41. **TABLING OF THE DRAFT 2020/21 MEDIUM TERM INCOME AND EXPENDITURE FRAMEWORK (MTREF) IN COMPLIANCE WITH SECTION 16 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003 (MFMA) AND SECTION 21A OF THE MUNICIPAL SYSTEMS ACT 32 OF 2000**
(Directorate: Budget and Treasury) GD

1. STRATEGIC THRUST

The Rustenburg Local Municipality has adopted the following strategic priority:
"To promote sound Financial Management and Good Governance"

2. PURPOSE OF THE REPORT

The requirements for the compilation and submission of the Budget are contained in Chapter 4 of the MFMA and Municipal Budget and Reporting Regulations.

The purpose of tabling the draft 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) to Council is to consider the Income and expenditure per category, the tariffs to realize the budgeted income and to inform council about the limitations regarding the budget and to request Council to subject the draft 2020/21 MTREF as well as the budget related policies for public participation.

3. EXECUTIVE SUMMARY

The Budget is the most important document in enforcing accountability of Administration in relation to the strategic planning and deliverables as determined by Council. The budget guides and determines the day to day actions necessary for the delivery of municipal services to the community.

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

The Budget has been compiled within the framework of the Municipal Financial Management Act (MFMA), Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 96 and other circulars.

In terms of the Municipal Finance Management Regulations, Regulation 17:

(1) A municipal council must consider the full implications, financial or otherwise, of the annual budget and supporting documentation before approving the annual budget.
(2) When approving an annual budget, a municipal council must in terms of section 24(2)(c) of the Act, consider and adopt separate resolutions dealing with each of the matters contemplated in that section.

4. DISCUSSIONS

Draft 2020/21 MTREF budget book has been prepared in line with the MFMA, MBRR and MFMA budget Circulars.

MTREF Budget book is attached as **Annexure A.** Although the A1 schedule tables and supporting schedules have been incorporated into the Draft 2020/21 MTREF budget book, they have also been **attached as Annexure C**.

The following Annexures informs the budget book;

- **Annexure B – Tariff book**
- **Annexure C– A1 Schedule – Tables and supporting schedules**
- **Annexure D – Budget related policies**
- **Annexure E – RWST budget**
- **Annexure F – Circulars**

RECOMMENDED: **ACTION**

1. That the multi-year annual capital and operating budget for the 2020/21 financial year of R5.6 billion and the two outer years of R5.9 billion, R6.1 billion (2021/22 and 2022/23) and related policies and by-laws be tabled as per the following tables as set out in A1 Schedule as Annexure A: - BTO

1.1 Table A1 – Budget Summary.

1.2 Table A2 – Budgeted Financial Performance.

1.3 (Revenue and expenditure by standard classification).

1.4 Table A3 – Budgeted Financial Performance.

1.5 (Revenue and expenditure by municipal vote).

1.6 Table A4 – Budgeted Financial Performance.

1.7 (Revenue and Expenditure).

1.8 Table A5 – Budgeted Capital Expenditure by Vote.

1.9 (Standard classification and funding).

1.10 Table A6 – Budgeted Financial Position.

1.11 Table A 7 – Budgeted Cash Flows.

1.12 Table A8- Cash backed reserves / accumulated Surplus reconciliation.

1.13 Table 9 – Asset Management.

1.14 Table 10 – Basic Delivery measurement.

2. That the budget as proposed include the budget for the Rustenburg Water Services Trust, in Annexure "E – RWST budget". BTO

3. That Council take note that for the 2020/21 MTREF financial year the Revenue and expenditure budget proposed has a surplus of R513 million, R539 million and R545 million respectively. BTO

4. That in terms of section 74 of the Local Government Municipal System Act, all consumptive tariffs, Rates, basic charges as proposed be considered, amended and be subjected to public participation prior to implementation in July 2020, and are attached as Annexure "B – TARIFF BOOK'; BTO

5. That all the sundry tariffs and other tariffs be amended as proposed in Annexure "B – TARIFF BOOK" be subjected to public participation prior to implementation on 01 July 2020. BTO

6. That the unspent conditional grant at end of 2019/20 not be committed to expenditure until approval has been obtained from National, Provincial in accordance with directives from National Treasury Circulars. BTO

7. That the following proposed budget related policies with amendments be considered and be subjected to public participation prior to implementation on 01 July 2020. policies are attached as Annexure "D". BTO

7.1 **Budget Related Policies and By-Laws with Amendments:**

Budget Policy;
Credit Control & Debt Collection Policy;
Indigent Households Policy;
Rates Policy;
Supply Chain Management Policy;
Tariff Policy;

7.2 **Budget Related Policies and By-Laws with no Amendments:**
Accelerated Economic Empowerment & Transformation Policy;
Assets Management Policy;
Borrowing Policy;
Cash Management and Investment Policy;
Cost Containment Policy;
Funding & Reserve Policy;
Rewards, Gifts & Favors Policy;
Study Aid Policy;
Travelling & Substance Policy;
UIWF Expenditure Policy;
Inventory Chain Management Policy;
Property rates By-Law;
Tariffs By-Law;
Credit Control and Debt Collection By-Law.

7.3 **New Budget related Policies**

Expenditure Management Policy;
Insurance Claims Policy & Procedure;
Insurance Loss Claims 7 Control Policy;
Petty Cash Management Policy;
Contract Management Policy;

8. That MFMA budget circulars from National Treasury be considered as Annexure "F". BTO

10.	That the tabled (MTREF) Budget together with the tariffs, budget Related policies be placed on the municipal website and be published in terms of Section 21A and B of the Municipal Systems Act as well as the MFMA and applicable regulations.	BTO

RUSTENBURG LOCAL

MUNICIPALITY

"A WORLD CLASS CITY WHERE ALL COMMUNITIES ENJOY THE HIGH QUALITY OF LIFE"

2020/21 TO 2022/23

MEDIUM-TERM REVENUE & EXPENDITURE FRAMEWORK

31st MARCH 2020

Compiled in terms of Section 16 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Schedule A (In-Year Reports of Municipalities) of the Municipal Budget and Reporting Regulations.

Table of Contents

PART 1 – ANNUAL BUDGET 9
1.1 EXECUTIVE SUMMARY 9
1.2 OPERATING BUDGET FRAMEWORK 10
1.3 CAPITAL EXPENDITURE 16
1.4 ANNUAL BUDGET TABLES 17
1.5 TARIFF SETTING 36
1.6 COUNCIL RESOLUTIONS 37
PART 2 – SUPPORTING DOCUMENTATION 40
2.1 OVERVIEW OF ANNUAL BUDGET PROCESS 40
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP 42
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS 47
2.4 BUDGET RELATED POLICIES 64
2.4 OVERVIEW OF BUDGET ASSUMPTIONS 65
2.6 OVERVIEW OF BUDGET FUNDING 67
2.7 EXPENDITURE ON GRANTS 76
2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW 78
2.9 LEGISLATION COMPLIANCE STATUS 84
2.10 OTHER SUPPORTING DOCUMENTS 86
2.11 MEDIUM TERM BUDGET FOR THE MUNICIPAL ENTITY (RWST) 86

List of Tables

No	Description
Table A1	Consolidated Budget Summary
Table A2	Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)
Table A2A	Detailed Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)
Table A3	Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)
Table A3A	Detailed Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)
Table A4	Consolidated Budgeted Financial Performance (revenue and expenditure)
Table A5	Consolidated Budgeted Capital Expenditure by vote (standard classification and funding)
Table A6	Consolidated Budgeted Financial Position
Table A7	Consolidated Budgeted Cash Flows
Table A8	Consolidated Cash- backed Reserves/ Accumulated Surplus Reconciliation
Table A9	Consolidated Asset Management
Table A10	Consolidated Basic Service Delivery Measurement
SA1	Supporting detail to Budget Financial Performance
SA2	Consolidated Matrix Financial Performance
SA3	Supporting detail to Budget Financial Position
SA4	Reconciliation of IDP strategic objectives and Budget (Operating revenue)
SA5	Reconciliation of IDP strategic objectives and Budget (Operating expenditure)
SA6	Reconciliation of IDP strategic objectives and Budget (Capital expenditure)
SA7	Measurable performance objectives
SA8	Performance indicators and benchmarks
SA9	Social, economic and demographic statistics and assumptions
SA10	Funding measurement
SA11	Property rates summary
SA12a	Property rates by category (current year)
SA12b	Property rates by category (budget year)
SA13a	Service tariffs by category
SA13b	Service tariffs by category – explanatory
SA14	Household bills
SA15	Investment particulars by type
SA16	Investment particulars by maturity
SA17	Borrowing
SA18	Transfers and grant receipts
SA19	Expenditure on transfers and grant programme
SA20	Reconciliation of transfers, grant receipts and unspent funds
SA21	Transfers and grants made by the municipality
SA22	Summary councillor and staff benefits
SA23	Salaries, allowances and benefits (political office bearers, councillors and senior managers)
SA24	Summary of personnel numbers

No	Description
SA25	Budgeted monthly revenue and expenditure
SA26	Budgeted monthly revenue and expenditure by municipal vote
SA27	Consolidated budgeted monthly revenue and expenditure (functional classification)
SA28	Budgeted monthly capital expenditure by municipal vote
SA29	Budgeted monthly capital expenditure by functional classification
SA30	Consolidated budgeted monthly cash flow
SA31	Aggregated entity budget
SA32	List of external mechanisms
SA33	Contracts having future budgetary implications
SA34a	Consolidated capital expenditure on new assets by asset class
SA34b	Consolidated capital expenditure on the renewal of existing assets by asset class
SA34c	Consolidated repairs and maintenance by asset class
SA34d	Consolidated depreciation by asset class
SA35	Consolidated future financial implications of the capital budget
SA36	Consolidated detailed capital budget
SA37	Consolidated projects delayed from previous financial years
SA38	Consolidated detailed operational projects

Abbreviations and Acronyms

Acronym	Description
BSC	Budget Steering Committee
Budget Lekgotla	A planning forum aimed at identifying key spending priorities for the City for a specific planning cycle.
BPDM	Bojanala Platinum District Municipality
BRT	Bus rapid transport
CAPEX	Capital expenditure, spending on municipal assets such as land, buildings, roads, etc.
CATA	Culture, Arts and Traditional Affairs Grant
CBD	Central business district
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRR	Capital Replacement Reserves
DoRA	Division of Revenue Act
EM	Executive Mayor
FBE	Free basic electricity
FBS	Free basic services
FBW	Free basic water
GRAP	Generally Recognised Accounting Practice
HDA	Housing Development Agency
HSDG	Human Settlements Development Grant
IBT	Inclining Block Tariff
ICC	International Convention Centre
IDP	Integrated Development Plan, a strategic document detailing the Municipality's medium- term plan for development.
INEP	Integrated National Electrification Program
Kl	Kilolitre
Km	Kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local economic development
MBRR	Municipal Budgeting and Reporting Regulations
MFMA	Municipal Finance Management Act, Act 56 of 2003, legislation providing a framework for financial management in local government
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of the Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act, Act 32 of 2000
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium- term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non- governmental organisations

NT	National Treasury of South Africa
OPEX	Operating expenditure, spending on the day to day operational activities such as salaries and wages, repairs and maintenance, general expenses
PBO	Public benefit organisations
PIC	Public Investment Corporation
PMS	Performance Management System
PPE	Property, plant and equipment
PPP	Public- Private Partnerships
PTNG	Public Transport Network Grant
RLM	Rustenburg Local Municipality
RWST	Rustenburg Water Services Trust
SA	South Africa
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SDBIP	Service Delivery and Budget Implementation Plan, a detailed plan containing quarterly performance targets and monthly budget estimates
SHRA	Social Housing Regulatory Authority
SMME	Small, Micro and Medium Enterprises
VOTE	Segments (Departments/Municipal Entities/Programmes) into which a budget is divided for the appropriation of funds
WSIG	Water Services Infrastructure Grant

List of Votes

VOTE	**DESCRIPTION**
Vote 1	EXECUTIVE MAYOR
Vote 2	MUNICIPAL MANAGER
Vote 3	CORPORATE SUPPORT SERVICES
Vote 4	BUDGET AND TREASURY
Vote 5	PUBLIC SAFETY
Vote 6	PLANNING AND HUMAN SETTLEMENT
Vote 7	LOCAL ECONOMIC DEVELOPMENT
Vote 8	COMMUNITY DEVELOPMENT
Vote 9	TECHNICAL AND INFRASTRUCTURE
Vote 10	ROADS AND TRANSPORT
Vote 11	MUNICIPAL ENTITY

PURPOSE

The purpose of this document is to present to Council the Draft 2020/2021 Medium-Term Revenue and Expenditure Framework (MTREF) in line with both section 16, 17 and 23 of the Municipal Finance Management Act 56 of 2003 which states as follows:

Section 16:

(1) The municipal Council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
(2) In order for a municipality to comply with subsection (1), the Mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.

Section 17:

(1) An annual budget of a municipality must be a schedule in the prescribed format –
    (a) Setting out realistically anticipated revenue for the budget year from each revenue source;
    (b) Appropriating expenditure for the budget year under the different votes of the municipality;
    (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
    (d) Setting out –
        (i) Estimated revenues and expenditure by vote for the current year; and
        (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
    (e) A statement containing any other information required section 215 (3) of the Constitution or as may be prescribed.
(2) An annual budget must generally be divided into capital and an operating budget in accordance with international best practice, as may be prescribed.
(3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:
    (a) Draft resolutions-
        (i) approving the budget of the municipality;
        (ii) imposing any municipal tax and setting any required municipal tariffs for the budget year; and
        (iii) approving any other matter that may be prescribed;
    (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;
    (c) projection of cash flow for the budget year by revenue source, broken down per month;

(d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;

(e) any proposed amendments to the budget-related policies of the municipality;

(f) particulars of the municipality's investments;

(g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;

(h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;

(i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;

(j) particulars of any proposed allocations or grants by the municipality to-

  (i) other municipal entities;
  (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its function or powers;
  (iii) any other organ of state;
  (iv) any organisations or bodies referred to in section 67 (1);

(k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of-

  (i) each political office-bearer of the municipality;
  (ii) councillors of the municipality; and
  (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;

(l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of-

  (i) each member of the entity's board of directors; and
  (ii) the chief executive officer and each senior manager of the entity; and

(m) any other supporting documentation as may be prescribed.

Section 23:

(1) When the annual budget has been tabled, the municipal council must consider any views of-

  (a) the local community; and

  (b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.

(2) After considering all budget submissions, the council must give the mayor an opportunity -

  (i) to respond to the submissions; and

(ii) if necessary, to revise the budget and table amendments for consideration by the council.

(3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guidelines on the formation of a committee of the council to consider the budget and to hold public hearings.

(4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

The Budget has been compiled within the framework of the MFMA, Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 51, 54, 55, 59, 66, 67, 70, 74, 75, 78, 79, 86, 89, 91, 93 and 94.

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE SUMMARY

A consolidated budget of **R5,6 billion** has been proposed for the 2020/21 Medium-Term Revenue and Expenditure Framework (MTREF) with **R5,9 billion** and **R6,1 billio**n respectively for the two outer years. The 2020/21 MTREF budget is the fourth budget being undertaken under the current Council. The MTREF is a representation of the overall planning framework and includes both capital and operating projects together with programmes aimed at ensuring that the strategic objectives, as set out in the revised 5-year Integrated Development Plan (IDP), of the municipality are met.

The 2020/21 MTREF was compiled with a key focus on affordability and sustainability. National Treasury's MFMA Circulars were adhered to and the budget format and content incorporates the requirements of the MBRRR.

