4		10.4%	6.1%	14.5%	-	-	7.0%	5.5%	5.3%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	2,066	5,467	4,705	4,291	4,291	4,291	4,454	4,699	4,948
Pension and UIF Contributions		847	480	751	1,288	1,288	1,288	1,379	1,454	1,532
Medical Aid Contributions		136	145		278	278	278	298	314	331
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	332	685	683	920	920	920	985	1,039	1,094
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3			51						
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		3,381	6,778	6,190	6,778	6,778	6,778	7,115	7,506	7,904
% increase	4		100.5%	(8.7%)	9.5%	-	-	5.0%	5.5%	5.3%
Other Municipal Staff										
Basic Salaries and Wages		50,909	52,608		62,294	59,417	59,417	69,971	73,820	77,732
Pension and UIF Contributions		8,686	10,818		11,802	11,802	11,802	12,001	12,661	13,332
Medical Aid Contributions		2,945	3,869		3,164	3,164	3,164	3,416	3,604	3,795
Overtime		4,127	4,864		3,067	3,067	3,067	3,357	3,541	3,729
Performance Bonus										
Motor Vehicle Allowance	3	3,519	3,811		3,644	3,644	3,644	5,061	5,339	5,622
Cellphone Allowance	3									
Housing Allowances	3	717	671		284	284	284	625	659	694
Other benefits and allowances	3	2,276	16,306		5,543	5,543	5,543	3,024	3,190	3,359
Payments in lieu of leave	3	3,698	1,856		4,951	4,951	4,951	6,330	6,678	7,032
Long service awards		344			302	302	302			
Post-retirement benefit obligations	6	766	1,184							
Sub Total - Other Municipal Staff		77,985	95,987	-	95,050	92,173	92,173	103,784	109,492	115,295
% increase	4		23.1%	(100.0%)	-	(3.0%)	-	12.6%	5.5%	5.3%
Total Parent Municipality		92,768	115,349	19,540	117,116	114,239	114,239	127,257	134,256	141,371
			24.3%	(83.1%)	499.4%	(2.5%)	-	11.4%	5.5%	5.3%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave	3									
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave	3									
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		92,768	115,349	19,540	117,116	114,239	114,239	127,257	134,256	141,371
% increase	4		24.3%	(83.1%)	499.4%	(2.5%)	-	11.4%	5.5%	5.3%
TOTAL MANAGERS AND STAFF	5,7	81,366	102,765	6,190	101,828	98,951	98,951	110,898	116,998	123,199

Table SA23 – Salaries, allowances and benefits – councillors and senior managers

MP301 Albert Luthuli - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		354,460	91,938	168,634			615,032
Chief Whip			378,901	49,732	147,960			576,593
Executive Mayor			477,700	100,765	190,325			768,790
Deputy Executive Mayor								-
Executive Committee			2,668,979	599,115	1,268,213			4,536,306
Total for all other councillors			4,906,956	1,750,034	3,204,788			9,861,779
Total Councillors	8	-	8,786,996	2,591,583	4,979,920			16,358,499
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,059,659	70,122	144,000			1,273,781
Chief Finance Officer			759,349	70,122	144,000			973,471
								-
								-
								-
List of each official with packages >= senior manager								-
Director Corporate Services								-
Director Public Safety			759,349	70,122	144,000			973,471
Director Technical Services			759,349	70,122	144,000			973,471
Director Community Services			759,349	70,122	144,000			973,471
Director Planning & Economic Development			759,349	70,122	144,000			973,471
Manager PMU			759,349	70,122	144,000			973,471
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	5,615,753	490,854	1,008,000	-		7,114,607
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	14,402,749	3,082,437	5,987,920	-		23,473,107

Table SA24 – Summary of personnel numbers

MP301 Albert Luthuli - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			49		49	49		49	49		49
Board Members of municipal entities		4	–			–			–		
Municipal employees											
Municipal Manager and Senior Managers		5	–			–			–		
Other Managers		3	7		7	7		7	7		7
Professionals		7	44	41	3	44	39	3	44	43	3
Finance			37	34	1	37	32	1	37	36	1
Spatial/town planning			5	5		5	5		5	5	
Information Technology			2	2		2	2		2	2	
Roads					1			1			1
Electricity											
Water											
Sanitation											
Refuse											
Other					1			1			1
Technicians			316	316	–	316	316	–	316	316	–
Finance			–	–		–	–		–	–	
Spatial/town planning			–	–		–	–		–	–	
Information Technology			3	3		3	3		3	3	
Roads			44	44		44	44		44	44	
Electricity			12	12		12	12		12	12	
Water			87	87		87	87		87	87	
Sanitation			14	14		14	14		14	14	
Refuse			26	26		26	26		26	26	
Other			130	130		130	130		130	130	
Clerks (Clerical and administrative)			12	12		12	12		12	17	
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
TOTAL PERSONNEL NUMBERS		9	428	369	59	428	367	59	428	376	59
% increase						–	(0.5%)	–	–	2.5%	–
Total municipal employees headcount		6, 10									
Finance personnel headcount		8, 10									
Human Resources personnel headcount		8, 10									

Table SA25 – Budget monthly revenue and expenditure

MP301 Albert Luthuli - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																	
Property rates			3,279	3,279	3,279	3,279	3,279	3,279	3,279	3,279	3,279	3,279	3,279	3,279	39,348	41,512	43,712
Property rates - penalties & collection charges			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue			2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	24,898	26,267	27,659
Service charges - water revenue			552	552	552	552	552	552	552	552	552	552	552	552	6,621	6,985	7,355
Service charges - sanitation revenue			544	544	544	544	544	544	544	544	544	544	544	544	6,524	6,883	7,247
Service charges - refuse revenue			437	437	437	437	437	437	437	437	437	437	437	437	5,247	5,535	5,828
Service charges - other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			70	70	70	70	70	70	70	70	70	70	70	70	835	881	927
Interest earned - external investments			195	195	195	195	195	195	195	195	195	195	195	195	2,346	2,475	2,606
Interest earned - outstanding debtors			1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	18,751	19,782	20,831
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines			25	25	25	25	25	25	25	25	25	25	25	25	300	317	334
Licences and permits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services			205	205	205	205	205	205	205	205	205	205	205	205	2,457	2,592	2,729
Transfers recognised - operational			91,271	-	-	-	68,243	-	-	-	68,453	-	-	(0)	227,968	240,506	253,253
Other revenue			70	52	52	52	52	52	52	52	52	52	52	245	834	880	927
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			100,285	8,996	8,996	8,996	77,239	8,996	8,996	8,996	77,449	8,996	8,996	9,188	336,128	354,615	373,409
Expenditure By Type																	
Employee related costs			9,242	9,361	9,361	9,361	9,361	9,361	9,361	9,361	9,361	9,361	9,361	8,047	110,898	116,998	123,199
Remuneration of councillors			1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	17,043	17,980	18,933
Debt impairment			2,506	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	13,245	30,070	31,724	33,405
Depreciation & asset impairment			5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	66,975	70,658	74,403
Finance charges			81	81	81	81	81	81	81	81	81	81	81	81	977	1,031	1,085
Bulk purchases			3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	44,782	47,245	49,749
Other materials			1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	13,400	14,137	14,886
Contracted services			2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	30,470	32,146	33,850
Transfers and grants			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure			5,694	5,517	5,517	5,517	5,517	5,517	5,517	5,517	5,517	5,517	5,517	7,461	68,324	68,775	69,240
Loss on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			31,912	30,780	30,780	30,780	30,780	30,780	30,780	30,780	30,780	30,780	30,780	43,223	382,938	400,693	418,750
Surplus/(Deficit)			68,373	(21,785)	(21,785)	(21,785)	46,459	(21,785)	(21,785)	(21,785)	46,669	(21,785)	(21,785)	(34,035)	(46,811)	(46,079)	(45,341)
Transfers recognised - capital			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			68,373	(21,785)	(21,785)	(21,785)	46,459	(21,785)	(21,785)	(21,785)	46,669	(21,785)	(21,785)	(34,035)	(46,811)	(46,079)	(45,341)
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1		68,373	(21,785)	(21,785)	(21,785)	46,459	(21,785)	(21,785)	(21,785)	46,669	(21,785)	(21,785)	(34,035)	(46,811)	(46,079)	(45,341)

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

MP301 Albert Luthuli - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description		Ref	Budget Year 2015/16											Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote																	
Municipal Manager			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget & Treasury			91,271	6,038	6,038	6,038	68,453	6,038	6,038	6,038	68,453	6,038	6,038	6,038	282,518	298,057	313,854
Corporate Services			70	70	70	70	70	70	70	70	70	70	70	70	835	881	927
Community Services			455	455	455	455	455	455	455	455	455	455	455	455	5,457	5,757	6,062
Public Safety			231	231	231	231	231	231	231	231	231	231	231	231	2,771	2,923	3,078
Technical Serices			3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	44,306	46,742	49,220
Vote 7 - Planning & Economic Development			20	20	20	20	20	20	20	20	20	20	20	20	241	254	268
Vote 8 - Executive Mayor & Council General			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]															-	-	-
Vote 10 - [NAME OF VOTE 10]															-	-	-
Vote 11 - [NAME OF VOTE 11]															-	-	-
Vote 12 - [NAME OF VOTE 12]															-	-	-
Vote 13 - [NAME OF VOTE 13]															-	-	-
Vote 14 - [NAME OF VOTE 14]															-	-	-
Vote 15 - [NAME OF VOTE 15]															-	-	-
Total Revenue by Vote			95,739	10,505	10,505	10,505	72,921	10,505	10,505	10,505	72,921	10,505	10,505	10,505	336,128	354,615	373,409
Expenditure by Vote to be appropriated																	
Municipal Manager			780	825	825	825	825	825	825	825	825	825	825	331	9,358	9,873	10,396
Budget & Treasury			9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	114,816	121,131	127,551
Corporate Services			1,855	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,265	22,263	23,488	24,733
Community Services			1,788	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,809	21,460	22,640	23,840
Public Safety			3,171	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,836	38,056	40,149	42,276
Technical Serices			11,094	11,342	11,342	11,342	11,342	11,342	11,342	11,342	11,342	11,342	11,342	8,614	133,125	140,446	147,890
Vote 7 - Planning & Economic Development			787	814	814	814	814	814	814	814	814	814	814	516	9,447	9,966	10,495
Vote 8 - Executive Mayor & Council General			2,868	2,763	2,763	2,763	2,763	2,763	2,763	2,763	2,763	2,763	2,763	3,916	34,414	33,000	31,569
Vote 9 - [NAME OF VOTE 9]															-	-	-
Vote 10 - [NAME OF VOTE 10]															-	-	-
Vote 11 - [NAME OF VOTE 11]															-	-	-
Vote 12 - [NAME OF VOTE 12]															-	-	-
Vote 13 - [NAME OF VOTE 13]															-	-	-
Vote 14 - [NAME OF VOTE 14]															-	-	-
Vote 15 - [NAME OF VOTE 15]															-	-	-
Total Expenditure by Vote			31,912	32,117	32,117	32,117	32,117	32,117	32,117	32,117	32,117	32,117	32,117	29,856	382,938	400,693	418,750
Surplus/(Deficit) before assoc.			63,827	(21,612)	(21,612)	(21,612)	40,804	(21,612)	(21,612)	(21,612)	40,804	(21,612)	(21,612)	(19,350)	(46,811)	(46,079)	(45,341)
Taxation															-	-	-
Attributable to minorities															-	-	-
Share of surplus/ (deficit) of associate															-	-	-
Surplus/(Deficit)			63,827	(21,612)	(21,612)	(21,612)	40,804	(21,612)	(21,612)	(21,612)	40,804	(21,612)	(21,612)	(19,350)	(46,811)	(46,079)	(45,341)

Table SA27 – Budget monthly revenue and expenditure by classification

MP301 Albert Luthuli - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description		Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard																	
Governance and administration			23,613	23,613	23,613	23,613	23,613	23,613	23,613	23,613	23,613	23,613	23,613	23,613	283,353	298,938	314,781
Executive and council			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office			23,543	23,543	23,543	23,543	23,543	23,543	23,543	23,543	23,543	23,543	23,543	23,543	282,518	298,057	313,854
Corporate services			70	70	70	70	70	70	70	70	70	70	70	70	835	881	927
Community and public safety			248	248	248	248	248	248	248	248	248	248	248	248	2,981	3,145	3,312
Community and social services			18	18	18	18	18	18	18	18	18	18	18	18	210	222	234
Sport and recreation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety			231	231	231	231	231	231	231	231	231	231	231	231	2,771	2,923	3,078
Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services			192	192	192	192	192	192	192	192	192	192	192	192	2,300	2,426	2,555
Planning and development			20	20	20	20	20	20	20	20	20	20	20	20	241	254	268
Road transport			172	172	172	172	172	172	172	172	172	172	172	172	2,059	2,172	2,287
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services			3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	43,289	45,670	48,090
Electricity			2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	24,898	26,267	27,659
Water			552	552	552	552	552	552	552	552	552	552	552	552	6,621	6,985	7,355
Waste water management			544	544	544	544	544	544	544	544	544	544	544	544	6,524	6,883	7,247
Waste management			437	437	437	437	437	437	437	437	437	437	437	437	5,247	5,535	5,828
Other			350	350	350	350	350	350	350	350	350	350	350	350	4,205	4,436	4,671
Total Revenue - Standard			28,011	28,011	28,011	28,011	28,011	28,011	28,011	28,011	28,011	28,011	28,011	28,011	336,128	354,615	373,409
Expenditure - Standard																	
Governance and administration			15,071	15,070	15,070	15,070	15,070	15,070	15,070	15,070	15,070	15,070	15,070	15,080	180,851	190,798	200,911
Executive and council			3,648	3,588	3,588	3,588	3,588	3,588	3,588	3,588	3,588	3,588	3,588	4,247	43,772	46,179	48,627
Budget and treasury office			9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	9,568	114,816	121,131	127,551
Corporate services			1,855	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,265	22,263	23,488	24,733
Community and public safety			4,291	4,218	4,218	4,218	4,218	4,218	4,218	4,218	4,218	4,218	4,218	5,017	51,490	54,322	57,201
Community and social services			722	716	716	716	716	716	716	716	716	716	716	783	8,664	9,141	9,625
Sport and recreation			398	398	398	398	398	398	398	398	398	398	398	398	4,770	5,033	5,299
Public safety			3,171	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,105	3,836	38,056	40,149	42,276
Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services			1,877	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845	2,196	22,526	23,764	25,024
Planning and development			787	814	814	814	814	814	814	814	814	814	814	516	9,447	9,966	10,495
Road transport			1,090	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,680	13,079	13,798	14,529
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services			9,911	9,699	9,699	9,699	9,699	9,699	9,699	9,699	9,699	9,699	9,699	12,035	118,933	125,474	132,124
Electricity			5,575	5,462	5,462	5,462	5,462	5,462	5,462	5,462	5,462	5,462	5,462	6,699	66,895	70,575	74,315
Water			3,081	3,081	3,081	3,081	3,081	3,081	3,081	3,081	3,081	3,081	3,081	3,081	36,969	39,003	41,070
Waste water management			587	528	528	528	528	528	528	528	528	528	528	1,177	7,043	7,431	7,824
Waste management			669	628	628	628	628	628	628	628	628	628	628	1,077	8,025	8,467	8,915
Other			762	768	768	768	768	768	768	768	768	768	768	701	9,138	6,334	3,490
Total Expenditure - Standard			31,912	31,600	31,600	31,600	31,600	31,600	31,600	31,600	31,600	31,600	31,600	35,030	382,938	400,693	418,750
Surplus/(Deficit) before assoc.			(3,901)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(7,019)	(46,811)	(46,079)	(45,341)
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)			1	(3,901)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(3,589)	(7,019)	(46,811)	(46,079)	(45,341)

Table SA28 - Budgeted monthly capital expenditure (municipal vote)

MP301 Albert Luthuli - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Multi-year expenditure to be appropriated	1															
Municipal Manager													-	-	-	-
Budget & Treasury													-	-	-	-
Corporate Services													-	-	-	-
Community Services													-	-	-	-
Public Safety													-	-	-	-
Technical Serices		9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989
Vote 7 - Planning & Economic Development													-	-	-	-
Vote 8 - Executive Mayor & Council General													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989
Single-year expenditure to be appropriated																
Municipal Manager													-	-	-	-
Budget & Treasury													-	-	-	-
Corporate Services													-	-	-	-
Community Services													-	-	-	-
Public Safety													-	-	-	-
Technical Serices													-	-	-	-
Vote 7 - Planning & Economic Development													-	-	-	-
Vote 8 - Executive Mayor & Council General													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989

Table SA29 – Budgeted monthly capital expenditure

MP301 Albert Luthuli - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council														-	-	-
Budget and treasury office														-	-	-
Corporate services														-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development														-	-	-
Road transport														-	-	-
Environmental protection														-	-	-
<i>Trading services</i>		9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989
Electricity		417	417	417	417	417	417	417	417	417	417	417	417	5,000	6,000	7,000
Water		5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000	66,000	73,000
Waste water management		2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	34,886	47,129	39,989
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Standard	2	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989
Funded by:																
National Government		9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds														-	-	-
Total Capital Funding		9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989

Table SA30 – Cash Flow Statements

2019		2018		2017		2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		2000		1999		1998		1997		1996		1995		1994		1993		1992		1991		1990		1989		1988		1987		1986		1985		1984		1983		1982		1981		1980		1979		1978		1977		1976		1975		1974		1973		1972		1971		1970		1969		1968		1967		1966		1965		1964		1963		1962		1961		1960		1959		1958		1957		1956		1955		1954		1953		1952		1951		1950		1949		1948		1947		1946		1945		1944		1943		1942		1941		1940		1939		1938		1937		1936		1935		1934		1933		1932		1931		1930		1929		1928		1927		1926		1925		1924		1923		1922		1921		1920		1919		1918		1917		1916		1915		1914		1913		1912		1911		1910		1909		1908		1907		1906		1905		1904		1903		1902		1901		1900		1899		1898		1897		1896		1895		1894		1893		1892		1891		1890		1889		1888		1887		1886		1885		1884		1883		1882		1881		1880		1879		1878		1877		1876		1875		1874		1873		1872		1871		1870		1869		1868		1867		1866		1865		1864		1863		1862		1861		1860		1859		1858		1857		1856		1855		1854		1853		1852		1851		1850		1849		1848		1847		1846		1845		1844		1843		1842		1841		1840		1839		1838		1837		1836		1835		1834		1833		1832		1831		1830		1829		1828		1827		1826		1825		1824		1823		1822		1821		1820		1819		1818		1817		1816		1815		1814		1813		1812		1811		1810		1809		1808		1807		1806		1805		1804		1803		1802		1801		1800		1799		1798		1797		1796		1795		1794		1793		1792		1791		1790		1789		1788		1787		1786		1785		1784		1783		1782		1781		1780		1779		1778		1777		1776		1775		1774		1773		1772		1771		1770		1769		1768		1767		1766		1765		1764		1763		1762		1761		1760		1759		1758		1757		1756		1755		1754		1753		1752		1751		1750		1749		1748		1747		1746		1745		1744		1743		1742		1741		1740		1739		1738		1737		1736		1735		1734		1733		1732		1731		1730		1729		1728		1727		1726		1725		1724		1723		1722		1721		1720		1719		1718		1717		1716		1715		1714		1713		1712		1711		1710		1709		1708		1707		1706		1705		1704		1703		1702		1701		1700		1699		1698		1697		1696		1695		1694		1693		1692		1691		1690		1689		1688		1687		1686		1685		1684		1683		1682		1681		1680		1679		1678		1677		1676		1675		1674		1673		1672		1671		1670		1669		1668		1667		1666		1665		1664		1663		1662		1661		1660		1659		1658		1657		1656		1655		1654		1653		1652		1651		1650		1649		1648		1647		1646		1645		1644		1643		1642		1641		1640		1639		1638		1637		1636		1635		1634		1633		1632		1631		1630		1629		1628		1627		1626		1625		1624		1623		1622		1621		1620		1619		1618		1617		1616		1615		1614		1613		1612		1611		1610		1609		1608		1607		1606		1605		1604		1603		1602		1601		1600		1599		1598		1597		1596		1595		1594		1593		1592		1591		1590		1589		1588		1587		1586		1585		1584		1583		1582		1581		1580		1579		1578		1577		1576		1575		1574		1573		1572		1571		1570		1569		1568		1567		1566		1565		1564		1563		1562		1561		1560		1559		1558		1557		1556		1555		1554		1553		1552		1551		1550		1549		1548		1547		1546		1545		1544		1543		1542		1541		1540		1539		1538		1537		1536		1535		1534		1533		1532		1531		1530		1529		1528		1527		1526		1525		1524		1523		1522		1521		1520		1519		1518		1517		1516		1515		1514		1513		1512		1511		1510		1509		1508		1507		1506		1505		1504		1503		1502		1501		1500		1499		1498		1497		1496		1495		1494		1493		1492		1491		1490		1489		1488		1487		1486		1485		1484		1483		1482		1481		1480		1479		1478		1477		1476		1475		1474		1473		1472		1471		1470		1469		1468		1467		1466		1465		1464		1463		1462		1461		1460		1459		1458		1457		1456		1455		1454		1453		1452		1451		1450		1449		1448		1447		1446		1445		1444		1443		1442		1441		1440		1439		1438		1437		1436		1435		1434		1433		1432		1431		1430		1429		1428		1427		1426		1425		1424		1423		1422		1421		1420		1419		1418		1417		1416		1415		1414		1413		1412		1411		1410		1409		1408		1407		1406		1405		1404		1403		1402		1401		1400		1399		1398		1397		1396		1395		1394		1393		1392		1391		1390		1389		1388		1387		1386		1385		1384		1383		1382		1381		1380		1379		1378		1377		1376		1375		1374		1373		1372		1371		1370		1369		1368		1367		1366		1365		1364		1363		1362		1361		1360		1359		1358		1357		1356		1355		1354		1353		1352		1351		1350		1349		1348		1347		1346		1345		1344		1343		1342		1341		1340		1339		1338		1337		1336		1335		1334		1333		1332		1331		1330		1329		1328		1327		1326		1325		1324		1323		1322		1321		1320		1319		1318		1317		1316		1315		1314		1313		1312		1311		1310		1309		1308		1307		1306		1305		1304		1303		1302		1301		1300		1299		1298		1297		1296		1295		1294		1293		1292		1291		1290		1289		1288		1287		1286		1285		1284		1283		1282		1281		1280		1279		1278		1277		1276		1275		1274		1273		1272		1271		1270		1269		1268		1267		1266		1265		1264		1263		1262		1261		1260		1259		1258		1257		1256		1255		1254		1253		1252		1251		1250		1249		1248		1247		1246		1245		1244		1243		1242		1241		1240		1239		1238		1237		1236		1235		1234		1233		1232		1231		1230		1229		1228		1227		1226		1225		1224		1223		1222		1221		1220		1219		1218		1217		1216		1215		1214		1213		1212		1211		1210		1209		1208		1207		1206		1205		1204		1203		1202		1201		1200		1199		1198		1197		1196		1195		1194		1193		1192		1191		1190		1189		1188		1187		1186		1185		1184		1183		1182		1181		1180		1179		1178		1177		1176		1175		1174		1173		1172		1171		1170		1169		1168		1167		1166		1165		1164		1163		1162		1161		1160		1159		1158		1157		1156		1155		1154		1153		1152		1151		1150		1149		1148		1147		1146		1145		1144		1143		1142		1141		1140		1139		1138		1137		1136		1135		1134		1133		1132		1131		1130		1129		1128		1127		1126		1125		1124		1123		1122		1121		1120		1119		1118		1117		1116		1115		1114		1113		1112		1111		1110		1109		1108		1107		1106		1105		1104		1103		1102		1101		1100		1099		1098		1097		1096		1095		1094		1093		1092		1091		1090		1089		1088		1087		1086		1085		1084		1083		1082		1081		1080		1079		1078		1077		1076		1075		1074		1073		1072		1071		1070		1069		1068		1067		1066		1065		1064		1063		1062		1061		1060		1059		1058		1057		1056		1055		1054		1053		1052		1051		1050		1049		1048		1047		1046		1045		1044		1043		1042		1041		1040		1039		1038		1037		1036		1035		1034		1033		1032		1031		1030		1029		1028		1027		1026		1025		1024		1023		1022		1021		1020		1019		1018		1017		1016		1015		1014		1013		1012		1011		1010		1009		1008		1007		1006		1005		1004		1003		1002		1001		1000		999		998		997		996		995		994		993		992		991		990		989		988		987	
------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--	-----	--

MP301 Albert Luthuli - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand															
Cash Receipts By Source													1		
Property rates	1,269	1,921	10,346	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,886	25,576	26,983	28,413
Property rates - penalties & collection charges															
Service charges - electricity revenue	1,349	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	2,346	883	16,184	17,074	17,979
Service charges - water revenue	359	359	359	359	359	359	359	359	359	359	359	359	4,303	4,540	4,781
Service charges - sanitation revenue	353	353	353	353	353	353	353	353	353	353	353	353	4,240	4,474	4,711
Service charges - refuse revenue	284	284	284	284	284	284	284	284	284	284	284	284	3,410	3,598	3,788
Service charges - other															
Rental of facilities and equipment	70	70	70	70	70	70	70	70	70	70	70	70	835	881	927
Interest earned - external investments	195	195	195	195	195	195	195	195	195	195	195	195	2,346	2,475	2,606
Interest earned - outstanding debtors															
Dividends received															
Fines	25	25	25	25	25	25	25	25	25	25	25	25	300	317	334
Licences and permits															
Agency services	205	205	205	205	205	205	205	205	205	205	205	205	2,457	2,592	2,729
Transfer receipts - operational	91,271				68,453				68,243			(0)	227,968	240,506	253,253
Other revenue	70	52	52	52	52	52	52	52	52	52	52	245	834	880	927
Cash Receipts by Source	95,450	4,754	13,178	4,102	72,555	4,102	4,102	4,102	72,345	4,102	5,158	4,505	288,454	304,319	320,447
Other Cash Flows by Source															
Transfer receipts - capital	49,449				38,460				21,977				109,886	119,129	119,989
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	144,898	4,754	13,178	4,102	111,015	4,102	4,102	4,102	94,322	4,102	5,158	4,505	398,340	423,447	440,436
Cash Payments by Type															
Employee related costs	9,242	9,361	9,361	9,361	9,361	9,361	9,361	9,361	9,361	9,361	9,361	8,047	110,898	116,998	123,199
Remuneration of councillors	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	17,043	17,980	18,933
Finance charges	81	81	81	81	81	81	81	81	81	81	81	81	977	1,031	1,085
Bulk purchases - Electricity	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	44,782	47,245	49,749
Bulk purchases - Water & Sewer															
Other materials	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	13,400	14,137	14,886
Contracted services	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	2,539	30,470	32,146	33,850
Transfers and grants - other municipalities															
Transfers and grants - other															
Other expenditure	5,694	4,843	4,843	4,843	4,843	4,843	4,843	4,843	4,843	4,843	4,843	14,205	68,324	72,082	75,902
Cash Payments by Type	23,824	23,093	23,093	23,093	23,093	23,093	23,093	23,093	23,093	23,093	23,093	31,141	285,893	301,618	317,603
Other Cash Flows/Payments by Type															
Capital assets	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	9,157	109,886	119,129	119,989
Repayment of borrowing															
Other Cash Flows/Payments															
Total Cash Payments by Type	32,982	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	40,298	395,780	420,746	437,592
NET INCREASE/(DECREASE) IN CASH HELD	111,917	(27,496)	(19,072)	(28,148)	78,765	(28,148)	(28,148)	(28,148)	62,072	(28,148)	(27,092)	(35,793)	2,560	2,701	2,844
Cash/cash equivalents at the month/year begin:	1,457	113,374	85,877	66,806	38,657	117,423	89,274	61,126	32,978	95,050	66,902	39,810	1,457	4,017	6,718
Cash/cash equivalents at the month/year end:	113,374	85,877	66,806	38,657	117,423	89,274	61,126	32,978	95,050	66,902	39,810	4,017	4,017	6,718	9,562

Table SA32– Capital expenditure on new assets by asset class

MP301 Albert Luthuli - Supporting Table 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
Sanlam			Guaranteed Capital Fund	No maturity date	76
Rand Merchant Bank			RMB Money Market	25 May 2002	195
Stanlib			Money Market	No maturity date	2,093
Sanlam			Listed Investment		818

Table SA34d – Repairs and Maintenance

MP301 Albert Luthuli - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		23,169	12,103	11,289	12,443	12,758	12,758	15,405	16,252	17,114
Infrastructure - Road transport		2,254	2,419	3,842	4,713	4,713	4,713	4,359	4,599	4,842
Roads, Pavements & Bridges		2,254	2,419	3,842	4,713	4,713	4,713	4,359	4,599	4,842
Storm water										
Infrastructure - Electricity		15,007	1,973	1,973	3,080	4,200	4,200	4,500	4,748	4,999
Generation										
Transmission & Reticulation		15,007	1,973	1,973	3,080	4,200	4,200	4,500	4,748	4,999
Street Lighting										
Infrastructure - Water		2,388	6,900	5,303	4,230	3,530	3,530	6,030	6,362	6,699
Dams & Reservoirs										
Water purification										
Reticulation		2,388	6,900	5,303	4,230	3,530	3,530	6,030	6,362	6,699
Infrastructure - Sanitation		3,520	-	170	300	300	300	500	528	555
Reticulation		3,520	-	170	300	300	300	500	528	555
Sewerage purification										
Infrastructure - Other		-	811	-	120	15	15	16	17	18
Waste Management										
Transportation	2									
Gas										
Other	3		811		120	15	15	16	17	18
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		654	11,996	399	912	712	712	945	997	1,050
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment		316	619							
Furniture and other office equipment		338	2,670							
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			8,507	399	912	712	712	945	997	1,050
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	23,823	24,099	11,688	13,355	13,470	13,470	16,350	17,249	18,163
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		3.3%	3.3%	1.5%	1.6%	1.6%	1.6%	1.8%	1.9%	1.9%
R&M as % Operating Expenditure		6.2%	6.2%	3.3%	3.5%	3.5%	3.5%	3.9%	3.9%	3.9%

Table SA34d – Depreciation by Asset Class

MP301 Albert Luthuli - Supporting Table SA34d Depreciation by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		83,684	94,509	59,298	95,388	95,388	95,388	54,555	57,556	60,606
Infrastructure - Road transport		72,691	80,768	45,648	75,014	75,014	75,014	32,958	34,771	36,614
Roads, Pavements & Bridges		72,691	80,768	45,648	75,014	75,014	75,014	32,958	34,771	36,614
Storm water										
Infrastructure - Electricity		551	689	715	731	731	731	774	817	860
Generation										
Transmission & Reticulation		551	689	715	731	731	731	774	817	860
Street Lighting										
Infrastructure - Water		9,923	12,404	10,193	13,820	13,820	13,820	14,649	15,455	16,274
Dams & Reservoirs										
Water purification		9,923	12,404	10,193	13,820	13,820	13,820	14,649	15,455	16,274
Reticulation										
Infrastructure - Sanitation		519	648	630	2,807	2,807	2,807	2,976	3,140	3,306
Reticulation		519	648	630	2,807	2,807	2,807	2,976	3,140	3,306
Sewerage purification										
Infrastructure - Other		-	-	2,111	3,016	3,016	3,016	3,197	3,373	3,552
Waste Management										
Transportation										
Gas										
Other										
Community		-	-	856	1,973	1,973	1,973	2,091	2,206	2,323
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other				856	1,973	1,973	1,973	2,091	2,206	2,323
Heritage assets		-	-	-	2,357	2,357	2,357	2,498	2,636	2,775
Buildings					2,357	2,357	2,357	2,498	2,636	2,775
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		9,806	-	3,084	3,493	3,493	3,493	7,831	8,261	8,699
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		9,806		3,084	3,493	3,493	3,493	7,831	8,261	8,699
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Depreciation	1	93,490	94,509	63,238	103,210	103,210	103,210	66,975	70,659	74,403

Table SA35 – Future Financial Implication on capital budget

MP301 Albert Luthuli - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
R thousand								
Capital expenditure	1							
Municipal Manager		-	-	-				
Budget & Treasury		-	-	-				
Corporate Services		-	-	-				
Community Services		-	-	-				
Public Safety		-	-	-				
Technical Services		109,886	119,129	119,989				
Vote 7 - Planning & Economic Development		-	-	-				
Vote 8 - Executive Mayor & Council General		-	-	-				
Vote 9 - [NAME OF VOTE 9]		-	-	-				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
List entity summary if applicable								
Total Capital Expenditure		109,886	119,129	119,989	-	-	-	-
Future operational costs by vote	2							
Municipal Manager								
Budget & Treasury								
Corporate Services								
Community Services								
Public Safety								
Technical Services								
Vote 7 - Planning & Economic Development								
Vote 8 - Executive Mayor & Council General								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		109,886	119,129	119,989	-	-	-	-

Table SA36 – Detailed Capital expenditure

MP301 Albert Luthuli - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Parent municipality: List all capital projects grouped by Municipal Vote																
Upgrading of Water Schemes					Yes	Infrastructure - Water	Dams & Reservoirs		60,442			18,000	14,000	18,000	15,17,21,22&23	
placement of AC Pipelines Water Scheme					Yes	Infrastructure - Water	Reticulation					27,000	22,000	30,000	10,13,14,15,16,18,20,21,22&24&25	
Water Services Operating Subsidy					Yes	Infrastructure - Water	Dams & Reservoirs					15,000	30,000	25,000	4,5,6,7,9,10,11,13,14,18,20,24 & 25	
Upgrading of WWTW					Yes	Infrastructure - Sanitation	Sewerage purification		26,118			34,888	47,129	38,988	4,5,7,9,10,13,14,15,16,17,18,20,21	
ing of Slobela Substation/Addition to short Fall					Yes	Infrastructure - Electricity	Transmission & Reticulation		11,068			5,000	6,000	7,000	15 & 22	
Electrification of Boreholes					Yes	Infrastructure - Other	Transmission & Reticulation					10,000			1,3,4,5,6,7,8,9,10,11,12	
									33,150							
Parent Capital expenditure	1											109,888	119,129	119,989		

<u>APPROVED TARIFFS FOR 2015/2016</u>	2015-16
	Approved Tariffs
	TARIFFS INC. VAT
<u>CORPORATE SERVICES</u>	
<u>TOWN HALL OFFICES & BUILDINGS</u>	
<u>EKULINDENI, MOOIPLAAS, ELUKWATINI, CAROLINA, SILOBELA</u>	
<u>STEYNSDORP, EEEMANZANA AND TJAKASTAD</u>	
<u>-</u>	
<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>	
<u>RENTAL</u>	
Dance, Wedding, Reception, Film shows	320.40
Public meetings - Political	320.40
Public meetings - Community	213.60
Public meetings - Business	442.46
Concerts and drama shows - Professional	442.46
Concerts and drama shows - amateur	175.46
Music - vocals	175.46
Music - instruments	442.46
Registered welfare organisations	-
Non-registered welfare organisations	175.46
Community awareness - government	FREE
Community awareness - non-government organisations	175.46
Week-end camps - churches	320.40
Week-end camps - other	534.01
Creches, nursery schools & grade R	190.72
	-
<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>	-
<u>RENTAL</u>	-
Dance, Wedding, Reception, Film shows	534.01

Public meetings - Political	534.01
Public meetings - Community	442.46
Public meetings - Business	709.47
Concerts and drama shows - Professional	709.47
Concerts and drama shows - amateur	320.40
Music - vocals	320.40
Music - instruments	701.84
Registered welfare organisations	350.92
Non-registered welfare organisations	175.46
Community awareness - government	FREE
Community awareness - non-government organisations	373.80
Week-end camps - churches	442.46
Week-end camps - other	701.84
Creches, nursery schools & grade R	317.35
	-
<u>TOWN HALL OFFICES & BUILDINGS</u>	-
MAYFLOWER, FERNIE-A&B, GLENMORE, SWALLOWSNEST, DIEPDALE	-
	-
<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>	-
<u>RENTAL</u>	-
Dance, Wedding, Reception, Film shows	345.38
Public meetings - Political	345.38
Public meetings - Community	230.25
Public meetings - Business	476.95
Public meetings : Political, Community, Business	FREE
Concerts and drama shows - Professional	476.95