In line with Chapter four (4) of the MFMA the following **PRINCIPLES** were applied in formulating the 2020/21 MTREF:

(i) Realistic and achievable revenue streams and collection rates.
(ii) Cost reflective tariffs that are realistic and affordable.
(iii) Sustainable, affordable, realistic and balanced budget.
(iv) Budget that contributes to achieving strategic objectives set out in the IDP.
(v) Income/ revenue driven budget: affordability i.e. if funds do not materialise, reduce expenditure

The main **CHALLENGES** experienced during the compilation of the 2020/21 MTREF are as follows:

(i) National directive to have funded budgeted, which force municipality to cut on expenditure commitments and possible delays in implementation of service delivery programmes
(ii) Economic slowdown and unemployment that impacts negatively on collection rates.
(iii) Announcement by Glencore to restructure its operations and commenced a Section 189 process in terms of the Labour Relations Act that may result in job losses, decline in revenue collection and revenue base of the municipality
(iv) National Treasury austerity measures with minimal growth in grant allocations.
(v) Increase in informal settlements and the related pressure on the provision of free basic services.

KEY ISSUES taken into consideration in compiling the 2020/21 MTREF are as follows:

Operational Deficit: Municipality suffered operational deficit of over R400 million in the 2018/19 financial period. The main contributors being over projection on revenue and low revenue collection resulting in over commitment on expenses and high impairment of receivables. Operational deficit and creditors had to be funded from next year budget.

Water and Electricity Losses: Commitment to reduce the reported water loss (52.6%) and electricity losses (15.17%) to the national treasury norms through implementation of various measures in our Financial turnaround plan. The 52% reported water losses are the non-revenue water (NRW) as per the IWA Standard. The municipality has the obligation to provide water to underserved areas and informal settlements. This provision of water is through Water Tankering. The municipality also has the obligation to provide water to the rural areas. This provision of water is through the Communal Stands Pipes. The municipality is adopting an IWA Standard International Water Balance (IWA WB) which has proven to be an excellent water-volume oriented tool. This tool assists to calculate the actual levels of the Non-Revenue Water (NRW) and the Water Losses (Real and Apparent Ones) of the water distribution network. A plan to reduce the water losses is first to componentise the Non-Revenue Water and provide action plan against each component of NRW and monitor the losses on a monthly basis.

Austerity Measures that have been applied to the 2020/21 MTREF:

(i) National Treasury cost containment guidelines.
(ii) Centralised fleet management
(iii) Reduction of overtime, through shift system and improved staff performance management
(iv) Catering, and use of consultants are some of the costs that are closely monitored.
(v) Amendment of fleet management policy.

1.2 OPERATING BUDGET FRAMEWORK

The proposed operating revenue budget (exclusive of transfers and subsidies) is approximately R5,091 billion and the operating expenditure budget is totalling R5,085 billion for the 2020/21 financial year. The 2020/21 revenue projection is anticipated to be below by R179,8 million (3.4%) from the adjustment budget revenue of 2019/20 whilst the expenditure will be below by R98 million (1,9%) from the anticipated adjustment budget expenditure of 2019/20. A lot of consideration went into the reduction of revenue to be aligned with the projected revenue collection and expenditure commitment restricted to service delivery programmes and key cost containment applied on other operational expenditure.

The main cost drivers of the operating budget are as follows:

- Cost of bulk purchases - water and electricity;
- Repairs and maintenance of infrastructure;
- Remuneration of Councillors and Employees as a result of filling of vacancies and provision for salary increase and;
- Provision for non-cash items – depreciation and impairment of receivables

The table below sets out the Medium –Term Revenue and Expenditure Budget for the 2020/21 – 2022/23 financial years, within the available limited resources:

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjustment Budget	%	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Revenue (excluding capital transfers and contributions)	**5 271 202**	**-3%**	**5 091 399**	**5 405 327**	**5 634 169**
Total Expenditure	**5 183 508**	**-2%**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit)	**87 694**		**6 225**	**13 256**	**20 045**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	538 328		506 885	525 463	525 150
Surplus/(Deficit) after capital transfers & contributions	**626 021**		**513 110**	**538 719**	**545 195**

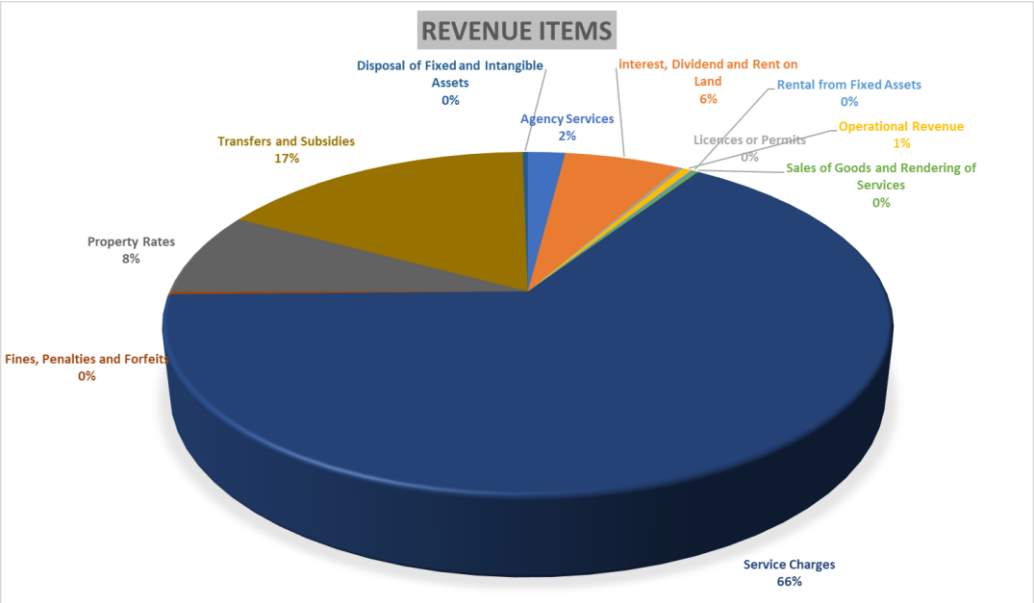
Rustenburg Local Municipality is budgeting for a surplus before capital transfers and contributions of R6 million and R513 million after capital transfers and contributions which will be utilised towards funding the capital investment.

Revenue Analysis

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjustment budget	%	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source					
Property rates	362 089	11%	402 199	420 700	440 052
Service charges - electricity revenue	2 253 168	-5%	2 133 939	2 231 383	2 333 309
Service charges - water revenue	619 817	-5%	589 526	616 950	645 635
Service charges - sanitation revenue	334 764	32%	440 983	463 376	486 901
Service charges - refuse revenue	166 232	1%	168 106	176 015	184 287
Rental of facilities and equipment	11 604	-17%	9 597	10 038	10 500
Interest earned - external investments	20 774	31%	27 312	35 632	40 016
Interest earned - outstanding debtors	261 054	10%	287 151	307 808	331 048
Fines, penalties and forfeits	18 708	-31%	12 931	13 526	14 148
Licences and permits	10 213	17%	11 913	12 461	13 034
Agency services	131 249	-23%	100 849	110 488	120 340
Transfers and subsidies	845 290	2%	858 084	955 897	961 496
Other revenue	65 763	-47%	34 774	36 374	38 047
Gains	170 477	-92%	14 035	14 680	15 356
Total Revenue (excluding capital transfers and	**5 271 202**	-3%	**5 091 399**	**5 405 327**	**5 634 169**

The overall decrease of 3% in anticipated revenue is mainly driven by reduction in revenue projections in line with anticipated actual revenue performance and projected revenue collection in the 2019/20 period, to achieve credible budget.

The chart below depicts the percentages per revenue category of the total revenue of Rustenburg Local Municipality:



The 2020/21 budget for service charges (electricity, water, sanitation and refuse) represents approximately **66.0 %** of the total budgeted revenue **of R5,091 billion**, while property rates approximates 8% and transfers and subsidies 17%. Revenue from own source constitutes majority of revenue of the municipality.

Property Rates: The property rates revenue is projected to increase by 11% on the adjustment budget or R40 million in the 2020/21. The increase is the effect of increase in billed properties in line with 2019/20 mid-year performance and effect of implementation new general valuation roll. The property rates revenue is at 8 % of the total revenue over the 2020/21 MTREF.

Service Charges - **Electricity** revenue is at R2.1 billion in the 2020/21 financial year with a decrease of 5% when compared to the 2019/20 adjusted budget. The decrease is aligned to the projected revenue collection and actual revenue performance in the prior years, in order to achieve credible funded budget. Tariff increase adjustment therefore did not have significant impact. ***The tariffs are subject to NERSA approval***.

Service charges - **water** charges are estimated at R590 million or, approximately 5% decrease from the 2019/20 adjusted budget. The decrease is aligned to the projected revenue collection and actual revenue performance in the prior years, in order to achieve credible funded budget.

Sewerage: Projected sewerage charges are estimated at R440 million, approximately 32% increase from the 2019/20 adjustment budget. The sanitation revenue also includes anticipated revenue from the Rustenburg Water Services Trust which makes up the bulk of the revenue.

Service charges – refuse: The projected revenue for waste management is at R168 million which reflect a 1% increase from the 2019/20 adjusted budget. Increase in tariff charges is offset by the effect of reduction in revenue to be aligned with anticipated revenue collection and actual revenue performance for the prior years, to achieve credible funded budget.

Rental of facilities: An anticipated decrease in rental charges by approximately R2 million in the 2020/21 MTREF mainly aligned to the 2019/20 performance on rental charges.

Interest earned on external investment: An anticipated increase of 31% or R6,5 million from the 2019/20 adjusted budgeted. The municipality will be embarking on effective investment strategy (short term investment proposals from banks through asset managers in line with the regulations) to invest excess monthly cash from unspent grants and equitable share.

Interest on outstanding debtors: An anticipated increase of 10% or R26 million in line with the projected revenue collection rate.

Income from **fines, penalties and forfeits** is anticipated to decrease by R5 million from the 2019/20 adjusted budget. The decrease is in line with current actual revenue performance, noting that the municipality is in process of acquiring proper equipment for traffic management.

Licences and Permits- The proposed revenue on licences and permits increases by 17% or R1,7 million when compared to the 2019/20 adjustment budget.

The **income for Agency Services** is for Vehicle Testing and Licenses which is a function done by the municipality on behalf of the Provincial Government. It is important to note that a portion of this revenue is payable to Provincial Government under the 80/20 agreement and the municipality retains 20% before VAT of the revenue on vehicle testing and licenses. Income is projected to decrease by 23% (R30 million) in line with the current actual performance.

Transfers and subsidies, the anticipated allocations from grants is R858 million which is 2% increase from 2019/20 adjusted budget. The allocations are in line with the DORA.

Other revenue has been reduced by R30 million or 47% aligned with current revenue performance on various other revenue sources to achieve realistic budget.

Gains on Disposal of assets has decreased by R156 million (92%) in line with available packet of disposable assets and prior period performance on anticipated sale of properties/assets.

The tariffs for minor services will mainly increase in line with estimated inflation of 5.3% and 5.4% over the 2019/20 MTREF.

Expenditure Analysis

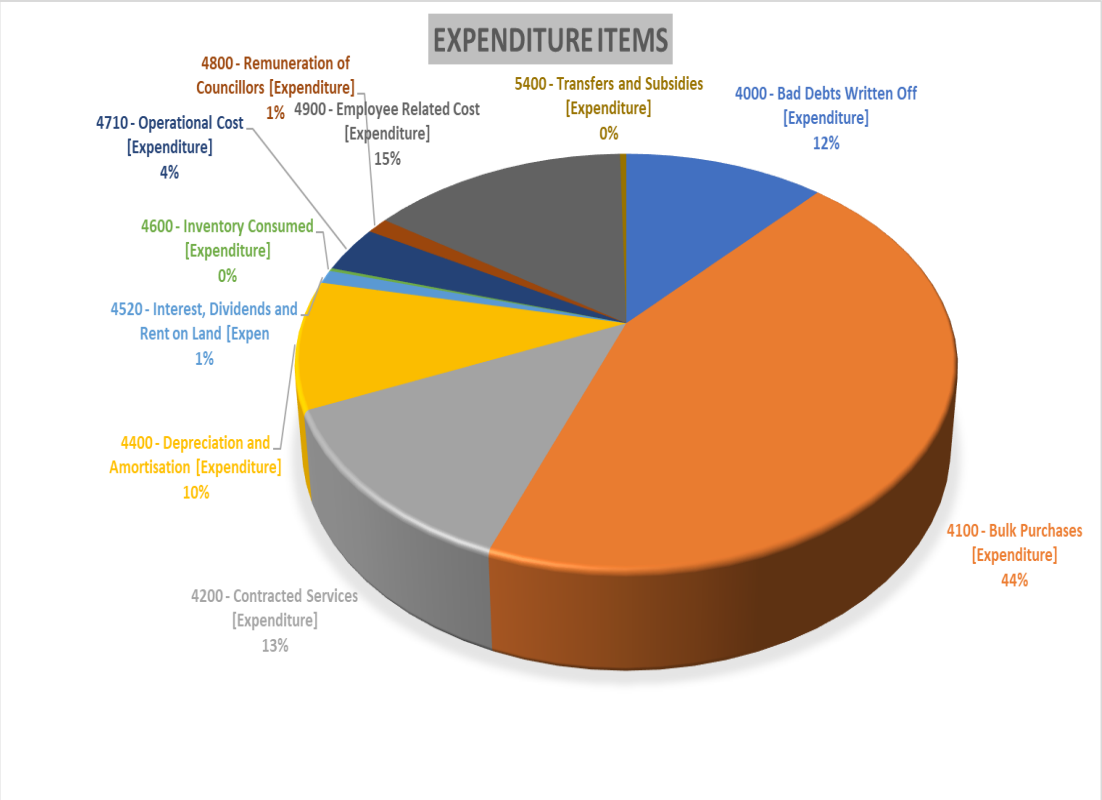
The 2020/21 expenditure is anticipated to be R5, 085 billion, which is a decrease of 2% decrease from the 2019/20 adjusted budget.

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjustment budget	%	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type					
Employee related costs	745 820	2%	764 181	813 279	864 075
Remuneration of councillors	60 893	6%	64 306	67 779	71 439
Debt impairment	635 638	-6%	596 000	627 000	615 000
Depreciation & asset impairment	448 974	13%	507 217	529 162	543 271
Finance charges	50 877	5%	53 444	50 979	47 567
Bulk purchases	2 274 386	-2%	2 236 734	2 367 475	2 477 878
Other materials	212 200	-94%	12 304	12 883	13 472
Contracted services	318 951	102%	645 307	707 900	752 596
Transfers and subsidies	17 892	4%	18 684	19 688	20 728
Other expenditure	417 877	-55%	186 996	195 925	208 097
Losses					
Total Expenditure	**5 183 508**	-2%	**5 085 174**	**5 392 070**	**5 614 124**

The decrease of R98 million (2%) in total expenditure is mainly driven by the municipality's effort to reduce expenditure commitments in line with anticipated revenue collections. As results operational cost had to be reduced while prioritising service delivery programmes and critical operational needs.

It should be noted that repairs and maintenance has been budgeted under contracted services from other materials in the 2019/20 which resulted in the high movement between the two expenditure line items in the 2020/21 budget.

The chart below reflects the percentages per expenditure category of the total expenditure of Rustenburg Local Municipality:



Bulk purchases approximate 44% of the total operating expenditure of the municipality. Employee related cost and remuneration of councillors approximate 16 % of the total expenditure. 22% of the total expenditure is made up of non-cash items (depreciation of assets and impairment of receivables).