Concerts and drama shows - amateur	189.14
Music - vocals	189.14
Music - intruments	476.95
Registered welfare organistations	189.14
Non-registered welfare organisations	139.80
Community awareness - government	FREE
Community awareness - non-government organisations	189.14
Week-end camps - churches	345.38
Week-end camps - other	575.63
Creches,nursery schools &grade R	205.58
	-
<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>	-
<u>RENTAL</u>	-
Dance, Wedding, Reception, Film shows	575.63
Public meetings - Political	575.63
Public meetings - Community	476.95
Public meetings - Business	764.76
Concerts and drama shows - Proffessional	764.76
Concerts and drama shows - amateur	345.38
Music - vocals	345.38
Music - intruments	756.54
Registered welfare organistations	378.27
Non-registered welfare organisations	189.14
Community awareness - government	FREE
Community awareness - non-government organisations	402.94
Week-end camps - churches	476.95

Week-end camps - other	756.54
Creches,nursery schools &grade R	342.09
	-
	-
<u>STADIUM</u>	-
ELUKWATINI	-
<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>	-
<u>RENTAL</u>	-
Public meetings - Political	2,222.57
Public meetings - Community	1,662.93
Public meetings - Business	1,918.76
Concerts and drama shows - Proffessional	367.76
Concerts and drama shows - amateur	279.82
Music - vocals	1,391.10
Music - intruments	1,662.93
Music: promotions and marketing - instruments	1,392.33
Music: promotions and marketing - vocals	647.58
Registered welfare organistations	464.93
Non-registered welfare organisations	464.93
Community awareness - government	FREE
Community awareness - non-government organisations	183.88
Churches	1,199.23
Soccer : Proffessional	1,662.93
Soccer : Amateur	559.64
Soccer : Schools	330.99
	-

<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>	-
<u>RENTAL</u>	-
Public meetings - Political	4,437.14
Public meetings - Community	3,325.85
Public meetings - Business	2,774.21
Concerts and drama shows - Professional	463.70
Concerts and drama shows - amateur	367.76
Music - vocals	1,662.93
Music - instruments	2,222.57
Music: promotions and marketing - instruments	1,854.80
Music: promotions and marketing - vocals	1,111.28
Registered welfare organisations	1,391.10
Non-registered welfare organisations	1,391.10
Community awareness - government	FREE
Community awareness - non-government organisations	279.82
Churches	1,391.10
Soccer : Professional	3,325.85
Soccer : Amateur	1,111.28
Soccer : Schools	647.58
	-
STADIUM	-
<u>MAYFLOWER, EKULINDENI AND SILOBELA</u>	-
	-
<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>	-
<u>RENTAL</u>	-
Public meetings - Political	2,222.57

Public meetings - Community	1,662.93
Public meetings - Business	1,854.80
Concerts and drama shows - Professional	367.76
Concerts and drama shows - amateur	279.82
Music - vocals	1,391.10
Music - instruments	1,662.93
Music: promotions and marketing - instruments	1,391.10
Music: promotions and marketing - vocals	647.58
Registered welfare organisations	463.70
Non-registered welfare organisations	463.70
Community awareness - government	-
Community awareness - non-government organisations	183.88
Churches	1,207.22
Soccer : Professional	1,662.93
Soccer : Amateur	559.64
Soccer : Schools	335.78
	-
	-
<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>	-
<u>RENTAL</u>	-
Public meetings - Political	4,437.14
Public meetings - Community	3,325.85
Public meetings - Business	2,774.21
Concerts and drama shows - Professional	463.70
Concerts and drama shows - amateur	367.76
Music - vocals	

	1,662.93
Music - instruments	2,222.57
Music: promotions and marketing - instruments	1,854.80
Music: promotions and marketing - vocals	1,119.28
Registered welfare organisations	1,391.10
Non-registered welfare organisations	1,391.10
Community awareness - government	FREE
Community awareness - non-government organisations	279.82
Churches	1,391.10
Soccer : Professional	3,325.85
Soccer : Amateur	1,111.28
Soccer : Schools	647.58
	-
	-
DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT	-
	-
BUILDING PLAN FEES	-
Approval of building plans per square meter or part thereof-Residential	11.34
Approval of building plans per square meter or part thereof-Business	17.01
Approval of building plans per square meter or part thereof-usage not included above	9.64
	-
REZONING OR SUBDIVISION	-
Residential per application	1,498.37
Commercial per application	2,247.55
Industrial per application	2,749.07
Farm per application	2,378.81

Per application not included above	2,749.07
SPECIAL CONSENT	-
Per application	1,783.18
Approval of building plans:construction of cellphone masts	2,378.81
RELAXATION OF BUILDING LINE	-
Per application	1,213.55
	-
CHANGE/ADDITION OF LAND	-
Residential to include tuckshop/tavern per application	3,269.16
Other changes/additions per application	3,023.98
Consolidation application	2,427.11
Inspection fees	288.54
Sewer	108.20
Electricity	288.54
Fencing	288.54
Building alterations	288.54
Occupation certificate	288.54
	-
COPIES FOR PLANS	-
A0 Black and White	72.14
A0 Colour	144.27
A2 Black and White	36.07
A2 Colour	72.14
A1 Black and White	54.10
A1 Colour	108.20

<u>FINANCE</u>	
ASSESSMENT RATES	
MARKET VALUE(cents in the rand)	
Residential and Churches	0.016054873
Sectional Scheme unit used for residential	0.016054873
Smallholding used for residential purposes	0.016054873
Business zoned properties used for residential purpose only and occupied by owner	0.016054873
Business	0.032109746
Industrial	0.032109746
Mining	0.032109746
Government with a 20% rebate	0.032109746
Farm land used for residential	0.004013718
Farm land used for business & commercial	0.004013718
Farm land used for agricultural	0.004013718
Farm land used for township	0.004013718
Farm land used for other purposes	0.004013718
Public service infrastructure with a 30% reduction on market value	0.016054873
Private infrastructure used for residential purpose	0.012041155
Private infrastructure used for business and other purpose	0.024082309
Properties not included above	0.032109746
	-
	-
PROPERTY RATE REBATES	-
PENSIONERS AND DISABILITY PENSIONERS	-
Up to R13,000.00 income per annum	0.515923200
From R13,000.01 to R14,000.00 income per annum	0.343948800

From R14,000.01 to R15,000.00 income per annum	0.286624000
UP TO R49,290.00 COMBINED INCOME PER ANNUM	0.229299200
RESIDENTIAL PROPERTY WITH MARKET VALUE LESS THAN R.60,000.00	-
THAT ARE OF AN R.D.P. STANDARDS AS PER THE APPLICABLE	-
MARKET TRENDS	-
Registered in the name of a natural person	1.031846400
	-
Government Properties	0.229299200
	-
REBATES ON NEWLY RATEABLE PROPERTY	-
2014-15FINANCIAL YEAR	-
	-
NEWLY PRIVATE INFRASTRUCTURE DEVELOPMENT	-
FIRST 85% OF RATEABLE VALUATION FOR A MAXIMUM PERIOD	-
OF 2 YEARS SUBJECT THAT ALL CONDITIONS ARE MET IN TERMS	
OF CLAUSE 10.3.13 OF THE RATES POLICY OF COUNCIL	
RESIDENTIAL PROPERTY USED FOR	
RESIDENTIAL PURPOSES	
FIRST R15,000 OF THE MARKET VALUE OF SUCH A PROPERTY	
Service charges (flat rate)	
(where there is no metered services)	
Household, Churches	55.00
Business/Industry, Government	500.00
Properties not included above	55.00
	-
	-
DEPOSITS - WATER	-

Owners -New households & Defaulters	360.70
Tenants -New households & Defaulters	360.70
New Business/Industrial and defaulters	903.91
New Registered Indigents-Household Income R0.00 - R1100.00	-
	-
DEPOSITS - ELECTRICITY	-
Owners -New households & Defaulters	1,572.42
Tenants -New households & Defaulters	1,572.42
New Small Business/Industrial and defaulters	1,572.42
New bulk users Business/Industrial and defaulters based on average consumption	-
New Other Business/Industrial and defaulters not included above	2,341.89
New pre-payment users and defaulters	776.17
New Registered Indigents-Household Income R0.00 - R1100.00	-
	-
CERTIFICATES	-
	-
Clearance Memorandum Fee	78.12
Clearance Certificate Fee	2.65
Valuation Certificate Fee	6.50
	-
FEES PAYABLE IN TERMS OF THE ACCES TO INFORMATION	-
ACT	-
(a) In respect of the search of any index to any account not in a service register	4.71
(b) In respect of the search of any index to an account in a service register	3.14
(water, sanitation, sewerage, miscellaneous debts, etc.)	-
(c) For the inspection of any deed, document or diagram or any details	

	4.71
relaing thereto.	-
(d) In respect of any search for information where a fee for such search has	-
not been prescribed by (a), (b), or (c) above:-	-
for every hour or portion thereof and	-
per page	1.36
(e) Electronic Info - per hour or portion thereof	-
(f) Pinting of Proof of residence	1.20
E-Mail / Stiffy - Valuation Roll or Consolidate Balance Report	140.00ph
DEMAND NOTICES	-
Administration fee	34.91
	-
FEES PAYABLE IN TERMS OF SUPPLY CHAIN MANAGEMENT	-
REGISTRATION ON SUPPLIER"S DATA BASE	-
(a) category 1-professional service provider"s	342.81
(b)category 2-non emerging suppliers data base(objective above R100,000.00	342.81
© category 3-emerging contractor data base (objectives between R0.00 TO R100,000.00	-
	-
TENDER DOCUMENTS	-
Payment of Bid documents for tender amount up to 2m	517.68
Payments for Bid documents from > 2m	601.13
	-
COMMUNITY SERVICES	-
	-
PUBLIC HEALTH ADMINISTRATION	-
	-

Registration of Food Premises	493.16
Inspection of re-registration of food premises	246.70
Hawkers licence per year	80.55
	-
PUBLIC HEALTH : SANITATION	-
	-
Garden refuse per load	252.47
REFUSE REMOVAL(ALL AREAS)	-
	-
Bin removal - household and churhes	63.47
Bin removal - Business	317.36
Bins removal twice a week_government institutions	317.36
Bin Removal -Properties not included above	317.36
Garden refuse and rubbles per load	238.18
Special waste removal per load	200.00
Special removal or request(bulk containers) per km(additional to container fee)	11.51
Special removal or request(Pets Carcasses)	265.00
Refuse removal outside working area:per kg or part thereof	10.24
	-
LIBRARIES	-
	-
FEES	-
Fines for late material (per item/week)	44.93
Photocopiers :	-
A4 (per copy)	1.24
A3 (per copy)	

	2.60
Membership fees renewable after three years:per adult	55.59
Membership fees renewable after three years:children(first two,rest free)	43.82
Printing	-
Black and white documents without graphics per page	1.73
Black and white documents with graphics per page	2.31
Colour documents without graphics per page	2.31
Colour documents with graphics per page	3.61
	-
Internet: Searching for 15 minutes or part thereof	37.39
E-mail	-
Sending of mail per page	8.42
Receiving per 15 minutes or part thereof	18.57
	-
CEMETRY	-
	-
HIGH LEVEL OF SERVICE:CAROLINA AND EMANZANA	-
	-
	-
People living inside Municipla Area	-
Single grave : Adult	519.37
Children	389.53
Special grave	714.14
Single grave 8ft. deep	596.32
Re-opening	207.75
People living outside Municipal Area	-

Single grave : Adult	1,103.67
Children	519.37
Special grave	1,103.67
	-
BASIC LEVEL OF SERVICE:SILOBELA	-
	-
People living Inside Municipal Area	-
Single grave : Adult	180.34
Children	120.23
	-
People living outside Municipal area	-
Single grave : Adult	480.90
Children	300.56
	-
BASIC LEVEL OF SERVICE:ELUKWATINI/EKULINDENI	-
People living Inside Municipal Area	-
Single grave : Adult	180.34
Children	120.23
	-
People living outside Municipal area	-
Single grave : Adult	204.38
Children	144.27
	-
BASIC LEVEL OF SERVICE:EMPULUZI	-
People living Inside Municipal Area	-
Single grave : Adult	

	180.34
Children	120.23
	-
People living outside Municipal area	-
Single grave : Adult	204.38
Children	144.27
	-
Exhume and rebury	-
EEMANZANA	601.13
Carolina	601.13
Silobela	300.56
Empuluzi	300.56
Ekulindeni	300.56
Elukwatini	300.56
	-
SUNDRY TARIFFS	-
Erection of tompstone	60.11
Payment of services on pauper burial (expenditure)	1,442.70
<u>TECHNICAL SERVICES</u>	
<u>ELECTRICITY SERVICES</u>	
Connections	
In town : Conventional meters	Actual+18%+vat
Prepaid meters	Actual+18%+vat
Rural areas	Actual+18%+vat
Re-connection Fees	

During office hours	287.69
After Hours	578.30
Defaulters	578.30
Meter test fee	1,031.01
Test reading	247.84
Meter Test Fee	
In Town	
Single fase	619.60
Three Fase	826.15
Rural areas	Actual+18%+vat
ELECTRICITY AVAILABILITY FEE :	
VACANT ERF OR PROPERTY	
ALL AREAS	
PER MONTH	
Household, Churches	246.73
Business& Government	495.60
Industry and bulk commercial users	1,132.75
Properties not included above	495.60
ELECTRICITY AVAILABILITY FEE IMPROVED PROPERTY	
EXCLUDING VAT	
ALL AREAS	
PER MONTH	
UNIT TARIFF CONVENTIONAL METERS	
ALL AREAS	
Domestic Tariffs	
Indigent - Block 1 (0-50)	Free
	c/kwh
Non Indigent Block 1 (0 - 50 kwh)	79.76
Block 2 (51 - 350kwh)	

	104.16
Block 3 (351 - 600kwh)	136.13
Block 4 (600+ kwh)	160.70
Prepaid & Conventional	c/kwh
Block 1 (0 - 50 kwh)	84.77
Block 2 (51 - 350kwh)	107.98
Block 3 (351 - 600kwh)	140.70
Block 4 (600+ kwh)	165.76
Industrial Tariffs	
Basic Charge in Rand Value	1,151.32
Demand Charge per kVA	192.60
Energy Charge c/kwh	74.11
All high voltage consumers per kva(bulk supply)	
Commercial Tariffs	
Commercial Conventional : 60A	
Basic Charge in Rand Value	494.55
Energy Charge c/kwh	123.75
Commercial Prepaid :60A	
Energy charge c/kWh	169.00
PRE-PAYMENT TARIFF	
Household, Churches	1.53
Fines for tampering with meters	5,506.23
<u>TECHNICAL SERVICE : SEWERAGE</u>	

CONNECTION FEES	
for 110mm where there is a connection point	2,293.10
for 110 mm where there is no connection point	3,439.65
for connection larger than 110 mm	4,127.58
SEWERAGE SERVICE FEES	
ALL AREAS (per month)	
House, Churches and Church halls	179.15
Basic for businesses,industry & government	179.15
Business per toilet	52.38
All residential erven with market value less than R60,000.00 registered in name of	53.20
a natural person	66.45
All areas basic where property not included above-Baisic Charge	179.15
All areas basic where property not included above-per toilet add charge	52.38
Night Soil	30.49
HoneySucker,septic tank (rate per load),rate by distancechargesshall be applicable	561.80
	-
<u>WATER SUPPLY AND SERVICES</u>	-
	-
CONNECTION FEE :	-
	-
15 mm	2,761.54
19mm	2,761.54
25mm including labour, price increace and tar repairs	2,761.54
Larger connections	-

	-
	-
WATER RE-CONNECTION FEE	-
	-
During office hours	181.69
After Hours	363.37
Defaulters	363.37
Meter test fee	401.68
Test reading	155.73
FINES AND OTHER FEES	-
Fines for tampering with meters	4,994.10
Enquiry on prepaid meter	32.22
WATER UNIT TARIFFS	
PER UNIT CONSUMPTION	
Households and churches : 1-6 kl	FREE
7-15 kl	4.87
16-20 kl	5.86
21-40 KL	7.22
above 41 kl	8.17
	-
Business, industry & 1-6 kl	4.87
Government 7-15 kl	4.87
16-20 kl	5.86
21-40 KL	7.22
above 41 kl	8.17
Departmental per kl	4.87
Properties not listed above: tariffs as per business, industry & government	

	-
	-
Water delivery by road tanker (per kl)	6.11
Charge for water supplied	7.29
Delivery charge	At Cost
Minimum prepayment (i.e special events)	769.94
	-
WATER AVAILABILITY CHARGE(BASIC CHARGE)	-
	-
VACANT ERF OR PROPERTY(ALL AREAS)	-
PER MONTH	80.63
Household, churches	78.94
Business, Industry & Government	78.94
Properties not included above	-
	-
IMPROVED STANDS OR PROPERTY	-
ALL AREAS	-
PER MONTH	-
Housholds using 6 kl or less water per month	77.06
Household, churches	78.94
Business, Industry & Government	77.58
All erven with landvalue more than R4000.00 not connected and according to Council	77.15
can be connected	78.94
Properties not included above	
<u>PUBLIC SAFETY</u>	
FIRE BRIGADE SERVICE	

Within Municipal area	170.24
Call out fee	-
Equipment/appliances per hour/part thereof	61.47
Portable equipment	64.85
Appliances	103.52
Service vehicle	207.03
Fire engine	224.50
Personnel per hour/part thereof:	260.35
Chief fire/Traffic Officer	231.98
Station Officer/Superintendent	154.65
Fireman/Traffic Officer	103.52
Other officers	83.56
Media used	3.72
Water per kl.	3.62
Fire fighting foam per 25 liters	1,568.17
DCP Fire extinguisher per 9kg	385.38
CO2 Fire extinguisher per 7kg	497.63
Road marking paint 25 liters	765.28
Outside Municipal Area	350.73
Call out fee	336.74
Equipment/appliances per hour/part thereof	102.52
Portable equipment	64.85
Appliances	103.52
Service vehicle	207.03
Fire engine	224.50
Personnel per hour/part thereof:	

	536.26
Chief fire/Traffic Officer	510.73
Station Officer/Superintendent	337.24
Fireman/Traffic Officer	224.40
Other officers	181.59
	-
ADVERTISING SIGNS (ALL AREAS)	-
Application fees:	-
Sign types 2 (ground signs), 3(wall signs), 4 (roof signs) and 5 (veranda signs, balcony, canopy and under awning sings)	204.08
Sign type 1 (billbaords) and all non-localicty bound sings in excess of 12 square meters	198.13
	603.92
Sign type 6 (posters, banners and flags)	70.09
	-
Approval fee:	-
Sign types 1,2,3,4 and 5 per square meter of advertising, display or part thereof with a	52.53
	-
Sign types 6 (posters, banners and flags):	-
For non-profit bodies only	-
For religious, sporting, social, cultural, political and other events	-
For commercial purposes	-
FEES FOR LAND USE APPLICATIONS SUBMITTED IN TERMS OF THE PROPOSED MUNICIPAL SPATIAL PLANNING AND LAND USE BY-LAW, 2015 FOR THE 2015/2016 FINANCIAL YEAR	
TYPE OF APPLICATION	FEE INCL VAT R
CATEGORY 1 LAND DEVELOPMENT APPLICATIONS	

1. Establishment of a township	12,525.00
2. Extension of the boundaries of a township:	12,525.00
3. Amendment of a township establishment application:	
(a) If already approved by the Municipality	12,525.00
(b) If not already approved by the Municipality	3,800.00
4. Division of township	12,525.00
5. Phasing/cancellation of approved layout plan	1,593.00
6. Rezoning:	
(a) One erf	5,092.00
(b) Every erf Additional to the First Erf Per Erf	553.00
7. Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of the land	620.00
8. Amendment or cancellation of a general plan of a township	1,755.00
9. Division of farm land	3,800.00
10. Subdivision of land:	
(a) For first five erven	521.00
(b) Every erf additional to the first five erven Per erf	69.00
11. Consolidation of land	521.00
12. Subdivision and consolidation of land	521.00
13. Permanent closure of a public place Per closure	531.00
14. Development on communal land	5,092.00
15. Material amendments to original application prior to approval/refusal	50% of original application fee
CATEGORY 2 LAND USE APPLICATIONS	
1. Subdivision of land provided for in land use scheme or town planning scheme	521
2. Consolidation of land	521
3. Subdivision and consolidation of land	521
4. Consent use	1,290.00
5. The removal, amendment or suspension of a restrictive title condition relating to the density of residential development	620
6. Temporary use: prospecting rights	1,290
7. Temporary use: other rights	770
8. Material amendments to original application prior to approval/refusal	50% of original application fee
MISCELLANEOUS FEES	
1. Erection of a second dwelling	1,185.00

2. Relaxation of height restriction	1,211.00
3. Relaxation of building line	1,192.00
4. Consideration of site development plan	1,192.00
5. Extension of validity period of approval	1,185.00
6. Certificates:	
(a) Zoning certificate Per certificate	144.00
(b) Any other certificate Per certificate	144.00
7. Public hearing and inspection	3,481.00
8. Reason for decision of municipal planning tribunal, land development officer or appeal authority	1,769.00
9. Re-issuing of any notice of approval of any application	257.00
10. Deed search and copy of the title deed	163.00
11. Public Notice:	
(a) Public Notice and advertisements in the legal section of the paper	1,593.00
(b) Public Notice and advertisements in the body of the paper	2,868.00
12. Way leave application (application to determine where the Council's services are located or a specific area where new services are to be installed)	2,509.00
13. Any other application not provided for elsewhere in this schedule of fees	3,481.00
COPIES	
1. Spatial development framework:	
(a) Hard copy Per region	174.00
(b) In electronic format Per region	82.00
2. Copy of Land Use Scheme or Town Planning Scheme (Scheme Book)	401.00
3. Scheme Regulations Per set	667.00
4. Search fees Per erf	27.00
5. Diagrammes Per diagramme	27.00
Servitudes.	
Rate ratio	Rate levy (Cent in the Rand)
Servitudes.	
1 : 0,25	R0.0021

Schedule 5 – Budget Related Policies

Tariff Policy

1. Preamble

- 1.1. *The Chief Albert Luthuli Local Municipality, in terms of Section 75(1) of the Local Government Municipal Systems Act, Act 32 of 2000, has to adopt a Tariff Policy which is regarded a budget-related policy in terms of the Local Government Municipal Finance Management Act, Act 56 of 2003.*
- 1.2. *The Tariff Policy annually has to undergo revision and be tabled with the Multi-Year Annual Tabled Budget to the Council of the municipality for consideration and approval for public scrutiny and comments annually before 31 March.*
- 1.3. *Comments received by the municipality on the contents and stipulations of the Policy have to be considered by the Council for possible amendment/inclusion to the draft policy for a final draft to be approved by the Council annually before 31 May.*
- 1.4. *The adopted Tariff Policy applies to the Multi-Year Annual Budget of a related year during which the income is based on the principles contained in the Tariff Policy.*
- 1.5. *Should any of the principles contained in the Tariff Policy by resolution of the Council be changed, an Adjustment Budget has to be prepared to reflect the consequent effect.*

2. Definitions

In this tariff policy, unless inconsistency with the context, a word or expressions to which a meaning in the Act has been attached means:-

***“agricultural consumers”** include but are not limit to farms, smallholdings and agricultural show grounds;*

***“break even”** occurs where the volume sales are equal to the fix and variable cost associated with the provision of the service;*

***“business and commercial consumers”** include but are not limit to business undertakings, shops, offices, liquor stores, supermarkets, public garages, gathering places, nurseries, places of entertainment, service stations, hairdressings salons, banks, hotels, guesthouses, boarding houses and doctor-and dentist consulting rooms;*

“councillor for financial matters” the councillor of the municipal council responsible for financial matters;

“domestic consumers” include but are not limit to residence, group housing, town houses, semi-detached houses, and flats;

“indigent households” are households that are registered under the municipality ‘s Indigent Policy;

“industrial consumers” include but are not limit to industrial undertakings, factories, warehouses, workshop, scrap yards, stores, wine cellars, abattoir, dairy processing plants and fish markets;

“in season” refers to the period from the 1st December of a year up to 31 January of the following year and from the Monday before the Easter weekend up to and including Easter Monday;

“lifeline tariffs” a unit charge calculated by dividing the total cost associated with the service by the volume consumed (units);

“resident” a person who is ordinary resident in the municipal area;

“special agreements” are special tariff agreements entered into with consumers making significant economic contribution to the community and create job opportunities;

“sport and recreation facilities” include but are not limit to properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption and caravan parks;

“the Act: the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

3. Legal Requirements

3.1. In developing its Tariff Policy, the Municipality has noted the applicability of the following legislation –

- 3.1.1. Constitution of the Republic of South Africa, 1996
- 3.1.2. Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- 3.1.3. Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007)
- 3.1.4. Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- 3.1.5. Water Services Act, 1997 (Act No. 108 of 1997)
- 3.1.6. Electricity Regulation Act, 2006 (Act No. 4 of 2006)
- 3.1.7. Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
- 3.1.8. Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)

3.2. This policy complies with sections 74 of the Municipal Systems Act in so far as it –

- 3.2.1. establishes a tariff policy on the levying of fees for municipal services provided by the municipality;
- 3.2.2. reflects the required principles; and
- 3.2.3. differentiates between different categories of users, debtors, service providers. services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

-
- 3.3. *Section 75 of the Municipal Systems Act requires the council to adopt by-laws to give effect to the implementation and enforcement of this tariff policy.*

4. **Tariff Principles**

- 4.1. The Tariff Policy of the Municipality is in accordance with the principles as set out in section 74 (2) of the Municipal Systems Act as follows –
- 4.1.1. users of municipal services should be treated equitably in the application of tariffs;
 - 4.1.2. the amount individual users pay for services should generally be in proportion to their use of that service;
 - 4.1.3. poor households must have access to at least basic services through –
 - 4.1.3.1. tariffs that cover only operating and maintenance costs,
 - 4.1.3.2. special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
 - 4.1.3.3. any other direct or indirect method of subsidization of tariffs for poor households;
 - 4.1.4. tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
 - 4.1.5. tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned;
 - 4.1.6. provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
 - 4.1.7. provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
 - 4.1.8. the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
 - 4.1.9. the extent of subsidization of tariffs for poor households and other categories of users should be fully disclosed.
- 4.2. In addition, the Municipality recognizes the principles set out in the 1998 White Paper on Local Government on user charges as follows –
- 4.2.1. Payment in proportion to the amount consumed – as far as it is practically possible, consumers should pay in proportion to the amount of services consumed.
 - 4.2.2. Full payment of service costs – all households, with the exception of the indigent, should pay the full cost of services consumed.
 - 4.2.3. Ability to pay – municipalities should develop a system of targeted subsidies to ensure that poor households have at least a minimum level of basic services.
 - 4.2.4. Fairness – tariff policies should be fair in that all people should be treated equitably.
 - 4.2.5. Transparency - the tariff policy should be transparent to all consumers and any subsidies and concessions must be visible and understood by all consumers.
 - 4.2.6. Local determination of tariff levels - municipalities have the flexibility to develop their own tariffs in accordance with the principles contained.
 - 4.2.7. *Consistent tariff enforcement – a consistent policy for dealing with non-payment of tariffs needs to be developed. This must be targeted and enforced with sensitivity to local conditions.*
 - 4.2.8. *Ensure local economies are competitive - local tariffs must not unduly burden local business through higher tariffs, as these costs affect the sustainability and competitiveness of such businesses and firms.*

-
- 4.3. The tariffs asset out in this policy shall, as far as is practical, encourage and promote the objects and programmes contained in the municipality's Integrated Development Plan.

5. Objectives of this Policy

- 5.1. *The Municipality wishes to achieve the following objectives by adopting this tariff policy –*
- 5.1.1. *to comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);*
 - 5.1.2. *to prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Act; and*
 - 5.1.3. *to give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.*
- 5.2. In addition, the Municipality seeks to ensure that –
- 5.2.1. the tariffs of the Municipality conform to acceptable policy principles;
 - 5.2.2. municipal services are financially sustainable;
 - 5.2.3. there is certainty in the Council of how the tariffs will be determined;
 - 5.2.4. tariffs of the Municipality comply with the applicable legislation; and
 - 5.2.5. tariffs should take into consideration relief to the indigent.
- 5.3. *Tariffs will be set at a level that facilitates the sustainability of services, which will be achieved by ensuring that –*
- 5.3.1. *cash inflows cover cash outflows and that sufficient provision for working capital and bad debts will be made; and*
 - 5.3.2. *access to the capital market is maintained, to be achieved through the provision for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.*
- 5.4. *Where practical, efficient and effective use of resources will be encouraged by providing for penalties to discourage unnecessary or exorbitant usage.*

6. Tariff Strategy

6.1 Minimum basic services must be free

This will be set out in the Free Basic Services Policy of the Municipality, and in order to ensure affordable services, the Council will introduce a stepped tariff structure in which consumers that use more of a service, will pay progressively more for higher consumption than those who consume less of a service.

6.2 Keeping tariffs affordable

In order to ensure that tariffs remain affordable, the Council will strive to ensure that –

- Services are delivered at an appropriate level;

-
- Efficiency improvements are actively pursued across the Municipality's operations;
 - A performance management system is introduced to ensure that plans that are devised are actually implemented on its own resources are obtained as economically as possible and that appropriate service delivery mechanisms are used;
 - An investigation is conducted with the objective of phasing out as soon as is practically possible the non-core functions that the municipality currently performs without depriving the community of any services that really contribute to the quality of life of people in its area;
 - Any service that is provided for which there is little demand, is priced under the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where the Council is by law required to provide such a service; and
 - The equitable share of revenue raised nationally will be used to maintain an adequate level of basic services for indigents.

6.3 Achieve price parity for services and property rates (uniform tariffs)

The Council will strive to achieve price parity within the Municipality within five financial years starting with the 2003/4 financial year.

6.4 Fully exploiting the potential income base

In order to ensure that tariffs remain current, and to ensure that all revenue is maximized, the Council will –

- Review tariffs for services at least once during every financial year.
- Ensure that tariff increases are in line with increases in the price of *personnel costs*, goods, material and other resources acquired and used by the Municipality to perform its functions; and
- Ensure that the tariff for a particular service will be calculated in such a way that all relevant costs are covered. This means that a tariff for a service must include at least the capital expenditure required and interest thereon, the cost of managing and operating the service and the cost of maintaining, repairing and replacing the physical assets used in its provision.

6.5 The “Consumer must pay Principle”

The Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption of services, the Council intends to install metering systems and to take into account the free service element.

In this regard the Council will develop a programme to install meters in appropriate cases.

In the striving for better service delivery to the consumers, a user friendly format of accounts will be developed and implemented.

6.6 Redistribution / Cross-subsidisation

Some members of the community are better able to afford to pay for the services that they use and benefit from, than others. The budget of the Municipality is an important device in ensuring redistribution within the community. Those that pay higher property rates bases on the value of their properties, in fact subsidise those who pay less tax.

Also, the Council uses the trading surplus it realizes on the trading account to bring relief with regard to property tax rates.

Likewise, the Council will ensure that the cross-subsidisation occurs between and within services to further contribute to its redistribution objectives.

6.7 Ensuring financial sustainability of service delivery

Financial sustainability of an enterprise will be achieved when it is financed in a manner that insures that its financing is sufficient.

The tariff for a service must, therefore, be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

The Council will adopt and apply a Credit Control and Debt Collecting policy to ensure that service charges are recovered.

Where a trading (water & electricity) and economic service (sanitation & sewerage) is available to a property, an availability levy or charge will be imposed if the occupier of the property does not use the service concerned or if the property is vacant. The availability levy, if possible, will be adequate to cover the pro rata cost of the initial capital expenditure and interest thereon and the maintenance of the infrastructure associated with service delivery.

7. Tariff determination process

- 7.1. Except in special circumstances, such as significant increases in the wholesale price of goods and services that the Council purchases during a year to provide services, the Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above. Proposed tariffs will be presented to the community during the Council's consultation about the budget.
- 7.2. After the Council has adopted its rates, tariffs, fees, charges and surcharges the Municipal Manager shall, without delay –
 - 7.2.1. conspicuously display a copy of the resolution adopting such fees, charges or tariffs for a period of at least 21 days at the main administrative office of the municipality and at such other places within the municipality to which the public has access as the Municipal Manager may determine;
 - 7.2.2. publish in a newspaper of general circulation in the municipality a notice stating –
 - 7.2.2.1. that a resolution as contemplated above has been passed by the Council;
 - 7.2.2.2. that a copy of the resolution is available for public inspection during office hours at the main administrative office of the municipality and at the other places specified in the notice;
 - 7.2.2.3. the date on which the determination will come into operation;
 - 7.2.2.4. that any person who desires to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed; and
 - 7.2.2.5. that any person who cannot write may come during office hours to a place where a staff member of the municipality named in the notice, will assist that person to transcribe his/her objection.

-
- 7.2.3. seek to convey the information referred to in paragraph 3.8.2 to the local community by means of radio broadcasts covering the area of the municipality.
 - 7.2.4. The Municipal Manager must forthwith send a copy of the notice referred to in subparagraph 7.2.2 to the MEC for Housing and Local Government and other institutions regulated by another law or directive applicable from time to time.
- 7.3. If no objection is lodged within the period stated in the notice, the determination or amendment will come into operation on the date determined by the Council.
- 7.4. Where an objection is lodged, the Municipality will consider every objection.
- 7.5. The Council may, after it has consider all objections, confirm, amend, or withdraw the determination or amendment and may determine another, on the date on which the determination or amendment will come into operation.
- 7.6. After the Council has considered the objections it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.
- 7.7. *The municipal must adopt by-laws to give effect to the implementation and enforcement of this tariff policy.*

8. **Categories of Customers**

- 8.1. *Separate tariffs structure may be raised for the following categories of customers –*
- 8.1.1. *domestic;*
 - 8.1.2. *indigent households;*
 - 8.1.3. *business and commercial;*
 - 8.1.4. *industrial;*
 - 8.1.5. *agricultural*
 - 8.1.6. *rural;*
 - 8.1.7. *public benefit organisation;*
 - 8.1.8. *institutional;*
 - 8.1.9. *commercial and industrial with special agreements;*
 - 8.1.10. *government; and*
 - 8.1.11. *the municipality.*
- 8.2. *The Municipality, in line with section 75 of the Act, determine that differentiated tariffs for the different consumers in certain geographical areas are necessary where there is a substantial difference between the infrastructure used in each geographical are to provide the service. These geographical areas are –*
- 8.2.1. *<unknown>.*

8.3. *The differentiation contemplated in paragraph 8.2 above will be based on one or more of the following elements –*

- 8.3.1. *infrastructure costs;*
- 8.3.2. *volume usage;*
- 8.3.3. *availability; or*
- 8.3.4. *service standards.*

9. Service Classification

9.1. *In the following classification, trading and economic services must be financially ring-fenced and financed from service charges while community and subsidized services will be financed from rates and related income.*

9.2. *In order to isolate the costs associated with a service, the Municipal Manager, Chief Financial Officer and Executive Mayoral Committee of the Council, shall, subject to the guidelines provided by the National Treasury, provide for the classification of services into the categories as set out in paragraphs 9.3 to 9.6 below.*

9.3. Trading services

Water and electricity provisions are trading services. Typically the consumption of a trading service is measurable and can be apportioned to an individual consumer. These services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidise the tariffs of non-trading services, in other words to relieve property rates.

9.3.1. *Water*

9.3.2. *Electricity*

9.4. Economic services

Sewage and domestic household removal are economic services. The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. Whilst they are also managed like businesses, the tariffs for these services are normally determined in such a way that user charges cover the cost of providing the service.

9.4.1. *Refuse removal*

9.4.2. *Sewerage*

9.4.3. *Markets*

-
- 9.4.4. *Abattoir fees*
 - 9.4.5. *Holiday resorts*
 - 9.4.6. *Recreation resorts*
 - 9.4.7. *Caravan and Camping facilities*

9.5. Community services

Community services are those services the consumption of which cannot be determined nor apportioned to individual consumers. These services are typically financed through finance rates. Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, the establishment, management and maintenance of cemeteries and traffic regulation.