Financial Position

The table below reflects the summary of the proposed financial position:

Description	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial position					
Total current assets	1 188 467	1 425 382	1 470 243	2 079 571	2 713 191
Total non current assets	10 746 892	11 392 459	11 497 699	11 621 872	11 733 897
Total current liabilities	740 075	721 259	917 667	1 003 959	1 032 151
Total non current liabilities	944 402	1 114 058	1 150 356	1 215 424	1 200 047
Community wealth/Equity	10 250 882	10 982 524	10 899 920	11 482 060	12 214 889

The projected current ratio over the 2020/21 MTREF is 1.6:1. The Municipality has developed sound financial turnaround plan to improve on the current ratio. Total assets exceed total liabilities.

Cash flow

The table below reflects the summary of the proposed cash flow:

Description	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash flows					
Net cash from (used) operating	1 001 282	1 079 665	1 219 996	1 282 939	1 310 511
Net cash from (used) investing	(712 412)	(659 361)	(580 221)	(622 079)	(621 839)
Net cash from (used) financing	(3 240)	73 885	(77 975)	(82 712)	(87 666)
Cash/cash equivalents at the year end	516 254	776 761	792 434	1 370 583	1 971 588

The net increase in cash held of Rustenburg Local Municipality is projected to approximate R792 million for the 2020/21 financial year.

1.3 CAPITAL EXPENDITURE

The level of capital expenditure and borrowings are based on affordability, prudential indicators and sustainability (debt ratio, current ratio, operating surplus and the impact or return of the capital investment on the operating account). The table below reflects the medium-term capital budget over the next three years.

Vote Description	Ref	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Capital Expenditure - Functional	3	**829 837**	**594 256**	**636 759**	**637 194**
Funded by:					
National Government		534 079	506 885	525 463	525 150
Provincial Government		4 249	–	730	–
Transfers recognised - capital	4	**538 328**	**506 885**	**526 193**	**525 150**
Borrowing	6	160 000	25 000	25 000	25 000
Internally generated funds		131 509	62 371	85 567	87 044
Total Capital Funding	7	**829 837**	**594 256**	**636 759**	**637 194**

The capital budget of Rustenburg Local Municipality projects a spending plan of approximately R1,9 billion over the 2020/21 MTREF. The capital budget for the 2020/21 financial year amounts to approximately R594 million. This capital budget is funded by GRANTS of R507 million, Internal generated funds of R62 million and loans of R25 million.

The grant funding comprises the following:

Municipal Infrastructure Grant (MIG)	236 545
Public Transport and Systems	158 500
Neighbourhood Development Partnership	9 000
Department of Energy	10 000
WSIG	92 840
	506 885

1.4 ANNUAL BUDGET TABLES

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 MTREF.

Table A1: Consolidated Budget Summary

NW373 Rustenburg - Table A1 Consolidated Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	**306 748**	330 842	340 075	362 089	362 089	362 089	362 089	402 199	420 700	440 052
Service charges	2 631 853	2 749 160	3 034 858	3 373 982	3 370 153	3 370 153	3 373 982	3 332 554	3 487 723	3 650 132
Investment revenue	23 828	22 181	19 569	20 774	20 774	20 774	20 774	27 312	35 632	40 016
Transfers recognised - operational	458 809	532 021	703 274	772 560	845 290	845 290	845 290	858 084	955 897	961 496
Other own revenue	337 860	92 943	685 130	669 068	669 068	669 068	669 068	471 249	505 375	542 472
Total Revenue (excluding capital transfers and contributions)	3 759 097	3 727 147	4 782 905	5 198 472	5 267 374	5 267 374	5 271 202	5 091 399	5 405 327	5 634 169
Employee costs	584 389	621 170	689 646	739 404	745 820	745 820	745 820	764 181	813 279	864 075
Remuneration of councillors	31 420	38 650	56 614	60 893	60 893	60 893	60 893	64 306	67 779	71 439
Depreciation & asset impairment	362 143	422 667	446 984	448 974	448 974	448 974	448 974	507 217	529 162	543 271
Finance charges	92 709	87 432	100 026	50 877	50 877	50 877	50 877	53 444	50 979	47 567
Materials and bulk purchases	2 110 622	1 889 724	2 253 462	2 486 449	2 486 587	2 486 587	2 486 587	2 249 038	2 380 358	2 491 350
Transfers and grants	3 202	71 051	16 938	17 892	17 892	17 892	17 892	18 684	19 688	20 728
Other expenditure	886 772	974 821	1 208 863	1 236 739	1 372 466	1 372 466	1 372 466	1 428 303	1 530 825	1 575 694
Total Expenditure	4 071 257	4 105 515	4 772 532	5 041 228	5 183 508	5 183 508	5 183 508	5 085 174	5 392 070	5 614 124
Surplus/(Deficit)	(312 160)	(378 369)	10 373	157 245	83 866	83 866	87 694	6 225	13 256	20 045
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	530 606	626 546	506 885	485 172	538 328	538 328	538 328	506 885	525 463	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	218 446	248 177	517 258	642 416	622 193	622 193	626 021	513 110	538 719	545 195
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	218 446	248 177	517 258	642 416	622 193	622 193	626 021	513 110	538 719	545 195
Capital expenditure & funds sources										
Capital expenditure	**1 262 407**	731 421	858 690	788 360	829 837	829 837	829 837	594 256	636 759	637 194
Transfers recognised - capital	**530 606**	626 546	536 082	485 172	538 328	538 328	538 328	506 885	526 193	525 150
Borrowing	**56 650**	–	79 000	160 000	160 000	160 000	160 000	25 000	25 000	25 000
Internally generated funds	**675 151**	104 875	243 607	143 188	131 509	131 509	131 509	62 371	85 567	87 044
Total sources of capital funds	**1 262 407**	731 421	858 690	788 360	829 837	829 837	829 837	594 256	636 759	637 194
Financial position										
Total current assets	**835 979**	810 490	1 188 467	1 483 253	1 425 382	1 425 382	1 425 382	1 470 243	2 079 571	2 713 191
Total non current assets	**8 540 037**	8 862 556	10 746 892	11 392 459	11 392 459	11 392 459	11 392 459	11 497 699	11 621 872	11 733 897
Total current liabilities	**943 992**	1 034 351	740 075	721 259	721 259	721 259	721 259	917 667	1 003 959	1 032 151
Total non current liabilities	**884 668**	851 296	944 402	1 114 058	1 114 058	1 114 058	1 114 058	1 150 356	1 215 424	1 200 047
Community wealth/Equity	**7 547 356**	7 787 399	10 250 882	11 040 395	10 982 524	10 982 524	10 982 524	10 899 920	11 482 060	12 214 889
Cash flows										
Net cash from (used) operating	**417 004**	804 454	1 001 282	1 096 058	1 079 665	1 079 665	1 079 665	1 219 996	1 282 939	1 310 511
Net cash from (used) investing	**(465 059)**	(626 692)	(712 412)	(617 883)	(659 361)	(659 361)	(659 361)	(580 221)	(622 079)	(621 839)
Net cash from (used) financing	**(123 172)**	(120 264)	(3 240)	73 885	73 885	73 885	73 885	(77 975)	(82 712)	(87 666)
Cash/cash equivalents at the year end	**173 136**	230 634	516 254	834 632	776 761	776 761	776 761	792 434	1 370 583	1 971 588
Cash backing/surplus reconciliation										
Cash and investments available	**173 987**	231 831	517 097	835 509	777 638	777 638	777 638	793 350	1 371 541	1 972 591
Application of cash and investments	**419 640**	435 461	198 857	164 903	164 431	164 431	164 903	329 253	388 989	381 106
Balance - surplus (shortfall)	**(245 653)**	(203 630)	318 240	670 606	613 207	613 207	612 735	464 098	982 552	1 591 485
Asset management										
Asset register summary (WDV)	**8 859 990**	10 745 918	11 391 446	11 391 446	11 391 446	11 391 446	11 391 446	11 496 640	11 620 765	11 732 739
Depreciation	**362 143**	422 667	446 984	448 974	448 974	448 974	448 974	507 217	529 162	543 271
Renewal and Upgrading of Existing Assets	**–**	–	327 950	721 353	754 648	754 648	754 648	438 662	361 392	360 033
Repairs and Maintenance	**84 666**	108 460	244 627	212 063	212 063	212 063	212 063	172 173	189 922	199 523
Free services										
Cost of Free Basic Services provided	**211 895**	255 074	260 362	264 926	264 926	264 926	264 926	264 926	264 926	264 926
Revenue cost of free services provided	**45 449**	84 778	87 098	89 514	89 514	89 514	91 644	91 644	93 769	95 991
Households below minimum service level										
Water:	16	16	16	16	16	16	16	16	16	16
Sanitation/sewerage:	14	14	14	14	14	14	14	14	14	14
Energy:	15	15	15	15	15	15	15	15	15	15
Refuse:	86	86	86	86	86	86	86	86	86	86

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides an overview of the Municipality's budget that includes all major financial components (i.e. operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

1. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
   (a) The operating surplus is positive over the medium-term;
   (b) The capital budget to be spent is approximately R594 million in 2020/21 financial year, R637 million in the 2021/22 financial year and R637 million in 2022/23.
   (c) Borrowings is incorporated in the net cash from financing on the Cash Flow Budget;
   (d) Internally generated funds are financed from a combination of the current operating surplus and available cash surpluses
2. The Municipality's cash backing / surplus reconciliation over the 2020/21 MTREF shows a positive outcome, which is an indication that the Municipality will be able to afford its commitments over the next three years.

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

NW373 Rustenburg - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		**536 230**	**579 294**	**643 350**	**675 213**	**673 213**	**673 213**	**751 366**	**799 025**	**846 150**
Executive and council		204 704	207 991	259 912	273 244	271 244	271 244	307 379	335 967	363 179
Finance and administration		331 525	371 303	383 438	401 970	401 970	401 970	443 986	463 058	482 971
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**36 668**	**29 082**	**311 959**	**167 233**	**167 370**	**167 370**	**120 016**	**130 551**	**141 251**
Community and social services		2 460	2 730	2 182	3 677	3 814	3 814	3 803	3 992	4 101
Sport and recreation		1 262	1 339	1 907	2 014	2 014	2 014	510	533	558
Public safety		28 301	20 084	168 560	156 026	156 026	156 026	112 122	122 280	132 674
Housing		4 645	4 929	139 311	5 516	5 516	5 516	3 581	3 746	3 918
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**116 083**	**89 312**	**166 877**	**295 091**	**369 491**	**369 491**	**132 805**	**139 556**	**146 823**
Planning and development		16 112	20 131	63 953	189 698	189 698	189 698	35 026	36 448	38 175
Road transport		99 971	69 182	102 924	105 392	179 792	179 792	97 778	103 108	108 648
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**3 070 116**	**3 021 459**	**3 708 809**	**4 060 935**	**4 061 128**	**4 061 128**	**4 087 213**	**4 336 195**	**4 499 945**
Energy sources		2 082 796	2 005 284	2 078 721	2 365 891	2 366 083	2 366 083	2 263 261	2 384 238	2 487 524
Water management		612 683	622 501	923 413	1 011 466	1 011 466	1 011 466	1 023 728	1 091 602	1 119 986
Waste water management		188 023	185 467	397 204	426 672	426 672	426 672	533 748	570 900	594 606
Waste management		186 614	208 206	309 471	256 907	256 907	256 907	266 476	289 455	297 829
Other	4	**530 606**	**634 545**	**458 796**	**485 172**	**534 499**	**534 499**	**506 885**	**525 463**	**525 150**
Total Revenue - Functional	2	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**
Expenditure - Functional										
Governance and administration		**430 465**	**501 910**	**516 369**	**577 607**	**611 556**	**611 556**	**622 531**	**655 157**	**693 115**
Executive and council		110 946	130 857	157 325	211 058	181 621	181 621	182 929	192 701	203 725
Finance and administration		314 847	366 059	353 703	360 813	423 949	423 949	432 408	454 821	481 292
Internal audit		4 671	4 995	5 341	5 736	5 986	5 986	7 194	7 634	8 099
Community and public safety		**224 415**	**239 382**	**492 619**	**367 742**	**371 615**	**371 615**	**363 802**	**391 994**	**415 051**
Community and social services		51 910	55 322	63 131	69 085	69 786	69 786	66 953	76 645	80 119
Sport and recreation		90 018	94 322	94 587	107 683	108 490	108 490	103 224	109 331	115 646
Public safety		64 078	70 075	179 952	168 826	169 737	169 737	170 289	181 331	193 183
Housing		18 408	19 662	154 949	22 147	22 372	22 372	23 335	24 687	26 103
Health		–	–	–	–	1 230	1 230	–	–	–
Economic and environmental services		**455 287**	**445 417**	**475 134**	**470 028**	**546 202**	**546 202**	**485 455**	**511 698**	**562 301**
Planning and development		51 728	59 016	72 413	78 731	79 849	79 849	83 205	103 973	109 970
Road transport		399 051	381 688	397 604	386 079	461 133	461 133	396 576	401 652	445 901
Environmental protection		4 507	4 713	5 117	5 218	5 219	5 219	5 674	6 073	6 431
Trading services		**2 961 091**	**2 918 806**	**3 288 410**	**3 625 851**	**3 654 135**	**3 654 135**	**3 613 386**	**3 833 221**	**3 943 657**
Energy sources		1 925 729	1 831 433	1 937 089	2 205 363	2 177 863	2 177 863	2 192 839	2 358 729	2 434 783
Water management		482 598	528 549	711 686	793 974	814 781	814 781	752 889	791 917	810 273
Waste water management		362 742	361 667	383 300	370 840	370 897	370 897	381 918	389 820	398 933
Waste management		190 022	197 156	256 334	255 675	290 593	290 593	285 741	292 755	299 668
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	**4 071 257**	**4 105 515**	**4 772 532**	**5 041 228**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit) for the year		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**513 110**	**538 719**	**545 195**

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The standard classification divides the municipal services into functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile the "whole of government" report.

- Note that as a general principle, the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water and Waste management functions over the 2020/21 MTREF period.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.
- The total revenue on this table includes capital transfers and expenditure.

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

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure.
- The largest vote for the municipality is technical and infrastructure with estimate of R3 billion over the medium term.
- The total revenue on this table includes capital transfers and expenditure includes taxation and excludes internal transfers.

NW373 Rustenburg - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - EXECUTIVE MAYOR		204 574	207 053	259 859	271 191	271 191	271 191	307 377	335 964	363 176
Vote 2 - MUNICIPAL MANAGER		10 497	11 833	13 953	16 381	14 381	14 381	16 927	17 516	18 373
Vote 3 - CORPORATE SUPPORT SERVICES		463	434	438	463	463	463	487	510	533
Vote 4 - BUDGET AND TREASURY		329 006	344 746	372 493	397 861	397 861	397 861	439 661	458 534	478 239
Vote 5 - PUBLIC SAFETY		30 281	32 185	185 677	174 527	174 527	174 527	124 671	135 405	146 404
Vote 6 - PLANNING AND HUMAN SETTLEMENT		10 046	13 799	191 479	180 391	180 391	180 391	20 069	20 992	21 958
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		345	366	884	3 656	3 656	3 656	4 946	5 174	5 412
Vote 8 - COMMUNITY DEVELOPMENT		190 361	222 303	314 011	262 606	262 743	262 743	270 797	293 989	302 497
Vote 9 - TECHNICAL AND INFRASTRUCTURE		3 415 744	3 453 473	3 656 633	4 067 109	4 116 629	4 116 629	4 112 670	4 345 429	4 488 019
Vote 10 - ROADS AND TRANSPORT		98 387	67 500	85 821	87 361	161 761	161 761	85 726	90 501	95 461
Vote 11 - MUNICIPAL ENTITY		–	–	208 542	222 097	222 097	222 097	214 952	226 774	239 247
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	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**
Expenditure by Vote ***to be appropriated***	1									
Vote 1 - EXECUTIVE MAYOR		82 438	93 081	136 736	128 765	136 675	136 675	137 085	144 018	152 030
Vote 2 - MUNICIPAL MANAGER		54 763	74 235	67 548	78 178	87 130	87 130	92 029	97 029	101 967
Vote 3 - CORPORATE SUPPORT SERVICES		76 712	81 633	79 697	93 040	95 240	95 240	89 532	93 504	100 661
Vote 4 - BUDGET AND TREASURY		141 985	167 053	196 181	194 383	205 245	205 245	202 015	213 207	224 932
Vote 5 - PUBLIC SAFETY		158 281	170 153	295 139	280 604	282 761	282 761	293 640	311 034	330 609
Vote 6 - PLANNING AND HUMAN SETTLEMENT		50 965	51 879	190 652	58 208	59 098	59 098	65 494	68 496	72 597
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		8 945	16 064	26 310	23 301	23 563	23 563	28 596	46 716	49 357
Vote 8 - COMMUNITY DEVELOPMENT		368 909	387 611	467 897	482 210	515 456	515 456	510 527	536 668	556 578
Vote 9 - TECHNICAL AND INFRASTRUCTURE		2 795 268	2 747 456	2 897 947	3 241 156	3 242 558	3 242 558	3 193 455	3 401 485	3 498 556
Vote 10 - ROADS AND TRANSPORT		332 991	316 350	315 647	302 766	377 166	377 166	307 554	308 008	346 509
Vote 11 - MUNICIPAL ENTITY		–	–	161 935	158 616	158 616	158 616	165 247	171 907	180 329
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	**4 071 257**	**4 105 515**	**4 835 688**	**5 041 228**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit) for the year	2	**218 446**	**248 177**	**454 103**	**642 416**	**622 193**	**622 193**	**513 110**	**538 719**	**545 195**

Table A4: Consolidated Budgeted Financial Performance (revenue and expenditure)

NW373 Rustenburg - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	306 748	330 842	340 075	362 089	362 089	362 089	362 089	402 199	420 700	440 052
Service charges - electricity revenue	2	2 011 578	2 001 740	1 977 151	2 253 168	2 253 168	2 253 168	2 253 168	2 133 939	2 231 383	2 333 309
Service charges - water revenue	2	387 672	497 545	581 946	619 817	619 817	619 817	619 817	589 526	616 950	645 635
Service charges - sanitation revenue	2	118 120	121 636	314 414	334 764	334 764	334 764	334 764	440 983	463 376	486 901
Service charges - refuse revenue	2	114 483	128 239	161 348	166 232	162 404	162 404	166 232	168 106	176 015	184 287
Rental of facilities and equipment		9 321	12 474	16 581	11 604	11 604	11 604	11 604	9 597	10 038	10 500
Interest earned - external investments		23 828	22 181	19 569	20 774	20 774	20 774	20 774	27 312	35 632	40 016
Interest earned - outstanding debtors		211 829	–	250 278	261 054	261 054	261 054	261 054	287 151	307 808	331 048
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		5 811	14 580	17 748	18 708	18 708	18 708	18 708	12 931	13 526	14 148
Licences and permits		10 584	10 398	9 653	10 213	10 213	10 213	10 213	11 913	12 461	13 034
Agency services		18 975	19 934	131 944	131 249	131 249	131 249	131 249	100 849	110 488	120 340
Transfers and subsidies		458 809	532 021	703 274	772 560	845 290	845 290	845 290	858 084	955 897	961 496
Other revenue	2	78 568	31 456	141 845	65 763	65 763	65 763	65 763	34 774	36 374	38 047
Gains		2 772	4 101	117 080	170 477	170 477	170 477	170 477	14 035	14 680	15 356
Total Revenue (excluding capital transfers and contributions)		**3 759 097**	**3 727 147**	**4 782 905**	**5 198 472**	**5 267 374**	**5 267 374**	**5 271 202**	**5 091 399**	**5 405 327**	**5 634 169**
Expenditure By Type											
Employee related costs	2	584 389	621 170	689 646	739 404	745 820	745 820	745 820	764 181	813 279	864 075
Remuneration of councillors		31 420	38 650	56 614	60 893	60 893	60 893	60 893	64 306	67 779	71 439
Debt impairment	3	472 929	550 717	539 436	635 638	635 638	635 638	635 638	596 000	627 000	615 000
Depreciation & asset impairment	2	362 143	422 667	446 984	448 974	448 974	448 974	448 974	507 217	529 162	543 271
Finance charges		92 709	87 432	100 026	50 877	50 877	50 877	50 877	53 444	50 979	47 567
Bulk purchases	2	2 025 956	1 781 264	2 008 835	2 274 386	2 274 386	2 274 386	2 274 386	2 236 734	2 367 475	2 477 878
Other materials	8	84 666	108 460	244 627	212 063	212 200	212 200	212 200	12 304	12 883	13 472
Contracted services		175 849	207 915	315 325	251 400	318 951	318 951	318 951	645 307	707 900	752 596
Transfers and subsidies		3 202	71 051	16 938	17 892	17 892	17 892	17 892	18 684	19 688	20 728
Other expenditure	4, 5	226 421	200 853	354 102	349 701	417 877	417 877	417 877	186 996	195 925	208 097
Losses		11 573	15 336								
Total Expenditure		**4 071 257**	**4 105 515**	**4 772 532**	**5 041 228**	**5 183 508**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit)		**(312 160)**	**(378 369)**	**10 373**	**157 245**	**83 866**	**83 866**	**87 694**	**6 225**	**13 256**	**20 045**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		530 606	626 546	506 885	485 172	538 328	538 328	538 328	506 885	525 463	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**
Taxation											
Surplus/(Deficit) after taxation		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**

Table A4 is a view of the budgeted financial performance in relation to the revenue and expenditure per revenue and expenditure category. Total revenue is R5.091 billion, and it represents a decrease of 3% from 2019/20 period and increase of 5.8% over the 2021/22 year, and 4.2% in the 2022/23.

Expenditure is at R5,085 billion decrease of 2% from 2019/20adjusted budget. Expected average increase of 7% over the outer years

Budgeted surplus is R6,2 million representing a decrease of R81 million from 2019/20 adjustment budget, with projected surpluses over the outer years of R13,2 million and R20 million respectively.

Table A5: Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE MAYOR		–	–	2 150	–	47	47	47	–	–	–
Vote 2 - MUNICIPAL MANAGER		–	–	5 650	31 743	34 075	34 075	34 075	9 731	10 500	11 067
Vote 3 - CORPORATE SUPPORT SERVICES		6 650	1 000	3 800	2 505	2 505	2 505	2 505	1 000	1 600	1 360
Vote 4 - BUDGET AND TREASURY		3 236	3 000	300	5 500	1 500	1 500	1 500	–	–	–
Vote 5 - PUBLIC SAFETY		–	–	9 200	6 000	5 000	5 000	5 000	11 800	11 944	12 063
Vote 6 - PLANNING AND HUMAN SETTLEMENT		–	–	11 400	8 000	7 950	7 950	7 950	9 000	9 527	9 555
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		–	2 004	18 191	4 100	4 700	4 700	4 700	650	8 900	9 110
Vote 8 - COMMUNITY DEVELOPMENT		11 638	9 066	37 421	53 032	51 081	51 081	51 081	30 390	64 726	63 536
Vote 9 - TECHNICAL AND INFRASTRUCTURE		989 179	345 462	519 060	477 813	448 064	448 064	448 064	232 540	270 006	275 876
Vote 10 - ROADS AND TRANSPORT		251 703	370 889	251 518	199 667	274 916	274 916	274 916	299 145	259 557	254 627
Vote 11 - MUNICIPAL ENTITY		–	–	–	–	–	–	–	–	–	–
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	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE MAYOR		–	–	–	–	–	–	–	–	–	–
Vote 2 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SUPPORT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - BUDGET AND TREASURY		–	–	–	–	–	–	–	–	–	–
Vote 5 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 6 - PLANNING AND HUMAN SETTLEMENT		–	–	–	–	–	–	–	–	–	–
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 8 - COMMUNITY DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 9 - TECHNICAL AND INFRASTRUCTURE		–	–	–	–	–	–	–	–	–	–
Vote 10 - ROADS AND TRANSPORT		–	–	–	–	–	–	–	–	–	–
Vote 11 - MUNICIPAL ENTITY		–	–	–	–	–	–	–	–	–	–
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		**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**
Capital Expenditure - Functional											
Governance and administration		**3 236**	**3 000**	**11 800**	**213 067**	**211 756**	**211 756**	**211 756**	**29 731**	**20 800**	**21 227**
Executive and council				7 800	31 485	34 114	34 114	34 114	9 468	10 500	11 067
Finance and administration		3 236	3 000	4 000	181 324	177 635	177 635	177 635	20 000	10 300	10 160
Internal audit					258	8	8	8	264	–	–
Community and public safety		**11 638**	**3 566**	**32 673**	**11 532**	**11 070**	**11 070**	**11 070**	**16 190**	**40 734**	**40 213**
Community and social services		518	3 566	14 866	1 900	2 749	2 749	2 749	800	24 730	24 000
Sport and recreation		11 120		7 107	1 132	822	822	822	590	1 060	1 150
Public safety				9 200	6 000	5 000	5 000	5 000	11 800	11 944	12 063
Housing				1 500	2 500	2 500	2 500	2 500	3 000	3 000	3 000
Health				–	–	–	–	–			
Economic and environmental services		**251 703**	**372 893**	**279 609**	**209 267**	**285 066**	**285 066**	**285 066**	**305 795**	**275 052**	**270 372**
Planning and development			2 004	28 091	9 600	10 150	10 150	10 150	6 650	15 427	15 666
Road transport		251 703	370 889	251 518	199 667	274 916	274 916	274 916	299 145	259 557	254 627
Environmental protection						–	–	–		69	80
Trading services		**989 179**	**350 962**	**402 058**	**354 494**	**321 945**	**321 945**	**321 945**	**242 540**	**300 173**	**305 382**
Energy sources		147 790	93 927	74 538	62 300	43 492	43 492	43 492	26 300	49 600	50 750
Water management		182 125	93 124	174 841	192 027	211 527	211 527	211 527	151 740	154 326	157 908
Waste water management		659 265	158 411	142 131	92 167	61 725	61 725	61 725	54 500	66 080	67 218
Waste management			5 500	10 547	8 000	5 200	5 200	5 200	10 000	30 167	29 506
Other		**6 650**	**1 000**	**132 550**							
Total Capital Expenditure - Functional	3	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**
Funded by:											
National Government		530 088	625 980	532 317	484 272	534 079	534 079	534 079	506 885	525 463	525 150
Provincial Government		518	566	3 766	900	4 249	4 249	4 249	–	730	–
District Municipality						–	–	–			
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)						–	–				
Transfers recognised - capital	4	**530 606**	**626 546**	**536 082**	**485 172**	**538 328**	**538 328**	**538 328**	**506 885**	**526 193**	**525 150**
Borrowing	6	56 650		79 000	160 000	160 000	160 000	160 000	25 000	25 000	25 000
Internally generated funds		675 151	104 875	243 607	143 188	131 509	131 509	131 509	62 371	85 567	87 044
Total Capital Funding	7	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**

The 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) will be tabled with one projects that is earmarked to be financed through a long-term borrowing.

46. Long-term debt. — (1) A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of—

(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4); or

(b)R re-financing existing long-term debt subject to subsection (5).

(2) A municipality may incur long-term debt only if—

(a) a resolution of the municipal Council, signed by the mayor, has approved the debt agreement; and

(b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) A municipality may incur long-term debt only if the accounting officer of the municipality—

(a) has, in accordance with section 21A of the Municipal Systems Act—

i. at least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

ii. invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the Council in respect of the proposed debt; and

(b) has submitted a copy of the information statement to the municipal Council at least 21 days prior to the meeting of the council, together with particulars of—

i. the essential repayment terms, including the anticipated debt repayment schedule; and

ii. the anticipated total cost in connection with such debt over the repayment period.

(4) financing costs, including—

(a) capitalized interest for a reasonable initial period;

(b) costs associated with security arrangements in accordance with section 48;

(c) discounts and fees in connection with the financing;

(d) fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and

(e) costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing

(f) costs of professional services directly related to the capital expenditure; and

(g) such other costs as may be prescribed.

(5) A municipality may borrow money for the purpose of re-financing existing long-term debt, provided that—

(a)the existing long-term debt was lawfully incurred;

(b) the re-financing does not extend the term of the debt beyond the useful life of the property, plant or (c) equipment for which the money was originally borrowed;

(d) the net present value of projected future payments (including principal and interest payments) after (e)re-financing is less than the net present value of projected future payments before re-financing; and

(f) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

(6) A municipality's long-term debt must be consistent with its capital budget referred to in section 17

The Municipality has been budgeting for below the norm on repairs and maintenance of electrical infrastructure in the previous financial years as a result of limited financial resources. A number of power interruptions are experienced during the unfavourable weather conditions. This is as a result of aged electricity infrastructure with limited capacity.

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

- Table A5 is a breakdown of the capital Programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- The capital programmes are funded from national, provincial grants and transfers, public contributions and donations, loans and internally generated funds.

Table A6 - Budgeted Financial Position

NW373 Rustenburg - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		151 422	119 341	212 108	692 333	692 333	692 333	692 333	704 207	1 278 297	1 875 058
Call investment deposits	1	21 714	111 293	304 146	142 299	84 428	84 428	84 428	88 227	92 285	96 531
Consumer debtors	1	436 149	454 191	554 213	525 902	525 902	525 902	525 902	549 567	574 847	601 290
Other debtors		84 234	94 405	98 455	102 393	102 393	102 393	102 393	107 001	111 923	117 072
Current portion of long-term receivables		169	121	934	971	971	971	971	1 015	1 061	1 110
Inventory	2	142 291	31 139	18 611	19 356	19 356	19 356	19 356	20 227	21 157	22 130
Total current assets		**835 979**	**810 490**	**1 188 467**	**1 483 253**	**1 425 382**	**1 425 382**	**1 425 382**	**1 470 243**	**2 079 571**	**2 713 191**
Non current assets											
Long-term receivables											
Investments		851	1 197	843	877	877	877	877	917	959	1 003
Investment property		192 377	180 346	344 425	358 202	358 202	358 202	358 202	374 321	391 540	409 551
Investment in Associate											
Property, plant and equipment	3	8 344 910	8 679 592	10 400 719	11 032 440	11 032 440	11 032 440	11 032 440	11 121 479	11 228 346	11 322 269
Biological											
Intangible		530	52	773	804	804	804	804	840	879	919
Other non-current assets		1 369	1 369	131	136	136	136	136	142	148	155
Total non current assets		**8 540 037**	**8 862 556**	**10 746 892**	**11 392 459**	**11 392 459**	**11 392 459**	**11 392 459**	**11 497 699**	**11 621 872**	**11 733 897**
TOTAL ASSETS		**9 376 016**	**9 673 046**	**11 935 359**	**12 875 712**	**12 817 841**	**12 817 841**	**12 817 841**	**12 967 942**	**13 701 443**	**14 447 088**
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	51 462	56 194	54 233	88 513	88 513	88 513	88 513	92 496	96 751	101 201
Consumer deposits		49 745	51 631	46 750	48 620	48 620	48 620	48 620	50 808	53 145	55 590
Trade and other payables	4	798 600	879 894	616 184	560 302	560 302	560 302	560 302	749 466	828 022	848 121
Provisions		44 185	46 632	22 908	23 824	23 824	23 824	23 824	24 896	26 042	27 239
Total current liabilities		**943 992**	**1 034 351**	**740 075**	**721 259**	**721 259**	**721 259**	**721 259**	**917 667**	**1 003 959**	**1 032 151**
Non current liabilities											
Borrowing		561 763	505 508	703 000	863 000	863 000	863 000	863 000	888 000	941 000	913 000
Provisions		322 905	345 788	241 402	251 058	251 058	251 058	251 058	262 356	274 424	287 047
Total non current liabilities		**884 668**	**851 296**	**944 402**	**1 114 058**	**1 114 058**	**1 114 058**	**1 114 058**	**1 150 356**	**1 215 424**	**1 200 047**
TOTAL LIABILITIES		**1 828 660**	**1 885 647**	**1 684 477**	**1 835 317**	**1 835 317**	**1 835 317**	**1 835 317**	**2 068 022**	**2 219 383**	**2 232 199**
NET ASSETS	5	**7 547 356**	**7 787 399**	**10 250 882**	**11 040 395**	**10 982 524**	**10 982 524**	**10 982 524**	**10 899 920**	**11 482 060**	**12 214 889**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		7 280 873	7 521 060	9 963 401	10 741 415	10 683 544	10 683 544	10 683 544	10 630 940	11 204 717	11 928 799
Reserves	4	266 483	266 339	287 481	298 980	298 980	298 980	298 980	268 980	277 343	286 090
TOTAL COMMUNITY WEALTH/EQUITY	5	**7 547 356**	**7 787 399**	**10 250 882**	**11 040 395**	**10 982 524**	**10 982 524**	**10 982 524**	**10 899 920**	**11 482 060**	**12 214 889**

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understanding of Councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets Less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first. Table SA6 provides a detailed analysis of the major components of a number of items, including:
- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators.