- 9.5.1. *Abattoirs*
- 9.5.2. *Cleansing*
- 9.5.3. *Control of public nuisances*
- 9.5.4. *Environmental and waste management*
- 9.5.5. *Facilities for accommodation, care and burial of animals*
- 9.5.6. *Fencing and fences*
- 9.5.7. *Interest rates charged*
- 9.5.8. *Local amenities*
- 9.5.9. *Markets*
- 9.5.10. *Municipal parks and recreation*
- 9.5.11. *Municipal roads*
- 9.5.12. *Museums*
- 9.5.13. *Nature reserves*
- 9.5.14. *Noise pollution*
- 9.5.15. *Public places*
- 9.5.16. *Road signs*
- 9.5.17. *Sports grounds*
- 9.5.18. *Street lighting*
- 9.5.19. *Storm-water management*
- 9.5.20. *Trade licenses*
- 9.5.21. *Traffic control*
- 9.5.22. *Municipal public works (only in respect of the needs of the municipality in the discharge of its responsibilities and to administer functions specially assigned to it under the Constitution or any other law)*

9.6. Subsidised services

Subsidised services include fire fighting, approving building plans and the construction of buildings, leasing of municipal facilities, selling of burial sites and certain town planning functions. Subsidised services are those services the consumption of which can be determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs for using this service were based on its real cost, nobody would be able to afford it. In most cases not only would the consumer benefit from using the service, but also other persons. A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service

- 9.6.1. *Angling permits*

-
- 9.6.2. *Billboards*
 - 9.6.3. *Burials and cemeteries*
 - 9.6.4. *Control of undertakings that sell liquor to the public*
 - 9.6.5. *Distribution of hand-bills*
 - 9.6.6. *Dog licensing*
 - 9.6.7. *Fire fighting services*
 - 9.6.8. *Health and ambulance services*
 - 9.6.9. *Holiday resorts*
 - 9.6.10. *Interest rates charged*
 - 9.6.11. *Letting of Municipal facilities*
 - 9.6.12. *Leasing of Municipal properties*
 - 9.6.13. *Libraries*
 - 9.6.14. *Licensing and control of undertakings that sell food to the public*
 - 9.6.15. *Licensing of motor vehicles and transport permits*
 - 9.6.16. *Local tourism promotion*
 - 9.6.17. *Parking*
 - 9.6.18. *Photocopies*
 - 9.6.19. *Pound fees*
 - 9.6.20. *Recreation resorts*
 - 9.6.21. *Reference and information fees*
 - 9.6.22. *Rezoning*
 - 9.6.23. *Tender deposits*
 - 9.6.24. *Town planning*
 - 9.6.25. *Training Courses*

9.7. *The Municipality also provides services in support of the above-mentioned services. These are called staff functions and include committee services, records and archives, financial management accounting and stores, occupational health and human resources management. These services are financed through property rates.*

Approved Tariffs

10. Expenditure Classification

10.1. *Expenditure will be classified into the categories as set out in paragraphs 10.2 and 10.3 below.*

10.2. *Subjective classification:*

- 10.2.1. *Salaries, wages and allowances*
- 10.2.2. *Bulk purchases*
- 10.2.3. *General expenditure*
- 10.2.4. *Repairs and maintenance*
- 10.2.5. *Capital charges (interest and redemption) / depreciation*
- 10.2.6. *Contribution to fixed assets*
- 10.2.7. *Contribution to funds –*
 - 10.2.7.1. *Bad debts;*
 - 10.2.7.2. *Working capital; and*
 - 10.2.7.3. *Statutory funds.*
- 10.2.8. *Contribution to reserves;*

-
- 10.2.9. Gross expenditure;
 - 10.2.10. Less charge-out;
 - 10.2.11. Net expenditure;
 - 10.2.12. Income; and
 - 10.2.13. Surplus/Deficit.

10.3. Objective classification:

- 10.3.1. Licensing of motor vehicles and transport permits
- 10.3.2. Cost centres will be created to which the costs associated with providing the service can be allocated –
 - 10.3.2.1. Department
 - 10.3.2.2. Section/service
 - 10.3.2.3. Division/service
- 10.3.3. The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

11. Cost Elements

The following cost elements to be used to calculate the tariffs for the different services –

- 11.1. **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.
- 11.2. **Variable costs** which include all other variable costs that have reference to the service.
- 11.3. **Total cost** consisting of the fixed cost and variable cost.

12. Tariff Types

In determining the type of tariff applicable to the type of service the municipality shall make use of the following eight options or a combination of the same.

- 12.1. **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 Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.
- 12.2. **Cost related two to four part tariff:** this tariff shall consist of two to four parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together. Management-, capital- and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three and four part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand periods.

-
- 12.3. **Inclining block tariff:** this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to subsidised free basic services and prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.
- 12.4. **Declining block tariff:** this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fix and variable cost and profit determined by council from time to time by the volume consumed. This tariff will only be used for special agreements.
- 12.5. **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.
- 12.6. **Sliding scale:** This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to prohibit the exorbitant use of a commodity. The first step of this tariff will be free of charge to provide access to the basic services to Indigent Households. The second step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.
- 12.7. **Availability charges:** Payable in respect of erven not connected to Council's infrastructure. Once Council provided a connection, normal tariffs as per respective service are payable.
- 12.8. **Recoverable work:** These tariffs shall apply to consumers who are making use, on application, of certain recoverable services. The tariff will be calculated at actual cost plus a surcharge as determined with the actual tariffs.

13. **Deposits**

13.1. Deposits are required where levies are made in arrears.

13.2. Deposits are payable with application for relevant service –

13.2.1. Electricity: Two times the average monthly consumption of the past 2 months with a minimum of R 1000;

13.2.2. Water: Two times the average monthly consumption of the past 2 months with a minimum of R 500;

13.2.3. Rental: Equal to the monthly rental; and

13.2.4. Other services: <unknown>

13.3. Deposit to be doubled in case of non-payment of account.

13.4. Indigent households are not required to pay a deposit.

13.5. A bank guarantee can be accepted in cases where a deposit of R2 500 or more is required

13.6. No deposit required for pre-paid meters.

14. Unit of Measurements

The following cost elements to be used to calculate the tariffs for the different services –

14.1. Electricity

14.1.1. Unit of measurement –

14.1.1.1. Maximum demand (kVa) plus fixed tariff plus kWh consumed;

14.1.1.2. Fixed tariff plus kWh consumed; or

14.1.1.3. Unit tariff (KWh consumed) (for pre-payment meters).

14.1.2. Method of calculation –

14.1.2.1. The guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.

14.1.2.2. To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users. Cross subsidisation between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed

costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used

Tariff types		Fixed charge Rands / customer / Month	Active Energy charge cents / kWh	Seasonal Time-of-use Energy charge Peak Standard Off-peak	Capacity charge Rands / kVA / month	Reactive energy charge cents / kWh
One part			X			
One part block	Block 1		X			
	Block 2		X			
Two part		X	X			
Three part		X	X		X	
Three part time-of-use high season	Peak	X		X		X
	Standard	X		X		X
	Off-peak	X		X		X
Three part time-of-use low season	Peak	X		X		X
	Standard	X		X		X
	Off-peak	X		X		X

<i>Four part time-of-use high season</i>	<i>Peak</i>	<i>X</i>		<i>X</i>	<i>X</i>	<i>X</i>
	<i>Standard</i>	<i>X</i>		<i>X</i>	<i>X</i>	<i>X</i>
	<i>Off-peak</i>	<i>X</i>		<i>X</i>	<i>X</i>	<i>X</i>
<i>Four part time-of-use low season</i>	<i>Peak</i>	<i>X</i>		<i>X</i>	<i>X</i>	<i>X</i>
	<i>Standard</i>	<i>X</i>		<i>X</i>	<i>X</i>	<i>X</i>
	<i>Off-peak</i>	<i>X</i>		<i>X</i>	<i>X</i>	<i>X</i>

14.1.2.3. *For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:*

- The rands / kVa / month cost must be allocated into a cents / kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.*
- The rands / customer / month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.*

14.1.2.4. *The two-part tariff:*

- The rands / kVa / month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.*
- The rands / customer / month charge is not reallocated into other tariff elements.*
- The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.*

14.1.2.5. *The two-part time-of-use tariff:*

- The rands / kVa / month charge must be reallocated into different time-of-use cents / kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.*
- The rands / customer / month charge is not reallocated.*

14.1.2.6. *The three-part tariff:*

- The rands / kVa charge recovers the capital cost elements. Some of this cost must be reallocated into different tariff elements.*
- The cents / kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands / kVa costs.*
- The rands / customer / month charge is not reallocated.*

14.1.2.7. *The three-part time-of-use tariff:*

- As with the standard three-part tariff, a portion of the rands / kVa / month charge needs to be reallocated into the various time-of-use cents / kWh charges. Again, the amount of the reallocation should be with regard to the customer's load factor. However, it is also necessary to consider the time-variation of the capacity costs in the reallocation of the rands / kVa charge into the various time-of-use cents / kWh charges.*

- The cents / kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands / kVa charges.
 - The rands / customer / month charge is not reallocated.
- 14.1.3. Where council decides to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- 14.1.4. Where a property is not connected to the electricity reticulation system but can reasonably be so connected, an availability tariff will be payable. The tariff will be calculated by adding a surcharge of 50% to the fixed costs applicable to connected consumers per category.
- 14.1.5. Electricity meters will be read and levied on a monthly basis unless the service is rendered through a pre-payment device and is recoverable for the past 2 years with issuing of clearance certificates.
- 14.1.6. The following charges can be levied in addition to the standard monthly charges –

Connections, Reconnections and changes to meters

<i>Amperage change</i>	<i>To change from higher to lower scale</i>	<i>Fixed cost per change of scale</i>
<i>Electricity connections</i>	<i>Single phase connection: Conventional meter: 1 x 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Conventional meter: Above 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Conventional meter: Additional meter</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Pre-paid meter: 1 x 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Pre-paid meter: Above 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Pre-paid meter: Additional meter</i>	<i>Fixed cost per connection</i>
	<i>Three phase connection</i>	<i>Estimated cost</i>
<i>Reconnection of electricity supply</i>	<i>After temporary disconnection</i>	<i>Fixed cost per reconnection</i>
	<i>Because of non-payment</i>	<i>Fixed cost per reconnection</i>
<i>Tampering with electricity meter</i>	<i>Reconnection but supply only</i>	<i>Fixed cost per tampering</i>

<i>(conventional)</i>	<i>to be restored after:</i>	
	<i>Payment of R889.02 + R88.02</i>	<i>Fixed cost per supply</i>
	<i>Payment of illegally energy consumed</i>	<i>Fixed cost per supply</i>
	<i>Presenting a new-certificate of compliance</i>	<i>Fixed cost per supply</i>
<i>Meter changes</i>	<i>from conventional to pre-paid meter – single phase: voluntary change – single phase</i>	<i>Free</i>
	<i>from conventional to pre-paid meter – single phase: non-payers</i>	<i>Free</i>
	<i>from conventional to pre-paid meter – three phase</i>	<i>Estimated cost</i>
	<i>from pre-paid to conventional meter – single phase</i>	<i>Fixed cost per change</i>
<i>Non-payment of accounts</i>	<i>To serve a reminder by hand/mail i.r.o. a non-payment of account</i>	<i>Fixed cost to serve a reminder</i>
<i>Surcharge i.r.o. late payment of account</i>	<i>First late payment</i>	<i>An amount calculated at a rate of 10% of such an account subject to a maximum of R5 000.00</i>
	<i>Any further late payment within 12 months of the original late payment</i>	<i>An amount calculated at a rate of 10% of such an amount</i>

Miscellaneous services

<i>Meter Testing</i>	<i>Testing of electricity conventional meter</i>	<i>Fixed cost per testing</i>
	<i>Testing of electricity pre-paid meter</i>	<i>Fixed cost per testing</i>
<i>Call out</i>	<i>pre-paid consumers</i>	<i>Fixed cost per call-out</i>

<i>Special meter readings</i>	<i>At consumer's request</i>	<i>Fixed cost per meter reading</i>
	<i>If the consumers contests the meter reading</i>	<i>Fixed cost per meter reading</i>
<i>Investigation i.r.o. power failure</i>	<i>At consumer's request (call out due to consumer's default)</i>	<i>Fixed cost per investigation</i>
<i>Change of current limiter</i>	<i>From higher to lower scale</i>	<i>Fixed cost per change</i>
<i>Testing of installation</i>	<i>Urban</i>	<i>Fixed cost per testing</i>
	<i>Re-inspection test: urban</i>	<i>Fixed cost per re-inspection</i>
	<i>Rural</i>	<i>Fixed cost per testing plus transport</i>
	<i>Re-inspection test: rural</i>	<i>Fixed cost per re-inspection plus transport</i>
<i>Renting out equipment</i>	<i>Generator (per occasion)</i>	<i>Fixed cost per generator</i>
	<i>Transformer (100 KVA)</i>	<i>Fixed cost per transformer</i>

Municipal services

<i>Streetlights</i>	<i>Roads</i>	<i>Fixed cost per light</i>
	<i>Telephone booths & signs</i>	<i>Fixed cost per light</i>
<i>Municipal Electricity Tariffs</i>	<i>Streetlights</i>	<i>Fixed cost cent per unit (kWh)</i>
	<i>Demand Charges HT</i>	<i>Fixed cost cent per unit (kWh)</i>
	<i>Demand Charges LT</i>	<i>Fixed cost cent per unit (kWh)</i>

14.2. Water

14.2.1. Unit of measurement –

14.2.1.1. Kiloliters used; and/or

14.2.1.2. Size of connection.

14.2.2. Method of calculation –

14.2.2.1. A basic charge based on the size of the water connection will be payable by all consumers. Provision will be made for the following meter connections –

- 15 mm*
- 20 mm*
- 25 mm*
- 40 mm*

-
- 50 mm
 - 75 mm and
 - >75 mm
- 14.2.2.2. *Stepped tariffs in respect of Domestic Consumers will be calculated for the follow usages –*
- 0 - 6 kl
 - 7 - 10 kl
 - 11 - 30 kl
 - 31 - 55 kl
 - 56 - 80 kl
 - > 80 kl
- 14.2.2.3. *Consumption less than 6 kl of water per month will be supplied free of charge.*
- 14.2.2.4. *Consumption between 7 – 10 kl of water per month will be supplied break even costs.*
- 14.2.2.5. *The following surcharges will apply to all other categories –*
- 11 - 30 kl = 20%
 - 31 – 55 kl = 30%
 - 55 – 80 kl = 35%
 - > 80 kl = 40%
- 14.2.2.6. *Kiloliters used; and*
- 14.2.2.7. *Consumers that can but are not connected to the water service will pay an availability tariff. The tariff will be calculated by dividing the fixed and maintenance cost of the service by the number of properties and average size of the properties in the following categories –*
- 1 m² - 2 000m²
 - 2 001m² - 5 000m²
 - 5 001m² - 10 000m²
 - > 10 000m²
- 14.2.2.8. *Kiloliters used; and*
- 14.2.2.9. *Break even will be calculated by dividing the total cost by the total volume consumed.*
- 14.2.3. *Water meters will be read and levied on a monthly basis and is recoverable for the past 2 years with issuing of clearance certificates.*
- 14.2.4. *When consumption is not measured a flat rate will be applicable.*
- 14.2.5. *In the time of scarcity of water, Council may declare water restrictions and may charge higher tariffs with a sliding scale as determined by Council.*
- 14.2.6. *The following charges can be levied in addition to the standard monthly charges –*
- *Charges for connections to the main supply;*
 - *Charges for connection of water supply;*
 - *Charges for reconnections;*
 - *Testing of meters;*
 - *Special readings;*
 - *Filling of swimming pools; and*
 - *Any other services.*

14.3. Refuse Removal

14.3.1. Unit of measurement –

- 14.3.1.1. *A fixed rate per month for the removal of refuse once per week;*
- 14.3.1.2. *A fixed rate per month for the removal of refuse three times per week;*
- 14.3.1.3. *A fixed rate per month for the removal of refuse five times per week;*

14.3.2. Method of calculation –

- 14.3.2.1. *The mass refuse disposed by the various category consumers will be used to apportion the total cost of the service between the various categories consumers.*
- 14.3.2.2. *The costs per unit of measurement will be determined by the total costs of the service by the total mass of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the management of the refuse site.*
- 14.3.2.3. *The cost associated with the removal of bulk containers will be determined by calculating the actual disposal and removal cost (labour, material and transport) (iv) The minimum cost for a container service will be equal to one removal per week. (v) Opportunity costs for once-off removals will be the actual costs as described in section (3)(b)(iii) plus 20% surcharge.*

- 14.3.3. *The monthly levy is payable by the registered owner and is recoverable with issuing of clearance certificates.*

14.4. Sewerage

14.4.1. Unit of measurement –

- 14.4.1.1. *Size of the erf; and/or*
- 14.4.1.2. *Number of cisterns or urinals; and/or*
- 14.4.1.3. *Formula driven waterborne tariff.*

14.4.2. Method of calculation –

- 14.4.2.1. *All owners of undeveloped stands will pay an availability charge based on the average size of an erf (currently calculated between 1 501m² - 3 000m²) and fixed cost associated with the service.*
- 14.4.2.2. *All owners of developed stands will pay a basic charge based on the cost associated with the service and the weighted average of the number of consumers and average size of the stands in a range of stand sizes, as follows –*
 - *1m² - 1 500m²*
 - *1 501m² - 3 000m²*
 - *3 001m² - 10 000m²*
 - *10 001m² - 25 000m²*
 - *25 001m² - 100 000m²*
 - *100 000m² - 300 000m²*
 - *> 300 000m²*
- 14.4.2.3. *Waterborne tariffs will be based on the variable cost of the service per category user and the number of cisterns or urinals.*
- 14.4.2.4. *The cost of emptying conservancy tanks will be based on the volume disposed and the cost associated therewith. An average tariff per user will be calculated.*
- 14.4.2.5. *The cost associated with bucket removals will be based on the volume removed. An average tariff per bucket will be calculated.*
- 14.4.2.6. *Any person or business that allows sewerage other than domestic sewerage into the foal sewer system shall pay over and above a fixed tariff based on the size of the erf a waterborne tariff based on the following formula –*
 - *$C = Vt/100 (R + T (CODt/1000))$*

- C = Rands
- V_t = Kiloliters of effluent (excluding domestic volume)
- R = Cost of conveying of 1 Kiloliter effluent
- T = Cost of treating of 1kg COD
- COD_t = Average chemical oxygen demand per mg per litre of effluent.

14.4.2.7. A fixed minimum tariff will be calculated for the following services –

- Buckets (removal)
- Septic tanks (removal)
- Cost of incineration (mass).

14.4.3. The levy is payable by the registered owner and recoverable with issuing of clearance certificate.

14.4.4. The following charges can be levied by Council in addition to the standard monthly charges –

- Sealing of openings and re-opening of sealed connections;
- Opening of blockages and alterations to gullies;
- Connections to the sewerage system;
- Vacuum tank services;
- The removal of dead animals;
- The removal of specific type of refuses i.e. medical waste, building refuse, garden refuse, redundant vehicles, collection and destruction of foodstuff, unlawful dumped refuse;
- Cleaning premises of long grass, weeds, shrubs and accumulation of refuse;
- Dumping of refuse on a municipal dumping site;
- Sale of plastic bags and refuse bins if available;
- Rental of mass containers; and
- Any other related services.

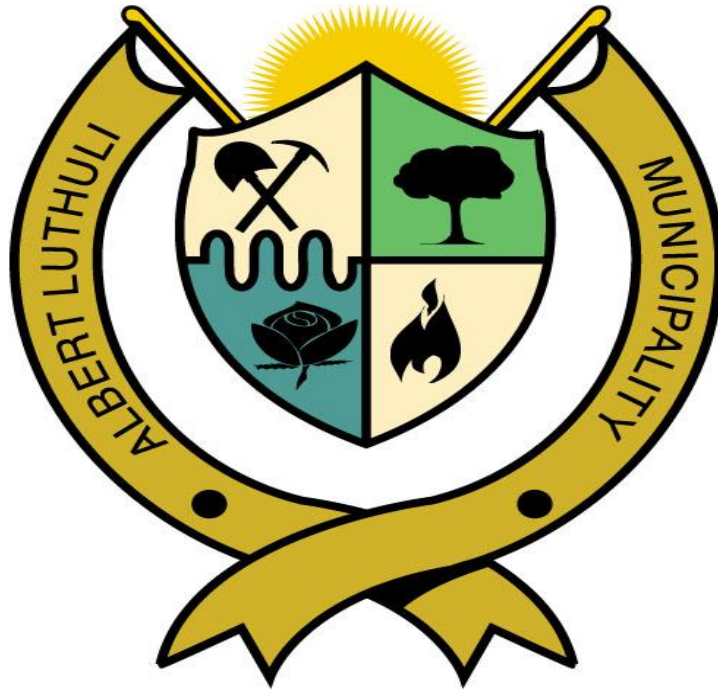
14.5. Other Municipal Services

14.5.1. The following charges can be levied by Council in relation to services provide –

- Abattoirs;
- Aerial photos;
- Air pollution control;
- Angling permits;
- Billboards
- Building plans;
- Burials and cemeteries;
- Caravan and Camping facilities
- Cleansing;
- Control of public nuisances;
- Control of undertakings that sell liquor to the public
- Distribution of hand-bills;
- Dog licensing;
- Environmental and waste management;
- Facilities for accommodation, care and burial of animals;
- Fencing and fences;
- Fire fighting services;
- Health and ambulance services;
- Holiday resorts;
- Interest rates charged;

-
- *Letting of Municipal facilities;*
 - *Leasing of Municipal properties;*
 - *Libraries;*
 - *Licensing and control of undertakings that sell food to the public;*
 - *Licensing of motor vehicles and transport permits;*
 - *Local amenities;*
 - *Local tourism promotion;*
 - *Markets;*
 - *Municipal parks and recreation;*
 - *Municipal roads;*
 - *Museums*
 - *Nature reserves;*
 - *Noise pollution ;*
 - *Parking;*
 - *Photocopies;*
 - *Pound fees;*
 - *Public places;*
 - *Recreation resorts;*
 - *Reference and information fees;*
 - *Rezoning;*
 - *Road signs;*
 - *Sports grounds;*
 - *Street lighting;*
 - *Storm-water management;*
 - *Tender deposits;*
 - *Town planning;*
 - *Trade License;*
 - *Traffic Control;*
 - *Training Courses; and*
 - *Miscellaneous Tariffs.*

Chief Albert Luthuli Municipality



RATES POLICY

1. PREAMBLE

- 1.1 The municipality derives its power to levy rates from Section 229(1) of the Constitution of the Republic of South Africa.
- 1.2 The obligation on a Council of a municipality to adopt and implement a rates policy on the levying of rates on rateable property is derived from the following legislation:
 - a) Section 3(1) of the Municipal Property Rates Act, Act 6 of 2004 (MPRA).
 - b) Section 62(1) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA).

-
- 1.3 The policy of the Albert Luthuli Municipality for levying rates on rateable property is set out in this document. The Council adheres to all requirements of the Municipal Property Rates Act (MPRA) and Municipal Finance Management Act (MFMA) including any regulations promulgated in terms of these Acts.
- 1.4 The Rates Policy only rules the rating of valued property which are valued according to the Municipal Property Rates Act, Act 6 of 2004 and its regulations as published under Government Notice 1856 of 2005 in Government Gazette 28113 dated 13 October 2005 and does not rule or guide the processes of property valuation and approval of the valuation roll.
- 1.5 As part of each annual operating budget the Council is obliged to impose a rate in the rand on the market value of all rateable properties as recorded in the municipality's valuation roll or supplementary valuation roll(s). Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all land within the Albert Luthuli Municipal area of jurisdiction is rateable unless it is specifically exempted as set out in Section 15 of the MPRA and includes:
- a) cemeteries
 - b) sport grounds for exercising amateur sport
 - c) properties owned by welfare organizations
- 1.6 The Rates Policy sets out the broad policy framework within which the municipality rates its area as per Section 3 of the MPRA, and gets annually reviewed and, when necessary, amends the municipality's rates for assessment as per Section 5 of the MPRA.

2. Definitions

In this policy, unless the context indicates otherwise, in addition to the definitions contained in both the MPRA and the MFMA, the following meanings are assumed:

"Agricultural purposes" in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.

"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 mining, agriculture, farming, or inter alia, any other business consisting of cultivation or soil, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

"Government" means owned and exclusively used by an organ of the

state, excluding non-urban properties used for residential or agricultural

purposes or not in use.

“Illegal use” means any use that is inconsistent with or in contravention of the permitted use of the property.

“Improvement” means any building or structure on or under a property, including:

_ a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and

_ Buildings, structures and equipment or machinery referred to in Section 46(3) of the MPRA.

“Indigent” means debtors who are poor private residential households as defined by the municipality’s policy on Free Basic Services and Indigent Support.

“Industrial” means branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved. This includes factories as defined in the

Machinery and Building Work Act, Act 22 of 1941, as amended and

includes any office or other accommodation on the same erf, the use of which is incidental to the use of such factory.

“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.

“Municipal” means owned and exclusively used by the municipality.

“Multiple use” means a property that cannot be assigned to a single category due to the different uses of the property.

“new private infrastructure developments” means single properties divided (through subdivision or township establishment) into 10 or more full title units and all services, inclusive of water, sewerage, electricity and roads are installed by the developer at his own cost.

“Non-urban land” means land which is not situated in an approved township and used for residential or agricultural purposes or not in use.

“Public benefits organization” means an organization conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax Act for tax reductions because of those activities.

“Protected area” means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003.

“Public service infrastructure” means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) any other publicly controlled as may be prescribed; or
- (i) right of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (h).

“public worship” means a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

“Residential” means a suite of rooms which form a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and lodging undertaking, hostel and place of instruction.

“Tax base” means the values as reflected in the officially approved valuation roll of the municipality.

“Urban land” means land which is situated within a proclaimed township.

“Vacant land” means land within a registered township where no immovable improvements have been erected; or Unless it is situated in areas such as business or industrial etc will be categorized as Residential.

“Agent”, in relation to the owner of a property, means a person appointed by the owner of the property to

-

- (a) receive rental or other payments in respect of the property on behalf of the owner; or

-
- (b) make payments in respect of the property on behalf of the owner.

3. STRATEGIC FOCUS

3.1 POLICY OBJECTIVES

3.1.1 To ensure certainty and clarity as to amounts payable in respect

of property rates; identify all rateable property that is not rated, to take into account the effect of rates on organizations conducting public benefit.

3.1.2 To spread the rates burden impartially, fairly, equitably and without bias, and determine or provide criteria for the determination of -

- (a) categories of properties for the purpose of levying different rates, and
- (b) categories of owners of properties for categories of properties, for the purpose of the granting of exemptions, rebates and reductions;

3.1.3 To determine how the Municipality's power must be exercised in relation to multi-purpose properties;

3.1.4 To ensure the efficient, economic and effective use of resources and to contribute towards the financial sustainability of the municipality;

- (b) 3.1.5 Determine measures to promote local economic and social development and endeavor to attract investment for job creation;

(c)

- (d) 3.1.6 to create an opportunity for public participation in policy making and contribute towards the accountability and transparency of the municipality;

(e)

- (f) 3.1.7 To take into account the effect of rates on the poor and to protect citizens against exploitation by the municipality.

(g)

- (h) 3.2 PRINCIPLES OF TAXATION

(i)

- (j) An autonomous tax that the determination and levying of the tax will be in the discretion of the Council of the municipality with regard to rebates and exemptions.

(k)

- (l) 3.3 DETERMINING THE RATE ON PROPERTY, EXEMPTIONS, REBATES AND REDUCTIONS

(m)

- (n) 3.3.1. The Council shall as part of each annual operating budget component impose a rate in a rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include any rights registered against such property, with the exemption of a mortgage bond.

(o)

- (p) 3.3.2. The Council of the municipality will annually consider the impact of rates on the community; the impact of rates on businesses; the current economic climate, the Integrated

Development Plan (IDP) of the municipality; the Town Development Strategy and the Financial Plan of the municipality.

(q)

(r) 3.3.3. Mitigating major shocks to ratepayers when moving from a site rating to the total market value (land and buildings) of a property and development.

(s)

(t) 3.3.4 The Council shall further, in imposing rates for each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenue foregone and less any contribution to the provision for bad or doubtful debts, not to exceed 35% of the municipality's aggregated budgeted net revenues for the financial year concerned.

(u)

(v) 4. OTHER KEY POLICY PRINCIPLES

(w)

(x) 4.1 EQUITY

(y)

(z) 4.1.1. All persons liable for property will be treated equitable and reasonable.

(aa)

(bb) 4.1.2. The fundamental principle is that taxpayers in similar circumstances to pay similar levels of tax and taxpayers with greater ability to pay larger amounts of tax, however, in local government the value of a ratepayer's property is the proxy or surrogate for the ability to pay.

4.1.3 The circumstances for an individual ratepayer are only taken into account in respect to any exemptions, rebates or reduction that may be granted. Rates are *levied on an ad valorem* (by value) basis that is pro-rata to the value of the property.

4.1.4 In the local government context the application of the *equity* principle would suggest that the tax (the rate in the rand) would be the same for all ratepayers in a municipal area, unless some compelling application of other taxation principles changes in the incidence of the tax. The main reasons why one ratepayer may

pay a different rate than another ratepayer are:

(a) Different rates levied on different categories;

(b) Exemptions;

(c) Rebates; and

(d) Reductions.

4.1.4 Although these mechanisms were created by the MPRA, the application thereof should be justified. The main reason is to retain the historical level of contribution of the various categories of properties to the income from assessment rates and thereof minimize the impact on ratepayers.

4.2 AFFORDABILITY

- 4.2.1 In considering affordability, the total municipal account, and not only the rates account will be considered. The Council of the municipality will endeavour to limit the annual increase in the revenue from property rates to a threshold in the framework of the yearly macro directives issued by the national treasury or other relevant regulations issued on a year to year basis at the time of tabling the annual operating budget, except when the approved Integrated Development Plan of the municipality demand for a greater increase.

4.2.3 POVERTY ALIVATION

The effect of rates on the poor has been taken into account in terms of the municipality's Free Basic Services and Indigent Policy. The **first R15 000,00** of the value of all residential property according to the approved valuation roll will be exempted from the payment of assessment rates *plus a further 100% discount for registered and approved indigents*. Additional alleviations can be considered by Council in the tabling of the yearly operating budget of which will be reflected in the indigent policy.

4.3 LIMITATION OF RATES INCREASES

- 4.3.1 The transformation from a site rating system to a system where the total value (land and buildings) will be rated will cause major shifts in the rates burden on the owners of certain properties.
- 4.3.2 As guideline the implementation of the Municipal Property Rates Act should not lead to an increase in the income from assessment rates, and it should not result in major deviation from previous tax structures or shocks to ratepayers. To give effect to these guidelines it is necessary to set limitations to the increase of rates for the four financial years for which the first valuation roll compiled in terms of the MPRA is implemented.

4.4 AMOUNTS DUE FOR RATES

- 4.4.1 The Council of the municipality shall as part of each annual operating budget determine a rate in the rand for every category of ratepayer. The determination of such rate shall concur with the limits as per Section 16(1) of the MPRA on property that would materially and unreasonably prejudice:
- a) national economic policies;
 - b) economic activities across the municipal boundaries;
 - c) the national mobility of goods, services, capital and labour.
- 4.4.2 Therefore, in terms of Section 17(1) of the MPRA specified impermissible rates are excluded from the rating structure and are reflected as exemptions under paragraph 10.3 of the Policy.

5. LIABILITY FOR THE RATES

- 5.1 A rate levied by the municipality on a property must be paid by the owner of the property as regulated by Section 24 of the MPRA.
- 5.2 When transfer of property takes place, the incidence of property rates falls as a charge on the new owner from date of registration by the Registrar of Deeds.
- 5.3 Rates are levied on an annual basis at the start of the financial year as per Section 12(1) of the MPRA, but for the convenience for ratepayers raised monthly on combined consumer accounts and payable within seven (7) working days of the following month according to the payment cut-off date stipulated on the specific monthly account.
- 5.4 Annually levied property tax and tariffs may not be changed during a financial year except for the purpose of a financial recovery plan as per Section 28(6) of the MFMA.
- 5.5 Arrear payment on property rates at the monthly or annually due dates, are subject to interest as stipulated by Section 97(1)(e) of the Municipal Systems Act at a rate equal to the prime plus 1% overdraft rate as from time to time determined by the banker keeping the municipality's primary bank account.
- 5.6 When rates are levied in respect of a full financial year, the responsibility vests on the first day of that financial year.
- 5.7 When rates are levied in respect of a valuation in a supplementary valuation roll, and the rates on that valuation are levied for the first time, the liability to pay the rates vests on the first day of the month following the completion of the public inspection period required by Section 50 of the MPRA.
- 5.8 The final day for payment of annually levied and payable rates is 30 September of the specific financial year.
- 5.9 Any decision on the deferment of payment of a rate is subject to the stipulations of the municipality's Credit Control and Debt Collection Policy.
- 5.10 The municipality may recover arrear rates from tenants or occupiers of rated property, or from agents of the owner of such property equal to the value of unpaid rental in terms of Section 28 and 29 of the MPRA.
- 5.11 If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property or agent, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

-
- 5.12 The amount that the municipality may recover from the tenant or occupier or agent is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

6. VALUATION OF RATEABLE PROPERTIES

- 6.1 A general valuation of all rateable properties will be undertaken and a valuation roll compiled every four (4) years.
- 6.2 Supplementary valuations will be undertaken on an ongoing basis and in terms of section 78 of the MPRA.
- 6.3 Supplementary valuation rolls will be compiled once a year.
- 6.4 Amendments to the valuation roll to reflect changes to the owner, address or other prescribed particulars as contemplated by Section 79 of the MPRA will be done annually and only the electronic copy of the valuation roll will be updated.

7. LEVYING OF RATES

7.1 Property not subject to rates

- 7.1.1 Rates will not be levied on the transportation corridors of public service infrastructure owned by the municipality and state, such as :
- a) roads and streets
 - b) railway lines
 - c) pipelines
 - d) cabling or overhead conductor

7.2 Categories for rating purposes

7.2.1 In relation to property a category relates to properties determined in terms of Section 8 of the MPRA and in relation to owners of properties it means category of owners as determined in terms of Section 15(2) of the MPRA.

The category will be determined by the actual use of the property and if the property is not in use, the zoning will determine same.

The Municipal Valuer will be responsible for the categorizing of properties and the maintenance thereof as any change in use of a property may result in a change to the category.

The categories that are determined in line with Section 8(1) of the MPRA, are:

- i) Residential
- ii) Business
- iii) Industrial
- iv) Mining
- v Municipal property which will be as per definition
 - Municipal property leased
 - Municipal Business
 - Municipal Residential
 - Municipal Agriculture
 - Municipal PSI and other PSI
 - Municipal other
- vi) Public Service Infrastructure
- vii) Protected areas
- viii) Farm used for agricultural purposes
- ix) Farm used for eco-tourism
- x) Farm used for trading in or hunting of game
 - Farms with townships (farms with unregistered township)
 - Farms used for business and commercial
 - Farms used for residential
 - Farms used for other purposes
 - Farms used for residential (it may be rated as business)
- xi) Small holding used for residential/agricultural purpose
- xii) Small holding used for business and commercial
- xiii) Small holdings with the other use
- xiv Government Business
- xv) Government Residential
- xvi Government Schools and government other

-
- xvi) State trust land
 - xvii) Public worship
 - xviii) Multiple use property
 - xix) Protected areas
 - xx) Sectional Schemes residential
 - xxi) Sectional Schemes Business
 - xxii) Sectional Schemes other
 - xxiii) New private infrastructure developments residential, business and others

7.2.2 All agricultural properties regardless of their usage or category shall be levied by the Municipality at the same rate as determined by the Municipality in its approved yearly budget.

7.2.3 Units under sectional title will separately be assessed.

8.1 RATES FOR BUSINESS FROM RESIDENTIAL DWELLING

8.1.1 The tariff for “home business”, as defined in Council’s policy on businesses conducted from residential premises shall be determined as the aggregate tariff for the residential and business category. This will exclude Guest Rooms which will be rated as business, but includes residential properties with second dwellings and duets not subject to a sectional title scheme. The normal residential tariff applies where parents occupy these units in terms of Council Policy.

8.2 Rates for Mining Activities

8.2.1 “Based on the level of services (roads, sewerage, electricity, water, refuse removal) provided by the municipality a tariff equal the business tariff shall be applicable for the category “mining” or the rate determined in the framework of the yearly macro directives issued by the national treasury or other relevant regulations issued on a year to year basis at the time of tabling the annual operating budget.

8.2.2 An approved Social Labour Programs and Programs of social upliftment of society as approved by the Department of Minerals and Energy should be submitted to the Municipality with the application for rebates.

8.3 Municipal

8.3.1 Properties in the “Municipal” category are exempted unless a lease agreement for such a property (or part thereof) exists.

8.4 Public Service Infrastructure

-
- 8.4.1 Public services infrastructure as per definition, relate to essential services and shall therefore be exempted from property rates.

8.5 **Agricultural Farms**

8.5.1 Based in general on:

- a) extent of municipal services provided (roads, sewerage, electricity, water, refuse removal).
- b) contribution of agriculture to the local economy.
- c) extent to which agriculture assists in meeting service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers.

8.6 **Eco-Tourism and Game Farms**

- 8.6.1 The rates levied on agricultural farms shall be levied on the eco-tourism and game farms.

8.7 **Residential or Agriculture Small Holdings**

- 8.7.1 Residential or Agricultural Small Holdings shall be rated equal to “residential” tariff based on the level of services provided by the municipality and its non-urban location. Within the urban area such small holdings will be rated as “residential” properties.

9. **RELIEF MECHANISMS**

- 9.1 The Council of the municipality may grant exemptions, rebates and reductions in recognition of Section 15(2) of the MPRA:

9.1.1 **Rebates**

When a specific category of owners of properties or the owners of a specific category of properties qualify for more than one rebate at a given time, each rebate will be calculated on the total levy amount.

9.1.2 **Indigent rebate**

As determined by the municipality’s Free Basic Services and Indigent Policy.

9.1.3 **Rebates on newly rateable property**

As stipulated by Section 21 of the MPRA newly rateable property must be phased in as follows:

-
- (a) in the 2012/13 financial year a rebate of 75%;
 - (b) in the 2013/14 financial year a rebate of 50% of the rate;
 - (c) in the 2014/15 financial year 25% of the reate will be granted; and
 - (d) in the 2015/16 financial year the rate will be payable without any rebate

9.2 REDUCTIONS

9.2.1 Non-urban reduction

The rate applicable to developed non-urban land or vacant non-urban land will be applied to:

- (a) 100% of the pro-rata value of the property on the first 5 hectares thereof;
- (b) 75% of the pro-rata value on the property on the next 5 hectares thereof;
- (c) 50% of the pro-rata value of the property on the next 5 hectares thereof;
- (d) 25% of the pro-rata value of the property on the next 25 hectares thereof;
- (e) 1% of the pro-rata value of the remainder thereof in excess of 40 hectares.

9.3 Exemptions

- 9.3.1 rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (Act 100 of 1978).
- 9.3.2 rateable property registered in the name of an institution or organization which, in the opinion of the Council of the municipality performs charitable work.
- 9.3.3 hospitals, clinics and institutions for mentally ill persons which are not operated with the intention to make profit;
- 9.3.4 rateable property registered in the name of a public benefit organization performing specified public benefit activities;
- 9.3.5 cemeteries and crematoriums which are registered in the names of private persons and which are used exclusively for burials and cremations of human remains, as the case may be;
- 9.3.6 museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and which are open to public,
whether admission is charged or not;
- 9.3.7 national monuments including ancillary business activities at national monuments;

-
- 9.3.8 rateable property registered in the name of a trustee or trustees or any organization which is being maintained for the welfare of war veterans
- as defined in Section 1 of the Social Aid Act (House of Assembly), 1989, Act 37 of 1989, and their families;
- 9.3.9 sport grounds used for the purposes of amateur sport and any social activities which are connected with such sport;
- 9.3.10 rateable property registered in the name of the
- Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any organization which is in the opinion of the municipality similar or any rateable property let by the municipality to any such organization;
- 9.3.11 rateable property registered in the name of a declared institution as defined in Section 1 of the Cultural Institutions Act, 1969, Act 29 of 1969, or
- the Cultural Institutions Act (House of Assembly), 1989, Act 66 of 1989.
- 9.3.12 In addition to the first **R15 000, 00** of exemption as per paragraph 5.3 of the policy a further 50% to remaining value for old age or disabled pensioners solely dependant from their pension, subjected to the following conditions:
- a) the combined income of the landowner and his spouse does not exceed R46 500,00 per annum or determined by Council from time to time;
 - b) the property is occupied by the owner; and
 - c) only owners over the age of 60 years or being the breadwinner and totally dependent on a social disability pension or any other pension comparable to social disability pension, should come into consideration.
- 9.3.13 The first 85% of the rateable valuation of property of new private infrastructure developments where a single property becomes divided through either subdivision or township establishment into 10 or more full title units and all services inclusive of water, sewerage and electricity and roads are installed by the developer at his own cost for a period of two (2) years from the date of registration of the subdivision or the proclamation of the township or for a shorter period until the newly created units are sold off or improved before expiry of two (2) year period.
- 9.3.14 **All properties as specified by Section 17(1) of the MPRA as follows:**
- a) on the first 30% of the market value of public service infrastructure, except for power stations;
 - b) 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 business, or residential agricultural purposes;

-
- c) on mineral rights within the meaning of paragraph (b) of the definition of “property” in Section 1 of the MPRA;
 - d) on a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds;
 - e) on the first R15 000,00 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
 - (i) for residential purposes;
 - (ii) for properties used for multiple purposes, provided one or more components of the property and which forms the major part of the property, are
 - used for residential purposes; or
 - _ on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship. The exemptions as contained under subparagraphs 10.3.1 to 10.3.13 above may only be granted upon formal written applications submitted by the owners for consideration in terms of Section 15(2) of the MPRA.

10. APPLICATION FOR EXEMPTIONS, REBATES AND REDUCTIONS

- 10.1.1 All application for exemptions, rebates and reductions shall be made to the Municipality through its income section in the prescribed form approved by the Chief Albert Luthuli Municipal Council.
- 10.1.2 The discretion to grant such an application shall solely lie with the Municipality and shall be no appeal to such a decision.
- 10.1.3 A rate rebate may be granted to social pensioners or the receiver of a state disability grant and is determined by the Council from time to time. To qualify for the concession, the following criteria will apply:
 - (a) The application must be made each year and reach the chief financial officer on or before 30 June.
 - (b) The applicant must be the registered owner of the property and should not sublet any portion of the property.

-
- (c) The applicant shall not own any other property.
 - (d) The property must be readily accessible to municipal officials for the purpose of carrying out of inspections and reading of meters.

10.2 Reporting of all exemptions, rebates and reductions

- 10.2.1 The Municipal Manager must annually within two months from the end of a financial year table in Council according to Section 15(3) and (4) of the MPRA with relation to that financial year the following:
 - (i) such exemptions, rebates and reductions;
 - (ii) exclusions referred to in Section 17(1)(a), (e), (g), (h) and (i) of the MPRA; and
 - (iii) the phasing-in discount granted in terms of Section 21 of the MPRA.
- 10.2.2 All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality's annual budget for that year as:
 - (a) income on the Revenue side; and
 - (b) expenditure on the Expenditure side.

11. Frequency of Valuation

- 11.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 11.2 In accordance with the Act the municipality, under exceptional circumstances, may decide to extend the validity of the valuation roll to 5 (five) years by applying for approval to the MEC for Local Government in the province.
- 11.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

12. Community Participation

- 12.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:
 - 12.1.1 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
 - 12.1.2 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.
 - 12.1.3 Property owners and interested persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by the council as part of its annual tariffs.

Property owners and interested persons are invited to submit written comments or representations to the municipality within the specified period in the notice.

- 12.1.4 Council will consider all comments and/or representations received when considering the finalization of the rates policy.

13. Inspection of and Objections to an entry in the Valuation Roll

- 13.1 Once the Council has given notice that the valuation roll is open for public inspection, any person may within the inspection period, inspect the roll and may lodge an objection with the municipal manager against any matter reflected in the roll or omitted from the roll;
- 13.2 Should any property owner not receive notification of the value of the property within 21 days after the valuation roll is handed to the municipality by the valuator the property owner shall contact and/or make a request for details of the property to the municipality;
- (1) Objections must be in relation to a specific property.
 - (2) Lodging of an objection shall not defer liability for the payment of rates; and
 - (3) All objections received shall be dealt with in accordance with the MPRA.

14. Special Rating Areas

- 14.1 the council may, on receipt of an application, create a special rating area or areas in terms of section 22 of the Act, No 6 of 2004.
- 14.2 Should the municipality receive such an application the community will be consulted on -
- (1) the establishment of a committee representing the community;
 - (2) Determination of boundaries of such an area;
 - (3) how the area is to be improved by funds derived from additional rates levies;
 - (4) What the additional rate levies will be; and
 - (5) Establishing of a separate accounting and recordkeeping system

15. **By-Laws to give effect to the Rates Policy**

- 15.1 The municipality shall adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

16. **ANNUAL ADOPTION OF THE POLICY**

- 16.1. The Rates Policy will be reviewed annually in compliance with Section 5(1) of the MPRA and according to the budget timetable tabled by the Executive Mayor in accordance with Section 21(1)(b)(ii)(bb) of the MFMA with the tabling of the Annual Budget as per Section 16(2) of the MFMA.
- 16.2 Community participation will take place in accordance with Chapter 4 of the Local Government : Municipal Systems Act, Act 32 of 2000 and by following the processes as per Sections 21A and 21B of the Municipal Systems Act, Act 32 of 2000 (as contained under Section 5 of the Municipal Systems Act Amendment Act, Act 44 of 2003) as follows:
- a) as a document made public (Section 21A):
 - b) displayed at the head and satellite offices and libraries of the Municipality.
 - c) displayed on the municipality's official website (as per prescriptions contained under Section 21B).
 - e) notified to the local community of the place, including website address, where detailed particulars can be obtained.
 - f) inviting the local community to submit written comments or representations to the municipality in respect of the published document.

17. Disclaimer

17.1. Any rate to be levied on rateable property in terms of this policy or any section of applicable legislation and by way of oversight or any other error not levied, cannot be challenged on the basis of non-compliance with this policy, and must be paid in accordance with the required payment provision.

17.1. Where a ratepayer believes that the Council has failed to properly apply this policy he/she should raise the matter with the Municipal Manager.

18. Enforcement/Implementation and Enquiries

18.1 This policy was approved by the municipal council in terms of resolution no. dated 28 May 2015 and takes effect on 1 July 2015, being the effective date of the valuation roll.

Chief Albert Luthuli Municipality



CREDIT CONTROL AND DEBT COLLECTION POLICY

PREAMBLE

WHEREAS it is an object of Local Government under the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), to ensure the provision of services to communities in a sustainable manner;

AND WHEREAS every municipal Council must, under section 98(1) of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), adopt policies to give effect to the Municipality's credit control and debt collection, its implementation and enforcement;

Explanatory Note: This Policy is applicable to Chief Albert Luthuli Municipality (hereinafter referred to as "the Municipality") only. In terms of Section 80 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000); the Municipality may enter into service delivery agreements with service providers to provide municipal services to customers. In such instances the internal Credit Control and Debt Collection Policies of those entities may differ from this Policy, but shall be subject to the promulgated Credit Control and Debt Collection By-laws.)

NOW THEREFORE the following is adopted as the "Draft Credit Control and Debt Collection Policy":

1. Objectives

(1) The objectives of these policies are to:

- (a) Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
- (b) Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interest of the community, residents and ratepayers and in a financially sustainable manner;
- (c) Outline the procedures that will ensure that the members of the local community are afforded the opportunity to contribute in the decision-making processes of the municipality and that they are informed of the decisions and affairs of the municipality;
- (d) Set realistic targets for debt collection;
- (e) Outline credit control and debt collection policy procedures and mechanisms;
- (f) Recognize the municipality's constitutional obligations to develop the local economy and to provide affordable and acceptable services to all its residents, consumers of services and ratepayers;
- (g) Acknowledges the fact that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the assessment rates which it legitimately levies complete and in full from those residents who can afford to pay, and in accordance with its indigence relief measures for those who qualify as indigents in terms of the council's approved and adopted indigence management policy; and
- (h) Describe credit control measures and sequence of events.
- (i) provide for matters relating to the unauthorised consumption of services, theft and damages

2. **Definitions**

In this Policy, unless the context indicates otherwise:

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);

“Charges” means surcharges on fees, penalties, property rates, taxes, levies and duties;

“Council” means –

- (a) the Municipal Council of Albert Luthuli Local Municipality established by Provincial Notice No 299 dated 1 October 2000, as amended, or its successor in title and any committee or person to which or to whom an instruction has been given or any power has been delegated in terms of, or as contemplated in, Section 59 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), or

-
- (b) a service provider in respect of any power, function or duty of the Council as contemplated in paragraph (a), assigned by it for the purposes of this Policy to that service provider in terms of Section 81(2) of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) .

“Customer” means the owner of any premises upon which charges are levied as well as a person to whom a service provider supplies services, and the occupier thereof, where applicable;

“Day” means a calendar day and a period of days are calculated by excluding the first day of the period and including the last day, unless the last day falls on a Saturday, Sunday or public holiday in which event the period is calculated with the exclusion of the first day and also of the Saturday, Sunday or public holiday;

“Debtor” means a person owing an amount of money to the Municipality for a reason other than through the provision of municipal services;

“Employer” means an employer as defined in Paragraph 1 of the Seventh Schedule of the Income Tax Act, 1962 (Act No 58 of 1962);

“Implementing authority” means the Municipal Manager of the Council or any other Official delegated by the Municipal Manager to implement and enforce the Council’s Credit Control and Debt Collection Policy;

“Municipal account” means any municipal service charge, tax or other fees, interest and charges due in terms of a contract or approved tariff or rate, which is outstanding after the due date, normally appearing on the consolidated account, or overdue in terms of the contract or any other due date that has passed;

“Municipality” means the Albert Luthuli Local Municipality;

“Occupier” includes any person in actual occupation of premises without regard to the title under which they occupy, if any;

“Owner” in relation to premises means:

- (a) a person who from time to time is registered as such in a deeds registry as defined in the Deeds Registries Act, 1937 (Act No 47 of 1937); or
- (b) where the person is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of their property is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative; or
- (c) where a Sectional Title Register has been opened under Section 8 of the Titles Act, 1971 (Act No 66 of 1971), the body corporate as defined in that Act, and includes any person receiving rent for the premises whether for their own account or as agent for a person entitled to it.

“Person” means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;

“Premises” means any piece of land which is situated in the area of jurisdiction of the Council, the external surface boundaries of which are delineated on:

-
- (a) A General Plan or Diagram registered under the Land Survey Act, 1927 (Act No 9 of 1927), or under the Deeds Registries Act, 194(3)7 (Act No 47 of 1937); or
 - (b) A Sectional Title Register opened under Section 8 of the Sectional Titles Act, 1971 (Act No 66 of 1971).

“Service” means any service rendered by or on behalf of the Council, in respect of which an account may be rendered, excluding any service rendered by the Council as an agent for another principal; and **“services”** has a corresponding meaning;

“Standard rate of interest” means the interest rate as determined by the Minister of Finance from time to time under Section 89 of the Income Tax Act, 1962 (Act No 58 of 1962) and published in the Gazette; interest rate i.t.o. the budget is prime rate plus 1%.

“Supervisory authority” means the Municipality’s Mayoral Committee

3. Principles

- (1) The administrative integrity of the Municipality must be maintained at all costs. The democratically elected officials (councillors) are responsible for policy-making, while it is the responsibility of the Municipal Manager or any other Official delegated by the Municipal Manager to execute these policies.
- (2) Prospective consumers must complete an official municipal application form formally requesting the Municipality to provide them with electricity and water.
- (3) Copy of the official municipal application form, conditions of services and applicable extracts from the adopted Council’s Credit Control and Debt Collection Policy and By-laws must be handed to every consumer on request.
- (4) Monthly Billing of municipal accounts is to be accurate, timeous and understandable.
- (5) The Consumer is entitled to have access to all municipal cashier or pay points and to a variety of reliable payment methods, including third party payments i.e. the South African Post Office (SAPO).
- (6) The Consumer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of such a reasonable appeal.
- (7) Enforcement of payment must be prompt, consistent and effective at all time and applicable to all ratepayers or consumers of services rendered by the municipality.
- (8) Fraud and/or criminal offences can lead to the loss of rights and heavy penalties and/or public prosecution could be instituted by the municipality on the perpetrator if he or she should be found guilty.
- (9) Payment Incentives and disincentives may be used in collection procedures and during the collection process.
- (10) The collection process must at all times be cost-effective and within the approved budget of the Municipality/Council.
- (11) Debt Collection “Best Practices” will be pursued at all time during the execution of the policy.

-
- (12) Depending on payment patterns, the Municipal Manager or delegated official may provide reduced levels of service to manage the debt growth.
 - (13) Debt Collection and Credit Control Results will be regularly monitored and efficiently reported to the Municipal Manager or any other Official delegated by the Municipal Manager as well as the Municipal Council.
 - (14) Although customer care and debt collection are inter-related issues, they should be performed by two separate divisions of the Income Section of the Department Finance.
 - (15) There must be legal cause between the Municipality and its consumers/debtors and consumer/debtor debt must arise out of a legal framework and must be legally collectable.
 - (16) Indigent households will be identified and supported as required by legislation. Welfare is to be separated from tariff and debt collection and credit control issues and will be supported by appropriate, affordable and adopted policies and practices.
 - (17) Indigent support will be introduced within the Council's financial ability and in accordance with the applicable legislation.
 - (18) Performance Targets for customer care, debt collection and credit control will be set and pursued at all times and remedies will be implemented for non-performance.

4. Indigent Subsidy

- (1) The source of funding of the indigent subsidy is that portion of the equitable share contribution to the Municipality made from the national government's fiscus and as provided for in the Annual approved Budget of the Municipality. In exceptional circumstances this can be supplemented from other revenues if Council approval to that effect is obtained.
- (2) The subsidy amount is to be crudely calculated by dividing the portion of the equitable share as budgeted by the estimated number of qualifying households per area and tariff type. These figures are the approximate average subsidy per household.
- (3) The Municipal Council shall annually, as part of its budgetary process, determine the municipal services and levels thereof that will be subsidised in respect of indigent customers in accordance with national policy, subject to the principles of sustainability and affordability.
- (4) The Municipal Council shall, in the determination of municipal services that will be subsidised for indigents, follow the Free Basic Services Policy of the Municipality.

-
- (5) Where electricity is to be subsidised under the Free Basic Services Policy of the Municipality, such households may be required to convert to prepaid electricity meters when implemented, the cost of which can be met either by:
- (a) the equitable share fund, if sufficient;
 - (b) a surcharge on the electricity coupon cost; or
 - (c) cash payment by the indigent household.
- (6) If an indigent customer's consumption or use of a municipal service is less than the subsidised service, the unused portion may not be accrued by the indigent customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- (7) If an indigent customer's consumption or use of a municipal service is in excess of the subsidised service, the indigent customer will be obliged to pay for such excess consumption at the applicable rate.
- (8) The Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form and to record any changes in circumstances and make recommendations on the continuation, variation or discontinuation of the subsidy.
- (9) Indigent households subsidised under the Free Basic Services Policy whose consumption has exceeded the limits set out in that policy, and who are in arrears on payment for these services, may be restricted in respect of electricity and/or water.
- (10) The disqualification process asset out in the Indigent policy should be followed if –
- (a) the application was filled in dishonestly;
 - (b) audits indicate improvements in the financial circumstances of the indigent household above the qualifying income.
- (11) Arrears accumulated in respect of the municipal accounts of customers prior to their first registration as indigent customers, will be suspended and interest shall not accumulate on such arrears for the period that a customer remains registered as an indigent customer.
- (12) Arrears suspended in terms of Section 5(11) shall become due and payable by the customer on de-registration as an indigent customer.
- (13) In special individual cases, a report may be submitted to the Mayoral Committee to decide if Section 5(12) should be implemented or not.
- (14) Consumers found tampered with Electricity Pre-paid Meters will be disqualified from receiving free basic services

5.

Customer Care and Management

(1) Communication and Feedback

- (a) The Municipality will communicate and give feedback to communities, ratepayers and residents in accordance with its Policy on Public Participation.

(b) The Council will establish:

- (i) *A separate, centrally controlled, telephone, with a logged call registers facility, available to receive all unresolved customer complaints and to receive feedback regarding the quality of services provided by the Council.*
- (ii) *A system to monitor response times and time taken for corrective action shall be installed. Copies of all logged complaints and feedback received will be submitted to the Municipal Manager at the end of each day for the necessary action and attention.*
- (iii) *Appropriate training for officials dealing with the public to enhance communications and effective service delivery; and*
- (iv) *A communication mechanism to give the Council feedback on the implementation of this Policy and other issues of concern*

(2) Service Application and Agreements

- (a) All consumers of services will be required to sign an application and agreement form for new consumer services governing the supply, and cost of municipal services. Owners may allow a tenant to sign a separate agreement with the Municipality, which the Municipality may accept, provided that the written consent of the owner is provided. On default by a tenant, the owner is the debtor of last resort, except in respect of the Council's own property.
- (b) Prior to signing these agreements, owners and/or tenants will, on request, be entitled to receive the Credit Control and Debt Collection Policy Document of the Council.
- (c) On the signing of the agreement, owners and/or tenants will receive a copy thereof.
- (d) Within a specified period (in the agreement) of change of ownership, meters will be read and the relevant municipal accounts will be rendered.
- (e) In the agreement, customers/consumers/ratepayers will acknowledge liability for costs of collection, interest and charges, in the event of a delayed payment or payments.
- (f) Financial and other special incentives for both employers and employees may be considered where employers enter into an agreement with the Council, with the consent of the employee, where the employee is the customer, for the deduction of any outstanding amounts due by the customer to the Council, or any regular monthly amounts as may be agreed, from the salary or wage of the customer.
- (g) "Good payer" status, for example, may be awarded to such customers with specific benefits attached thereto, such as special queues for faster service. Customers who are employed whether as an employee or Councillor are not permitted to arrange to pay off their debt, unless they sign a stop order that provides for deductions from salary of arrears as well as the current account over the agreed period.

(3) Customer Screening and Securities

- (a) All applicants for municipal services must produce a green bar-coded ID book or passport and the official will make a copy.
- (b) Security deposits either in cash or any other security acceptable to the Municipality will be taken and may vary according to the risk. A minimum deposit as per the Tariff Policy will be charged for new connections.
- (c) Deposits will be increased by the Municipality as per the Tariff Policy.
- (d) Deposits can vary according to the credit worthiness or legal category of the applicant subject to paragraph 4(3)(a).
- (e) The Municipality will not pay interest on *security* deposits held by the Municipality in terms of paragraph 4(3)(b).
- (f) 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/consumer/ratepayer.

6. Accounts and Billing

- (1) Customers will receive an understandable and accurate bill from the Municipality on a monthly basis. All accounts will contain at least the following particulars, where possible and applicable:
 - (a) The name of the Council/Municipality.
 - (b) The name of the customer/consumer/ratepayer.
 - (c) The account number.
 - (d) The service levies or assessment rates in question.
 - (e) The period allowed for the payment of services and assessment rates.
 - (f) The property or stand number in respect of which the payment is required.
 - (g) The date before which payment must be made (due date).
 - (h) Business hours of the Municipality.
 - (i) The method(s) and place(s) of possible payment
 - (j) Any discount for early or prompt payment.
 - (k) Interest on late payment.
 - (l) Consequences of non-payment.
 - (m) Amount brought forward.
 - (n) Consumption for the current month reflecting units consumed, cost per unit and cost per service.
 - (o) Total amount payable
- (2) Accounts will be produced in accordance with the meter reading cycle and due dates will be as determined by the Council from time to time.
- (3) Accounts will be rendered monthly in cycles of approximately 30 (thirty) days at the address last recorded with the Municipality or its authorised agent.
- (4) It is the customer's responsibility to ensure timeous payment in the event of accounts not received.

-
- (5) Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in final settlement of such an account, even when a dispute exists.
 - (6) Where any payment made to the Municipality or its authorised agent by negotiable instrument is later dishonoured by the bank, the Municipality or its authorised agent:
 - (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the customer;
 - (b) Shall regard such an event as default on payment.
 - (c) May refuse to accept cheques or may refer to the Credit Bureau.
 - (7) The Municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request.

7. Metering

- (1) The Municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all meterable services.
- (2) All meters will be read monthly, if at all possible. If the meter is not read monthly, the Council will average the consumption for preceding periods of 3 (three) months.
- (3) Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- (4) Customers will be informed of meter replacement, in writing.
- (5) If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the Municipality or its authorised agent, the customer is charged for an average consumption.

8. Right of Access to Premises

- (1) The owner and/or occupier of premises is obliged to give an authorised representative of the Municipality access at all reasonable hours to the premises in order to read, inspect, install, repair or replace any meter or service connection for reticulation or to disconnect, stop or restrict, or reconnect the provision of any service.
- (2) The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- (3) If a person contravenes 4(6)(a), the Municipality or its authorised agent may:
 - (a) by written notice require such person to restore access at his/her own expense within a specified period;
 - (b) if it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such a person

9. Payment Facilities and Methods

- (1) The Municipality will operate and maintain suitable banking and cash facilities and facilities will be accessible to all consumers and ratepayers.

-
- (2) The Municipality will, at its discretion, allocate a payment between service debts - a debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
 - (3) The Municipality may, with the consent of a customer, approach an employer to secure a debt or stop order arrangement on his or her salary.
 - (4) The customer will acknowledge in the customer agreements that the use of customer agents in the transmission of payments to the Municipality is at the risk of the customer - also for the transfer time of the payment in respect of the due date of the municipal account.

10. Enquiries, Appeals and Service Complaints

- (1) If a customer is convinced that his/her account is inaccurate, he/she can lodge a written appeal with the Municipality addressed to the Municipal Manager for the recalculation of the said account.
- (2) In the interim period the customer must pay an average based on previous consumption where history of the account is available. Where no such history is available, the customer is to pay, without prejudice of rights, an estimate provided by the Municipality before the payment due date until the matter is resolved.
- (3) The relevant Department will investigate and inform the customer within a reasonable period of time.
- (4) Failure to make such agreed interim payment or payments would make the customer liable for disconnection of services.
- (5) A customer has the right to appeal against the finding of the Municipality or its authorised agent in terms of 4(8(a)).
- (6) An appeal and request in terms of 4(8)(e) must be made and lodged with the Municipality and addressed to the Municipal Manager within 21 (twenty-one) days after the customer became aware of the finding referred to in 4(8)(c) 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.

11. Businesses who Tender with the Municipality

- (1) When inviting tenders and quotations for the provision of services or delivery of goods, potential contractors may submit tenders or quotations 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 or its members, directors, owners or partners have been paid in full 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.
- (2) Tender conditions must contain a condition allowing the Municipality to deduct monies owing for not more than three months to the Municipality from contract payments in terms of a reasonable arrangement with the tenderer.

12. Customer Assistance Programmes

(1) Water Leakages

- (a) If the leakage is on the side of the meter of the customer, the customer is responsible for the payment of the full account.
- (b) The customer has the responsibility to control and monitor his/her consumption.

(2) Investment Principles

- (a) Properties may qualify for a rate rebate determined annually as per the Rates Policy approved by Council.
- (b) A rate rebate may be granted to social pensioners or the receiver of a state disability grant as determined by the Council from time to time. To qualify for the concession, the following criteria will apply:
 - (i) The application must be made each year and reach the chief financial officer on or before 30 June.
 - (ii) The applicant must be the registered owner of the property and should not sublet any portion of the property.
 - (iii) The applicant should not own any other property.
 - (iv) The property must be readily accessible to Municipal Officials for the purpose of carrying out of inspections and reading of meters.

(3) Unauthorised consumption of services

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

The Municipal Manager will immediately terminate the supply of services to a consumer should such conduct as outlined above, be detected

(4) STAFF AND COUNCILLORS IN ARREARS

- 4.1 a. Item 10 of Schedule 2 to the Act states that: - "A staff member of the Municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months and a municipality may deduct any outstanding amounts from a staff member's salary after this period."
- b. The Municipality shall liaise with the relevant staff on repayment of their arrears.
- c. The staff member must sign a credit authority in accordance with this Policy.

d. No special treatment shall be afforded to staff in arrears.

4.2 a. Item 12A of Schedule 1 to the Act states that: - "A Councillor may not be in arrears to the municipality for rates and service charges for a period longer than three months."

b. The Municipal Manager shall liaise with the Mayor and issue the necessary salary deduction instruction where appropriate.

4.3 Where the staff or Councillors arrears have arisen due to any other reason, such arrear must be paid within 3 months with interest.

(3) Arrangements for Settlements

- (a) If a customer cannot pay his or her account with the Municipality, then the Municipality may enter into an extended term of payment with the customer. The customer must:
 - (i) sign an acknowledgement of debt;
 - (ii) sign consent to judgement;
 - (iii) provide a garnishee order / emolument order / stop order (if he/she is employed);
 - (iv) acknowledge that interest will be charged at the prescribed rate, being the prime lending rate of the Municipality's banker plus 1% as amended by the South African Reserve Bank from time to time; pay the current portion of the account in cash; and
 - (v) sign an acknowledgement that if the arrangements being negotiated are later defaulted on, no further arrangements will be possible and that disconnection of services and blockage of pre-payment meters will immediately follow, as will legal proceedings
- (b) Customers with electricity arrears may be requested to agree to the conversion to a prepaid meter after all arrears and the cost of the pre-payment meter has been paid in full and a written agreement to this effect has been entered into.
- (c) The Council reserves the right to raise the deposit / security requirement in accordance with Paragraph 4(3) of debtors who seek arrangements
- (d) Customers on prepaid electricity Council may add the debt as a surcharge to the prepaid electricity cost, and be repaid with each purchase of electricity until the debt is liquidated on 80:20 .

13. Indigent Subsidy

-
- (1) Qualifying households. A household with no income and/or a total income equal to the social state pension grant qualifies as an indigent household and for a Council subsidy.
The applicant must occupy the premises, receive a municipal account, may not own any other property, either inside or outside the Municipality's area of jurisdiction and must comply with any other terms or conditions determined and adopted by the Council from time to time.
 - (2) Funding of subsidy. The source of funding of the indigent subsidy is that portion of the equitable share contribution to the Municipality made from the national government's fiscus and as provided for in the Annual approved Budget of the Municipality. In exceptional circumstances this can be supplemented from other revenues if Council approval to that effect is obtained.
 - (3) The subsidy amount is to be crudely calculated by dividing the portion of the equitable share as budgeted by the estimated number of qualifying households per area and tariff type. These figures are the approximate average subsidy per household.
 - (4) Subsidised services are to be sewerage, water and refuse removal.
 - (5) Electricity will be subsidised and households for indigent support may be required to convert to pre-payment electricity meters when implemented, the cost of which can be met either by:
 - (a) The equitable share fund, if sufficient;
 - (b) A surcharge on the electricity coupon cost; or
 - (c) Cash payment by the household
 - (6) Indigent households which exceed free basic services and are in arrears may be restricted in respect of electricity and/or water.
 - (7) Households become eligible by application on a specific application form of the Council, after which screening and ongoing auditing are possible. This form will require data on the inhabitants of the household, their occupations, income and property ownership and business ownership.
 - (8) A qualifying household must be in possession of a letter of approval from the Municipality.
 - (9) The Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form and to record any changes in circumstances and make recommendations on the continuation or discontinuation of the subsidy.
 - (10) Indigent households may apply or reapply for indigent support at any time during the financial year on the prescribed application form of the Council.
 - (11) Households will be excluded from the scheme if:
 - (a) The application was filled in dishonestly;
 - (b) Audits indicate improvements in the financial circumstances of the household beyond the qualifying income.
 - (12) If a customer's consumption or use of a municipal service is less than the subsidised service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.

-
- (13) 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 rate.
 - (14) An indigent customer must immediately requests de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meets the qualification set out in 5(1).
 - (15) An indigent customer may at any time request de-registration.
 - (16) Subsidies that have been received unrightfully will be reversed and recovered from the customer by the Municipality.

14. Debt Collection

(1) Enforcement Mechanisms

(a) Interruption of Service

- (i) Customers who are in arrears with their municipal account and who have made no arrangements with the Municipality will have their supply of electricity and water and other municipal services suspended or disconnected and/or restricted.
- (ii) The disconnection of services will be implemented when the municipal account is 1 (one) day overdue, municipality will issue final notice to consumer which is payable within seven days .
- (iii) 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, is reserved.
- (iv) Upon the liquidation or arrears, or the conclusion of arrangements for term payment, services will be reconnected as soon as conveniently possible.
- (v) The cost of the restriction or disconnection and the reconnection will be determined by tariff agreed by the Council and will be payable by the customer.

(b) Interest and Charges

Interest and penalties will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.

(c) Personal / Telephonic / Agent Contact

- (i) The Municipal Manager will endeavour, within the constraints of affordability, to correspond personally, by telephone or by letter contact with all arrear debtors to encourage their payment and to inform them of their arrears state and their rights (if any) to conclude arrangements or to apply for indigent subsidies and other related matters, and will provide information on how and where to access such arrangements or subsidies.
- (ii) The Municipality shall maintain a schedule of debtors with large amounts outstanding (the cut-off amount will be agreed by the Municipal Manager) and will maintain intensive contact with these debtors as in 6(1)(c)(i).

-
- (iii) Such contact is not a right for debtors that debtors enjoy - disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

(d) Legal Process / Use of Attorneys / Use of Credit Bureaus

- (i) The Municipal Manager will, when a debtor is above 120 days in arrears, commence legal process against that debtor, which process could involve summonses, court trials, judgements, emolument attachment orders and, as a measure of last resort, sales in execution of property. Indigent households are exempted from this action for as long as:
- the household is classified as an indigent case;
 - the repayment agreement with the Council is adhered to.
- (ii) The Municipal Manager will exercise strict control over this process to ensure consistent accuracy and legality within it and will require regular reports on progress from staff charged with the responsibility or outside parties, be they attorneys of any other collection agents appointed by the Council.
- (iii) The Municipal Manager will establish procedures and codes of conduct with these outside parties.
- (iv) Emolument attachment orders in the case of employed customers are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.
- (v) All steps in the credit control procedure will be recorded for municipal records and for the information of the debtor.
- (vi) All costs of this process are for the account of the debtor.
- (vii) Individual debtor accounts are protected and are not the subject of public information, except for officials and councillors. However, the Municipality may release debtor information to credit bureaus. This release will be in writing and this situation will be included in the Municipality's agreement with its customers.
- (viii) The Municipal Manager may consider the cost effectiveness of this process and will receive reports on all relevant matters and report to the Mayoral Committee.
- (ix) On a recommendation by the Municipal Manager, the 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 the Council might conclude with such agents or product vendors.
- (x) Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- (xi) 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 see the contract terminated. The Municipal Manager will determine appropriate measures to be installed within the broad parameters described in Paragraph 6 and consult with the Mayoral Committee on these measures.

(2) Cost of Collection

All costs of legal processes, charges, service discontinuation costs as associated with credit control and debt collection, are for the account of the customer and should reflect at least the cost of the particular action

(3) Abandonment

- (a) The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's outstanding debts.
- (b) There are some circumstances that allow for the valid termination of debt collection procedures:
 - (i) The insolvency of the debtor whose estate has insufficient funds:
 - (ii) A balance owing too small to recover for economic reasons considering the cost of recovery.
- (c) The Municipality will maintain audit trails in such an instance and document the reasons for the abandonment of the outstanding debt.

(4) Rates Clearance

On the sale of any property in the municipal jurisdiction, the Council will withhold the transfer until all rates, services and sundry charges related to the property are paid by withholding a rates clearance certificate, except where otherwise provided in legislation.

15. Performance Evaluation

(1) Income Collection Targets

Council shall create targets that include:

- Reduction in present monthly increase in debtors in line with performance agreements determined by the Council

(2) Customer Service Targets

Council shall create targets that will include:

- (a) Response time to customer queries.
- (b) Date of first account delivery to new customers.
- (c) Reconnection time lapse.
- (d) Meter reading cycle.
- (e) Reduction in customer complaints.

(3) Administrative Performance.

Council shall create targets that will include:

- (a) Cost efficiency of debt collection.

-
- (b) Query rates.
 - (c) Enforcement mechanism ratios.
- (4) The Council will create a mechanism wherein these targets are assessed; the Council performance is evaluated and remedial steps taken.

16. Reporting to Council

- (1) The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayoral Committee. This report shall report on:
 - (a) Cash flow information for the capital and operating accounts and combined situation, showing the Council's actual performance against its cash flow budgets.
 - (b) Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquiries; default arrangements; growth or reduction of arrear debtors ideally divided into wards, business [commerce and industry], and domestic, state, institutional and other divisions).
 - (c) Performance of all areas against targets agreed to in Paragraph 6 of this Policy.
 - (d) The Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.
- (2) The Mayoral Committee shall quarterly report to the Council as contemplated in Section 99(c) of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
- (3) If in the opinion of the Chief Financial Officer the Council will not achieve cash receipt income equivalent to the income projected in the annual budget as approved by the 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.

17. Structures of Department of Finance

The Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of Finance, which requirements take into account the Council's agreed targets of customer care and management, and debt collection, and, after considering this report, the Council will, within reason, vote such resources as are necessary to ensure that Finance has the staffing and structures to meet the Council's targets in this regard or to outsource the service.

18. Short Title

This policy is called the Credit Control and Debt Collection Policy of Albert Luthuli Municipality.

19. Procedures

Within 30 days after the approval of this policy, the Municipal Manager shall approve procedures related to this policy.