In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7: Consolidated Budgeted Cash Flows

NW373 Rustenburg - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		306 748	330 842	309 064	321 089	321 089	321 089	321 089	392 199	399 700	427 052
Service charges		2 578 684	2 745 388	2 680 554	2 954 488	2 954 488	2 954 488	2 954 488	2 960 258	3 110 732	3 303 420
Other revenue		94 963	56 434	317 771	237 537	237 537	237 537	237 537	170 063	182 886	196 069
Transfers and Subsidies - Operational	1	458 809	532 021	703 274	772 560	845 482	845 482	845 482	858 084	955 897	961 496
Transfers and Subsidies - Capital	1	530 606	626 546	506 885	485 172	538 136	538 136	538 136	506 885	526 193	525 150
Interest		235 657	22 181	269 847	281 828	281 828	281 828	281 828	314 463	343 440	353 176
Dividends									–	–	–
Payments											
Suppliers and employees		(3 692 552)	(3 350 475)	(3 669 148)	(3 887 847)	(4 030 127)	(4 030 127)	(4 030 127)	(3 909 828)	(4 165 241)	(4 387 558)
Finance charges		(92 709)	(87 432)	(100 026)	(50 877)	(50 877)	(50 877)	(50 877)	(53 444)	(50 979)	(47 567)
Transfers and Grants	1	(3 202)	(71 051)	(16 938)	(17 892)	(17 892)	(17 892)	(17 892)	(18 684)	(19 689)	(20 728)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**417 004**	**804 454**	**1 001 282**	**1 096 058**	**1 079 665**	**1 079 665**	**1 079 665**	**1 219 996**	**1 282 939**	**1 310 511**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		40 762	(3 276)	117 080	170 477	170 477	170 477	170 477	14 035	14 680	15 356
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(505 821)	(623 416)	(829 492)	(788 360)	(829 837)	(829 837)	(829 837)	(594 256)	(636 759)	(637 194)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(465 059)**	**(626 692)**	**(712 412)**	**(617 883)**	**(659 361)**	**(659 361)**	**(659 361)**	**(580 221)**	**(622 079)**	**(621 839)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing		(7 040)	(3 596)	80 000	160 000	160 000	160 000	160 000	25 000	25 000	25 000
Increase (decrease) in consumer deposits		202	(338)	2 275	2 398	2 398	2 398	2 398	2 398	2 508	2 624
Payments											
Repayment of borrowing		(116 334)	(116 330)	(85 515)	(88 513)	(88 513)	(88 513)	(88 513)	(105 373)	(110 220)	(115 290)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(123 172)**	**(120 264)**	**(3 240)**	**73 885**	**73 885**	**73 885**	**73 885**	**(77 975)**	**(82 712)**	**(87 666)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(171 227)**	**57 498**	**285 630**	**552 060**	**494 189**	**494 189**	**494 189**	**561 800**	**578 149**	**601 006**
Cash/cash equivalents at the year begin:	2	**344 363**	**173 136**	**230 624**	**282 572**	**282 572**	**282 572**	**282 572**	**230 634**	**792 434**	**1 370 583**
Cash/cash equivalents at the year end:	2	**173 136**	**230 634**	**516 254**	**834 632**	**776 761**	**776 761**	**776 761**	**792 434**	**1 370 583**	**1 971 588**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement:

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. Cash and cash equivalents is approximately R792 million as at the end of the 2020/21 financial year as budgeted, and is at R1, 3billion and R1,9billion for the outer years respectively.

Table A8: Cash Backed Reserves/Accumulated Surplus Reconciliation

NW373 Rustenburg - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	173 136	230 634	516 254	834 632	776 761	776 761	776 761	792 434	1 370 583	1 971 588
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Non current assets - Investments	1	851	1 197	843	877	877	877	877	917	959	1 003
Cash and investments available:		**173 987**	**231 831**	**517 097**	**835 509**	**777 638**	**777 638**	**777 638**	**793 350**	**1 371 541**	**1 972 591**
Application of cash and investments											
Unspent conditional transfers		51 742	46 426	–	–	–	–	–	80 000	65 000	50 000
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	(14 731)	(17 010)	(17 912)	(18 628)	(18 628)	(18 628)	(18 628)	19 466	20 362	21 298
Other working capital requirements	3	273 097	291 136	95 769	57 691	57 219	57 219	57 691	98 284	166 076	165 929
Other provisions		20 523	62 340	65 644	68 270	68 270	68 270	68 270	71 342	74 624	78 056
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	89 009	52 569	55 355	57 570	57 570	57 570	57 570	60 160	62 928	65 822
Total Application of cash and investments:		**419 640**	**435 461**	**198 857**	**164 903**	**164 431**	**164 431**	**164 903**	**329 253**	**388 989**	**381 106**
Surplus(shortfall)		**(245 653)**	**(203 630)**	**318 240**	**670 606**	**613 207**	**613 207**	**612 735**	**464 098**	**982 552**	**1 591 485**

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

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

The Municipality reflects a surplus of R464098 million in 2020/21 financial year.

Table A9: Consolidated Asset Management

Refer to Annexure C

Explanatory notes to Table A9: Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 % of PPE. The Municipality does meet the 40 % (74.5%) but does not meet the 8 % of PPE over the 2020/21 to 2022/23 medium term (at 5%).

Table A10: Consolidated Basic Service Delivery Measurement

NW373 Rustenburg - Table A10 Consolidated basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912
Piped water inside yard (but not in dwelling)		138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915
Using public tap (at least min.service level)	2	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189
Other water supply (at least min.service level)	4	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080
Minimum Service Level and Above sub-total		246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
Total number of households	5	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794
Flush toilet (with septic tank)		12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579
Chemical toilet		2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653
Pit toilet (ventilated)		31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651
Other toilet provisions (> min.service level)		63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027
Minimum Service Level and Above sub-total		248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704
Bucket toilet		1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864
Other toilet provisions (< min.service level)		4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192
No toilet provisions		7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815
Below Minimum Service Level sub-total		13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871
Total number of households	5	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**
Energy:										
Electricity (at least min.service level)		4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797
Electricity - prepaid (min.service level)		201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186
Minimum Service Level and Above sub-total		205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
Below Minimum Service Level sub-total		14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
Total number of households	5	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**
Refuse:										
Removed at least once a week		176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
Minimum Service Level and Above sub-total		176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
Removed less frequently than once a week		13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618
Using communal refuse dump		8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468
Using own refuse dump		42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717
Other rubbish disposal		6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682
No rubbish disposal		15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002
Below Minimum Service Level sub-total		86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487
Total number of households	5	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Sanitation (free minimum level service)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Electricity/other energy (50kwh per household per month)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Refuse (removed at least once a week)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		–	5 925	6 275	6 638	6 638	6 638	6 638	6 638	6 638
Sanitation (free sanitation service to **indigent households**)		–	–	4 853	5 134	5 134	5 134	5 134	5 134	5 134
Electricity/other energy (50kwh per **indigent** household per month)		–	1 464	1 550	1 640	1 640	1 640	1 640	1 640	1 640
Refuse (removed once a week **for indigent households**)		–	–	–	3 828	3 828	3 828	3 828	3 828	3 828
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		211 895	247 685	247 685	247 685	247 685	247 685	247 685	247 685	247 685
Total cost of FBS provided		**211 895**	**255 074**	**260 362**	**264 926**	**264 926**	**264 926**	**264 926**	**264 926**	**264 926**
Highest level of free service provided per household										
Property rates (R value threshold)		100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		105	122	122	122	122	122	122	122	122
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment) (impermissable values per section 17 of MPRA)**		45 449	45 449	45 449	45 449	45 449	45 449	45 449	45 449	45 449
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	39 329	41 650	44 065	44 065	44 065	46 195	48 320	50 543
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		**45 449**	**84 778**	**87 098**	**89 514**	**89 514**	**89 514**	**91 644**	**93 769**	**95 991**

Explanatory notes to Table A10: basic Service Delivery Measurement

- Table A10 provides an overview of free basic services and service delivery level, including backlogs (below minimum service level) for each of the main services.
- The revenue cost of Free basic services amount to approximately R87 million, R89,5 million and R91 million respectively over the medium term.

1.5 TARIFF SETTING

The Municipality generate 66% of revenue generated from Trading Services (Electricity, Water and Sanitation). Electricity charges remain the largest revenue source totalling 42% % or R2.1 billion over the 2020/21 MTREF. This is supplemented by contributions from both National and Provincial allocations (direct allocations: PTNG, MIG, WSIG, CATA). The 2020/21 MTREF makes provision for a loan to be utilised for installation electricity smart meters in order to improve meter reading and credible billing and revenue collection.

The determination of cost reflective tariffs and sound tariff setting principles therefore plays a pivotal and strategic part of the compilation of the municipality's 2020/21 MTREF. The municipality need to identify the correct funding mix to ensure that the consolidate budget is funded. The Municipal Systems Act 32 of 2000, under section 74 of the Act, provides critical elements of a good Tariff Policy which has been taken into consideration when reviewing the Tariff Policy for the 2020/21 MTREF.

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

The following are general **contributory factors** for the increase in levels of rates and service charges:

(i) The cost of bulk purchases.
(ii) Cost of free basic services to indigents.
(iii) Salary increases
(iv) Increase in maintenance of network on infrastructure
(v) Rollout of infrastructure and the provision of basic services.

A cost of supply was considered for main services tariffs being electricity, water and sanitation in order to determine cost reflective tariffs that inform realistically anticipated revenue streams for the 2020/21 MTREF. For the non-trading services, the tariffs are set having taken due consideration of the expected recovery to be achieved against the cost of providing the services.

National Treasury (NT) continues to encourage municipalities to keep increases in rates and tariffs at affordable levels in order for the budget to be realistic as required by the MFMA. Municipalities are required to justify in their budget documentation all increases in excess of the 6 (six) % which is the upper boundary of the South African Reserve Bank's inflation target.

Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment, and therefore a collapse of the existing revenue base. Municipalities are further encouraged to set cost-reflective tariffs especially for trading services such as water and sanitation, electricity and refuse removal. In MFMA Circular No 66, the NT notes that municipalities are increasingly under-

recovering the cost associated with trading services. The percentage increases of Eskom, Magalies Water and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs is largely outside the control of the municipality.

Implementation of the new Valuation Roll effective 01 July 2020 would result in significant increase in the property rates should tariff increase also factored. Municipality will adopt phased in tariff adjustment not to overburden the residents with high property rates

Within this framework the municipality has undertaken the tariff setting process relating to its major service charges which are reflected in the tariff book, "***Annexure B"*** of the item:

1. **Electricity Services Tariffs**

Electricity tariff increase is at 8.10% and is based on the Eskom proposed increase. This is a proposal from Eskom to NERSA and the final tariff increase will be communicated to municipalities for final implementation.

2. **Water, Sanitation and Refuse Services Tariffs**

The proposed tariffs increase on these items are based 5.4% increase as per Circular 94 (of the 9th March 2019) which was issued as part of the guidance for the MTREF. National Treasury has recently issued Circular 99 (09th March 2020) as the final base of 2020-21 projections increase.

3. **Other trading and non-trading services**

With other services tariff increases, Circular 94 was used to calculate the increase 5.4% CPI rate.

1.6 COUNCIL RESOLUTIONS

RECOMMENDATIONS:

1. That the multi-year annual capital and operating budget for the 2020/21 financial year of R5.7 billion and the two outer years of R6.0 billion, R6.4 billion (2021/22 and 2022/23) and related policies and by-laws be tabled as per the following tables as set out in A1 Schedule as Annexure A: -

1.1 Table A1 – Budget Summary;

1.2 Table A2 – Budgeted Financial Performance;

1.3 (Revenue and expenditure by standard classification);

1.4 Table A3 – Budgeted Financial Performance;

1.5 (Revenue and expenditure by municipal vote);

1.6 Table A4 – Budgeted Financial Performance;

1.7 (Revenue and Expenditure);

1.8 Table A5 – Budgeted Capital Expenditure by Vote;

1.9 (Standard classification and funding);

1.10 Table A6 – Budgeted Financial Position;

1.11 Table A 7 – Budgeted Cash Flows;

1.12 Table A8- Cash backed reserves / accumulated Surplus reconciliation;

1.13 Table 9 – Asset Management;

1.14 Table 10 – Basic Delivery measurement;

2. That the budget as proposed include the budget for the Rustenburg Water Services Trust, in Annexure "E – RWST budget";

3. That Council take note that for the 2020/21 MTREF financial year the Revenue and expenditure budget proposed has a surplus of R513 million, R539 million and R545 million respectively;

4. That in terms of section 74 of the Local Government Municipal System Act, all consumptive tariffs, Rates, basic charges as proposed be considered, amended and be subjected to public participation prior to implementation in July 2020, and are attached as Annexure "B – TARIFF BOOK';

5. That all the sundry tariffs and other tariffs be amended as proposed in Annexure "B – TARIFF BOOK" be subjected to public participation prior to implementation on 01 July 2020;

6. That the unspent conditional grant at end of 2019/20 not be committed to expenditure until approval has been obtained from National, Provincial in accordance with directives from National Treasury Circulars;

7. That the following proposed budget related policies with amendments be considered and be subjected to public participation prior to implementation on 01 July 2020. policies are attached as Annexure "D";

7.1 Budget related policies and By-Laws with Amendments;

Property rates;

Tariffs policy;

Indigent Policy;

Budget Policy;

Supply Chain Management Policy;

Credit Control and Debt Collection Policy

Cash Management and Investment Policy;

7.2 Budget related policies with no amendments;

Cash Management and Investment Policy;

Fixed Assets Management Policy;

Travelling and Subsistence;

Rewards, Gifts and Favor Policy;

Contract Management Policy;

Inventory Policy;

Borrowing Policy;

Funds and Reserves Policy;

Property rates By-Law;

Tariffs By-Law;

Credit Control and Debt Collection By-Law;

Commitment policy;

Unauthorized, Irregular and Fruitless and Wasteful Expenditure policy;