20. Legal Requirements

It is essential for the protection of the municipality's interests that the provisions of particularly the Municipal Systems Act 2000 and the Property Rates Act 2004, in so far as they provide additional debt collection mechanisms for municipalities, be diligently enforced. At the same time, both the council and the administration of the Municipality must note the obligations which the municipality has towards the community in respect of customer care and relations.

For ease of reference a paraphrase of the relevant extracts from the Municipal Systems Act, specifically Sections 95 to 103 and Section 118 are therefore appended to this policy, as are Sections 28 and 29 of the Property Rates Act. The immediately relevant extracts from the Water Services Act 1997 and the Municipal Finance Management Act are also included in the annexure.

Section I: Water Services Act No. 108 Of 1997

Section 21: By-Laws

The Act requires a municipality, in its capacity as water services authority, to make by-laws which contain conditions for the provision of water services and which provide for the following (inter-alia):

- the standard of the services;
- the technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided;
- the determination and structure of tariffs;
- the payment and collection of moneys due for the water services consumed;
- the circumstances under which water services may be limited or discontinued and the procedure for such limitation or discontinuation; and
- the prevention of unlawful connexions to water services works and the unlawful or wasteful use of water.

Section II: Local Government: Municipal System Act No. 32 of 2000

Section 95: Customer Care and Management

A municipality must, in relation to the levying of rates and other taxes, and the charging of fees for municipal services, within its financial and administrative capacity, do the following:

- establish a sound customer management system which aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality itself or (where applicable) a service provider;
- establish mechanisms for users of services and ratepayers to give feedback to the municipality or other service provider with regard to the quality of the services and the performance of the service provider;
- take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which moneys raised from the service are utilised;
- where the consumption of services is measured, take reasonable steps to ensure that the consumption by individual consumers of services is measured through accurate and verifiable metering services;
- ensure that persons liable for payments receive regular and accurate accounts which indicate the basis for calculating the amounts due;
- provide accessible mechanisms for those persons to query or verify accounts and metered consumption, as well as appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;
- provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the municipality;
- provide mechanisms to monitor the response time and efficiency in complying with the aforementioned requirements; and
- provide accessible pay points and other mechanisms for settling accounts or for making prepayments for services.

Section III: Local Government: Municipal Finance Management Act No. 56 of 2003

Section 64: Revenue Management

The accounting officer of the municipality is responsible for the management of the municipality's revenues, and must, for this purpose, take all reasonable steps to ensure:

- that the municipality has effective revenue collection systems consistent with Section 95 of the Municipal Systems Act 2000 and the municipality's credit control and debt collection policies;
- that revenues due to the municipality are calculated on a monthly basis;
- that accounts for municipal taxes and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- that all moneys received are promptly deposited in accordance with the requirements of the present Act, into the municipality's primary and other bank accounts;
- that the municipality has and maintains a management, accounting and information system which recognises revenues when they are due, accounts for debtors, and accounts for receipts of revenues;
- that the municipality has and maintains a system of internal control in respect of debtors and revenues, as may be prescribed;

-
- that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework; and
 - that all revenues received by the municipality, including revenues received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

The accounting officer must immediately inform the national treasury of any payments due by an organ of state to the municipality in respect of municipal taxes or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

Note: Section 164: Forbidden Activities

Section 164(1)(c) lists as a forbidden activity the making by a municipality of loans to councillors or officials of a municipality, directors or officials of any municipal entity, and members of the public. It has been assumed for purposes of compiling the credit control and debt collection policy that allowing any party to pay off arrears of rates and municipal service charges is not tantamount to the making of a loan in terms of Section 164.)

Section IV: Local Government: Municipal Property Rates Act NO. 6 of 2004

Section 28: Recovery of Rates in Arrears from Tenants and Occupiers

If the rates owed by a property owner are unpaid by due date, the municipality may recover such rates, either in whole or in part, from any tenant or occupier of the property concerned.

However, the tenant or occupier of the property must first be given written notice of the municipality's intentions, and the amount which the municipality may recover is limited to the amount of rent and other moneys due and unpaid by the tenant or occupier to the property owner concerned.

Section 29: Recovery of Rates from Agents

If it is more convenient for the municipality to do so, it may recover the rates due on a property, either in whole or in part, from the agent of the property owner concerned.

However, the agent must first be given written notice of the municipality's intention, and the amount the municipality may recover is limited to the amount of any rent and other moneys received by the agent on behalf of such property owner, less any commission due to the agent.

The following examples of Administrative Forms are also attached for discussion and consideration for amendment of the current forms and eventual inclusion in the revised policy.

15. Enforcement/Implementation and Enquiries

This policy has been approved by the Municipal Council in terms of resolution no. ... dated 28 May 2015 and takes effect on 1 July 2015, which is the effective date of the valuation roll.

Chief Albert Luthuli Municipality



Cash Management and Investment Policy

1. Introduction

- 1.1. As trustees of public funds, Councillors and officials have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible. The Council of the Municipality has the responsibility to invest public funds carefully and has to the community in this regard. A comprehensive set of cash management and investment policies is needed to accomplish this commitment. Proper policies and procedures will also improve internal operations that may reduce the Municipality's cash management risks.

2. Objectives

- 2.1. The objectives of these policies are.
 - 2.1.1. To ensure the effective, efficient and economical use of cash resources;
 - 2.1.2. To emphasize a culture of accountability over the Municipality's cash;
 - 2.1.3. To speed up inflow and slow down outflow of cash and keep cash secure at all times;
 - 2.1.4. To gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used; and
 - 2.1.5. To safeguard the Municipalities cost resources against theft or any fraudulent activities

3. Scope of Application

- 3.1. These policies are established to guide officials on cash flow management. It should be applied in the treatment of all cash and cash equivalents that belong to the Chief Albert Luthuli Municipality.

4. Accountability

- 4.1. As Trustees of public funds, Councillors and officials have an obligation to ensure that cash resources are managed in the most efficient and cost effective manner possible.
- 4.2. Officials serving on the Investment Committee have a responsibility and are accountable to the community to exercise due care when investing public funds

5. Legislative Framework

- 5.1. In terms of Section 13 of the Municipal Finance Management Act (Act 56 of 2003) a Municipality may, subject to such framework as the Minister may determine by notice in the Gazette, from time to time, invest in the follow instruments or investments.
 - 5.1.1. Deposits in Registered banks.
 - 5.1.2. Security issued by national government.

-
- 5.1.3. Public investment commissioners.
 - 5.1.4. Corporations for public deposits.
 - 5.1.5. A municipality's own stock or similar type of debt.
 - 5.1.6. 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.
 - 5.1.7. Banker's acceptance certificates or negotiable certificates of deposit banks.
 - 5.1.8. Long-term securities offered by insurance companies to meet redemption fund requirements.
 - 5.1.9. Other investments as the Minister may determine by notice in the Gazette.
 - 5.1.10. Any other instruments of investments in which a municipality was under a law permitted to invest before the commencement of the Local Government Transition Act Second Amendment Act, 1996, provided that such instruments shall not extend beyond the date of maturity or redemption thereof
- 5.2. A municipality must, within 30 days after an investment with a period of 12 months or longer has been made, publish in a local newspaper in circulation its area of jurisdiction full details of any investment so made.

6. Core Focus of Cash Management Programme

Adequate and effective cash management is one of the main functions of the Chief Financial Officer and delegates.

The core focus of the Council's Cash Management Program shall be as follows:

6.1. Budgeting

- 6.1.1. The Municipality shall keep a formal budgeting policy, approved by the Council;
- 6.1.2. Budgets shall be maintained in a manner prescribed by Chapter 4 of the Municipal Finance Management Act; and
- 6.1.3. Cash flow forecasts shall be credible and consistent with the integrated Development Plan and the annual budget.

6.2. Receivables

- 6.2.1. Sound cash management requires that certain policies and procedures be in place so as to minimize the cost of receivables. The cost includes the cost of carrying the receivables and the risk of failure to collect outstanding balances.
- 6.2.2. The Municipality shall keep an effective system to achieve the following:

-
- 6.2.1.1. Keep an accurate updated record of receivables that can be monitored daily;
 - 6.2.1.2. Controlling revenue; and
 - 6.2.1.3. Collecting receivable timeously.

6.2.3. The Chief Financial Officer or delegate shall review the debt collection performance on a regular basis and ensure that the Municipality adheres to its Performance Management System.

6.3. Cash Collection

6.3.1. The Municipality shall maintain an effective system to ensure the following practices:

- 6.3.1.1. All monies due to Council must be collected as early as possible and banked daily where possible.
- 6.3.1.2. Special deposits should be made for large receipts to ensure that they are banked on the date of receipt thereof.
- 6.3.1.3. It is essential for:
 - all amounts owed to Council to be raised by way of a debit in the appropriate debtor system; and
 - effective banking control systems to be introduced to ensure that moneys received by the Council are deposited timeously.
- 6.3.1.4. In addition to any other statutory analysis requirements, monthly reviews of debt collections must be performed by comparing current debt due to the Council in relation of total income , as compared to the position in previous month in order to ascertain whether the debt collection process is improving or deteriorating;
- 6.3.1.5. Any deterioration in the debt collection ratio must be dealt with in accordance with the Credit Control Policy of the Council and the required remedial action to rectify the position must be taken by the Council.
- 6.3.1.6. Cash are safeguarded and fraud prevented;
- 6.3.1.7. The Municipality has at least one bank account in its name;
- 6.3.1.8. New bank account are only open if required;
- 6.3.1.9. All bank accounts held by the Municipality are accounted for in its accounting system;
- 6.3.1.10. All payments received by the Municipality are paid into its bank account or accounts, and this is done promptly as prescribed by legislation; and
- 6.3.1.11. The accounting records are monitored on a daily basis and can be reconciled to the accounting system at least on a monthly basis.

6.4. Payment of Creditors

-
- 6.4.1. Sound cash management requires that certain policies and procedures will manage the trade credit to ensure that the Municipality can maximize its cash balances at relatively no cost.
 - 6.4.2. As creditors have an impact on working capital, the following matters must be borne in mind with regard to the adequate control over and the timing of payment of creditor accounts:

- 6.4.6.1. Cost factors are to be investigated in so far as it concerns the medium of payment, be it electronically or by cheque;
- 6.4.6.2. Adequate steps must be taken to avoid excessive bank charges and payments are to be limited to one payment per month per creditor as far as possible.
- 6.4.6.3. In the case of electronic transfers strict control measurements must be implemented to safeguard Council from any losses that may be incurred as a result of the use of this medium of payment;
- 6.4.6.4. When considering when to pay a creditor, consideration must be given to the terms of credit offered. When cash discount are offered on early settlement, the discount given and the time scale involved, would in most cases outweigh any investment benefit that could be obtained by the temporary placement of funds in an investment.
- 6.4.6.5. In order to reduce bank charges, salaries and allowances should be paid whenever possible on a single date in a month and preferably electronically.
- 6.4.6.6. Creditors shall be paid in line with budget, cash flow forecasts and limits in terms of the delegation of authority.
- 6.4.6.7. Payment shall only be made for services and goods once delivery has taken place.
- 6.4.6.8. When Creditors are paid, the payment voucher must be clearly endorsed to this effect in order to avoid a duplicate payment.
- 6.4.6.9. Credit terms shall not just be accepted, but negotiated with suppliers on an ongoing basis, provided it is in terms of Section 65(2)(e) and section 99(2)(b) of the Municipal Financial Management Act, 2003; and
- 6.4.6.10. The Chief Financial Officer or delegate shall first approve a new supplier's terms or changes to current suppliers' credit terms

6.5. Inventory Management

- 6.5.1. Sound cash management requires that the Municipality should avoid over-capitalizing, while still ensuring efficient service delivery.
- 6.5.2. Cash Flow can be enhanced through an adequate system of inventory management.
- 6.5.3. The following practices shall apply with regard to inventory management:
 - 6.5.3.1. Stock levels held in a stores system must be constantly reviewed;
 - 6.5.3.2. Only essential levels of stock are to be maintained where supplies are readily available against annual supplies contracts from local suppliers;
 - 6.5.3.3. Cognizance must be taken of the fact that stock held for any length of time is dead capital which has an appropriate cost associated with it;
 - 6.5.3.4. Cognizance must be taken of the fact that stocks held in excess of requirements for long periods of time may become obsolete.
 - 6.5.3.5. Obsolete stock must be disposed of annually to derive additional revenue;

-
- 6.5.3.6. Where possible, the Council ownership of stock must be clearly marked on such stock;
and
 - 6.5.3.7. Adequate control and documentation must be maintained over stock issues

6.5.4. The Chief Financial Officer must on a yearly basis report to the Council on:

- 6.5.4.1. The turnover of the 20 highest value stock items accompanied by recommendations on how to improve the turnover rate of such stock items;
- 6.5.4.2. All surpluses and shortfalls in stock levels as well as reasons for such surpluses and shortfalls.

6.6. Cash Flow

- 6.6.1. Council, prior to effecting an investment, must ascertain whether surplus funds exist and the period for which funds may be invested.
- 6.6.2. A cash flow forecast is essential to determine the availability of potential investment funds.
- 6.6.3. In developing cash flow forecasts, Council must be aware of the expected cash inflows and when they are likely to occur, as well as the timing of the outflows in terms of the operating and capital estimates.
- 6.6.4. The Chief Financial Officer shall at least once in every six months report to the Council on the anticipated cash flow of the Council for the ensuing six months and any plans to finance any shortfall.

6.7. Assets Management

- 6.7.1. Assets shall only be acquired in conformity with proper budgeting practice, as mentioned under 'budgeting' in this document.
- 6.7.2. The Chief Financial Officer or delegate shall identify under-utilised assets and consider disposing them, subject to Section 14 of the Municipal Financial Management Act, 2003

6.8. Debt

The Municipality may only incur debt in terms of the Municipal Finance Management Act, 2003, chapter 6 and with the approval of the Council.

Short-term debt

The Municipality shall incur short-term debt only when necessary to bridge:

- Unavoidable 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, and
- Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitment, provided that; the short-term debt is clearly indicated in the cash flow estimates.

The Municipality shall pay off short-term debt within a financial year and shall not refinance its short-term debt.

Long-term debt

The Municipality shall incur long-term debt only for the purpose of capital investment in property, plant or equipment, as approved in the Integrated Development Plan and annual budget and shall be used for the purpose of achieving the objects of the Municipality.

7. Investments

7.1. Investments Ethics

The following ethical principles shall apply when dealing with financial institutions and other interested parties:

- 7.1.1. The MM and CFO will be responsible for the investment of funds, and they have to steer clear of outside interference, regardless of whether such interference comes from individual Councillors, agents or any other institution;
- 7.1.2. Under no circumstances may inducements to invest be accepted;
- 7.1.3. Speculation with public funds shall not be allowed;
- 7.1.4. Interest rates quoted by one institution must not be disclosed to another institution; and
- 7.1.5. The business ethics of any controlling body of which the relevant financial institution is a member must be observed by such institution or body at all times.

7.2. Investments Principles

The following guiding principles are to be adhered to in order to facilitate the Administration of Council's investment portfolio. A risk management plan will give guidance

7.2.1. Limit Exposure to a single Institution

-
- 7.2.1.1. Investment of funds, where this involves large amounts, should be distributed over more than one institution in order to limit Council's risk exposure.
- 7.2.1.2. The Municipality shall plan the distribution of its investments to cover different types of investments.

7.2.2. Risk and Return.

- 7.2.1.3. As a general principle, it must be accepted that the greater the return the greater the risk.
- 7.2.1.4. The CFO or delegates are responsible for ensuring that the risk is the proposed investment is rated realistically.

7.2.3. Borrowings for Re-Investment

- 6.4.1.1. The Municipality shall only borrow money for reinvestment in exceptional cases.
- 6.4.1.2. Council should refrain from borrowing for the purpose of re-investment as this is tantamount to speculation with public funds.

7.2.4. Nominee Accounts

All moneys shall be invested directly with the relevant institutions. On no account may moneys be placed in a nominee account.

7.2.5. Registered Financial Institutions

The CFO or delegates shall ensure that a proposed financial institution is approved:

- In terms of the Banks Act;
- By the Reserve Bank;
- In the latest list of approved financial institutions obtained from the Provincial Government; and
- By a Council resolution

7.2.6. Growth-Related Investment

When making investments, the CFO or delegates shall guarantee that at least the capital amount invested is safe, and shall exercise due diligence in this regard.

8. General Investment Practice

8.1. General

Should it be ascertained that surplus funds are available for investment, and then written quotations including faxed quotations should be obtained from financial institutions for various forms of investment terms and rates of interest.

The investment shall be placed with an institution offering the most favourable rate provided such investment is in accordance with the terms and condition of this policy.

Institutions should be advised that, in submitting quotations, they must offer their best rates of interest and that no further negotiation or discussion will be entered into with them after they have submitted their quotation.

8.2. Payment of Commission

The Auditor General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate shall state 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.

The CFO or delegate shall ensure that any financial institution that held an investment for the Municipality at any time during a financial year, shall:

- Within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year; and
- Promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.

8.3. Cash at Bank

Where money is kept in current accounts, the Municipality shall, where possible, bargain for more beneficial rates with regards to deposits, for instances call deposits. Fixed term deposits can increase these rates.

8.4. Credit Worthiness

Prior to investing in smaller registered financial institutions, the Investment Committee must ensure that the Council is not over-exposed and should satisfy itself as to the credit-worthiness and previous track record of the institution before placing funds.

In order to reduce the risk in this regard, investments must only be made with financial Institutions registered in terms of relevant legislation with an office within the council's area of jurisdiction.

9. Establishment of Investment Committee

The Council will establish an Investment Committee which, *inter alia*, will be responsible to advise the Council quarterly on the status of existing investments and provide proposals on new investments which are to be made.

The Committee will comprise the following:

- The Municipal Manager or his/her delegated nominee.
- The Chief Financial Officer or his/her delegated nominee.
- Sectional Head: expenditure.

Any two members of the Committee shall form a quorum and the Committee will have authority to make decisions within the powers granted to the Committee by the Council.

10. Control Over Investments

10.1. An investment register shall be kept of all investments made. The following facts shall be indicated:

- 10.1.1. Name of institution;*
- 10.1.2. Capital investment;*
- 10.1.3. Date invested;*
- 10.1.4. Interest rate; and*
- 10.1.5. Maturation date*

10.2. The Sectional Head: Asset Management and Budget Control must retain all quotations received for record and audit purposes.

10.3. All investment certificates are to be kept in a securities file which shall be safeguarded in a fire proof safe.

10.4. In respect of grant funds, a separate file must be kept of the letter of grant and other pertinent information. Regular reports must be submitted to all grant agencies.

10.5. The Sectional Head: Asset Management and Budget Control must complete and will be responsible for the maintenance of an Investment Register complying with audit requirements.

11. Delegation of Authority

The Council may, in terms of Section of 59 of the Municipal Systems Act 2000, delegate any of its functions and responsibilities in respect of this policy to a

Committee of the Council, the Investment Committee, the Municipal Manager and the Chief Financial Officer of the Council provided that such delegation will not absolve the person to whom such a function or responsibility has been delegated from complying with any statutory reporting requirement of such reporting requirement as may be contained in this policy.

Chief Albert Luthuli Municipality



Funding and Reserves Policy

1. Introduction

- 1.1. This policy of the Chief Albert Luthuli Municipality has been developed to comply with –
 - 1.1.1. the Municipal Budget and Reporting Regulations, 2008 as published by National Treasury as Notice 393 in the Government Gazette No. 32141 on 17 April 2009;
 - 1.1.2. the MFMA Funding Compliance Guideline as published by National Treasury on 10 March 2008; and
 - 1.1.3. the MFMA Circular No. 42 as issued by National Treasury on 30 March 2007.
- 1.2. This Funding and Reserves Policy will set out the assumptions and methodology for estimating –
 - 1.2.1. projected billings, collections and all direct revenues;
 - 1.2.2. the provision for revenue that will not be collected;
 - 1.2.3. the funds the municipality can expect to receive from investments;
 - 1.2.4. the dividends the municipality can expect to receive from municipal entitles;
 - 1.2.5. the proceeds the municipality can expect to receive from the transfer or disposal of assets;
 - 1.2.6. the municipality's borrowing requirements; and
 - 1.2.7. the funds to be set aside in reserves.
- 1.3. When developing or amending this policy, the municipal manager must ensure that the policy -
 - 1.3.1. is consistent with the most recent actual billings and collection trends;
 - 1.3.2. takes into account the credit rating of the municipality, if available, the financial position of the municipality, the cost of borrowing and the capacity to repay debt;
 - 1.3.3. takes into account all the budget-related policies of the municipality, particularly recent amendments to any of those policies;
 - 1.3.4. takes account of any statutory requirements to set aside funds in reserves; and
 - 1.3.5. takes account of the transfer and disposal of assets.

2. General Principles

- 2.1. The Chief Albert Luthuli Municipality reaffirms its adherence to the MFMA.
- 2.2. The Municipality will ensure that its annual budget will only be funded from –
 - 2.2.1. realistically anticipated revenues to be collected;
 - 2.2.2. cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - 2.2.3. borrowed funds, but only for the capital budget referred to in section 17(2) of the MFMA.
- 2.3. The Municipality will ensure that its revenue projections will be realistic taking into account –
 - 2.3.1. projected revenue for the current year based on collection levels to date; and
 - 2.3.2. actual revenue collected in previous financial years.
- 2.4. The Municipality will only spend money on a capital project only if the sources of funding have been considered, are available and have not been committed for other purposes.

3. Measurement and Reporting

- 3.1. The Chief Financial Officer shall undertake the funding compliance review as contemplated in the MFMA Funding Compliance Guideline, and shall attach the duly completed Table A10 of the Guideline to the budget for presentation to the Council.
- 3.2. The budget presented to Council shall include the certification that, *"in the opinion of the Chief Financial Officer, this budget meets the prescriptions of sections 18 and 19 of the MFMA"*.

4. Projected Billings, Collections and all Direct Revenues

- 4.1. The budget presented to Council shall reflect the full amounts that the municipality is anticipated to bill, accrue or otherwise levy and also to include any other revenue directly received (e.g. bus fares and recreation facility admission fees) for the three-year MTEF budget period.
- 4.2. The amounts reflected in section 4.1 above shall not include any provisions for doubtful and bad debts (i.e. amounts billed that are not expected to be collected).
- 4.3. A statement to the effect that *"the number of consumer accounts has been reconciled with property records and metering information"* should be included in the budget presented to Council.

5. Provision for Revenue that will not be collected

- 5.1. The budget presented to Council shall reflect the revenue that the municipality expects to collect, which must include an estimate of the monies to be collected from the current year and a forecast of monies to be collected from the revenues of previous years (e.g. collections from debtors in arrears based on historical performance), for each year of the three-year MTEF budget period.
- 5.2. The monies identified in section 5.1 above shall not include revenue from debtors that are not realistically likely to be collected, regardless of whether an adequate bad debt provision has been included under expenses.
- 5.3. If the budget anticipates an improvement in the collection rate, this must be supported by changes in policies and/or practices, and any such improved collection rate may only be budgeted for in the year after such change is first implemented.
- 5.4. Prior to the adoption of the budget, Council must have reviewed (within the previous six months) its policy for impairment of outstanding debtor accounts, and the Audit Committee must confirm that this policy has been implemented with regard to this budget.

6. Funds the Municipality can expect to receive from Investments

- 6.1. The budget presented to Council shall reflect the full value of the municipality's investments recorded in terms of section 17(3)(f) of the MFMA, together with any income expected to be derived from such investments.
- 6.2. This data presented in terms of section 6.1 above should include audited actuals for the previous year, estimates for the current year, as well as projections for the three-year MTEF budget period.
- 6.3. Should the projections vary significantly from the actuals or estimates, detailed reasons must be provided to motivate such variances.

7. Dividends the Municipality can expect to receive from municipal entities

Should, at any stage, the Chief Albert Luthuli Municipality enter into a contract with a municipal entity, it shall declare all dividends anticipated to be received from that entity for the three-year MTEF budget period.

8. Proceeds the Municipality can expect to receive from the Transfer or Disposal of Assets

- 8.1. The budget presented to Council shall reflect the full value of any assets that the municipality intends to transfer or sell during the MTEF period of the budget, together with the income that is anticipated from their transfer or sale.
- 8.2. Unless specifically motivated otherwise in the budget, all such proceeds shall be credited to the Capital Development Fund of the municipality.

9. Municipality's Borrowing Requirements

- 9.1. The Chief Albert Luthuli Municipality does not envisage borrowing in the near future. Should circumstances change, the Council must adopt appropriate policies to regulate such borrowings before negotiations with respect to such borrowings are initiated.

10. Funds to be set aside in Reserves

- 10.1. With the exception of the Capital Development Fund, no Reserve may be established unless it required to reduce a defined risk which has been specifically identified under the municipality's Risk Management program.
- 10.2. A minimum of 5% of the municipality's combined capital and operational budgets shall be budgeted for transfer to the Capital Development Fund annually.

Chief Albert Luthuli Municipality



Long-term Financial Planning Policy

1. General Policy Considerations

- 1.1. A Long-term Financial Plan is required to cover a minimum 15-year timeline in order to contextualise the municipality's medium-term budget.
- 1.2. The first step in the formulation of the Long-term Financial Plan is the preparation of a set of **nation-wide planning indicators** which should include, at least, the following –
 - 1.2.1. changes in the national and global economic climate – to the extent that it impacts upon the municipality;
 - 1.2.2. the role of national and provincial governments within the developmental state paradigm;
 - 1.2.3. current and anticipated levels of inflation, exchange rates and debt (governmental);
 - 1.2.4. changes in the size, nature and conditionality of national grants both for operating and capital expenditure;
 - 1.2.5. developments in financial planning (including the MFMA, GRAP and National Treasury procedural enhancements);
- 1.3. The second step in the formulation of the Long-term Financial Plan is the preparation of a set of **municipal planning indicators** which should include, at least, the following –
 - 1.3.1. demographic trends such as age structure and the nature of the labour force;
 - 1.3.2. economic development within the municipality and interactions with neighbouring municipalities as well as at the national and international levels;
 - 1.3.3. reprioritisation in policy as the municipality develops, both with regard to the nature of services to be provided (e.g. broadband infrastructure) as well as the levels of service delivery expected as ever higher quality becomes the norm;
 - 1.3.4. changes in payment levels that permit a sustainable budget and hence greater access to external resources (e.g. borrowing, etc);
 - 1.3.5. changes to the staff structure as well as skills balance within the municipality; and
 - 1.3.6. any other material trends or projections that can be ascertained.
- 1.4. The third step in the formulation of the Long-term Financial Plan is the compilation of a **planning framework** which should provide the following –
 - 1.4.1. an outline of anticipated municipal policy and priorities as they change over time;
 - 1.4.2. a realistic annual revenue projection based upon such outline;
 - 1.4.3. a realistic annual expenditure projection based upon such outline; and
 - 1.4.4. a proposed strategy to address any imbalances between anticipated revenue and expenditure;

2. Implementation at the Municipality

- 2.1. The process of developing such a Long-term Financial Plan is complex and time-consuming and requires a range of specialist skills.

-
- 2.2. Given the limited capacity of the Chief Albert Luthuli Local Municipality, the municipality will seek to co-operate with the Gert Sibande District Municipality in the development of both nation-wide and municipal (district) planning indicators (as set out in sections 1.2 and 1.3 above).
 - 2.3. The Chief Albert Luthuli Municipality will then develop a planning framework that will meet the needs of its Long-term Financial Plan in line with section 1.4 above.
 - 2.4. The Council should adopt this Long-term Financial Plan annually when the mayor tables the IDP process plan as well as the budget timetable before 31 August – i.e. 10 months before the start of the financial year.

Chief Albert Luthuli Municipality



Indigent Policy

1. Introduction

- 1.1. The Chief Albert Luthuli Municipality reaffirms its commitment to the national principles that should underpin indigent policy –
 - 1.1.1. Everyone has inherent dignity and the right to have their dignity respected and protected. All process that involves the provision of services to citizens must be done in such a manner as to respect the entrenched rights and dignity of those citizens.
 - 1.1.2. Municipalities must provide basic services to its indigent in a sustainable manner. It is not expected that a municipality will provide Free Basic Services beyond its financial and other capacities.
 - 1.1.3. Indigents must be afforded access to more than just the Free Basic Services package. It is widely acknowledge that the Free Basic Services package on its own will not see indigent communities standards of living improve. It is imperative that linkages be made between the Free Basic Services package and the broader package of social services.
 - 1.1.4. In providing Free Basic Services to indigents, municipalities must provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
 - 1.1.5. Free Basic Services are targeted at the indigent. Therefore a municipally can use any approach it chooses to provide Free Basic Services as long as it can ensure and demonstrate that the indigent are benefiting from Free Basic Services.
 - 1.1.6. The municipal indigent policy is not a stand alone policy which is independent from municipalities' IDP's, its debt and credit control procedures, its municipal by laws etc. Municipalities' indigent policies need to be developed to integrate with these strategic management plans and procedures so as to ensure that the municipalities will be able to sustain their Free Basic Services programme.
 - 1.1.7. Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This will entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that municipalities should integrate their Free Basic Services delivery with structured poverty alleviation programmes.
 - 1.1.8. Due to the varying circumstance and conditions within municipalities it is recognised that municipalities should exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.
- 1.2. This Indigent Policy will –
 - 1.2.1. allow the municipality to target the delivery of essential services to citizens who experience a lower quality of life;
 - 1.2.2. identify how the indigent will be accessed;
 - 1.2.3. establish the process that will be used to manage the indigent;
 - 1.2.4. identify the process for tracking and assessing the service received by the indigent, as well as the real benefit that has resulted from the subsidies;
 - 1.2.5. provide policy direction to the municipality's IDP's and financial planning instruments;
 - 1.2.6. establish the process to set targets (milestones) for the rollout of free basic services to the entire indigent population within the municipal area; and
 - 1.2.7. *identify the linkages between the various poverty alleviation programmes that will result in the indigent moving away from the poverty trap.*

2. Legislative Framework

2.1. This policy has been prepared in line with the Guidelines for the Implementation of the National Indigent Policy by Municipalities issued in 2005.

2.2. Legislation that directly impacts upon this policy include –

- 2.2.1. Constitution of the Republic of South Africa
- 2.2.2. Local Government Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
- 2.2.3. Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
- 2.2.4. Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- 2.2.5. Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)

2.3. National policies and guidelines that directly impact upon this policy include –

- 2.3.1. Guidelines for the Implementation of the National Indigent Policy
- 2.3.2. Framework for a Municipal Indigent Policy
- 2.3.3. Communications Handbook on Free Basic Services
- 2.3.4. Study to determine progress with and challenges faced by municipalities in the provision of Free Basic Services & supporting those municipalities struggling with implementation

3. Free Basic Services

3.1. Only qualifying indigent households that have been registered by the Municipality in terms of this Indigent Policy may receive benefits under the Free Basic Services Policy.

3.2. The funding and financial management of this Indigent Policy and the Free Basic Services Policy is covered under the Credit and Debit Control Policy of the municipality

4. Qualification

4.1. In order to qualify as an indigent household of Chief Albert Luthuli, a household must meet all of the following requirements in order to be registered –

- 4.1.1. have a total income less than or equal to the social state pension grant or R2 300 per month;
- 4.1.2. must occupy a dwelling that receives Municipal services;
- 4.1.3. neither the applicant or any other member of the household may not own fixed property other than the one in which they reside and for which application has been lodged, whether inside or outside the Municipality's area of jurisdiction; and
- 4.1.4. must comply with any other terms or conditions determined by the Council from time to time.

4.2. *Where a household that does not have a municipal account is in a remote rural community, these households may still apply and be registered as an indigent household, although benefits will be limited to access to free basic water delivered in water tankers.*

-
- 4.3. Council reserves the right to review and revise the scheme conditions, criteria and benefits, as it deems necessary.
 - 4.4. Notwithstanding anything else set out in this policy, Council reserves the right to reject applications or to deregister an indigent household, when such actions are taken by resolution.

5. Registration

- 5.1. Qualifying households may apply to register as indigent at any time during the financial year on the prescribed application form of the Council.
- 5.2. *The person applying on behalf of a household must –*
 - 5.2.1. *be a South African citizen;*
 - 5.2.2. *not be younger than twenty one years of age, except if the child is appointed executorship by a court of law;*
 - 5.2.3. *must reside and be a full-time occupant at that property except in the case of a child headed household; and*
 - 5.2.4. *must be the owner or tenant who receives Municipal services and is registered as an account holder on the Municipal financial system.*
- 5.3. In the case of a deceased estate, the surviving spouse or dependants of the deceased, who occupy the property may apply if they meet the all the above criteria except paragraph 5.2.4.
- 5.4. *The Board of Trustees / Managing Agent / Chairperson of a Body Corporate of bodies corporate or retirement centres that accommodate households that would otherwise qualify as indigent, may apply to the Chief Financial Officer for registration in order to receive a pro-rata subsidy on Free Basic Services, although it is at the sole discretion of the municipality as to whether such application is approved.*
- 5.5. An application must be accompanied by –
 - 5.5.1. documentary proof of income such as a letter from the *applicant's* employer, salary advice, pension card, unemployment fund card, or an affidavit declaring unemployment or household income;
 - 5.5.2. details of any other grants or subsidies received by the applicant or any other member of the household must be supplied, although these will not be considered as income in terms of paragraph 4.1;
 - 5.5.3. the applicant's latest municipal account;
 - 5.5.4. a certified copy of the applicant's identity document; and
 - 5.5.5. the names and identity numbers of all occupants over the age of 18 years who are resident at the property.
- 5.6. As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks.

-
- 5.7. *As part of the application, the applicant must consent to receiving the service and agree to the terms and conditions specified by the municipality.*
- 5.8. An indigent household must re-apply annually before the end of April for the next financial year for registration as an indigent household, failing which any benefits will be withdrawn automatically from 1 July of the new financial year.
- 5.9. A reapplication must follow the same process and procedure set out above.
- 5.10. The Municipality does not guarantee the re-registration of indigent households.
- 5.11. A registered indigent household must be in possession of a letter of registration from the Municipality.
- 5.12. The Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form and to record any changes in circumstances and make recommendations on the continuation or discontinuation of the registration or any subsidy.

6. Deregistration

- 6.1. A registered indigent household must immediately request de-registration by the Municipality if the circumstances of the household have changed to the extent that the household no longer meets the qualification set out in paragraph 4.

7. Disqualification

- 7.1. An applicant who provides false information in an application form and/or any other documentation with the application –
- 7.1.1. shall automatically, without notice, have their household de-registered as an indigent household from the date on which the Municipality became aware that such information is false;
 - 7.1.2. shall be held liable for the payment of all services received in addition to any other legal actions the Municipality may take against such a customer;
 - 7.1.3. shall never in future be allowed to lodge an application for an indigent household, whatever the circumstances he/she may have to endure in future.
- 7.2. Households will be disqualified from the scheme if –
- 7.2.1. the application was filled in dishonestly;
 - 7.2.2. any audit indicates changes in the financial circumstances of the household that may impact upon their meeting the qualifying criteria.