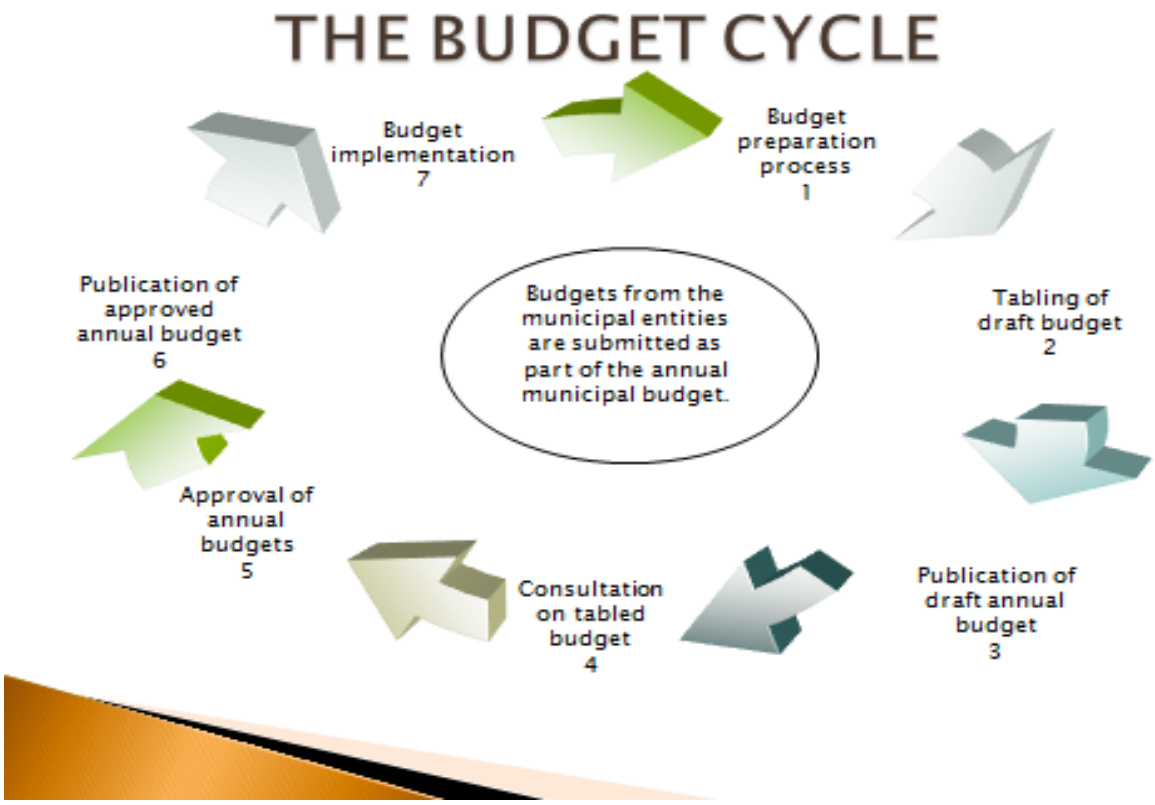
8. That MFMA budget circulars from National Treasury be considered as Annexure “F”;

9. That the tabled 2020/21 Medium Term Revenue and Expenditure (MTREF Forecasts both printed and electronic formats be submitted to National Treasury and Provincial Treasury;

10. That the tabled (MTREF) Budget together with the tariffs, budget Related policies be placed on the municipal website and be published in terms of Section 21A and B of the Municipal Systems Act as well as the MFMA and applicable regulations.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS



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

municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

The purpose of the Budget Steering Committee is to ensure that:

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

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the Budget. The following table refers:

2.1.2. IDP and Service Delivery and Budget Implementation Plan

The Rustenburg Local Municipality's IDP is its principal strategic planning instrument, which directly guides and informs it's planning, budget, and management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The process plan applicable to this revision cycle included the following key IDP processes and deliverables:

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

2.1.4 Community Consultation

As per legislative requirements, once the draft budget is tabled in Council, it must be made available for the public to comment on. The public participation process was undertaken in line with the prescripts of the MFMA, Municipal Systems Act, and other applicable legislation. The program was managed in conjunction with the Office of the Speaker. The tabling of the draft budget in March 2018 marked the commencement of community participation, encouraged discussion with all stakeholders and provided an opportunity for feedback.

The public participation process will take place over April 2020.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The RLM has seven strategic objectives for the 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget.

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

The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 is reconciliation between the IDP strategic objectives and budgeted revenue Table SA5 is reconciliation between the IDP strategic objectives and budgeted operating expenditure. Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.

Table SA4: Reconciliation of IDP strategic objectives and budget (revenue)

NW373 Rustenburg - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
1 .Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities			3 605 369	3 661 075	4 235 728	4 546 107	4 595 627	4 595 627	4 285 461	4 568 610	4 736 410
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning			12 001	12 629	27 943	11 173	11 173	11 173	22 592	23 798	25 791
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and protection of community and municipal facilities			3 747	4 096	4 540	7 505	7 642	7 642	4 313	28 255	27 659
	Implementation of a City Business Development (CBD) Regeneration Strategy			–	–	91 880	87 361	161 761	161 761	140 645	97 526	97 526
	Improved public transport infrastructure			98 387	67 500	85 821	389 236	389 236	389 236	244 226	252 532	252 562
2. Drive diversified economic growth and job creation	Consolidated Rustenburg minerals index, value- production and economic growth path quantification and impact			–	–	–	–	–	–	–	–	–
	Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing, transportation services and products			269	285	302	1 206	1 206	1 206	1 271	1 330	1 391
	Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development			76	81	582	450	450	450	55	58	60
	Create an enabling environment for the attraction, retention and expansion of foreign and local investments			–	–	–	–	–	–			
	Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination			–	–	–	–	–	–			
	Development of an integrated human resources that empowers communities skills development			–	–		2 000	2 000	2 000	3 500	3 661	3 829
	Development of an institutional integrated human resources capability that enhances institutional competence			–	–	–	–	–	–			
3. Ensure municpal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability			–	–	–	–	–	–	28 442	28 477	28 477
	Implement revenue management strategy to enhance municipal financial viability and sustainability			325 647	348 148	369 090	5 095	5 095	5 095	407 569	426 317	445 928
	Implement sound and sustainable financial management and compliance controls			1 647	1 723	2 200	2 324	2 324	2 324	2 251	2 276	2 303
	Develop and implement an integrated municipal core projects' funding and acquisition model aligned with funding institutions' terms and conditions			1 711	1 816		1 334	1 334	1 334	1 400	1 464	1 531
4. Maintain clean, green, safe and healthy municipal enviroment for all	Implement quality and improved health and social services to Communities				–							
	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment			–	–							
	Implement integrated community safety and security strategy and measures			2 101	2 229	17 683	18 645	18 645	18 645	13 248	13 334	13 947
	Implement an integrated by-law enforcement programme			28 180	29 956	177 994	155 882	155 882	155 882	111 923	122 071	132 457
5. Transform and maintain a vibrant and sustainable rural development	Drive integrated rural development planning and infrastructural development			5 400	5 730	12 478	178 457	178 457	178 457	20 189	21 118	22 089
	Provide conductive environment for rural economic development through sustainable SMME's mentoring			–	–							
6. Uphold good governance and public participation principles	Drive good governance and legislative compliance in all municipal processes			1	1	3 000	3 162	3 162	3 162	3 333	3 486	3 646
	Promote public participation and partnerships with stakeholders on municipal programmes			204 574	217 053	259 859	271 191	271 191	271 191	307 377	335 964	363 176
	Establish and maintain strong partnerships with local (mining) industries to oversee social responsibility pgrammes, job creation and local economic development				–							
7. Drive optimal municipal institutional development, transformation and capacity building	Develop and implement integrated internal systems and processes			–	–							
	Develop, implement and review internal policies and procedures on regular basis				–							
	Establish and inculcate a service delivery culture				–							
	Establish quality management processes in the delivery of all services			144	953	262	2 063	63	63	14	15	15
	Maintain a positive and vibrant image and identity of the municipality			–	–							
	Provide credible leadership in driving transformation initiatives			–	–							
	Develop and implement internal capability model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability			–	–							
	Review, realign and implement organisational structure to support the vision and objectives			449	419	428	452	452	452	476	498	520
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**

Table SA5: Reconciliation of IDP strategic objectives and budget (operating expenditure)

NW373 Rustenburg - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
1 .Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities			2 995 320	3 008 097	3 320 858	3 630 834	3 632 591	3 632 591	3 672 227	3 895 707	4 009 756
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning			14 637	15 447	15 434	16 010	51 121	51 121	18 146	19 498	20 541
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and protection of community and municipal facilities			159 940	182 455	284 082	220 889	218 860	218 860	179 359	195 685	206 025
	Implementation of a City Business Development (CBD) Regeneration Strategy			–	–	–	–	74 400	74 400	222 452	218 159	251 730
	Improved public transport infrastructure			332 991	316 350	320 269	302 766	302 766	302 766	85 102	89 849	94 779
2. Drive diversified economic growth and job creation	Consolidated Rustenburg minerals index, value-production and economic growth path quantification and impact			–	–	–	–	–	–			
	Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing, transportation services and products			3 336	3 523	13 008	12 831	10 515	10 515	4 570	5 375	5 702
	Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development			4 097	4 372	18 177	11 230	11 866	11 866	9 925	16 101	17 012
	Create an enabling environment for the attraction, retention and expansion of foreign and local investments			–	–	–						
	Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination			–	–	–						
	Development of an integrated human resources that empowers communities skills development			1 512	1 549	11 725	5 986	7 686	7 686	5 627	9 428	9 953
	Development of an institutional integrated human resources capability that enhances institutional competence			–	–		–	–	–	–	–	–
3. Ensure municpal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability			12 323	9 096	51 898	22 419	26 446	26 446	12 648	13 175	13 734
	Implement revenue management strategy to enhance municipal financial viability and sustainability			59 712	81 908	99 194	94 960	96 271	96 271	116 932	123 326	130 011
	Implement sound and sustainable financial management and compliance controls			53 037	36 376	40 508	39 655	43 038	43 038	45 694	48 174	50 786
	Develop and implement an integrated municipal core projects' funding and acquisition model aligned with funding institutions' terms and conditions			16 914	18 033	19 763	21 449	23 590	23 590	26 740	28 531	30 401
4. Maintain clean, green, safe and healthy municipal enviroment for all	Implement quality and improved health and social services to Communities			–	–	–	–	–	–	–	–	–
	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment			4 507	4 733	5 117	5 442	5 444	5 444	5 674	6 073	6 431
	Implement integrated community safety and security strategy and measures			99 124	105 057	120 277	124 038	124 810	124 810	141 153	148 815	157 735
	Implement an integrated by-law enforcement programme			59 157	57 822	176 072	172 547	173 932	173 932	158 759	168 764	179 701
5. Transform and maintain a vibrant and sustainable rural development	Drive integrated rural development planning and infrastructural development			50 965	46 684	57 644	60 099	61 232	61 232	73 968	84 308	89 287
	Provide conductive environment for rural economic development through sustainable SMME's mentoring			–	–							
6. Uphold good governance and public participation principles	Drive good governance and legislative compliance in all municipal processes			11 357	12 730	13 530	14 364	25 364	25 364	26 541	27 263	28 056
	Promote public participation and partnerships with stakeholders on municipal programmes			82 438	88 081	122 288	134 465	142 375	142 375	137 085	144 018	152 030
	Establish and maintain strong partnerships with local (mining) industries to oversee social responsibility programmes, job creation and local economic development			–	–							
7. Drive optimal municipal institutional development, transformation and capacity building	Develop and implement integrated internal systems and processes			1 500	1 599	1 704	1 814	1 324	1 324	1 919	2 035	2 158
	Develop, implement and review internal policies and procedures on regular basis			–	–	–						
	Establish and inculcate a service delivery culture			–	–	–						
	Establish quality management processes in the delivery of all services			61 802	64 648	77 408	88 347	87 597	87 597	87 092	91 224	98 267
	Maintain a positive and vibrant image and identity of the municipality			–	–							
	Provide credible leadership in driving transformation initiatives			–	–							
	Develop and implement internal capability model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders'			–	–							
	Review, realign and implement organisational structure to support the vision and objectives			46 589	46 956	3 575	61 081	62 281	62 281	53 560	56 561	60 028
Allocations to other priorities												

Table SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)

NW373 Rustenburg - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
1 .Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities	A		1 001 039	425 453	465 453	718 064	685 825	685 825	261 040	308 873	314 182
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial	B		40	–	74		1 808	1 808	9 000	10 500	11 067
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and	C		10 568	9 153	38 229	4 448	4 986	4 986	1 390	25 790	25 150
	Implementation of a City Business Development (CBD) Regeneration Strategy	D		–	–	–	–	–	–			
	Improved public transport infrastructure	E		239 761	286 815	299 496	–	75 249	75 249	299 145	259 557	254 627
2. Drive diversified economic growth and job creation	Consolidated Rustenburg minerals index, value- production and economic growth path quantification and impact	F			–							
	Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing,	G			–	39 639	1 100	1 700	1 700	–	5 000	5 000
	Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs)	H			–		3 000	3 000	3 000	650	1 792	1 889
	Create an enabling environment for the attraction, retention and expansion of foreign and local investments	I			–							
	Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination	J			–							
	Development of an integrated human resources that empowers communities skills development	K			–		–	–	–	–	1 054	1 111
	Development of an institutional integrated human resources capability that enhances institutional competence	L			–							
3. Ensure municpal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial	M			–							
	Implement revenue management strategy to enhance municipal financial viability and sustainability	N			–	6 615	5 500	1 500	1 500			
	Implement sound and sustainable financial management and compliance controls	O			–							
	Develop and implement an integrated municipal core projects' funding and acquisition model aligned with funding institutions'	P			–							
4. Maintain clean, green, safe and healthy municipal enviroment for all	Implement quality and improved health and social services to Communities	Q			–							
	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	R		–	–	–	–	–		–	69	80
	Implement integrated community safety and security strategy and measures	S			–	4 000	14 000	12 940	12 940	3 900	4 036	3 631
	Implement an integrated by-law enforcement programme	T			–	–	–	60	60	8 400	7 908	8 432
5. Transform and maintain a vibrant and sustainable rural development	Drive integrated rural development planning and infrastructural development	U		–	–	–	8 000	7 950	7 950	9 000	10 581	10 666
	Provide conductive environment for rural economic development through sustainable SMME's mentoring	K		–	–							
6. Uphold good governance and public participation principles	Drive good governance and legislative compliance in all municipal processes	L		–	–							
	Promote public participation and partnerships with stakeholders on municipal programmes	M		–	–	184		47	47			
	Establish and maintain strong partnerships with local (mining) industries to oversee social responsibility programmes, job	N		–	–							
7. Drive optimal municipal institutional development, transformation and capacity building	Develop and implement integrated internal systems and processes	O		–	–							
	Develop, implement and review internal policies and procedures on regular basis	P			–							
	Establish and inculcate a service delivery culture	Q			10 000							
	Establish quality management processes in the delivery of all services	R		11 000	–	5 000	34 243	34 768	34 768	1 731	1 600	1 360
	Maintain a positive and vibrant image and identity of the municipality	S		–	–							
	Provide credible leadership in driving transformation initiatives	T		–	–							
	Develop and implement internal capability model (institutional core and critical competencies, scarce skills, maintenance skills) that	U			–							
	Review, realign and implement organisational structure to support the vision and objectives	V		–			5	5	5			
Allocations to other priorities			3									
Total Capital Expenditure			1	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

Table SA8: Performance indicators and benchmarks

NW373 Rustenburg - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating					B1	B2	B3	B4			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.1%	5.0%	3.9%	2.8%	2.7%	2.7%	2.7%	3.1%	3.0%	2.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.3%	6.4%	4.5%	3.1%	3.2%	3.2%	3.1%	3.8%	3.6%	3.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-1.0%	-3.4%	24.8%	52.8%	54.9%	54.9%	54.9%	28.6%	22.6%	22.3%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	210.8%	189.8%	244.5%	288.6%	288.6%	288.6%	288.6%	330.1%	339.3%	319.1%
Liquidity											
Current Ratio	Current assets/current liabilities	0.9	0.8	1.6	2.1	2.0	2.0	2.0	1.6	2.1	2.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	0.8	1.6	1.9	1.8	1.8	1.8	1.5	1.9	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.2	0.7	1.2	1.1	1.1	1.1	0.9	1.4	1.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		98.2%	99.9%	88.6%	87.7%	87.8%	87.8%	87.7%	89.8%	89.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.2%	99.9%	88.6%	87.7%	87.8%	87.8%	87.7%	89.8%	89.8%	91.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.8%	14.7%	13.7%	12.1%	11.9%	11.9%	11.9%	12.9%	12.7%	12.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		428.3%	356.0%	124.6%	69.4%	74.5%	74.5%	74.5%	82.0%	54.2%	39.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		159038000	323780000	151662954	151662954	151662954	151662954	134261824	112836681	101553013
	Total Cost of Losses (Rand '000)		143 647	273 422	124 797	124 797	124 797	124 797	120 988	109 373	98 436
	% Volume (units purchased and generated less units sold)/units purchased and generated		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	4.0%	4.0%	4.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)		16 917	22 911	15 856	15 856	15 856	15 856	13 527	11 526	10 374
	Total Cost of Losses (Rand '000)		119195755	205768000	113235967	113235967	113235967	113235967	104342562	94938261	85444435
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	15.5%	16.7%	14.4%	14.2%	14.2%	14.2%	14.1%	15.0%	15.0%	15.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	16.4%	17.7%	15.6%	15.3%	15.2%	15.2%		16.3%	16.3%	16.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.3%	2.9%	5.1%	4.1%	4.0%	4.0%		3.4%	3.5%	3.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.1%	13.7%	11.4%	9.6%	9.5%	9.5%	9.5%	11.0%	10.7%	10.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.8	9.0	11.0	12.0	12.0	12.0	10.5	9.3	9.5	10.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.7%	17.7%	19.3%	16.8%	16.8%	16.8%	16.8%	17.6%	17.6%	17.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	0.8	1.6	2.4	2.2	2.2	2.2	2.2	3.6	4.9

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long- term borrowing. The ability of a municipality to raise long term borrowings is largely dependent on its creditworthiness and financial position.

Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. This is expected to increase in line with funding increase that can be attributed to additional loans repayments. Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It is at 3.8% in the 2020/21 MTREF.

Borrowing is considered a prudent financial instrument in financing capital infrastructure development, and this indicator will have to be carefully monitored going forward.

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Borrowing will be R25 million in the 2020/21 budget year.

Liquidity ratio

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The projected liquidity ratio is at 0.9 and is unfavourable.

Revenue Management

As part of the financial turnaround plan, the municipality continues to integrate revenue enhancement initiatives with the budget planning process. Monthly performance reports are used to track performance against revenue targets, and remedial actions are implemented through appropriate governance structures. Revenue Enhancement meetings (War room) are held daily to address the below;

<u>Improvement of revenue collection and other revenue enhancement initiatives:</u>

- Reporting daily revenue collection
- Intensify debt collection and credit control
- Address timely dispute management
- Data cleansing to ensure credible billing and debtors book
- Law enforcement activities on revenue activities
- Direction on other revenue enhancement activities

Creditors Management

The Municipality continues to put processes in place to ensure that creditors are settled within the legislated 30 days of invoice. This can only be achieved through improved revenue collection and cash flow position. The Municipality strives to reduce expenditure on non-core goods and services. An Unauthorised, Irregular and Fruitless and Wasteful Expenditure Policy has been developed to monitor and align spending to approved municipal priorities.

<u>Cost containment measures</u>

(i) National Treasury cost containment guidelines.
(ii) Centralised fleet management
(iii) Reduction of overtime, through shift system and improved staff performance management
(iv) Catering, and use of consultants are some of the costs that are closely monitored.
(v) Amendment of fleet management policy.

Indigent and FBS

For the 2020/21 financial year the Municipality will place an increased emphasis on revitalising its indigent register and make it a central instrument in contributing to revenue enhancement and poverty reduction.

The cost of the social package of the registered indigent households is largely financed by National government through the local government equitable share received in terms of the annual Division of Revenue Act.

The following are free basic services for registered indigent consumers (households) in terms of the Municipality's Indigent Policy:

- 50kwh of electricity
- 6kl water
- Refuse
- Sanitation

Indigent households who qualifies for free basic services will not be liable to pay for the municipal services except where they exceed the free basic services provided by Council in terms of the policy.

SERVICE DELIVERY STANDARDS

The following Rustenburg Local Municipality service standards have been approved by Council per item 221 of 27 June 2017:

CUSTOMER SERVICE STANDARDS

External Customers

- We expect our external customer to hold us accountable for adhering to these service standards.
- We will greet our customers in a polite and professional manner.
- We will listen effectively to our customers' requests and quickly take the necessary steps to assist them.
- We will keep our customers informed of unexpected delays and stoppage of services.
- We will inform our customers of normal process time, when they can expect completion and any delays that may arise in the process.
- We will stay in touch with our customers to inform them as to where we are with their service request.
- We will respond to all enquiries/ questions/ requests within 24 hours during normal business hours.
- We will finish our dealings with our customers in a polite and professional way.
- We will hold our customer accountable to uphold positive and constructive attitudes and behaviours at all times, in engagements with us, and even when our services are not meeting customer needs and expectations.

Internal Customers

- We will hold our employees accountable for adhering to these service standards.
- We will work with each other and together as a team and uphold positive attitudes and behaviours to service and customer.
- We will interact with each other in a polite and professional manner.
- We will inform our internal customers of normal process time, when they can expect completion and any delays that may arise in any process.
- We will stay in touch with our internal customers daily, either by e-mail or phone, or in person to inform/ update them as to where we are in any process.
- We will work to resolve issues with co-workers and other departments by discussing problems directly and working toward agreed upon solutions.

- We will be positive, considerate, reasonable, cooperative and helpful to every staff member to guarantee their positive attitude and behaviour and improved quality of services.
- We will hold ourselves and each other accountable for giving out negative comments and behaviours during and outside the service delivery process.

General

- We will make our goal to achieve the needs and expectations of all of our customer groups.
- We will anticipate the needs and expectations of communities we serve by proactively working to know and expect their needs.
- We will hold ourselves and each other accountable for our service commitment.
- We will at all times ensure that our information and communication style meets the needs and expectations of the customer (i.e.; audible voice, eye contact when speaking to someone, tone of voice) and communicate in a professional manner.
- We will make a deliberate effort to acknowledge and compliment employees when their service, attitudes and behaviour actions comply with and promote these standards.

GENERIC CUSTOMER SERVICES

CUSTOMER SERVICES	MEASURE	SERVICE STANDARD
We will provide our customer with the information he/she needs and expects, always	Access to information provided to customer always	Customer is made aware of sources and location of information and how to access.
		Municipality provides information the customer needs and expects.
Our Customer Care Centre will **answer calls/enquiries quickly to customer expectations**	Telephones and enquiries are attended to quickly as they are received	Telephone enquiries are answered within five (5) rings whenever possible.
		Written enquiries are acknowledged as they are received, and answers provided within 5 working days.
		Walk-in enquiries are attended to as they happen.
We will provide feedback/ report	Reports provided that meets	Reports provided to stakeholders/customers that

back on all business matters	customer needs and expectations	address customer needs and expectations.

INFORMATION AND COMMUNICATION

INFORMATION & COMMUNICATION	MEASURE	SERVICE STANDARD
We will provide information and communication services that the customer needs and expects	Information and communication needs and expectations are agreed upon	Information and communication provided according customer agreed needs and expectations
We promise to make our Customer Service Centre (CSC) fully serve the customer to improve your access to information	Customer Service Centre provides information that customer needs	Customer has access and receives the information he/she needs, always
We shall at all times (where possible) use the language /s our customer will understand	Provide information in the common official language/s that customer understands	Information is simple to understand.

FINANCIAL SERVICES

FINANCIAL SERVICES	MEASURE	SERVICE STANDARD
We promise to consult you when we set level of annual rates & tariffs and aim to achieve fair agreement with our customer	Published annual or revised rates and tariffs	Customer is well consulted in the process of setting rates and tariffs every year or when revision is necessary.
		Tariff for a service is fair to cover the cost of providing that service
	Bills are simple, clear, and understood by customer	Bill quantities and tariffs are explained during consultations and customer understands and can read bill, and pay for service received, and pay happily.
We promise to provide to correct /accurate	Reading of meters	Meters (electricity & water) are read once every

readings of meters	is carried out monthly	month and correct figures are shown on the bill/ invoice
		Real time reading on bulk meters
		The Municipality on exceptional circumstances use estimates for not more than 3 months before reverting to actual readings.
We will provide customer with accurate bill/ invoice every month at the agreed date	Correct bill is delivered to customer at agreed date	Error free bill in a format that customer can read and understand by the 10th of each month.
		Respond to account queries/ inquires within 24 hours.
		Email statement to customers on the 7th of each month.
We promise to acknowledge enquiries & queries and give feedback on time	Enquiry acknowledgement	Acknowledgement is provided immediately upon receiving inquiry
	Response to enquiries	Answers to inquiries are provided upon receipt or within 10 working days when referred to official.
		Attending and completing financial queries with 72 hours.
We promise to pay or creditors within agreed upon timeframe	Pay the suppliers or service Providers.	Within 30 days of receipt of the invoice.
We commit to exercising credit control to retain financial sustainability of the Municipality	Issue notice to defaulting consumers.	Final demands issued 14 days after the date of the initial demand.

ELECTRICITY SERVICES

ELECTRICAL SERVICES	MEASURE	SERVICE STANDARD
We commit ourselves to standard supply and connection of electricity to our customer	Quick connection within agreed times	Provide service within 14 days after payment for normal network connections.
		Provide quotation and invoice within 21 days for

		off-network connections
We will carry out repairs to restore your supply when loss of supply happens.	Faults are repaired as soon as they happen or are reported.	Supply is restored within 3 hours
		Customer is informed where it is not possible to restore service within 3 hours
		Municipality shall carry out faulty meter replacements within 7 days.
We will inform customer when we carry out planned maintenance that will result in cut of supply	Customer of informed 2 days in advance and expected times of loss of supply	Notice of supply cut is published and provided to customer through agreed means of communication
We will ensure that occur Customer Services Centre and Pay Centres provide you with information you need and expect	Customer Service Centre is able to provide the require information and procedures	Customer Service Centre has all the information customer needs and expects

WATER SERVICES

WATER SUPPLY	MEASURE	SERVICE STANDARD
Water is life. We will supply you with safe drinking water of high quality.	Water Quality Standards	We will supply water that meet National Water Quality Standards (SANS 241 of 2006) and meet any contractual agreement with our customers.
		We will annually conduct a Water Quality rating (Blue/Green/Brown/N0 drop)
	Continuity of supply	Water supplied 24 hours a day. Water tankering services are deployed where breakdowns interrupt supplies.
	Monitoring	We will monitor water quality levels monthly and make results available to you.
	Rural Areas	A minimum of 25 lcd (litres per person per day) will be supplied with standpipes allowing a maximum walking distance of 200m
	Urban Areas	A minimum of 60 lcd will be supplied from the reticulation system
	New	Within fourteen (14) days of receipt of payment.

WATER SUPPLY	MEASURE	SERVICE STANDARD
	household connections	
MAINTENANCE & REPAIRS	MEASURE	SERVICE STANDARD
We will provide you with superior customer service	Supply interruption	We will give at least 21 days' notice and expected duration of repair of any interruption to the water supply due to planned maintenance work.
	Failure/leaks, Response time	Reaction within three (12) hours after the incident was reported.
	Failure/leaks, repairs done	Repaired within two (2) days of emergency action taken, (subject to procurement processes)
STAKEHOLDER PARTICIPATION	**MEASURE**	**SERVICE STANDARD**
We will encourage stakeholder participation	Water Services Forum	Meet once every month to share industry best practices and ensure that we keep you up to speed with recent developments in water services industry.

SANITATION

SANITATION PROVISION	MEASURE	SERVICE STANDARD
Your municipality will toilet system that are suitable to different settlement situations	Out-of-urban settlement	VIP latrine or other suitable.
	Urban settlement	Water-borne system or other suitable
MAINTENANCE & REPAIRS	**MEASURE**	**SERVICE STANDARD**
We will maintain and repair sanitation facilities to ensure they are functional and meet environment standards	Sewer blockages and sewer overflows	Repair works start within 3 hours of receiving the report of the blockage
	New connections	Connection starts within 10 working days of receiving full payment
	Draining of septic tanks	Draining starts within 24 hours after a request is received.

	Waste water disposal	Waste water will be discharged according to standards of the Department of Water and Sanitation.

REFUSE SERVICES

REFUSE SERVICES	MEASURE	SERVICE STANDARD
We will provide our household customer with four (4) colour coded plastic refuse bags to keep our households safe, clean and healthy	On weekly collection round	1 bag = food waste; 1 bag = plastic waste; 1 bag = metal cans; 1 bag = paper waste
We promise to collect household waste bags on the agreed day of the week to keep our households safe and healthy	Once a week	Waste bags are collected every week
We promise to clean the streets in town centres to keep our environment safe and clean	Daily	Streets are kept and free of litter
	Public Amenities	public areas cleaned after events 24hours
We promise to provide refuse bins in public places to keep our environment safe and clean	A bin at every junction of street	Bins are provided and emptied daily
We promise to implement an anti-littering promotion to keep our environment safe and clean	Anti-littering theme/ policy	Anti-littering awareness messages
We promise to maintain our refuse dump sites neat and well maintained to ensure safer environment	Fenced off and maintained dump sites	Fenced dump site and well managed refuse/ waste

INTEGRATED ENVIRONMENTAL MANAGEMENT

INTEGRATED ENVIRONMENTAL MANAGEMENT	MEASURE	SERVICE STANDARD
We promise to manage the environmental in a friendly manner	Monitoring of ambient air quality (Stations)	3 days in a week
	Comment on environmental impact assessment	Per application
	Time taken to resolve community complaints	7 days
	Community Capacity building - Environmental issues	bi weekly and as and when requested

COMMUNITY SERVICES

COMMUNITY FACILITIES SERVICES	MEASURE	SERVICE STANDARD
We promise to provide recreational facilities that are user-friendly	General Cleaning of facilities -	Daily
	Planned Maintenance	Off season
	Swimming Pools	Pools are open from 10h00 to 17h00 (Mon-Sat) and 14h00 to 17h00 on Sunday
	Refundable deposit	Refund within 31 days
LIBRARY AND INFORMATION SERVICES	**MEASURE**	**SERVICE STANDARD**
We promise to ensure sustained accessibility to all our Libraries	Library membership for Rustenburg residents	Free of charge
	Library membership for persons residing outside Rustenburg jurisdiction	At annual approved rates
We promise to ensure sustained accessibility to all our Libraries	Number of books to be lent out and period	Four books per adult member and three per juvenile member for fourteen days
	Photocopying	At annual approved rates
	Public internet service	Free of charge
	Library operating hours	Monday to Friday 09H00-17H00. Saturdays 09H00-13H00

PARKS AND CEMETRIES

PARKS AND CEMETRIES	MEASURE	SERVICE STANDARD
We will provide dignified cemetery services	operating times for park	10H00 -18H30 Summer :10H00-17H00 Winter
	Maintenance of cemeteries (Frequency)	daily by cemetery employees based at those cemeteries. Cemeteries without permanent staff are maintained through grass cutting on bi-monthly basis
	Park Maintenance (Frequency)	daily. Currently being performed by Corporative on contractual basis
	Provision of graves	72 hrs after payment
	Provision of graves of	Monday to Thursday

	indigents	
	Responding to complaints and requests	within 72 hours after the complaint or request