8. Management

-
- 8.1. *The Council and Municipal Manager must establish strategies that tackle each of the following four key issues –*
 - 8.1.1. *actively encouraging all qualifying persons to register as indigents under this policy;*
 - 8.1.2. *ensuring that all registered indigent households have physical access to the services (i.e. the infrastructure required must be in place);*
 - 8.1.3. *ensuring that free basic services are provided in a reliable, appropriate and sustainable manner, and that the service is having the desired impact in improving the lives of the indigent;*
 - 8.1.4. *ensuring that the subsidies offered are properly targeted towards the indigent and that those who can afford to pay do not get subsidised.*
 - 8.2. *The Municipality must ensure that its IDP prioritises the provision of free basic services to all indigent households*
 - 8.3. *The Municipal Manager and senior managers must align their poverty alleviation programmes to meet the needs of indigent households, and support these households in their struggle to escape from the poverty trap in which they find themselves.*

9. Communications

- 9.1. *The municipality should develop its communication strategy for the Indigent Programme in line with the Communications Handbook on Free Basic Services as issued by the DPLG in 2005.*
- 9.2. *The Municipal Manager is responsible for communicating with all the residents of the municipality –*
 - 9.2.1. *What is the municipality trying to achieve with regards to the indigent policy;*
 - 9.2.2. *How will the municipality be going about implementing the indigent policy;*
 - 9.2.3. *What is the value for indigent and non indigent households;*
 - 9.2.4. *Who qualifies for the service and how the municipality has determined this; and*
 - 9.2.5. *How should qualifying household access the services.*

10. Monitoring and Evaluation

- 10.1. *The municipal manager shall report on a monthly basis to the mayor or executive committee, as the case may be, for the month concerned and by municipal ward –*
 - 10.1.1. *the number of households registered as indigents and a brief explanation of any movements in such numbers;*
 - 10.1.2. *the monetary value of the actual subsidies and rebates granted;*
 - 10.1.3. *the budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.*

10.2. *The mayor or executive committee, as the case may be, shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees, or monthly frequently to any ward committees if so requested.*

10.3. *As far as To the extent resources permit, the municipality should develop a strategy that ascertains whether –*

10.3.1. *the service is being offered at the appropriate service level, in view of the environment, financial aspects and the social habits of the community;*

10.3.2. *the service is operating adequately;*

10.3.3. *the community is making appropriate use of the service;*

10.3.4. *the community requires any form of training to make better use of the service;*

10.3.5. *the service is meeting the required needs of the community; and the service is beneficially impacting on poverty or the quality of life of the beneficiaries.*

Chief Albert Luthuli Municipality



FREE BASIC SERVICES POLICY

TABLE OF CONTENTS

		Page
1.	<i>Introduction</i>	1
2.	<i>Legislative Framework</i>	2
3.	<i>Free Basic Services</i>	2
4.	<i>Electricity Supply</i>	3
5.	<i>Water Supply</i>	4
6.	<i>Electricity and Water Basic Charges</i>	4
7.	<i>Sanitation Service</i>	4
8.	<i>Refuse Removal Service</i>	4
9.	<i>Assessment Rates</i>	4
10.	<i>Services to Customers billed with a 'Flat Rate'</i>	4
11.	<i>Suspension of Arrears Payments</i>	4
12.	<i>Effective Date</i>	5

1. Introduction

- (1) Chief Albert Luthuli Municipality reaffirms its commitment to the national principles that should underpin the Indigent Policy –
- (i) Everyone has inherent dignity and the right to have their dignity respected and protected. All process that involves the provision of services to citizens must be done in such a manner as to respect the entrenched rights and dignity of those citizens.
 - (ii) Municipalities must provide basic services to its indigent in a sustainable manner. It is not expected that a municipality will provide Free Basic Services beyond its financial and other capacities.
 - (iii) Indigents must be afforded access to more than just the Free Basic Services package. It is widely acknowledge that the Free Basic Services package on its own will not see indigent communities standards of living improve. It is imperative that linkages be made between the Free Basic Services package and the broader package of social services.
 - (iv) In providing Free Basic Services to indigents, Municipalities must provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
 - (v) Free Basic Services are targeted at the indigent. Therefore a Municipality can use any approach it chooses to provide Free Basic Services as long as it can ensure and demonstrate that the indigent are benefiting from Free Basic Services.
 - (vi) The Municipal Indigent Policy is not a stand-alone policy which is independent from the Municipalities' IDP's, its debt and credit control procedures, its Municipal by-laws etc. Municipalities' indigent policies need to be developed to integrate with these strategic management plans and procedures so as to ensure that the Municipalities will be able to sustain their Free Basic Services programme.
 - (vii) Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This will entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that municipalities should integrate their Free Basic Services delivery with structured poverty alleviation programmes.

-
- (viii) Due to the varying circumstance and conditions within Municipalities it is recognised that Municipalities should exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.
- (2) This Free Basic Services Policy will –
- (i) align to the Municipality's poverty alleviation programme;
 - (ii) allow the Municipality to target the delivery of essential services to citizens who experience a lower quality of life;
 - (iii) define the services will be delivered;
 - (iv) define the level of each particular service will be provided to beneficiaries;
 - (v) assist in establishing the resources allocated by a municipality to enable their Indigent Policy.

2. Legislative Framework

- (1) Legislation that directly impacts upon this policy include –
- (i) The Constitution of the Republic of South Africa
 - (ii) Local Government Municipal Property Rates Act, 2004 (Act No 6 of 2004)
 - (iii) Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)
 - (iv) Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000)
 - (v) Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)
 - (vi) Water Services Act, 1997 (Act No 108 of 1997).
- (2) National policies and guidelines that directly impact upon this policy include –
- (i) Free Basic Water guidelines for local authorities
 - (ii) Free Basic Water Implementation Strategy
 - (iii) Communications Handbook on Free Basic Services
 - (iv) Electricity Basic Services and Support Tariff (Free Basic Electricity) Policy
 - (v) Study to determine progress with and challenges faced by Municipalities in the provision of Free Basic Services & supporting those Municipalities struggling with implementation.

3. Free Basic Services

- (1) Only qualifying indigent households that have been registered by the Municipality in terms of its Indigent Policy may receive benefits under the Free Basic Services Policy.
- (2) The provision of free basic services is based on the expected Equitable Share to be paid to the Council by National Treasury annually. The annual adjustment to these benefits is subjected to the increase in the Equitable Share.

-
- (3) The Municipal Council will annually, as part of its budgetary process, determine the Municipal services and levels thereof that will be subsidised in respect of indigent customers in accordance with national policy, subject to the principles of sustainability and affordability. This may necessitate a review of the free basic services outlined in this policy
 - (4) The Municipal Council shall, in the determination of Municipal services that will be subsidised for indigents, give preference to subsidising at least the following services:
 - (i) water supply;
 - (ii) electricity supply;
 - (iii) water and electricity basic charges;
 - (iv) sanitation services;
 - (v) refuse removal services;
 - (vi) assessment rates;
 - (vii) services to customers billed with a “flat rate” where consumption is not metered; and
 - (viii) suspension of arrears payments.
 - (5) When resources permit, the Municipal Council should give consideration to the provision of additional benefits, including –
 - (i) child-headed households to be linked to social, economic and educational services; and
 - (ii) burial or cremation benefits.

4. Electricity Supply

- (1) The Municipality will supply 50 (fifty) kWh per month per household to registered indigents will be provided free of charge.
- (2) Should an indigent household use less than the allowance as set out in Section 4.1 above, the balance cannot be carried forward to a following month, nor will any refund be made.
- (3) Electricity usage in excess of the allowance as set out in Section 4.1 above must be purchased at the applicable electricity tariff.
- (4) Indigent households which exceed free basic services and are in arrears for the payment thereof, may be restricted in respect of electricity.
- (5) The electricity supply may be limited by the Municipality to a maximum of 20 amperes and the prepaid dispensers at each home will be set accordingly.
- (6) The necessary activating number to the value of 50 kWh will be obtained from a Municipal pay-point on monthly basis.
- (7) Upon the discovery and confirmation of any tampering to electricity supply equipment or electricity theft, the indigent household will be deregistered as per the Indigent Policy.

5. Water Supply

- (1) The Municipality will supply free 6 (six) kilolitres of water per month per household.

-
- (2) Should an indigent household use less than the allowance as set out in Section 5.1 above, the balance cannot be carried forward to a following month, nor will any refund be made.
 - (3) Water usage in excess of the allowance as set out in Section 5.1 above must be purchased at the applicable water tariff.
 - (4) Indigent households which exceed free basic services and are in arrears for the payment thereof, may be restricted in respect of water.
 - (5) The water supply may be restricted by the Municipality. Where practical, a restriction of 15 kilolitres per month shall be applicable to registered indigents. Where a restriction of 15 kilolitres per month is exceeded repeatedly for a period exceeding three consecutive months in a calendar year a restricted metered service be installed to limit water consumption to more affordable levels.
 - (6) Upon the discovery and confirmation of any tampering to water supply equipment or water theft, the indigent household will be deregistered as per the Indigent Policy.

6.

6. Sanitation Services

- (1) The Municipality will offer a 50% rebate for registered indigents on the cost of Sanitation Services as per the approved tariff of Council from time to time.

7. Refuse Removal Services

- (1) The Municipality will offer a 50% rebate for registered indigents on the cost of Refuse Removal Services per month as per the approved tariffs of Council from time to time.

8. Assessment Rates

- (1) The Municipality will offer a 100% rebate for registered indigents on the assessed rates with a maximum property value threshold the Council will determine as part of the budgetary process annually.

9. Services to Customers billed with a “flat rate” where consumption is not metered

- (1) The Municipality will charge a “flat rate” where consumption is not metered.

11. Suspension of Arrears Payments

- (1) Arrears accumulated in respect of the Municipal accounts of customers prior to their first registration as indigent customers, will be suspended and interest shall not accumulate on such arrears for the period that a customer remains registered as an indigent customer.
- (2) Arrears suspended in terms of Section 11.1 shall become due and payable by the customer by de-registration in terms of the Indigent Policy.

In special individual cases, a report can be submitted to the Mayoral Committee to decide if Section 11.2 should be implemented or not.

Chief Albert Luthuli Municipality



SUPPLY CHAIN MANAGEMENT POLICY

TABLE OF CONTENTS

1. Definitions	1
----------------	---

CHAPTER 1 - IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy	2
3. Amendment of supply chain management policy	3
4. Delegation of supply chain management powers and duties	3
5. Sub-delegations	4
6. Oversight role of council	5
7. Supply chain management units	5
8. Training of supply chain management officials	5

CHAPTER 2 - SUPPLY CHAIN SYSTEM

9. Format of supply chain management system	6
---	---

Part 1: Demand management

10. System of demand management	6
---------------------------------	---

Part 2: Acquisition management

11. System of acquisition management	6
12. Range of procurement processes	7
13. General preconditions for consideration of written quotations or bids	7
14. Lists of accredited prospective providers	8
15. (a) Petty cash purchases	9
(b) Written quotations (up to R2 000)	9
16. Written Quotations (up to R30 000)	9
17. Formal written price quotations	10
18. Procedures for procuring goods/services through written quotations and formal written price quotations	10
19. Competitive bidding process	11
20. Process for competitive bidding	11
21. Bid documentation for competitive bids	11
22. Public invitation for competitive bids	12
23. Procedure for handling, opening and recording of bids	13
24. Negotiations with preferred bidders	13
25. Two-stage bidding process	13
26. Committee system for competitive bids	14
27. Bid specification committees	14
28. Bid evaluation committees	15
29. Bid adjudication committees	15
30. Procurement of banking services	16
31. Procurement of IT related goods or services	17
32. Procurement of goods and services under contracts secured by other organs of state	17
33. Procurement of goods necessitating special safety arrangements	17
34. Proudly SA Campaign and EPWP Initiative	17
35. Contract Management	18
36. Appointment of consultants	18
37. Deviation from, and ratification of minor breaches of, procurement processes	19

38.	Unsolicited bids	19
39.	Combating of abuse of supply chain management system	20

Part 3: Logistics, Disposal, Risk and Performance Management

40.	Logistics management	21
41.	Disposal management	22
42.	Disposal of capital assets	22
43.	Risk management	23
44.	Performance management	23

Part 4: Other matters

45.	Prohibition on awards to persons whose tax matters are not in order	23
46.	Prohibition on awards to persons in the service of the state	24
47.	Awards to close family members of persons in the service of the state	24
48.	Ethical Standards	24
49.	Inducements, rewards, gifts and favours	24
50.	Sponsorships	25
51.	Objections and complaints	25
52.	Resolution of disputes, objections, complaints and queries	25
53.	Contracts providing for compensation based on turnover	26
54.	Bidders commitments	26
55.	Checking the list of restricted suppliers	26
56.	Register for tender defaulters	27
57.	Commencement	27

ANNEXURES

1.	Code of conduct for supply chain management practitioners and other role players	28
2.	Procedure Manual	31

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO 56 OF 2003)

Date of Adoption: 1 July 2007

Date of Review: 28 May 2015 (Council Resolution No)

Council resolved in terms of section 111 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), to adopt the following proposal as the supply chain management policy of Chief Albert Luthuli Municipality.

1. Definitions

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

“competitive bidding process” means a competitive bidding process referred to in section 12(1)(d) of this policy;

“competitive bid” means a bid in terms of a competitive bidding process;

“designated supply chain management official” means the supply chain manager.

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“formal written price quotation” means quotations referred to in section 12(1)(c) of this policy;

“in the service of the state” means –

- (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No 1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of parliament or a provincial legislature;

“long term contract” means a contract with a duration period exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the municipality shall keep in terms of section 14 of this policy;

“municipality” means Chief Albert Luthuli Municipality or an entity directly linked to the municipality.

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement policy Framework Act, 2000 (Act No 5 of 2000);
- (b) The Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003);
- (c) The Construction Industry Development Board Act, 2000 (Act No 38 of 2000); and
- (d) The Local Government: Municipal Systems Act, 1999 (Act No of 1999)

“treasury guidelines” means any guidelines on supply chain management issued by the minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written quotations” means quotations referred to in section 12(1)(b) of this policy.

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of the municipality shall implement this policy in a way that –
 - (a) gives effect to –
 - (i) Section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This policy applies when the municipality -
 - (a) procures goods or services;
 - (b) disposes goods no longer needed;
 - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

-
- (d) selects external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) This policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity;
 - (c) goods and services in respect of servicing of fleet at the dealership. eg Toyota, Nissan, Audi, BMW etc.
 - (d) accommodation in hotel/lodge where one has to attend a course/workshop/event, or from nearest available (not more than 3 star) hotel/lodge if fully booked.

3. Amendment of the supply chain management policy

- (1) The accounting officer shall –
- (a) at least annually review the implementation of this policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council;
- (2) if the accounting officer submits proposals/amendments to the council that differs from the model policy issued by the national treasury, the accounting officer shall –
- (a) ensure that such proposed amendments comply with the regulations; and
 - (b) report any deviation from the model policy to the national treasury and the relevant provincial treasury;
- (3) when amending this 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 shall be taken into account.

4. Delegation of supply chain management powers and duties

- (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this policy;
 - (b) to maximise administrative and operational efficiency in the implementation of this policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this policy; and

-
- (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
 - (2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subsection (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 that is not exclusively composed of officials of the municipality;
 - (4) This section 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 section 26 of this policy.

5. Sub-delegations

- (1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this policy.
- (2) The power to make a final award –
 - (a) Above R10 million (VAT included) may not be sub-delegated by the accounting officer;
 - (b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
 - (i) The chief financial officer;
 - (ii) A senior manager; or
 - (iii) A bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (c) Not exceeding R 2 million (VAT included) may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
 - (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;

-
- (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –

- (i) a manager referred to in subparagraph (2) (c) (iii); or
- (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

Subsections (3) and (4) of this policy do not apply to procurements out of petty cash.

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

No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of council

- (1) The council reserves its right to maintain oversight over the implementation of this policy.
- (2) For the purposes of such oversight the accounting officer shall -
 - (a) within 30 days of the end of each financial year, submit a report on the implementation of this policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
 - (b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council.
- (3) The accounting officer shall, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive mayor.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

- (1) A supply chain management unit is hereby established to implement this policy.
- (2) The supply chain management unit shall operate under the direct supervision of the chief financial officer through the supply chain manager to whom this duty has been 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 shall be in accordance with any treasury guidelines on supply chain management training.

CHAPTER 2
SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

This policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

Part 1: Demand management

10. System of demand management

- (1) The accounting officer shall 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 its Integrated Development Plan.
- (2) The demand management system shall –
 - (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (3) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

11. System of acquisition management

- (1) The accounting officer shall 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 shall 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) The procurement of goods and services through this policy is provided by way of –
 - (a) Petty cash purchases shall be incurred up to a value of R500 (VAT included);
 - (b) At least one written quotations for procurements of a transaction up to value of R2 000 (VAT included);
 - (c) Three written quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
 - (d) Formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
 - (e) a competitive bidding process for–
 - (i) procurements above a transaction value of R200 000 (VAT included); and
 - (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
 - (a) lower, but not increase, the different threshold values specified in subsection (1); or
 - (b) direct that –
 - (i) at least one written quotation be obtained for any specific procurement of a transaction value lower than R2 000;
 - (ii) three formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items shall as far as possible be treated and dealt with as a single transaction.

13. General preconditions for consideration of written quotations or bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has furnished that provider's –
 - (i) Full name;
 - (ii) Identification number or company or other registration number; and
 - (iii) Tax reference number and VAT registration number, if any;

-
- (iv) Proof of payment of municipal rates;
 - (v) Proof of residential address;
 - (vi) Bidders who are in arrears of Municipal Accounts shall also be considered on condition that after appointment the service provider shall authorise the municipality to deduct the outstanding amounts from their payment or as per arrangement;
- (b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated –
- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subsection (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (d) The submitted quotation or bid shall be properly signed and shall at least be valid for the period of 0 to 90 days; otherwise such bid shall amount to disqualification.

14. Lists of accredited prospective providers

- (1) The accounting officer shall –
- (a) keep a list of accredited prospective providers of goods and services that shall be used for the procurement requirements through written 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;
 - (c) specify the listing criteria for accredited prospective providers;
 - (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.
 - (e) disallow the listing of any prospective provider who previously defaulted with contract with the provision of goods or services in the municipality for the past 5 years; irrespective of the value of the contract or service.
- (2) The list shall be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers shall be allowed to submit applications for listing at any time.
- (3) The list shall be compiled per commodity and per type of service.
- (4) There shall be three (3) categories of the prospective suppliers -
- (a) *Professional service providers* - that shall at least pay an amount as per the approved tariffs to be listed in the system upon completing a supplier database form;
 - (b) *Non-emerging service providers* - that shall at least pay an amount as per the approved tariffs to be listed in the system upon completing a supplier database form;

-
- (c) *Emerging service providers* - that shall at least pay an amount of R0 (free) to be listed in the system upon completing a supplier database form.

- (5) The supplier database shall only be kept and managed by the supply chain management section, and shall be used on rotational bases to give contractors equal opportunity.

15. (a) Petty cash purchases (R0 to R500)

(Note: this portion is not applicable to salary and wage payouts made from petty cash through the Salaries Office)

The conditions for the procurement of goods by means of petty cash purchases referred to in section 12(1)(a) of this policy are as follows -

- (1) The chief financial officer shall authorise all petty cash purchases up to a maximum of R500 per month, per Directorate/Department.
- (2) The following expenditure may only be incurred from petty cash in cases of urgency -
 - (a) Any item that is a stores stock item.
- (3) A monthly reconciliation report from each directorate shall be provide to the chief financial officer, including-
 - (a) the total amount of petty cash purchases for that month; and
 - (b) receipts and appropriate documents for each purpose.

(b)Written quotations (up to R2 000)

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

- (1) A written quotation shall be obtained from at least one service provider for the procurement of goods and services of a transaction value lower than R2 000 (VAT included);
- (2) If a quotation was submitted written, the order may be placed only against written confirmation by the selected provider.

16. Written quotations (up to R30 000)

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

- (1) Written quotations up to R30 000 (VAT included) shall be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality provided that if quotations are obtained from providers who are not listed, such providers shall meet the listing criteria set out in section 14(1)(b) and (c) of this policy.
- (2) To the extent feasible, providers shall be requested to submit such quotations in writing.
- (3) If it is not possible to obtain at least three quotations, the reasons shall be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer.
- (4) The accounting officer shall record the names of the potential providers requested to provide such quotations with their quoted prices.

-
- (5) If a quotation was submitted written, the order may be placed only against written confirmation by the selected provider.

17. Formal written price quotations

- (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
- (a) Quotations shall 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 section (14)(1)(b) and (c) of this policy.
 - (c) If it is not possible to obtain at least three quotations, the reasons shall be recorded and approved by the chief financial officer or an official designated by the chief financial officer.
 - (d) The accounting officer shall record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subsection (1)(c) shall within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subsection.

18. Procedure 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 shall promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis.
 - (b) All requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations shall, except in a case where section 18(a) is utilised, in addition to the requirements of section 17, be advertised for at least 7 (seven) days on the website and an official notice board of the municipality.
 - (c) Offers received shall be evaluated on a comparative basis taking into account unconditional discounts.
 - (d) The accounting officer or chief financial officer shall on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a subdelegation.
 - (e) Offers below R30 000 (VAT included) shall be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services, and lowest price.
 - (f) Acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), shall be awarded to the bidder who scores the highest points.
 - (g) Minutes of evaluation of quotations and the criteria used to evaluate the quotations shall be properly recorded and signed by the evaluator of such quotations duly appointed by the accounting officer, the supply chain manager and the chief financial officer.

-
- (h) Any bid or quotation between R0 to R200 000 may be evaluated only by the supply chain management section, wherein recommendations shall be made by the end-user department, the chief financial officer and *shall* be approved by the accounting officer.

19. Competitive bids

- (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to section 11(2) of this policy.
- (2) No procurement of goods or services above an estimated transaction value of R200 000 (VAT included) may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

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 as detailed in section 22;
 - (b) Public invitation for bids as detailed in section 23;
 - (c) Site meetings or briefing sessions as detailed in section 23;
 - (d) Handling of bids submitted in response to public invitation as detailed in section 24;
 - (e) Evaluation of bids as detailed in section 28;
 - (f) Award of contracts as detailed in section 29;
 - (g) Administration of contracts -
 - (h) After approval of a bid, the accounting officer and the bidder shall enter into a written agreement.
 - (i) Proper record keeping -
 - (i) Original / legal copies of written contract agreements shall 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 shall comply shall -
 - (a) take into account -
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

-
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (d) if the value of the transaction is expected to exceed R10 million (VAT included, require bidders to furnish -
 - (i) if the bidder is required by laws to prepare annual financial statements for auditing, their audited annual financial statements:
 - for the past three years; or
 - since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
 - (e) stipulate that disputes shall be settled by means of mutual consultation, mediation (with or without legal representation or, when unsuccessful, in a South African court of law.

22. Public invitation for competitive bids

- (1) The procedure for the invitation competitive bids is as follows:
 - (a) Any invitation to prospective bidders to submit bids shall be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) The information contained in a public advertisement shall include -
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are for a long term nature, or 14 daysany other case, from the date on which the advertisement is placed in a newspaper, subject to subsection (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - (iii) the date, time and venue of any proposed site meetings or briefing sessions.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted shall be sealed.
- (4) Where bids are requested in electronic format, such bids shall be supplemented by sealed hard copies.

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) shall be opened only in public;
 - (ii) shall be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time shall not be considered and returned unopened immediately.
 - (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time shall be read out and, if practical, also each bidder's total bidding price;
 - (c) No information, except the provisions in subsection (b), relating to the bid shall be disclosed to bidders or other persons until the successful bidder is notified of the award.
 - (d) The accounting officer shall -
 - (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.

24. Negotiations with preferred bidders

- (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation -
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations shall be kept for record purposes.

25. Two-stage bidding process

- (1) A two-stage bidding process is allowed for -
 - (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications shall be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the record stage final technical proposals and priced bids shall 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 procurement or cluster of procurements as the accounting officer may determine:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee.
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act.
- (3) A neutral or independent observer, appointed by the accounting officer, shall attend or oversee a committee when this is appropriate for;
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
 - (a) If the bid adjudication committee decided to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee shall prior to awarding the bid -
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and
 - (ii) notify the accounting officer.
 - (b) The accounting officer may -
 - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in section (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of the bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer shall comply with section 114 of the Act within 10 working days.
- (8) The bid evaluation of adjudication committee may -
 - (a) after consulting with the accounting officer, appoint an interim or a liquid chairperson in an event whereby the chairperson appointed by the accounting officer is absent.

27. Bid Specification Committee

- (1) A bid specification committee must compile the specifications for procurement of goods or services by the Chief Albert Luthuli Municipality.
- (2) Specifications –
 - (a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised

-
- by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; as amended in 2011 (for contract value of more than R 1 000 000, the 90/10 point system be used, and for contract value of less than R 1 000 000, the 80/20 point system be used, where 90&80 are for price and 10&20 are for BBEE); and
 - (g) Must be approved by the Accounting Officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the **Chief Albert Luthuli Municipality** preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
 - (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

28. Bid evaluation committees

- (1) A bid evaluation committee must –
 - (a) Evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) The points system set out in terms of paragraph 27(2)(f).
 - (b) Evaluate each bidder’s ability to execute the contract;
 - (c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and meet the requirements of the tender; and
 - (d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of-
 - (a) Officials from departments requiring the goods or services; and
 - (b) At least one supply chain management practitioner of the **Chief Albert Luthuli Municipality**.

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) A bid adjudication committee must consist of at least four senior Managers of the **Chief Albert Luthuli Municipality** which must include –

-
- (a) The Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the Finance Department reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
 - (b) At least one senior Supply Chain Management practitioner who is an official of the **Chief Albert Luthuli Municipality**; and
 - (c) A technical expert in the relevant field who is an official, if such an expert exists.
- (3) The Accounting Officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
- (a) if the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) Notify the Accounting Officer.
 - (b) The Accounting Officer may –
 - (i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The Accounting Officer must comply with section 114 of the Act within 10 working days
- (8) The bid evaluation or adjudication committee may –
After consulting with the Accounting Officer, appoint an interim or a liquid chairperson in an event whereby the chairperson appointed by the Accounting Officer is absent.

30. Procurement of banking services

- (1) A contract for banking services -
- (a) shall be procured through competitive bids;
 - (b) shall be consistent with section 7 of 85 of the Act; and
 - (c) shall not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services shall commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of section 22(1). Bids shall be restricted to banks registered in terms of the Banks Act, 1990 (Act No 94 of 1990).

31. Procurement of IT related goods or services

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

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 necessitates special safety arrangements, including gasses and fuel, shall be avoided wherever possible.
- (2) Where the storage of goods in bulk is justified, such justification shall be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and shall be approved by the accounting officer.

34. Proudly SA Campaign and EPWP Initiative

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

35. Contract management

- (1) A contract or agreement procured through the supply chain management system shall be in writing, and shall stipulate the terms and conditions of the contract or agreement, which shall include provisions which allow for:
 - (a) the termination of the contract or agreement in the case of non- or under-performance;
 - (b) dispute resolution mechanisms to settle disputes between the parties; and

-
- (c) a periodic review of the contract or agreement once every 3 years in the case of a contract or agreement for longer than 3 years.
 - (2) The accounting officer shall:
 - (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management supply is properly enforced;
 - (b) monitor on a monthly basis the performance of the contractor under the contract or agreement;
 - (c) establish capacity in the administration to assist the accounting officer in carrying out the foregoing responsibilities, and in overseeing the day-to-day management of contractors and agreements; and
 - (d) regularly report to the council as the use may be on the management of the contract or agreement and the performance of the contractor.
 - (3) A contract or agreement procured through the supply chain management policy may be amended by the parties, but only after the reasons for the proposed amendment have been tabled in the council of the municipality, or, in the case of a municipal entity, in the council of its parent municipality.

36. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any treasury, ECSA and DWAF guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services shall be procured through competitive bids if -
 - (a) the value of the contract exceeds R200 000.00 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders shall furnish particulars of -
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy service provided to an organ of state in the last five years.
- (4) The accounting officer shall 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.

37. Deviation from, and ratification of minor breaches of, procurement processes

- (1) The accounting officer may -
 - (a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only -
 - (i) in an emergency;
 - (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;
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (2) 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.
 - (3) Deviations on contracts may be by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract; and if it is more than that it shall be approved by council.
 - (4) all deviations must be reported to council.

38. 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 offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (c) the person who made the bid is the sole provider of the product or serve; 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 subsection (2) of this policy, the decision shall be made public in accordance with section 21A of the Municipal Systems Act together with -
 - (a) reasons why the bid shall not be open to other competitors;
 - (b) and explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer shall submit all written comments received pursuant to subsection (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee shall consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid shall be open to the public.
- (7) When considering the matter, the adjudication committee shall take into account -
 - (a) any comments submitted by the public; and

-
- (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
 - (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer shall submit to the Auditor-General, the relevant provincial treasury and National Treasury the reasons for rejecting or not following those recommendations.
 - (9) Such submission shall be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

39. Combating of abuse of supply chain management system

- (1) The accounting officer shall -
 - (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 or 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, 2004 (Act No 12 of 2004).

-
- (2) The accounting officer shall inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subsections (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

40. Logistics management

- (1) The accounting officer shall establish and implement an effective system of logistics management, which shall 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 including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
 - (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

41. Disposal management

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act are as follows:
- (a) Assets may be disposed of by way of auction.
 - (b) Assets may be disposed of by -
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset and through auctioning; or
 - (iv) destroying the asset.
- (2) The accounting officer shall ensure that -
- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

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

42. Disposal of capital assets

- (1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.
- (2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public -
 - (a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
 - (b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.
- (3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.
- (4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection (2)(a) and (b) in respect of moveable capital assets below a value determined by the council.
- (5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) shall be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality shall have and maintain in terms of section 111.

43. Risk management

- (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system are as follows:
 - (a) By appointing a qualified risk assessor on contract basis or as a consultant or permanently if possible.
- (2) Risk management shall include -
 - (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;

-
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

44. Performance management

The accounting officer shall establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this policy were achieved.

Part 4: Other matters

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

- (1) No award above R15 000 may be made in terms of this policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer shall first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subsection (1) be presumed to be out of order. It is therefore a responsibility of the prospective bidder to ensure that such tax matters are in order and shall remain his or her responsibility to provide supporting documentation required by the municipality.

46. Prohibition on awards to person in the service of the state

- (1) Irrespective of the procurement process followed, no award may be made to a person in terms of this policy -
 - (a) who is in the service of the state;
 - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - (c) a person who is an advisor or consultant contracted with the municipality.

47. Awards to close family members of persons in the service of the state

- (1) The accounting officer shall ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including -
 - (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

48. Ethical standards

-
- (1) A code of ethical standards as set out in the “*National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management*” is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote -
- (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) A breach of the code of ethics shall 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 of a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct shall be dealt with in terms of chapter 15 of the Act.

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

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through representative or intermediary promise offer or grant -
- (a) by 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 shall promptly report any alleged contravention of subsection (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, would be listed in the national treasury’s database of persons prohibited from doing business with the public sector.
- (3) Subsection (1) does not apply to gifts less than R100 in value.

50. Sponsorship

- (1) The accounting officer shall promptly disclose to the national treasury and the relevant provincial treasury and sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is -
- (a) a provider or prospective provider of goods or services; or
 - (b) a recipient or prospective recipient of goods disposed or to be disposed.

51. Objections and complaints

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

52. Resolution of disputes, objections, complaints and queries

- (1) The accounting officer shall appoint an independent and impartial person, not directly involved in the supply chain management processes -
 - (a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
 - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions efficiently.
- (3) The person appointed shall -
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may referred to the National Treasury for resolution.
- (6) This section shall not be read as affecting a person's rights to approach a court at any time.

53. Contracts providing for compensation base on turnover

- (1) If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality shall stipulate -
 - (a) a cap on the compensation payable to the service provider; and
 - (b) that such compensation shall be performance based.

54. Bidders commitments

- (1) All prospective bidders of the municipality shall -
 - (a) declare abide to the mission and vision of the municipality and shall assist the municipality to realise and meet its objectives;
 - (b) after an award of any contract for more than R200 000 the service provider shall commit himself or herself to a 1% social responsibility programme;

-
- (c) ensure and promote good relations with all structures established in terms of the municipal processes, the Municipal Systems Act, and the Municipal Structures Act;
 - (d) promote the employment of local people, reimburse their services taking into consideration the minimums standards set by the Department of labour through the Sectoral Determination Act.
 - (e) Bid committees shall sit and appoint service providers within 14 days after the tender has closed.

55. Checking the list of restricted suppliers

- (1) The accounting officer shall verify the status of the recommended bidder with the National Treasury prior to awarding a contract.
- (2) A response shall be provided within one working day confirming whether the name provided has been listed as a person of company prohibited from doing business with the public sector.
 - (a) Such request shall be forwarded by e-mail to restrictions@treasury.gov.za
 - (b) Under no circumstances shall a contract be awarded to a provider whose name appears on the Treasury defaulters register.

56. Register for tender defaulters

- (1) The accounting officer shall keep a register of providers that have defaulted with the municipality in the past, stating reasons for defaulting in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004).
 - (a) The accounting officer shall reject any bid if that bidder or any of its directors has been listed in the Register for Tender Defaulters of treasury.
 - (b) The register determines the period, which may not be less than five years or more than 10 years, for which the convicted provider shall be prohibited from doing business with the public sector;
 - (i) if the period determined by the register has expired, the convicted provider would be prohibited from doing business with the public sector.

57. Commencement

This policy took effect on 1 July 2007 and has been reviewed in 2008; 2009; 2010; 2011, 2012, 2013 and 2014.

MUNICIPAL MANAGER

EXECUTIVE MAYOR

ANNEXURE 1

1. 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 fair and reasonable manner.

- (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 (supply chain management) are in a position of trust, implying a duty to act in the public interest. Officials and other role players shall 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 supply chain management shall ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies, and guidelines. They shall ensure that public resources are administered responsibly.
- (3) Officials and other role players involved in supply chain management shall be fair and impartial in the performance of their functions. They shall at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They shall not abuse the power and authority vested in them.

2. Conflict of interest

- (1) An official or other role player involved with supply chain management –
 - (a) shall treat all providers and potential providers equitably;
 - (b) may not use his/her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) shall 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) shall declare to the accounting officer details of any private 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 reward of a contract by the municipality;
 - (f) shall 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) shall declare any business, commercial and financial interest or activities undertaken for financial gain that may raise a possible conflict of interest;
 - (h) shall 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) shall not take improper advantage of their previous office after leaving their official position.

3. Accountability

- (1) Practitioners are accountable for their decisions and actions to the public.
- (2) Practitioners shall use public property scrupulously.
- (3) Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and/or services.
- (4) All transactions conducted by a practitioner shall be recorded and accounted for in an appropriate accounting system. Practitioners shall not make any false or misleading entries into such a system for any reason whatsoever.
- (5) Practitioners shall assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- (6) Practitioners shall report to the 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, officials or other role players;
 - (c) any alleged breach of this code of conduct.
- (7) Any declarations made shall be recorded in a register which the accounting officer shall keep for this purpose. Any declarations made by the accounting officer shall be made to the mayor who shall ensure that such declaration is recorded in the register.

4. Openness

- (1) Practitioners shall be as open as possible about all the decisions and actions that they take. They shall give reasons for their decisions and restrict information only if it is in the public interest to do so.

5. Confidentiality

- (1) Any information that is the property of the municipality or its providers shall be protected at all times. No information regarding any bid/contract contractor may be revealed if such an action shall infringe on the relevant bidder's/contractor's personal rights.
- (2) Matters of confidential nature in the possession of officials and other role players involved in supply chain management shall 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 supply chain management after separation from service.

6. Bid Specification / Evaluation / Adjudication Committees

- (1) Bid specification, evaluation and adjudication committees shall 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 shall 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 shall be cleared by the accounting officer at the level of "CONFIDENTIAL" and shall be required to declare their financial interest annually.
- (4) No person shall –
- (a) interfere with the supply chain management system of the municipality; or
 - (b) amend or tamper with any price quotation/bid after its submission.

7. Combative Practices

- (1) Combative practices are unethical and illegal and shall be avoided at all cost. They include but are not limited to:
- (a) suggestions to fictitious 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 of Tender Defaulters.

ANNEXURE 2

SUPPLY CHAIN MANAGEMENT PROCEDURE MANUAL

PART 1 DOCUMENTS USED

Requisition form– this document is used to convey to the supply chain unit, that goods and services are required. It can be initiated in any department and sent to the Supply chain management unit,

Tender Register – this document is used to register all tenders received

Stores requisition – this document is used to request items from the stores in contact with the end user department.

Requisition book– this document is used to request items that are not in the Stores (warehouse) from the buying unit in contact with the end user department.

Order – which are completed by the buying department, record the detail and price of the goods to be purchased and is addressed to the supplier. It should be signed by the Buyer (if above R30 000, by the Manager)

Supplier Delivery Note – this document is made out by the supplier and details the goods which are being supplied. It will be cross referenced to the Order and on delivery of the goods and services will be signed by the stores to acknowledge the receipt of the goods and services.

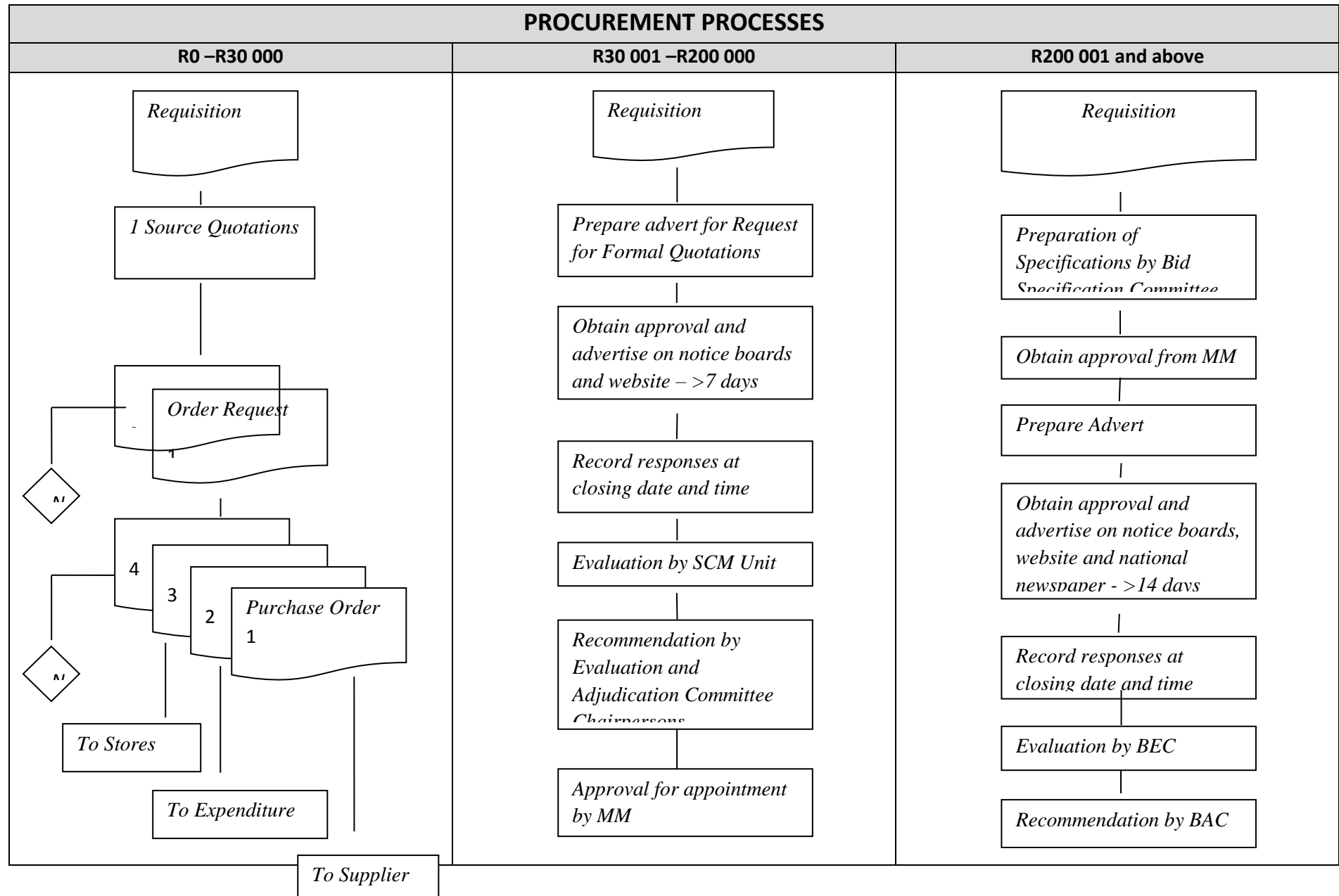
Goods Receive Note (book) – this document is completed by the stores when goods are delivered by the supplier. It is cross referenced to the supplier's delivery note

Invoice – this document is sent by the supplier to the Supply Chain Management Unit to inform of the goods and services for which it is being charged, the price, any discounts and VAT.

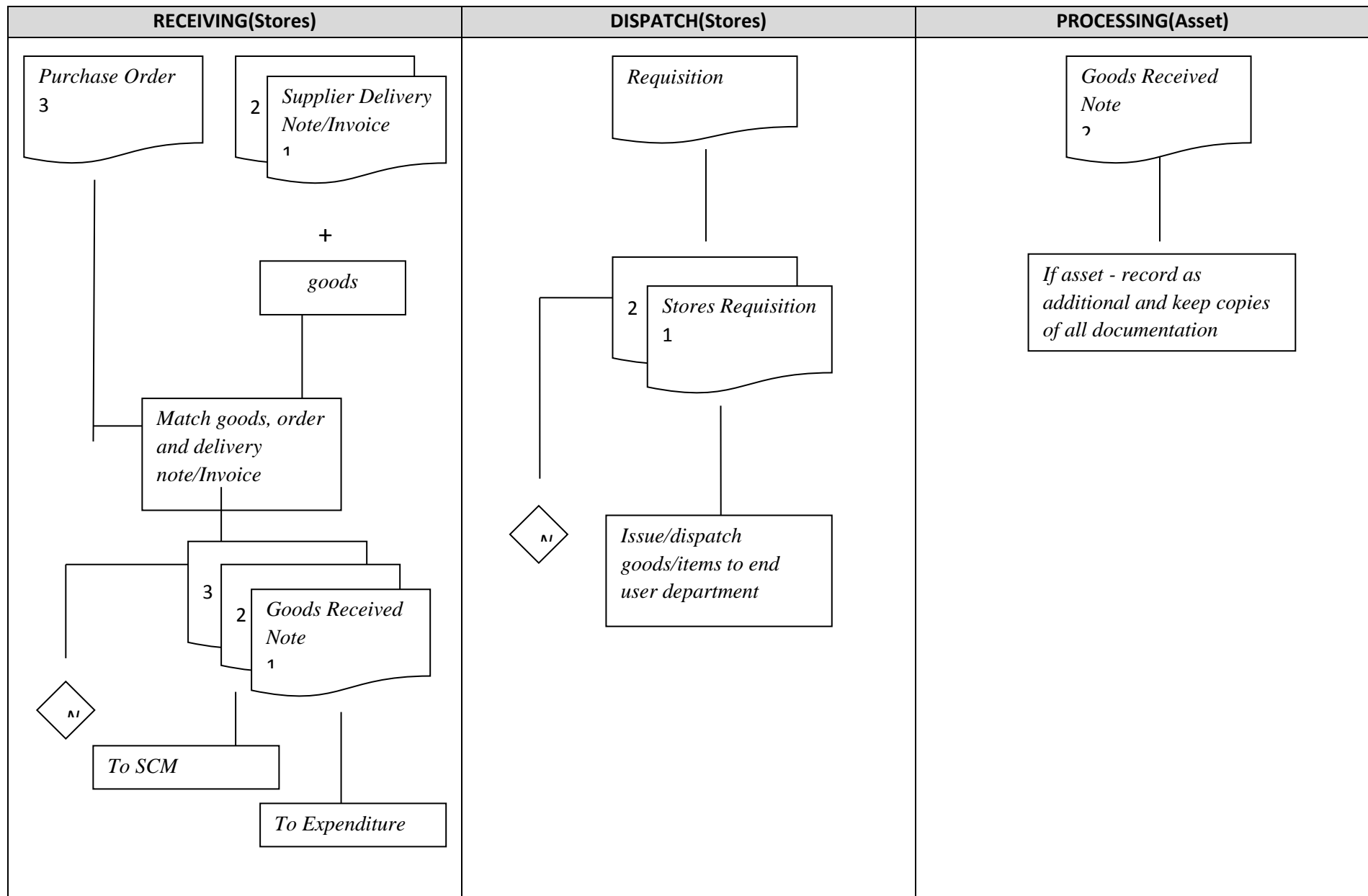
Procurement Checklist – this document is used to ensure that all the above relevant documents are attached accordingly as required.

Deviation form – this document is used to request for approval for deviating from the SCM Policy

Tender Documents – these documents are used during the bidding process



		<div>Approval for appointment by MM</div>	
--	--	---	--



--	--	--

PART 2 MANAGEMENT OF PROCUREMENT REQUIREMENTS

All requests for the procurement of goods and services shall be submitted by the heads of departments concerned to Supply Chain Management Section. All requests shall be in writing (signed memorandum and requisition form), shall clearly specify the nature and, where applicable, quantity or duration, as the case may be, of the goods and services required, and shall be signed by the head of department concerned or by a senior official in the department designated by the head of department for this purpose. Each department should have a procurement coordinator that will deal directly with SCM on procurement issues (i.e. Administrators, Secretary of the department)

2.1 Quotations (R0 – R200 000)

SCM will see if requested items can be found in the stores or not, if not then will outsource that service, taking into account the SCM procurement levels as stipulated in paragraph 12 of the SCM Policy.

The supply chain management section shall manage procurement requisitions for amounts estimated not to exceed R200 000 excluding VAT by calling for quotations taking into account procurement levels stipulated in paragraph 12 of the SCM Policy.

The request for such quotations shall be prepared by the supply chain section, and shall be prominently displayed on the municipality's website, notice boards in all municipal offices and on the notice board provided for the purpose of displaying quotations and tenders in the supply chain section.

Notices calling for quotations shall indicate the closing date and time for the submission of quotations, and such closing date shall be at least 7 (seven) days after the date on which the request for quotations is first displayed.

For a quotation to be considered, it must be in writing, be signed by a person with the necessary authority to act on behalf of the prospective supplier, substantially comply with the specification set out in the notice calling for quotations, be received by the supply chain section on or before due date and time, and be accompanied by a recent municipal rates and service charges account, a valid tax clearance certificate issued by the South African Revenue Service, B-BBEE Certificate issued by

an accredited institution and the completed municipal bid forms, as prescribed by the accounting officer.

2.2 Tenders (R200 000 and above)

The supply chain management section shall manage procurement requisitions for amounts estimated to be in excess of R200 000 excluding VAT by calling for tenders. The request for such tenders shall be prepared by the supply chain management section, shall be prominently displayed on the municipality's website, all the notice boards, referred to under part 2.1 above, and shall additionally be advertised in one local newspaper of repute (if there is a local newspaper) and one national newspaper of repute or in both such newspapers if the estimated value of the tender exceeds R1 000 000 (one million rand). Notices calling for tenders shall comply with all the requirements indicated for quotations under part 2.1 above, except that the closing date shall be at least 14 (fourteen) days after the date on which the call for tenders is first displayed or advertised, whichever date is the later.

For a tender to be considered it must comply with all the requirements indicated for quotations under part 2.1 above, except that a tender must be placed in the tender box provided for this purpose, the location of which shall be clearly specified in the relevant notice calling for tenders.

The chief financial officer shall ensure that such tender boxes are sealed until the date and time of their official opening, and that they are properly secured at the time.

Where the relevant notice specifies that prospective tenderers must complete certain documentation which must be obtained from the municipality, failure to complete such documentation shall render the tender invalid.

The relevant notice may also specify that a non refundable fee, as determined from time to time by the council, is payable in order to obtain such documentation

2.3 Quotations and Tenders Not to Specification

Notwithstanding the above-stipulated requirements for consideration, tenders which are not to specification may be considered, but only if no tenders are received which substantially comply with

the specification upon recommendation by the bid committees and approval by the accounting officer. For quotations, consideration as per above can be given upon recommendation and approval by parties as per the SCM Policy.

2.4 Use of Database of Suppliers

The supply chain management section shall at least annually, by notice and advertisement as for tenders under part 2.2 above, request prospective suppliers, either generally or for specified ranges of goods and services, to submit their names and other relevant details to the procurement section for inclusion in a database of suppliers. The database should be updated at least quarterly. Such details shall include an indication of the goods and services normally provided.

The procurement section shall then, in addition to the communication processes specified under parts 2.1 and 2.2 above, forward – either electronically or by facsimile – copies of any notices of quotations and tenders to the relevant suppliers. However, failure by the procurement section to forward such notices or the non-receipt of such notices by any supplier shall not invalidate the procurement process. The onus remains on the prospective suppliers to apprise themselves of the municipality's requirements as indicated in the prescribed communication processes set out under parts 2.1 and 2.2 above, and the additional notification by virtue of the supplier's being included in the database of suppliers shall be viewed simply as a courtesy on the part of the municipality.

The inclusion of any supplier in the database of suppliers by no means obviates the need for such supplier to respond in the prescribed manner to notices of the municipality's procurement requirements.

PART 3 ADJUDICATION OF QUOTATIONS AND TENDERS

Notwithstanding any of the requirements set out below, the municipality shall not be obliged to accept any quotation or tender received.

3.1 Quotations

After all the requisitions have been processed and quotations have been received, will then evaluate the quotations as per paragraph 18(f) of the SCM Policy.

All quotations to the value of R30 000 shall be evaluated and adjudicated by the supply chain section. The lowest quotation substantially to specification shall be accepted, taking into account the municipality's preferential procurement requirements as set out, provided the municipality is satisfied that it offers acceptable value for money for the municipality.

If no quotation is substantially to specification, the lowest quotation which is closest to specification shall be accepted, provided the municipality is satisfied that it offers acceptable value for money for the municipality, and provided further – if the goods or services concerned are being procured for a specific department or departments – that the head(s) of such department(s) concur(s) with such acceptance.

The supply chain management shall fill the requisition for order form and forward it for approval by the head of department concerned, chief financial officer and accounting officer depending on the amount charged for the service.

Quotations of value above R30 000 to R200 000 shall be evaluated by the supply chain management, recommended by the end user department, adjudicated by the chief financial officer and approved by the accounting officer, as per paragraph 18 of the SCM Policy

3.2 Tenders

All tenders with an estimated value exceeding R200 000 excluding VAT, shall be adjudicated by the tender committee, as established in terms of part 4 below, and approved by the municipal manager, acting on the written reports and recommendations of the tender committee.

The lowest tender substantially to specification shall be accepted, taking into account the municipality's preferential procurement requirements as set out in part 5 below, provided the adjudicating authority is satisfied that it offers acceptable value for money for the municipality.

If no tender is substantially to specification, the adjudicating authority may recommend acceptance of the lowest tender which is closest to specification, provided the adjudicating authority is satisfied that it offers acceptable value for money for the municipality as stated in paragraph 2.4 above.

PART 4 TENDER COMMITTEE

The municipal manager shall establish a tender committee in accordance to paragraph 26 – 29 of the SCM Policy, to undertake the adjudicating functions set out in part 3.2 above.

PART 5 PRINCIPLES OF ADJUDICATION

For all tenders with an estimated value above R1 million (one million rand) excluding VAT, preference points will be allocated as follows:

	POINTS
Lowest price substantially to specification	90
B-BBEE status level	10
Total	100

For all tenders and quotations with an estimated value below R1 million (one million rand) excluding VAT, preference points will be allocated as follows:

	POINTS
Lowest price substantially to specification	80
B-BBEE status level	20
Total	100

B-BBEE Status Level of Contributor	Number of Points > R 1 million	Number of Points < R 1 million
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	5
8	1	2
Non-Compliant Contributor	0	0

Where purely local goods are tendered or quoted for, compliance with the requirements of the South African Bureau of Standards shall be a prerequisite for the consideration of the quotation or tender concerned.

“To specification “ in the case of services to be provided to or works to be undertaken for the municipality shall include the furnishing of satisfactory proof of the skills and resources required to execute the bid.

PART 6 PRE-QUALIFICATION PROCEDURES

From time to time, invitations for forthcoming tenders or quotations may specify initial attendance by prospective suppliers at briefing meetings or site inspections or may require only an initial expression of interest from prospective suppliers indicating their expertise and/or other credentials in respect of the provision of the required goods or services. In such instances, the municipality reserves the right to limit subsequent invitations for the actual tenders or quotations to suppliers who have attended such meetings or inspections or who have provided reasonable evidence of the expertise or credentials required.

PART 7 GUARANTEES AND RETENTIONS

In the case of tenders for the undertaking of works on behalf of the municipality and with a value equal to or exceeding R1 000 000 (one million rand), the successful tenderer may lodge with the chief financial officer a guarantee, issued by an acceptable registered institution , for a sum equal to 60% of the agreed or estimated tender price. Such guarantee shall be lodged within one calendar month from the date on which the tender is awarded, and shall thereafter be managed in terms of the contract entered into between the municipality and the successful tenderer.

In the case of tenders where a performance guarantee as envisaged above is not required, the chief financial officer shall withhold payment of an amount equal to 10% (ten per centum) of the value of the actual goods or service supplied by the appointed contractor until the chief financial officer is satisfied that the contract has been satisfactorily executed, but provided that such final payment shall not be withheld for a period exceeding 6 (six) calendar months from the date on which final payment was due to the contractor.

PART 8 EMERGENCIES

An emergency shall be considered as an unforeseeable and sudden event, with materially harmful or potentially materially harmful consequences for the municipality, and which requires urgent action to address.

In cases where the municipal manager determines that an emergency has arisen, the municipal manager may direct that the periods for advertising quotations or tenders, as stipulated in parts 2.1 and 2.2 above, be curtailed to the extent that the municipal manager deems appropriate. Where the estimated value of the goods or services to be supplied to cater for such emergency exceeds R1 million (one million rand) excluding VAT, the municipal manager may approve such tender on behalf of the council, but provided the executive mayor or the chairperson of the executive committee, as the case may be, concurs with the view of the municipal manager that the tender must be approved to address an emergency.

PART 9 PROHIBITED ACTIONS

No head of department in placing a requisition for goods or services to be procured by quotation or tender shall knowingly understate the requirements or the estimated value of the requirements with the intention of avoiding the more stringent process prescribed for requirements of a higher value.

The municipal manager shall promptly institute disciplinary action against any head of department suspected of infringing this requirement.

No councillor or official shall engage in any contact with a prospective supplier in respect of any quotation or tender which such supplier intends to submit with the purpose of influencing any aspect of such quotation or tender.

PART 10 SALES OF GOODS

In seeking to dispose of any fixed assets, the chief financial officer shall adhere to the requirements of the municipality's policy of disposal on the management of and accounting for fixed assets, including the legal prescription annexed to that policy.

The chief financial officer shall determine in each instance having regard to the nature and estimated resale value of the assets whether it is more advantageous for the municipality to dispose of the assets in question by means of the invitation of tenders or quotations or by public auction. Notification of such intended sales shall follow the communication process prescribed for tenders in part 2.2 above, with the various notices and advertisements stating the date and time on which tenders will close for acceptance or the date, time and venue of the auction, as the case may be, as well as the date(s) and venue(s) where prospective tenderers may view the assets.

All tenders for sales of fixed assets shall be adjudicated by the tender committee under chairpersonship of the municipal manager, and shall be approved by the council on the recommendation of such committee. The highest tender substantially to specification shall be accepted, except if the adjudicating authority believes that no tender is satisfactory in terms of value for money offered.

In seeking to dispose of any stores or other items other than fixed assets, the chief financial officer shall adhere to the communication requirements prescribed for quotations. The chief financial officer shall further determine whether it is more advantageous for the municipality to dispose of the items by means of tenders or quotations or public auction, and shall in either case publish the notification of such sales in terms of the communication process prescribed in part 2.1 above. If the chief financial officer considers it necessary, such notification may also be made by means of advertisements in the local and national press.

Where stores or other items other than fixed assets are sold by means of tenders or quotations, the chief financial officer shall adjudicate and approve the quotations received. The highest quotation substantially to specification shall be approved, except if the chief financial officer believes that no quotation is satisfactory in terms of value for money offered.

PART 11 REPORTING

All approved quotations shall be listed on the municipality's website and on the notice boards referred to in parts 2.1 and 2.2 above. Quotations approved during any particular calendar week shall be listed from the beginning of the following calendar week, and shall be displayed for the duration of that week.

All approved tenders shall be listed as for quotations, but shall be listed for 2 (two) calendar weeks.

PART 12 APPEALS

Suppliers who are dissatisfied with the decision of the municipality in regard to any quotation or tender may appeal in writing to the municipal manager, provided such appeal is lodged with the municipal manager as follows:

- for quotations, within 7 (seven) calendar days of the date on which the approved quotation is first listed in terms of part 11 above
- for tenders, within 14 (fourteen) calendar days of the date on which the approved tender is first listed in terms of part 11 above.

The municipal manager shall provide written acknowledgement of the receipt of such appeals to the appellant concerned, and shall endeavour to finalise such appeals within 7 (seven) calendar days of their receipt. Where this is not possible, the municipal manager shall promptly advise the appellant in writing of the reasons for the delay.

If the appeal is based on a technically complex matter, the municipal manager may engage an impartial consultant to provide an opinion on the appeal, provided that sufficient budget provision exists for the expenditure to be incurred, and provided further that the municipal manager shall not be bound by any such opinion provided.

The municipal manager shall immediately after a ruling on an appeal has been made, advise the appellant in writing of such ruling.

If the appellant is dissatisfied with the municipal manager's ruling on an appeal in regard to a tender the appellant may request the municipal manager to refer such appeal and ruling to the ensuing council meeting for a decision. Such request must be lodged in writing with the municipal manager within 14 (fourteen) calendar days of the date on which the ruling was made.

The municipal manager shall decide whether the lodging of an appeal constitutes sufficient grounds for the municipality to delay, where possible, the procurement of the relevant goods or services in terms of the approved quotation or tender against which the appeal is lodged. If such delay is decided upon, the municipal manager shall immediately advise the approved supplier, in writing, of such delay.

PART 13 PAYMENTS AND INVOICING

All invoices for goods and services should be received by the stores and shall be submitted for payment within 5 days of receipt to the expenditure section.

All invoices pertaining to contracts managed by departments other than the finance department, shall be certified as in order for payment by the head of department concerned before being submitted to the procurement section.

PART 14 STORES (MATERIALS) MANAGEMENT

All goods procured by the municipality shall be delivered to and receipted by the stores, except if the chief financial officer, with the concurrence of the head of department concerned, directs that such goods shall be delivered to a specified site or to the sub-store maintained by the department concerned.

The procedures and charges for requisitioning goods from stores shall be determined from time to time by the chief financial officer, and shall be notified to all departments by means of departmental circulars.

Stock levels shall be determined by the chief financial officer, in compliance with the municipality's banking and investment policy, and where applicable in consultation with the head of department concerned.

PART 15 ASSET MANAGEMENT

Maintenance of Fixed Assets:

A Fixed Assets Register must be maintained, by keeping a record of all assets categorized as follows:

- Property, Plant and Equipment;
- Inventory;
- Investment Property.

The following details must appear on the Fixed Assets Register:

- Description
- Date of acquisition;
- Location of the asset;
- Department which will be using the asset;
- Title deed number (if fixed property);
- Stand number (if fixed property);
- Asset identification number;
- Original price;
- Last revalued date
- Revalued value
- Name of the person who did the last revaluation;
- Accumulated depreciation;
- Depreciation charge for the year;
- Carrying value;
- Impairment losses;
- Funding source;
- Insurance arrangement;
- Must asset perform basic municipal services;
- Has debt been secured with the asset;
- Date of disposal;
- Price of Disposal;
- Date of retirement.

When fixed assets are sold, disposed of, transferred or purchased on approval by the Council

- The fixed asset register must be up-dated; and
- The journal entries to record the sale, disposal, transfer or purchase must be processed.

Fixed Assets may also be disposed of by public auction or tender.

Transfers of Assets:

With respect to transfer of assets, a list must be produced indicating the relevant details as per asset register.

The list must be approved by the transferring Department.

The receiving Department should confirm the list of assets being transferred.

Acquisition of Immoveable Property:

The Council may acquire by purchase, or by hire, immovable property within or outside the Municipality.

Prior to finally resolving whether to purchase or hire immovable property, the Council shall advertise its intentions to do so.

After consideration of the objections, if any, lodged in accordance with the advertisement contemplated by 3.2 above, the Council:

- Shall in the case of immovable property contemplated by 3.4, comply with the provisions of that subsection; and
- May in the case of any other immovable property finally resolve whether or not to purchase or hire such immovable property.

The Municipality shall not without the prior approval of the Council proceed with the purchase or hire of any immovable property:

- Which is to be purchased at a price in excess of the market value thereof as assessed by an appraiser;
- Which is to be hired at a rental.
- Where objections have been lodged in accordance with the advertisement contemplated by 3.2 above.

The Council may accept a gift or conveyance of immovable property either absolutely for the Municipality or in trust for charitable or other public purposes connected with public worship, and

hold the same, in such trust or for such purposes as may be declared by the donors, and may administer, utilise and improve such property.

The trustees of any immovable property held in trust for any township village or settlement which has since become a Municipality or part of a Municipality under the Ordinance, may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

Acquisition of Moveable Property:

The Municipal Manager is responsible for the implementation of the procurement policy in relation to assets.

All asset acquisitions are to occur in terms of the budgetary provisions.

The fixed assets register should be updated for all acquisitions of moveable and immoveable property.

The assets register should be reconciled with the total assets per the general ledger.

Insurance:

Ensure that all assets are adequately insured annually with the Council's brokers. Follow up all insurance claims in respect of fixed assets by:

- Submitting the claim;
- By recording claims on the insurance register; and
- Review of outstanding claims.

Recognition of Property, Plant and Equipment in the Financial Statements:

An item of Property, Plant and Equipment (PPE) should be recognised as an asset when:

- It is probable that future economic benefits or potential service delivery associated with the asset will flow to the Municipality over a period extending beyond one financial year.

- The cost or fair value of the asset to the Municipality can be measured reliably.

An item of PPE that qualifies for recognition as an asset should initially be recognised at its cost or fair value.

The cost of PPE comprises:

- Purchase price;
- Import duties;
- Non-refundable purchase taxes; and
- Directly attributable costs of bringing the asset to working condition for its intended use, such as the cost of site preparation, initial delivery, handling costs, installation costs, and professional fees such as architects and engineers fees.

When payment for an item of PPE is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognised as an interest expense over the period of credit.

Administration and general overhead costs are not a component of the asset's cost unless they can be directly attributable to the acquisition of the asset or bringing the asset to its working condition.

When an item of PPE is acquired by exchange or part exchange of a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents transferred.

Subsequent Expenditure:

- Subsequent expenditure relating to an item of PPE that has already been capitalised, should be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the Municipality; and
- All other subsequent expenditure should be recognised as an expense in the period in which it is incurred.

Revaluations:

- When an item of PPE is revalued, the entire class of property to which that asset belongs, should be revalued;
- When an asset's carrying amount is increased as a result of the revaluation, the increase should be credited directly to the non-distributable reserves of the Municipality; and
- When an asset's carrying amount is decreased as a result of devaluation, the decrease should be recognised as an expense in the annual financial statements except in so far as the decrease may be debited in the first instance to any existing revaluation reserve.

Retirements and disposals:

- An item of PPE should be eliminated from the statement of position on disposal, or when the asset is permanently withdrawn from use and disposal; and no future economic benefit or potential service delivery is expected from it.
- Gains or losses arising from the retirement or disposal of an item of PPE should be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the assets, and should be recognised as revenue or expenses in the statement of performance.

Chief Albert Luthuli Municipality



Budget Policy

1. INTRODUCTION

Section 16 of the Municipal Finance Management Act, requires a municipality to approve an annual budget for the Municipality before the commencement of each Financial Year.

This Policy has been developed in line with this legislative background.

The Budget plays a critical role in an attempt to realize diverse community needs.

Central to this, the formulation of a Municipality Budget must take into account the national government's macro-economic, fiscal policies within its policy framework.

2. DEFINITIONS

“allocation”, means –

- (a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

“Annual Division of Revenue Act” means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

“approved budget,” means an annual budget –

- (a) approved by a municipal council, and
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

“basic municipal service” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

“budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality, including –

- Tariffs Policy
- Rates Policy
- Credit Control and Debt Collection Policy

- Cash Management and Investment Policy
- Borrowing Policy
- Funding and Reserves Policy
- Supply Chain Management Policy
- Indigents Policy

as well as

- Indigents Policy
- policy(ies) related to Long-term Financial Planning
- policy(ies) dealing with the management and disposal of assets
- policy(ies) dealing with infrastructure investment and capital projects
- policy(ies) related to the provision of free basic services
- policy(ies) related to budget implementation and monitoring
- policy(ies) related to managing electricity and water
- policy(ies) relating to personnel
- policy(ies) dealing with municipal entities

“budget transfer” means transfer of funding within a function / vote;

“budget year” means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

“Chief Financial Officer” means a person designated in terms of section 80(2) (a) of the MFMA;

“councillor” means a member of a municipal council;

“creditor”, means a person to whom money is owed by the municipality;

“current year” means the financial year, which has already commenced, but not yet ended;

“delegation”, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

“financial recovery plan” means a plan prepared in terms of section 141 of the MFMA;

“financial statements”, means statements consisting of at least –

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) a cash-flow statement;
- (d) any other statements that may be prescribed; and
- (e) any notes to these statements;

“financial year” means a twelve months period commencing on 1 July and ending on 30 June each year;

“fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“irregular expenditure”, means –

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”;

“Investment”, in relation to funds of a municipality, means –

- (a) The placing on deposit of funds of a municipality with a financial institution; or
- (b) The acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

“Local community” has the meaning assigned to it in section 1 of the Municipal Systems Act;

“Executive Mayor” means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

“Municipal council” or **“Council”** means the council of a municipality referred to in section 18 of the Municipal Structures Act;

“Municipal entity” has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

“Municipal Finance Management Act” means the Local Government: Municipal Structures Act, 2004 (Act No. 56 of 2004);

“Municipal Manager” means the Accounting Officer as appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

“Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

“Municipality” –

(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or

(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

“Municipal service” has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

“Municipal tax” means property rates or other taxes, levies or duties that a municipality may impose;

“National Treasury” means the National Treasury established by section 5 of the Public Finance Management Act;

“Official”, means –

(a) an employee of a municipality or municipal entity;

(b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or

(c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

“Overspending” –

(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

“Past financial year” means the financial year preceding the current year;

“Quarter” means any of the following periods in a financial year:

(a) 1 July to 30 September;

(b) 1 October to 31 December;

(c) 1 January to 31 March; or

(d) 1 April to 30 June;

“Service delivery and budget implementation plan” means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate

- (a) Projections for each month of –
 - (i) Revenue to be collected, by source; and
 - (ii) Operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter; and
- (c) Any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

“Unauthorised expenditure”, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes –

- (a) Overspending of the total amount appropriated in the municipality's approved budget;
- (b) Overspending of the total amount appropriated for a vote in the approved budget;
- (c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with the MFMA;

“Virement” means transfer of funds between functions / votes; and

“Vote” means –

- (a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; or
- (b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

3. ABBREVIATIONS USED

CPIX = Consumer Price Index excluding interest rates on mortgage bonds

CDF = Capital Development Fund

- IDP** = Integrated Development Plan
- MFMA** = Municipal Management Finance Act
- MIG** = Municipal Infrastructure Grant
- MSIG** = Municipal Systems Improvement Grant
- MTREF** = Medium-Term Revenue and Expenditure Framework
- SDBIP** = Delivery and Budget Implementation Plan

4. OBJECTIVE

The objective of the budget policy is to set out –

- 4.1. The principles which the Municipality will follow in preparing each Medium Term Revenue and Expenditure Framework budget.
- 4.2. The responsibilities of the Executive Mayor, the Accounting Officer, the Chief Financial Officer and other Senior Managers in compiling the Budget.
- 4.3. To establish and maintain procedures to ensure adherence to the Municipality's IDP Review and Budget Process.
- 4.4. To ensure that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
- 4.5. The policy shall apply to all the relevant parties within the Municipality that are involved throughout the budget process.

5. BUDGETING PRINCIPLES

- 5.1. The municipality shall not budget for a deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels.
- 5.2. The Municipality shall prepare three-year Budget (medium term revenue and expenditure framework) which shall be reviewed annually and approved by the Council.
- 5.3. The MTREF Budget must at all times be within the framework of the Municipal Integrated Development Plan, and the Budget and IDP review process should run concurrently.
- 5.4. Expenses may only be incurred in terms of the approved Annual Budget (or Adjustment Budget) and within the limits of the amounts appropriated for each vote in the approved Budget.
- 5.5. The Annual Budget will only be funded from realistic anticipated revenues to be collected, cash-backed accumulated funds not committed for other purposes and borrowed funds.

6. BUDGET PREPARATION PROCESS

6.1. Formulation of the budget

- 6.1.1. The Accounting Officer with the assistance of the Chief Financial Officer and the Director of the Department of Planning and Economic Development shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- 6.1.2. The Executive Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year). The budget timetable shall contain deadlines for –
 - 6.1.2.1. a) the annual review of the IDP
 - 6.1.2.2. b) the review of budget related policies
 - 6.1.2.3. c) the preparation, tabling and approval of the annual budget
 - 6.1.2.4. d) the consultative processes forming part of the budget process.
- 6.1.3. IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- 6.1.4. The Chief Financial Officer, and after consultation with the Portfolio Councillor of Finance set the reasonable growth level of the operational budget based on the current financial performance and the prevailing industry growth levels (i.e. CPIX). After the income has been determined, an acceptable growth level for the operating expenditure (including salary increases) is estimated.
- 6.1.5. In September of each year, the Chief Financial Officer shall prepare a Budget Strategy which shall contain the principles, objectives and strategies that will apply during the forthcoming budget preparation process. Such Budget Strategy shall take cognisance of the directives, guidelines and economic factors prevailing at the time or circulated by National and Provincial Government. The Budget Strategy shall give general direction to the budget process and also indicate affordable budget growth and envisaged tariff increases as the base line of the budget process
- 6.1.6. Thereafter, the Executive Mayor shall convene a strategic workshop with the mayoral committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.

- 6.1.7. Before the end of October of each year, the Executive Mayor shall table the Budget Strategy and IDP Priorities together with an outline draft budget to Council.
- 6.1.8. The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- 6.1.9. 1.2.7 The budget tabled to Council for approval shall include the following supporting documents –
- 6.1.10. The budget must be in the format prescribed by National Treasury and must be divided into a capital and an operating budget.
 - 6.1.11. The budget must be balanced and reflect the realistically anticipated revenues by major revenue source for the budget year concerned.
 - 6.1.12. The expenses reflected in the budget must be divided into different categories (for operating budget) and different capital projects or services (for capital budget).
 - 6.1.13. The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.
- 6.1.14. The budget shall include the following supporting documents –
- 6.1.14.1. draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
 - 6.1.14.2. draft resolutions (where applicable) amending the IDP and the budget-related policies;
 - 6.1.14.3. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
 - 6.1.14.4. the projected cash flows for the financial year by revenue sources and expenditure votes broken down per month;
 - 6.1.14.5. any proposed amendments to the IDP;
 - 6.1.14.6. any proposed amendments to the budget-related policies;
 - 6.1.14.7. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the Municipal Manager, the chief financial officer, and other senior managers employed in terms of Section 57 of the Municipal Systems Act;
 - 6.1.14.8. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions etc;
 - 6.1.14.9. particulars of the municipality's investments; and
 - 6.1.14.10. various information in regard to municipal entities (if any) under the shared or sole control of the municipality.
- 6.1.15. The Executive Mayor shall table the draft IDP, MTREF budget and supporting documents to Council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.

6.2. Public participation process

- 6.2.1. Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and invite the local community to submit representations in regard to such budget. The public participation process must be a formal process and must ensure adequate consultation as contemplated in the MFMA.
- 6.2.2. After considering all budget submissions, the Council must give the Executive Mayor an opportunity to respond to the submissions; and if necessary, to revise the budget and table amendments for consideration by the Council.

6.3. Approval of the budget

- 6.3.1. Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- 6.3.2. The council resolution, must contain budget policies and performance measures be adopted (as per section 17 of the MFMA).
- 6.3.3. Should the municipality fail to approve the budget before the start of the budget year, the Executive Mayor must inform the MEC for Finance that the budget has not been approved.

6.4. Publication of the budget

- 6.4.1. The Municipal Manager must within 14 days after approval of the budget submit the approved budget and supporting documentation in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.
- 6.4.2. The Municipal Manager must publish the approved budget on the municipal website.

6.5. Service Delivery and Budget Implementation Plan (SDBIP)

- 6.5.1. The Executive Mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- 6.5.2. The SDBIP shall include the following components –
 - 6.5.2.1. monthly projections of revenue to be collected for each source;

- 6.5.2.2. monthly projections of expenditure (operating and capital) and revenue for each vote;
- 6.5.2.3. quarterly projections of service delivery targets and performance indicators for each vote;
- 6.5.2.4. ward information for expenditure and service delivery; and
- 6.5.2.5. detailed capital works plan broken down by ward over three years.

7. CAPITAL BUDGET

7.1. Capital Budget Preparation

- 7.1.1. Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and its value exceeds R10 000 and has a useful life in excess of one year.
- 7.1.2. Vehicle replacement shall be done in terms of Council's vehicle replacement policy. The budget for vehicles shall distinguish between replacement and new vehicles. No globular amounts shall be budgeted for vehicle acquisition.
- 7.1.3. Except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year, the annual capital budget shall be prepared using a zero-based approach.
- 7.1.4. A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- 7.1.5. Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.
- 7.1.6. Excess budget available on capital projects may not be used for purposes other than what the expenditure was initially intended for.

7.2. Capital Budget Funding

- 7.2.1. The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- 7.2.2. Before approving a capital project, the Council must consider –
 - 7.2.2.1. the projected cost of the project over all the ensuing financial years until the project becomes operational; and
 - 7.2.2.2. any future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- 7.2.3. Before approving the capital budget, the council shall consider –
 - 7.2.3.1. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - 7.2.3.2. depreciation of fixed assets,

- 7.2.3.3. maintenance of fixed assets, and
- 7.2.3.4. any other ordinary operational expenses associated with any item on such capital budget.

7.2.4. The capital expenditure shall be funded from the following sources –

Internal sources

- 7.2.4.1. If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
- 7.2.4.2. If the project is to be financed from surplus or from the Capital Development Fund there must be sufficient cash available at time of execution of the project.

External loans

- 7.2.4.3. External loans can be raised only if it is linked to the financing of an asset;
- 7.2.4.4. A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
- 7.2.4.5. The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- 7.2.4.6. Interest payable on external loans shall be included as a cost in the revenue budget;
- 7.2.4.7. Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

External sources

- 7.2.4.8. Grants and subsidies as allocated in the annual Division of Revenue of Act;
- 7.2.4.9. Grants and subsidies as allocated by Provincial government;
- 7.2.4.10. Private Contributions;
- 7.2.4.11. Contributions from the Capital Development Fund (developer's contributions) and,
- 7.2.4.12. Any other financing source secured by the municipality.

7.2.5. Borrowing is only permitted to fund capital investment in property, plant and equipment, but assets deemed essential to the maintenance of public health and safety or that may compromise the ability to deliver certain essential services may not be pledged as security for such borrowings.

7.3. Capital Replacement Reserve

7.3.1. Council may establish a Capital Development Fund as a capital replacement reserve for the purpose of financing capital projects and the acquisition of assets.

7.3.2. The Capital Development Fund may be funded from the following sources of revenue –

- 7.3.2.1. unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;

- 7.3.2.2. interest on the investments of the Capital Development Fund, appropriated in terms of the investments policy;
 - 7.3.2.3. additional amounts appropriated as contributions in each annual or adjustments budget;
 - 7.3.2.4. sale of land and profit or loss on the sale of assets; and
 - 7.3.2.5. proceeds from royalties and the exploration of minerals.
- 7.3.3. Before any asset can be financed from the Capital Development Fund the financing must be available within the reserve and available as cash as this fund must be cash-backed.
- 7.3.4. If there is insufficient cash available to fund the Capital Development Fund this reserve fund must then be adjusted to equal the available cash.
- 7.3.5. Transfers to the Capital Development Fund must be budgeted for in the cash budget.

7.4. Grant Funding

- 7.4.1. Capital expenditure funded by grants must be budgeted for in the capital budget;
- 7.4.2. Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.
- 7.4.3. Grant funding does not need to be cash-backed but cash must be secured before spending can take place.

8. OPERATING BUDGET

- 8.1. The municipality shall budget in each annual and adjustments budget for the contribution to:
- 8.1.1. provision for accrued leave entitlements equal to 100% of the accrued leave;
 - 8.1.2. entitlement of officials as at 30 June of each financial year;
 - 8.1.3. provision for bad debts in accordance with its rates and tariffs policies;
 - 8.1.4. provision for the obsolescence and deterioration of stock in accordance with its Supply Chain Management Policy;
 - 8.1.5. depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;
 - 8.1.6. at least 8% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance;
 - 8.1.7. the budget for salaries, allowances and salaries-related benefits shall not exceed 45% of the aggregate operating budget component of each annual and adjustments budget (for purposes of this item, the remuneration of political office bearers and other councillors shall be excluded from this limit); and

- 8.1.8. at least 0.15% of the operating budget component of each annual budget shall be set aside for skills development.
- 8.2. When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- 8.3. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- 8.4. The operating budget shall reflect the impact of the capital component on –
 - 8.4.1. depreciation charges;
 - 8.4.2. repairs and maintenance expenses;
 - 8.4.3. interest payable on external borrowings; and
 - 8.4.4. Other operating expenses.
- 8.5. The chief financial officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.
- 8.6. Operating expenditure funded from grants must be budgeted for as part of the revenue budget.
- 8.7. A zero-based approach shall be used in preparing the annual operating budget, except in cases where a contractual commitment has been made that would span over more than one financial year, in which case the zero based method will be followed.
- 8.8. The operational budget may be financed only from –
 - 8.8.1. realistically expected revenues, based on current and previous collection levels; and
 - 8.8.2. Cash-backed funds available from previous surpluses where such funds are not required for other purposes.

9. UNSPENT FUNDS / ROLL-OVER OF BUDGET

- 9.1. The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.
- 9.2. Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.
- 9.3. Conditions of the grant fund shall be taken into account in applying for such roll over of funds.
- 9.4. Application for rollover of funds shall be forwarded to the budget office by the 15th of April each year for inclusion in following year's budget for adoption by Council in May of that year.
- 9.5. Adjustments to the rolled over budget shall be done during the 1st budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.

- 9.6. No funding for projects funded from the Capital Development Fund shall be rolled over to the next budget year except in cases where a commitment has been made 90 days (30 March each year) prior the end of that particular financial year.
- 9.7. No unspent operating budget shall be rolled over to the next budget year.

10. BUDGET TRANSFERS AND VIREMENTS

- 10.1. No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer in consultation with the Director Corporate Services.
- 10.2. The budget for personnel expenditure may not be increased without prior approval of the Chief Financial Officer.
- 10.3. Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of council.
- 10.4. The amount of a saving under a main expenditure category of a vote that may be transferred to another main expenditure category may not exceed ten per cent of the amount appropriated under that main expenditure category.
- 10.5. Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure, except in the cases of grants whose conditions permit such a transfer.
- 10.6. Budget transfers or virements with respect to capital projects may only be undertaken in accordance with section 31 of the MFMA.
- 10.7. Directors may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance, etc.) within a vote which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same vote, after obtaining approval of the Chief Financial Officer or such senior delegated official in the Budget & Treasury Department.
- 10.8. Budget transfers within the same vote shall be recommended by the Director responsible for that vote and approved by the Chief Financial Officer or such other senior delegated official in the Department of Finance.

- 10.9. The Municipal Manager must report to the Executive Mayor on a monthly basis on all virements that have been approved during the preceding month, and to the Executive Mayoral Committee on all virements of funds between votes (directorates) that have been approved during the preceding month.
- 10.10. Virements between votes shall be included in the adjustment budget.
- 10.11. In the case of emergency or any other exceptional circumstances virements shall be submitted by the Municipal Manager to the Executive Mayor to authorize any possible unforeseeable or unavoidable expenditure for which no provision was made in an approved budget.
- 10.12. The Executive Mayor must report such expenditure to the Council at its next meeting which should not be departed more than 60 (sixty) days from approval of expenditure.

11. ADJUSTMENTS BUDGET

- 11.1. Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.
- 11.2. The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the Executive Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Executive Mayor on the revision of the IDP and the budget-related policies where these are indicated.
- 11.3. Council may revise its annual budget by means of an adjustments budget at most three times a year or a regulated.
- 11.4. The Municipal Manager must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- 11.5. The Municipal Manager shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.
- 11.6. The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.

- 11.7. The Council should also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- 11.8. Only the Executive Mayor shall table an adjustments budget.
- 11.9. Adjustments budget shall be tabled at most three times a year after the end of each quarter and be submitted to Council in the following months –
- 11.9.1. In October – to adjust funding rolled over from the previous financial year as well as to include additional funding that has become available from external sources;
 - 11.9.2. In February – to take into account recommendations from the mid-year budget and performance report tabled to Council in January that affect the annual budget;
 - 11.9.3. In May – to adjust current year's budget in cases where there is a indication that there will be rolling over of funding to the next financial year.

OR

- 11.10. Adjustment Budgets shall be done once per year and only during December of each year and be submitted to Council before 25 January of each year.
- 11.11. An adjustments budget must contain all of the following –
- 11.11.1. an explanation of how the adjustments affect the approved annual budget;
 - 11.11.2. appropriate motivations for material adjustments; and
 - 11.11.3. an explanation of the impact of any increased spending on the current and future annual budgets.
- 11.12. Any unappropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's Capital Development Fund .
- 11.13. Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- 11.14. Unauthorised expenses may be authorised in an adjustments budget.
- 11.15. In regard to unforeseen and unavoidable expenditure, the following apply –
- 11.15.1. the Executive Mayor may authorise such expenses in an emergency or other exceptional circumstances;
 - 11.15.2. the municipality may not exceed 3 % of the approved annual budget in respect of such unforeseen and unavoidable expenses;
 - 11.15.3. these expenses must be reported by the Executive Mayor to the next Council meeting;
 - 11.15.4. the expenses must be appropriated in an adjustments budget; and
 - 11.15.5. Council must pass the adjustments budget within sixty days after the expenses were incurred.

12. BUDGET IMPLEMENTATION

12.1. Monitoring

- 12.1.1. The Municipal Manager with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that –
 - 12.1.1.1. funds are spent in accordance with the budget;
 - 12.1.1.2. expenses are reduced if expected revenues are less than projected; and
 - 12.1.1.3. revenues and expenses are properly monitored.
- 12.1.2. The Municipal Manager with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive Mayor for consideration and tabling to Council.
- 12.1.3. The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

12.2. Reporting

Monthly budget statements

- 12.2.1. The Municipal Manager with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Executive Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date. This report must reflect the following –
 - 12.2.1.1. actual revenues per source, compared with budgeted revenues;
 - 12.2.1.2. actual expenses per vote, compared with budgeted expenses;
 - 12.2.1.3. actual capital expenditure per vote, compared with budgeted expenses;
 - 12.2.1.4. actual borrowings, compared with the borrowings envisaged to fund the capital budget;
 - 12.2.1.5. the amount of allocations received, compared with the budgeted amount;
 - 12.2.1.6. actual expenses against allocations, but excluding expenses in respect of the equitable share;
 - 12.2.1.7. explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
 - 12.2.1.8. the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
 - 12.2.1.9. Projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

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

Quarterly Reports

- 12.2.3. The Executive Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

Mid-year budget and performance assessment

- 12.2.4. The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.
- 12.2.5. The Municipal Manager must then submit a report on such assessment to the Executive Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.
- 12.2.6. The Municipal Manager may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

Website Publishing

- 12.2.7. The Director Corporate Services must place on the municipality's official website the following –
- 12.2.7.1. the annual and adjustments budgets and all budget-related documents;
 - 12.2.7.2. all budget-related policies;
 - 12.2.7.3. the integrated development plan;
 - 12.2.7.4. the annual report;
 - 12.2.7.5. all performance agreements;
 - 12.2.7.6. all service delivery agreements;
 - 12.2.7.7. all long-term borrowing contracts; and
 - 12.2.7.8. all quarterly and mid-year reports submitted the Council on the implementation of the budget and the financial state of affairs of the municipality.

Other Reports

- 12.2.8. The Chief Financial Officer must ensure that the financial information which is required for the following annual, six-monthly, quarterly and monthly reports is provided within the required deadlines –

Annual Reports

- 12.2.8.1. Asset Management
- 12.2.8.2. Budget Evaluation Checklist
- 12.2.8.3. Financial Position
- 12.2.8.4. Financial Position Audited
- 12.2.8.5. Capital Acquisition
- 12.2.8.6. Capital Acquisition Audited
- 12.2.8.7. Cash Flow Budget
- 12.2.8.8. Grants and Subsidies Given
- 12.2.8.9. Grants and Subsidies Received
- 12.2.8.10. Financial Performance Audited
- 12.2.8.11. Financial Performance Budget
- 12.2.8.12. IDP to Budget
- 12.2.8.13. Mid-year budget and performance assessment
- 12.2.8.14. Annual Budget

Six-Monthly Reports

- 12.2.8.15. Mid-year Budget and Performance Assessment (Section 72 MFMA)

Quarterly Reports

- 12.2.8.16. Borrow Monitoring
- 12.2.8.17. Corporate Entity
- 12.2.8.18. Long Term Contracts
- 12.2.8.19. MFMA 12 Urgent Priorities
- 12.2.8.20. Public-Private Partnerships
- 12.2.8.21. Equitable Share
- 12.2.8.22. Withdrawals from Municipal Bank Accounts
- 12.2.8.23. Environment and Health – Allocations and Expenditure
- 12.2.8.24. Budget Review (Section 52 MFMA)

Monthly Reports

- 12.2.8.25. Aged Creditors
- 12.2.8.26. Aged Debtors
- 12.2.8.27. Capital Acquisitions Actual
- 12.2.8.28. Cash Flow Actuals
- 12.2.8.29. Finance Management Grant
- 12.2.8.30. Financial Performance Actuals
- 12.2.8.31. Restructuring Grant
- 12.2.8.32. Municipal Infrastructure Grant
- 12.2.8.33. MSIG – Project Consolidate
- 12.2.8.34. Budget Statement (Section 71 MFMA)
- 12.2.8.35. Supply Chain Management Awards

Chief Albert Luthuli Municipality



Water and Electricity Management Policy

1. Introduction

This Water and Electricity Management Policy has been developed to meet legislative requirements.

The Chief Albert Luthuli Local Municipality will use this policy to direct the development of appropriate strategies that can then be implemented as and when resources are available.

2. Legislative Framework

The Municipal Budget and Reporting Regulations, 2008 were published by National Treasury as Notice 393 in the Government Gazette No. 32141 on 17 April 2009. Regulation 7(1) states that –

The municipal manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies ¹ of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21 (1)(b) of the Act.

The footnote ¹ to this regulation lists a number of required policies including

- (n) any policies related to managing electricity and water including –*
 - (i) a policy related to the management of losses; and*
 - (ii) a policy to promote conservation and efficiency;*

This policy of the Chief Albert Luthuli Municipality has been developed to comply with the above requirement.

3. Objective

In 2004, the then Department of Water Affairs and Forestry issued the Guidelines for Water Conservation and Water Demand Management in Water Management Areas and in the Water Services Sector as part of its Integrated Water Resources Management Strategy.

In June 2009, the then Department of Minerals and Energy issued the National Energy Efficiency Strategy, which was reviewed and updated in October 2008. However, this strategy does not provide any guidance to municipalities.

The objectives of the policy of the Chief Albert Luthuli Municipality are to adhere to the above water guideline and to follow best-practice policies with regard to electricity management. The timing of the implementation may be affected by practical considerations as well the extent of resources that are available.

4. Water losses

Minimizing water loss will be achieved through an effective distribution management strategy that will incorporate the following elements:

- 4.1. A system of flow measurement throughout the bulk distribution system that allows regular measurements to be monitored, thereby allowing for timely identification of losses;
- 4.2. An effective management system that optimizes flow rates and pressures, monitors water quality and is able to identify and rectify problems appropriately;
- 4.3. A proactive maintenance program that reduces the probability of leaks occurring in the first place;
- 4.4. A suitably resourced maintenance unit that can ensure that leaks or blockages are repaired without undue delays – either through internal capacity or through competent contractors;
- 4.5. An effective asset management program that ensures that the installed infrastructure is designed to meet present and future needs, that plans are developed timely for refurbishments and/or replacements, and that suitable training is provided to operators; and
- 4.6. An appropriate rationing system that, in the case of severe drought or other inflow impediment, ensures that supplies to emergency services are not affected, ensures that a basic service is provided to all, yet is still able to ration supply as required.

5. Water conservation and efficiency

Maximizing water conservation and efficiency will be achieved through influencing consumer demand, controlling return flows and social awareness strategies that will incorporate the following elements:

Consumer Demand Management

- 5.1. Water efficient appliances should be promoted through LED programs that will encourage their local manufacture, installation, wholesaling and retailing;
- 5.2. Municipal building regulations should be updated to incorporate best practice in terms of water usage efficiency, especially in commercial and public buildings; and
- 5.3. Water tariffs should be determined in a manner that does not just maximize revenue to the municipality, but also influences (i.e. reduces) unnecessary water usage.

Return Flow Management

- 5.4. Monitoring sewerage flows is essential to minimize unwanted inflows and leakages will reduce operating costs while also reducing environmental & health risks;
- 5.5. Dual water systems (potable and grey) that promote water re-use should be installed wherever viable.

Social Awareness and Education

- 5.6. The fact that “water is a scarce resource” must be effectively communicated to all residents and consumers, who should be encouraged to adopt water conservation habits and practices;
- 5.7. Campaigns should be targeted at identified groups and communicated in the most effective manner available, as well as forming an integral component of the IDP process.
- 5.8. Awareness must also be raised and maintained within the municipality’s own staff and service providers.

6. Electricity conservation and efficiency

Electricity shortages are likely to reoccur in future, and municipalities will have a major role to reduce the impact upon users through influencing consumer demand through social awareness strategies that will incorporate the following activities:

- 6.1. Access, and assist local businesses to access, funding from other sources (including CDM credits) to improve electricity efficiency.
- 6.2. Develop programs in collaboration with Gert Sibande and other local municipalities to reduce overheads in the roll-out of electricity conservation and communication initiatives.
- 6.3. Make full use of Eskom's Demand Side Management (DSM) programme, including the CFL exchange and solar water heater programs as well as the Residential Load Management program.
- 6.4. Establish working relationships with other entities such as the National Energy Efficiency Agency, in order to develop best-practice strategies that are appropriate for the Chief Albert Luthuli municipality
- 6.5. Develop an appropriate rationing system that, in the case of load shedding, ensures that supplies to emergency and other essential services are not affected.
- 6.6. Where it is likely to generate meaningful cost savings, to tackle energy efficiency in municipal buildings (as per the national program – which excludes municipalities)
- 6.7. Awareness of the need for electricity conservation must also be raised and maintained within the municipality's own staff and service providers.

7. Implementation & Monitoring

While the Council is ultimately responsible for the development, implementation, monitoring and review of this policy, the Municipal Manager is the official responsible for its management while the Director: Technical Services should be assigned responsibility for its day-to-day management. The Department of Water Affairs and Forestry has published a number of Best Practice Guidelines and a range of supporting material in its Integrated Environmental Management Series, which should be used to support the development of strategies to drive the implementation of water-related aspects of this policy.

Other departments and public entities have developed a range of strategies, frameworks and programs, with a number of implementable projects, which should be used wherever practical. It is also important to monitor and review actual performance against the planned, even for communications and awareness strategies. Whenever the municipality undertakes any projects that incur capital expenditure, then detailed monitoring is essential, and a full assessment of the benefits (if any) conducted at appropriate intervals – as any returns on investments may take several years to achieve.

Chief Albert Luthuli Municipality



Overtime Policy

1. Introduction

- 1.1. The demand for service delivery often necessitates that employees should perform work outside the normal working hours. It is therefore necessary that such overtime duty be carefully regulated.
- 1.2. Therefore, the Chief Albert Luthuli Municipality hereby adopts this policy to give effect to the implementation of the overtime policy.

2. Objectives

- 2.1. The objectives of these policies are.
 - 2.1.1. To provide guidance in the performance of overtime work by council employees as provided for in the Basic Conditions of Employment Act (Act no. 75 of 1997 and the collective agreement.
 - 2.1.2. This policy will prescribe the overtime rates to be used to compensate council employees who performed overtime work.
 - 2.1.3. To provide control mechanisms on the performance of overtime by Council employees.

3. Scope of Application

- 3.1. The policy applies to all full time employees of the Municipality except those employees excluded by earning more than the threshold amount as published by the Minister of Labour currently R205 433.30 per annum, unless otherwise agreed. (*Government Gazette No.18491 of July 2014*)
- 3.2. In the event of any inconsistency between this policy and any National and other Local Government related legislation, such legislation prevails.
- 3.3. No overtime will be paid for attendance of functions/prize giving event etc. by personal invitation except in the cases of compulsory attendance as official representative of Chief Albert Luthuli Municipality and provided that such overtime is authorised in advance by the Municipal Manager.

4. Definitions

Deductions:	means income tax, pension, medical fund etc.
Earnings:	means gross pay before deductions;
Overtime:	means the time that a qualifying employee works during a day of a week in excess of the ordinary hours of work;
Emergency work:	refers to work that must be done without delay because of circumstances for which the employer could not reasonably have been expected to make provision and which cannot be performed by employees during their ordinary hours of work. Emergency work excludes the performance of routine maintenance work outside normal working hours.
Structured overtime:	refers to planned overtime over which the employer has control that continue or take place after normal working hours and will include Council committee meetings.

Remuneration:	compensation in money or time off for overtime worked
Wage:	means the amount of money paid or payable to an employee in respect of ordinary hours of work

5. **Responsibilities**

5.1. **General**

- 5.1.1. The employer and employees both have the responsibility to ensure that the whole process surrounding overtime is underlined with fairness, equity, honesty, transparency, integrity and openness.
- 5.1.2. Each manager is accountable and responsible to constantly monitor and review the provision for overtime on his/her budget and ensure that trends are noted early, funds are adequate, over expenditure is noted, justified and provided for timeously.
- 5.1.3. Every manager/divisional manager has a responsibility for the implementation, maintenance and management of the overtime system.
- 5.1.4. The salary office is responsible for the calculation and paying out of overtime worked.
- 5.1.5. Designated managers and supervisors are responsible for co-ordinating and controlling system implementation and maintenance at operational level.
- 5.1.6. It is the responsibility of each Directorate to keep documented records in respect of all staff who qualify for time off and the appropriate application form should be completed by the employee when requesting time off.

5.2. **Principle**

Employees may not work overtime unless prior approval has been obtained from the Head of the Department concerned and the work in question cannot be done during working hours. In other words circumstances must be dictating.

5.3. **Limitations**

- 5.3.1. If an employee agrees to work overtime, the employee may not work:

- 5.3.1.1 Overtime except in accordance with a written agreement from the Head of the Department concerned;
- 5.3.1.2 More than 10 hours overtime per week;
- 5.3.1.3 More than 3 hours per day; and
- 5.3.1.4 Overtime only commences after completion of ordinary daily or weekly working hours.

5.4. **Prior Approval**

No employee will be remunerated for overtime worked unless such overtime has been budgeted for and authorized by the Departmental Head.

6. Authorisation

Basic Conditions of Employment Act, No 75 of 1997

7. Regulatory Framework

7.1.1. These conditions of service are guided by the following legislation:

- 7.1.1.1. Labour Relations Act;
- 7.1.1.2. Municipal Financial Management Act;
- 7.1.1.3. Government Gazette; and
- 7.1.1.4. Basic Conditions of Employment Act No. 75 Of 1997
- 7.1.1.5. Collective Agreement.

8. Overtime Worked During The Week

8.1.1. Employees will be:

- 8.1.1.1. Paid one and a half times the employee's hourly wage for overtime worked; or;
- 8.1.1.2. Paid his/her ordinary wage for overtime worked and be granted 30 minutes time off on full pay for every hour of overtime worked during weekdays: or
- 8.1.1.3. Granted 90 minutes paid time off for each hour of overtime worked during week (Monday - Friday).

9. Time Off

- The employee will be granted paid time off within one month of the employee becoming entitled to it.
- The employee will be remunerated for overtime worked on the employee's normal payday.
- The taking of time off by an employee will be forfeited if not taken within one month's time but may for operational reasons, be extended to a maximum of six months by the employees Directors.
- Time-off cannot be en-cashed and upon termination of service this specific leave can also not be en-cashed.

10. Operational Requirement

- Due to the business and operational requirements of the Municipality, employees will be required to work overtime on occasions.
- The employer may not require or permit an employee to work overtime or to work on Sundays or Public Holidays except in accordance with an agreement.

11. Overtime Worked on Sunday and Public Holidays

Employees, who normally work five days a week, will be:

- Paid double the employee's hourly wage for overtime worked; or

- Paid his/her ordinary wage for overtime worked and be granted 60 minutes time off on full pay for every hour of overtime worked; or
- Granted at least 120 minutes paid time off for each hour of overtime worked during the week (Monday - Friday).

12. Exemptions

The following five job categories are exempted from the threshold and may be remunerated in terms of section 10 of the Basic Conditions of Employment act of 1997:

- Traffic Law Enforcement and Security Services: from rank of Superintendent and lower
- Fire and Rescue Services: from rank of Leading Fire Fighter and lower
- Water and Sanitation: from Special Worksmen and lower
- Electrical Engineering: from Electrician and lower

NOTE: All other principles and procedures of the Overtime Policy remain in place for the above exempted job categories and must be adhered to at all times

Prior approvals of Emergency calls are not necessary but approval form shall contain the following additional motivation and detail:

- Incident
- Date
- Time
- Employee on standby or not; if not reason why he/she was called out
- Duration of call out

All other staff members not covered by this policy (i.e. people earning more than R 205 433.30, 00) shall be entitled to take time off on full pay for overtime hours worked which was duly approved by the immediate Head. This category of officials will be entitled to accumulate up to a maximum of 30 days per annum. Time off must be taken within six months of overtime hours worked, and any extensions must be approved by the Departmental head concerned. Failure to take time off within six months of such accumulation will result in the forfeiture of the days in question, unless such failure is due to operational requirements. Overtime for these employees will be calculated on 90 minutes for each overtime hour worked during normal working days, and 120 minutes for each overtime hour worked on Public Holidays and Sundays.



SUBSISTENCE AND TRAVELLING POLICY

1. DEFINITIONS

- “Council”** means- The municipal council of Chief Albert Luthuli Local Municipality established by Provisional Notice No.229 of 2000 dated 1 October 2000, as amended, or its successor in title and committee or person to which or to whom an instruction has been given or any power been delegated in terms of or as contemplated in department 59 of the Local Government Municipal Systems Act, 2000 (Act No.32 of 2000).
- “Council Owned”** means a vehicle acquired under bona fide agreement or sale of exchange registered in the name of the Council official.
- “Council Business”** means activities carried out by Councillors and Council Officials on behalf of the Council in discharging its mandate in terms of the Local Government Municipal Systems Act; 2000 (Act No.32 of 2000), Municipal Finance Management Act, Valuation Act and any other applicable legislation.
- “Privately Owned”** means a vehicle acquired under a bona fide agreement or sale of exchange finance under a Council motor vehicle scheme registered in the name of a Council official before the implementation of the Municipal Finance Management Act.
- “Councillor”** means a member of a Municipal Council.
- “Contract Staff”** means staff employed in terms of contract staff (section 57) and any other appointed in terms of similar appointment contract.
- “Travel Expense”** includes Toll gate fees, Parking fees, etc.
- “Traditional Leader”** as defined in the Government Gazette number

2. PURPOSE

To provide guidelines for business travelling by Councillors, officials, Ward Committee Members, Audit Committee Members and Traditional Leaders on behalf of the Council and the compensation thereof.

3. OBJECTIVES

- 3.1 To regulate travelling expense claims by Councillors, Officials, Ward Committee Members and Audit Committee Members and Traditional Leaders travelling
- 3.2 on behalf of the Council;
- 3.3 To identify Council business travel and travelling which is not related to Council business.

4. APPLICATION

Applicable to all Councillors, Council Officials, Ward Committee Members, Audit Committee Members and Traditional Leaders including contract staff and permanent employees subject to prior approval by the Senior Manager in that department.

5. POLICY GUIDELINES

5.1 Travelling on Council business

5.1.1 The Municipal Manager or the delegated person shall approve travelling on Council business by officials of the Council. Such request for travel shall be on the Council prescribed form;

5.1.2 The Executive Mayor or the Speaker / Chief Whip or Municipal Manager shall approve travelling on Council business by Council.

5.1.2.1 Destination;

5.1.2.2 Reason for travelling (where applicable) proof must be attached to the form e.g. invitation or agenda of conference or meeting or the attendance register

5.1.2.3 Method of travelling;

5.1.2.4 Whether privately or Council owned vehicle will be used; and

5.1.2.5 Date of departure and return.

5.2 Usage of privately owned vehicle for Council business

5.2.1. Councillors, Officials, Ward Committee Members and Audit Committee Members and Traditional Leaders travelling on approved Council business using privately owned motor vehicle shall be

reimbursed at a rate as prescribed by the department of transport from time to time.

Councillors and contract officials will claim as from 0 kilometres after they have travelled.

5.2.2. The prescribed form shall be completed after a business trip has been undertaken and submitted monthly to finance department;

5.2.3. The total number of kilometres travelled on Council business shall be provided and finance department shall process all approved travel expense once per month and make payments on the 15th of every month or closest working day.

5.2.4. There shall be limitation to kilometres travelled monthly to all officials as follows:

5.2.4.1. Municipal Manager will limited to 3000 km per month

5.2.4.2. Directors will be limited to **2500** km per month;

5.2.4.3. Managers will be limited to **2000** km per month;

5.2.4.4. Other staff members will be limited to **1500** km per month;

5.2.4.5. Staff receiving car allowances as per council policy will be limited to travel kilometres prescribed by the policy of Council on travelling allowance;

5.2.4.6. Should any of the employees of Council exceed the prescribed kilometres as mentioned above the kilometres be carried over in the following month; (the Municipal Manager in the case of Directors will give prior approval of extension of kilometres for that month. In the case of other employees including Assistant Directors the Director of the affected Department shall give prior approval. In the case of employees receiving car allowances as per Council policy prior approval shall be obtained from the Municipal Manager or *Delegated Officials*.)

5.2.4.7 Councillors will not be limited.

5.3 Usage of Council owned vehicle

- 5.3.1 No Council or official qualifying for a Council subsidized motor vehicle will be allowed to use Council owned vehicle for business (or private purposes);
- 5.3.2 Councillors and Official using Council motor vehicle or Council rented vehicle, shall not claim traveling expenses as in 4.2.1 above provided Council incurred petrol expenses.
- 5.3.3 Councillors and Officials authorized to use Council owned vehicle for business purpose shall be reimbursed petrol expenses provided such official has incurred the expenditure and prove of expenditure is produced.
- 5.3.4 A logbook and trip authorization form shall be kept for all Council owned vehicles.

5.4 Travel

5.4.1 Air travel

- 5.4.1.1 The Executive Mayor may travel on Business or Economy class;
- 5.4.1.2 Councillors and Officials required to use air travel to attend to Council business matters shall book economy class for such travel.
- 5.4.1.3 Indicate distance that permit for air travel;
- 5.4.1.4 Get quotations for flight.

5.4.2 Road travel

- 5.4.2.1 Permitted to claim for kilometres travelled (own vehicle);
- 5.4.2.2 Officials is using her/his own vehicle or private transport, then a travel claim can be submitted;
- 5.4.2.3 If a Ward Committee Member, Traditional Leader and Audit Committee Member is using her/his own vehicle or private transport for council business, then a travel claim can be submitted and payable similar to officials and councillors;

- 5.4.2.4 If a person travels within Albert Luthuli Municipality and an overnight stay is necessary then the municipality will pay for the accommodation and the kilometres travelled;
- 5.4.2.5 When making use of public transport then claiming of the taxi fee is permitted;
- 5.4.2.6 If a ward committee member or traditional leader use a public transport then a taxi fee is claimable.

5.4.3 Car hire

- 5.4.3.1 Category A and B cars
- 5.4.3.2 The Executive Mayor is not limited to have above two categories.

5.5 Subsistence allowance

- 5.5.1 *A day allowance of R75.00 is claimable if an official travel outside Albert Luthuli Municipality for more than four hours.*
- 5.5.2 For an overnight stay an inconvenience allowance of R150.00 will be paid.
- 5.5.3 For Councillors' and Officials attending classes inconvenience allowance is not applicable.
- 5.5.4 If accommodation only includes bed and breakfast, then an allowance of maximum of R150.00 (one hundred and fifty rands) is claimable for dinner.
- 5.5.5 In an event of a member going overseas then a daily allowance is permitted. The allowance will be determined depending on the exchange rate applicable at that stage. All must be approved by Council

5.6 Accommodation- Hotel:

- 5.6.1 Maximum Rates (bed, breakfast, lunch and dinner):
 - *Peak times (R1500-).*
 - *Off peak times (maximum R1300).*

- 5.6.2 If accommodation is booked for a person and the person take another person with, then the cost of the second person must be paid by the person and is not the responsibility of the municipality ((except the Executive Mayor).)
- 5.6.3 *If booking for accommodation has not been done, then can officials, Councillors, Ward Committee member or Audit Committee member and Traditional Leader can claim R200 plus R150 in terms of the policy.*

5.7 Approval of claims (authorization of trips)

- 5.7.1 For Councillors/Ward Committee Members/Traditional Leaders: Executive Mayor or Speaker and Municipal Manager.
- 5.7.2 For Directors, Audit Committee Members; Ward Committee Members and Traditional Leaders: Municipal Manager or Acting Municipal Manager;
- 5.7.3 Other staff: Head of Department in consultation with the Municipal Manager (according to the delegation register).
- 5.7.4 Municipal Manager: Executive Mayor or Speaker and Director Corporate Services
- 5.7.5 Speaker and Executive Mayor: Chief Whip and the Municipal Manager
- 5.7.6

5.8 Interviews (claiming of travel)

- 5.8.1 Director Corporate Services will recommend the claim for the interviewee and the Municipal Manager will approve it.
- 5.8.2 *The Maximum rates for candidates attending interviews shall be the rate as prescribed by the department of transport from time to time.*

5.9 Cancellation of bookings

- 5.9.1 In case accommodation is booked and the person does not attend the function/event and neglected to inform the municipality/hotel, then the person is responsible for the cost;

- 5.9.2 If a booking is made and the function is cancelled, then the municipality will incur the cost.

6 WHO HAS WHAT RESPONSIBILITIES?

6.1 Executive Mayor / Council

- 6.1.1 Oversee and monitor:
 - 6.1.1.1 The implementation and enforcement of the municipality policy;
 - 6.1.1.2 The performance of the Municipal Manager in implementing the policy.
- 6.1.2 Evaluate the effectiveness of the policy and review it, present it for Council approval to Control the traveling and subsistence expenditure payable by the Council;
- 6.1.3 At such intervals as may be determined by the Council report to a meeting of the Council on the effectiveness of the travel and subsistence allowance policy.

6.2 Municipal Manager

- 6.2.1 Improvement and enforcement of the travel and subsistence allowance policy adopted by the Council;
- 6.2.2 In accordance with the travel and subsistence allowance policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to control the traveling and subsistence expenditure;
- 6.2.3 At such interval as may be determined by the Council, table a report on the status of municipal finances to a meeting of the Mayoral Committee.

7 REFERENCES

- 7.1 Local Government Municipal Systems Act, 2000;
- 7.2 Income Tax Act No.58 of 1962;
- 7.3 Financial reporting by municipalities Regulation R1536;
- 7.4 Municipal Finance Management Act, 2003.

PART 3

COUNCIL RESOLUTION AND QUALITY CERTIFICATE

Quality Certificate



QUALITY CERTIFICATE 2015/2016 – 2017/2018

I, **Vusumuzi Nelson Mpila** Municipal Manager of **CHIEF ALBERT LUTHULI MUNICIPALITY**, hereby certify that the tabled budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the integrated development plan of the municipality.

VN Mpila
MUNICIPAL MANAGER of
CHIEF ALBERT LUTHULI MUNICIPALITY
MP301


SIGNATURE

DATE

28 March 2015

Chief Albert Luthuli Municipality

The transparent, innovative and developmental municipality that improves the quality of life of its people

OFFICES ALSO AT

Emanzana +27 (0) 17 0011 530
Empuluzi +27 (0) 17 0011 560
Elukwatini +27 (0) 17 0011 540
Ekulindeni +27 (0) 17 0011 521



HEAD OFFICE

P.O Box 24
Carolina
1185
Mpumalanga

Telephone +27 (0) 17 843 4000
Fax +27 (0) 17 843 4001
E-mail mm@albertluthuli.gov.za

Our Ref :
Your Ref :
Enquiries: Mr. PJ NHLABATHI
017 843 4028

Address all correspondence to
THE MUNICIPAL MANAGER

EXTRACT

TO WHOM IT MAY CONCERN

Taken from the minutes of the Special meeting of Council (08/2015) held at the Carolina Town Hall on 28 May 2015.

CERTIFIED AS A TRUE EXTRACT FROM THE ORIGINAL MINUTES

FINANCE: CHIEF ALBERT LUTHULI MUNICIPALITY MULTI-YEAR BUDGET FOR 2015/18 FINANCIAL YEARS (5/8/1)

Resolved

That

1. In terms of S24 of the MFMA No. 56 of 2003, the Consolidated Operational and Capital Multi-year Budget for 2015/18 financial years be approved.
2. The proposed tariffs for 2015/16 be approved for implementation effective from 1 July 2015.
3. The electricity tariffs be implemented once approved by NERSA.
4. The following reviewed Budget related policies be approved for implementation
 - Supply Chain Management Policy
 - Credit Control and Debt Collection Policy
 - Overtime Policy
 - Subsistence and Travel Allowance Policy

- Free Basic Service Policy
5. Council takes note that other Budget related policies were not reviewed.
 6. The multi-year budget for 2015/18 financial years be submitted to National and Provincial Treasury in the prescribed format.
 7. Servitudes such as Nootgedagte water pipeline, Eskom power lines and Sasol gas pipeline be valued, tariffs be determined and be billed as per the assessment rates.

SIGNED AT CAROLINA ON THIS 04TH DAY OF JUNE 2015

71

.....
VN MPIL
MUNICIPAL MANAGER
CL1. 102/28/05/2015