HOUSING/HUMAN SETTLEMENTS

HOUSING & HUMAN SETTLEMENTS	MEASURE	SERVICE STANDARD
We commit the Department of Human Settlements to implement their mandate to deliver houses and housing services to meet expectations of community in the IDP	Housing Chapters, programmes, and projects are implemented in targeted communities and communities are informed	Information is provided on delivery programmes and projects, targets and beneficiaries
We will work with interested Private Partners to deliver houses to the community	Housing delivery partnership programmes are published, and communities are informed	Housing delivery partnership programmes and projects are implemented, and beneficiaries and backlog are known

ROADS AND STORM WATER SERVICES

ROADS AND STORM WATER	MEASURE	SERVICE STANDARD
We will repair potholes in paved streets as they appear to ensure safety and comfort of customer	Monitoring, scheduled maintenance & emergency repair works; published works programme	Maintenance according to a scheduled work programme which we will publish 3 days
		Repair a road following an open trench service crossing within 24 Hours
		Emergency repairs will be carried out on potholes as they appear and are reported with in 48HRS
		Walk ways will be repaired within 72 hours.
We will maintenance our gravel roads to ensure safety and comfort of customer	Monitoring, scheduled maintenance & emergency repair works; published works programme	Maintenance according to a scheduled work programme which we will publish every 3months.
		Emergency repairs will be carried out on potholes as they appear and are reported
We will maintain driver visibility	Grass cutting & shrubs removal	Roads will be at all times kept in a clear safe way by

on our roads at all times to ensure safety of customer		cutting grass and removal of shrubs.
We will keep our roads clear of obstacles and hazards to ensure safety	Obstacles clearing to enhance road safety	Roads will be kept free of obstacles which may cause danger to our road users. Road Signs and markings maintenance within 3 days
	Maintaining of road side fences	Road side fences will be maintained at all times with community involvement to keep livestock and animals out
We will keep all drainages free of rubbish and objects to avoid flooding	Cleaning of water drain channels	Roads side and flood drains will be kept clear of rubbish and objects at all times with community involvement within 3 days

PLANNING AND DEVELOPMENT SERVICES

PLANNING & DEVELOPMENT	MEASURE	SERVICE STANDARD
We will consider and give a decision of approve/ disapprove your building plan applications within the shortest expected time within 90 days	Applications accepted, and reference and receipts are given within agreed times	Official letter of to prove application was received is provided to customer within 1 week is sent to customer
	Applications are processed within expected and agreed times	Plans smaller than 500m^2 are approved/ or disapproved within thirty (30) days and decision is officially communicated.
	Applications are processed within expected and agreed times	Plans larger than 500m^2 are approved/ or disapproved and decision is officially communicated within sixty (60) days
	Dealing with complaints is completed and replies are given to customers in expected and agreed time	Complaints are inspected and feedback is provided within five (5) days of receiving the complaint
	Certificates of Completion of Building are given in expected time	Certificates of completion of building are provided within ten (10) days of receiving application for the certificate

PLANNING & DEVELOPMENT	MEASURE	SERVICE STANDARD
We will consider and give a decision of land development applications within the shortest expected time	Applications are accepted, and receipts are given on expected and agreed time	Official letter of receipt and confirmation of completeness of application are made within 14 days of receipt.
	Applications will be advertised at cost of applicant	Proof of advertisements is to be provided within 14 days of receipt of application being acknowledged.
	Comments are provided to applicant	Comments provided to applicant within 14 days after closing date stipulated in advertisement.
	Submission to Council	Submission is made to Council within 30 days after receiving of response to comments.
	Informing of decision of council	Decision of Council will be given within 14 days of Council minutes being given.
	Inspection of complaints and appeals	Complaints will be inspected within 5 days of receipt.

PUBLIC SAFETY

LICENSING AND TESTING	MEASURE	SERVICE STANDARD
We will make service accessible to the communities.	Decentralisation of services.	Fully resource office.
	Extension of services to Saturdays	Availability of personnel.
We will ensure that services are provided timeously, fairly and courteously.	Learner and driver licenses applications will be processed within a minimum of week.	Client service oriented personnel.
	Driver and learners license will be issued within two working days	Compliance in accordance with rules, regulations and procedures.
	Application for registering of motor vehicle will be completed when all necessary documents are submitted.	Compliance in accordance with rules, regulations and procedures.
LAW ENFORCEMENT AND TRAFFIC SERVICES	**MEASURE**	**SERVICE STANDARD**
We undertake to ensure the prevalence	Enforcement of the law without any	Enforcement of law shall be in

of the rule of law	fear or favour.	observance to the human rights of individuals.
We undertake to serve and protect all community and all road users.	Create a safe and secured environment.	Prevention of crime and promotion of Road Safety through prosecution, education and awareness, traffic engineering, Crime Prevention Through Environmental Design (CPTED) and involvement of communities.
We undertake to encourage community participation and involvement on issues affecting them	Building strong partnerships	• Discussing issues of common interest • Resolving conflicts in communities • Creating platforms or structures.
EMERGENCY SERVICES AND DISASTER MANAGEMENT	**MEASURE**	**SERVICE STANDARD**
We undertake to respond timeously to any disaster situation	All disaster situations will be addressed within three (3) days	• Activation of Joint Operation Committee (JOC) • Disaster Risk Management Assessment • Relief, recovery and mitigation of the situation.
We commit to enhance the weight of response to fire and rescue services	Decentralisation of fire services	• Operationalise fire houses • Establish ward based forums • Capacity building through training and community participation.
Licensing services	Registration of a vehicle within	Registration of a vehicle within 15 minutes
Licensing services	How long does it take to renew a vehicle license? (minutes)	5 minutes

Licensing services	Issuing of a duplicate registration certificate vehicle? (minutes)	5 minutes
Licensing services	De-register a vehicle? (minutes)	15 minutes
Licensing services	Renewal of the driver's license? (minutes)	30 minutes
Licensing services	What is the average reaction time of the fire service to an incident? (minutes)	5 minutes

2.4 BUDGET RELATED POLICIES

Rustenburg Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies are attached as Annexure "D". The following policies has been reviewed in order to align them to the legislative prescripts or to cut costs:

Property Rates Policy

The first Rates Policy and General Valuation Roll in terms of the Municipal Property Rates Act (MPRA) and the following five years' valuation roll will be implemented from the 1st of July 2020. The other aim of the policy is to ensure that all owners of rateable properties are informed about their liability for rates. The municipality revises its Rates Policy annually as per legislative requirements.

Tariff Policy

RLM tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Budget Policy

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

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

Supply Chain Management Policy

The following amendments/inclusions were effected on the SCM Policy:

- A process to appoint from a panel of service providers
- A section that speaks to support be given to community cooperatives in a form of development program
- Petty cash should be at R2000.00
- Reiterating the centralization of SCM processes
- Included the structure according to the MFMA

Credit control and debt collection policy

The following amendments/inclusions were effected:

- As soon as the client enters into an arrangement, the interest on the account will not be levied as long as the consumer honors the arrangement.
- Once a customer has been approved as indigent, their debt will be written off.
- Beneficiaries of RDP can open accounts with the municipality while the transfer process has not been finalized so the municipality can start billing for the services that are rendered to these beneficiaries.

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

Key factors that have been taken into consideration in the compilation of the 2020/21 MTREF include:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Rustenburg Local Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.
- External factors: The global economic outlook remains gloomy due to the downward spiral in developing economies spurred by the lower commodity prices and an uneven and moderate recovery in developed economies.

General inflation outlook and its impact on the municipal activities

Inflation increases the cost of living of households and thereby increases the vulnerability of low and middle-income groups and negatively affects their ability to pay for municipal services. This negatively impacts the revenue generation and revenue collection rates of municipalities and consequently their ability to fund the planned programmes**.**

The municipality is projecting CPI at 5.4% for 2020/21 and over the outer financial years.

Interest rates for borrowing and investment of funds
The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

Borrowings will be R25 million in the 2020/21 budget year for funding of smart water prepaid meters.

Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage of annual billings. For the medium term, collection rates for the various services are assumed at 84.%. This is the measure of cash receipts as a % of ratepayer and other revenue, whilst the debt impairment expense as a % of total billable revenue is estimated to be 16% and 14 over the two years.

The growth is in line with the long term financial strategy of achieving strategic objectives and sustainability through revenue initiatives already adopted by Council in the financial recovery plan.

The application of cash and investments outcome leaves the municipality with a projected surplus of R6,6 million giving an indication that our budget is fully funded.

In order for the municipality to realize the projected surplus, it would require the commitment of administration and Council alike to collect all anticipated revenue.

Salary increases

In terms of the bargain council agreement, salary increases of 6.25% for 2020/21 has been budgeted for.

Bulk Purchases

Bulk purchases are directly informed by the purchase of electricity from Eskom, water from Rand Water, Magalies Water and bulk purchase of purified water from the Rustenburg Water Services Trust. Electricity bulk purchases from Eskom is assumed to increase by 8.1% and the cost of bulk purchases from water boards averagely increased by 5.4%

Credit rating

The credit rating by Moody in January 2020 assessed the credit profile of Rustenburg (Ba3) reflects its weak and deteriorating operating performance, and weak

Ability to spend and deliver on the programme

It is estimated that a spending rate of at least 100% will be achieved on operating expenditure and 100% on the capital programme for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

2.6 OVERVIEW OF BUDGET FUNDING

Table SA15: Investment particulars by type

NW373 Rustenburg - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		21 714	111 689	304 146	142 299	84 428	84 428	88 227	92 285	96 531
Deposits - Public Investment Commissioners		851	801	843	877	877	877	917	959	1 003
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	**22 565**	**112 490**	**304 990**	**143 176**	**85 305**	**85 305**	**89 144**	**93 244**	**97 533**
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:		**22 565**	**112 490**	**304 990**	**143 176**	**85 305**	**85 305**	**89 144**	**93 244**	**97 533**

Table SA16: Investment particulars by maturity

NW373 Rustenburg - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	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
Parent municipality														
ABSA: Call Account			Monthly	Call Savings						1	280		66 676	**66 957**
ABSA: Investment Acc			Monthly	Flexible Deposit		2.9				590	1		–	**591**
ABSA: Investment Acc				Fixed Deposit		7.65				4 926	45		–	**4 971**
ABSA: Investment Acc				Fixed Deposit		7.05				–	–			**–**
ABSA: Investment Acc				Fixed Deposit		8.25				405	4			**409**
Standard Bank			Monthly	Call Deposit		6.7				448	1			**449**
Standard Bank			Monthly	Call Deposit		6.7				122	0			**122**
Kagiso Asset Management			Monthly	Money Market Assets		N/A				6 365	28			**6 394**
Sanlam			Monthly	Money Market Fund		N/A				8 331	57			**8 388**
														–
														–
														–
Sanlam Shares			Monthly	Ordinary - 12 948		73.92				957	(116)		–	**841**
Sanlam Shares			Monthly	Ordinary -323		73.92				24	(3)			**21**
Municipality sub-total										**22 169**		**–**	**66 676**	**89 144**
Entities														
														–
														–
														–
														–
														–
														–
														–
Entities sub-total										**–**		**–**	**–**	**–**
TOTAL INVESTMENTS AND INTERES	1									**22 169**		**–**	**66 676**	**89 144**

Table SA17: Borrowing

NW373 Rustenburg - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		561 763	505 508	703 000	863 000	863 000	863 000	888 000	941 000	913 000
Municipality sub-total	1	**561 763**	**505 508**	**703 000**	**863 000**	**863 000**	**863 000**	**888 000**	**941 000**	**913 000**
Entities										
Annuity and Bullet Loans										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	**561 763**	**505 508**	**703 000**	**863 000**	**863 000**	**863 000**	**888 000**	**941 000**	**913 000**

Unspent Borrowing - Categorised by type										
Parent municipality										
Other Securities										
Municipality sub-total	1	–	–	–	–	–	–	–	–	–
Entities										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Unspent Borrowing	1	–	–	–	–	–	–	–	–	–

Table SA18: Transfers and grant receipts

NW373 Rustenburg - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**453 605**	**532 021**	**702 759**	**771 095**	**843 687**	**843 687**	**856 538**	**954 266**	**959 865**
Local Government Equitable Share		451 980	526 072	605 006	675 452	675 452	675 452	756 697	849 268	849 268
Finance Management		1 625	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700
NDPG		–	–	–	2 000	–	–	–	–	–
EPWP		–	4 249	3 545	3 786	3 786	3 786	–	–	–
PTIS		–	–	85 652	81 301	155 701	155 701	85 102	89 849	94 779
PMU		–	–	6 856	6 856	7 048	7 048	13 039	13 449	14 118
MIG		–	–	–	–			–	–	–
Energy Efficiency and Demand Management										
Other transfers/grants [insert description]										
Provincial Government:		**5 204**	**–**	**212**	**1 465**	**1 602**	**1 602**	**1 546**	**1 631**	**1 631**
CATA		4 219	–	212	1 465	1 602	1 602	1 546	1 631	1 631
LG-SETA		985	–	–		–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Operating Transfers and Grants	5	**458 809**	**532 021**	**702 971**	**772 560**	**845 290**	**845 290**	**858 084**	**955 897**	**961 496**
Capital Transfers and Grants										
National Government:		**530 088**	**625 980**	**505 828**	**484 272**	**534 079**	**534 079**	**506 885**	**525 463**	**525 150**
Municipal Infrastructure Grant (MIG)		169 603	239 841	223 230	228 252	236 559	236 559	236 545	255 526	254 857
Public Transport and Systems		345 354	314 156	212 560	137 610	161 610	161 610	158 500	162 030	157 100
Neighbourhood Development Partnership		–	–	–	15 000	20 000	20 000	9 000	10 500	11 067
Department of Energy		–	–	10 038	15 410	15 410	15 410	10 000	10 000	10 000
Water Infrastructure Grant		15 131	71 983	–	–	–	–	–	–	–
Municipal Systems Improvement		–	–	–	–			–	–	–
WSIG		–	–	60 000	88 000	100 500	100 500	92 840	87 406	92 126
Accelerated Community Infrastructure Program		–	–	–	–					
Other capital transfers/grants [insert desc]										
Provincial Government:		**518**	**566**	**3 766**	**900**	**4 249**	**4 249**	**–**	**730**	**–**
DPLG		–	–	–	–	2 500	2 500			
CATA		518	566	3 766	900	1 749	1 749	–	730	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Capital Transfers and Grants	5	**530 606**	**626 546**	**509 594**	**485 172**	**538 328**	**538 328**	**506 885**	**526 193**	**525 150**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**989 415**	**1 158 567**	**1 212 565**	**1 257 732**	**1 383 618**	**1 383 618**	**1 364 969**	**1 482 089**	**1 486 646**

Table SA21: Transfers and grants made by the municipality

NW373 Rustenburg - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Bessie Mpelegeleng Ngwana	3	3 202	71 051	50	50	50	50	50	53	56	59
Donation Spca			–	385	385	385	385	385	406	428	451
Donation Rlm sports & Recreation Club			–	50	50	50	50	50	53	56	59
Total Cash Transfers To Other Organs Of State:		**3 202**	**71 051**	**485**	**485**	**485**	**485**	**485**	**511**	**539**	**568**
Cash Transfers to Organisations											
Insert description											
Total Cash Transfers To Organisations		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Groups of Individuals											
Insert description											
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	**3 202**	**71 051**	**485**	**485**	**485**	**485**	**485**	**511**	**539**	**568**
Non-Cash Transfers to other municipalities											
Insert description	1										
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Insert description	3										
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
Alternative Energy	5			3 589	4 600	4 600	4 600	4 600	4 807	5 071	5 346
Free Sanitation Services				1 555	3 797	3 797	3 797	3 797	3 968	4 186	4 413
Free Water Services				3 371	1 646	1 646	1 646	1 646	1 720	1 814	1 912
Free Property Rates Services				3 589	3 566	3 566	3 566	3 566	3 709	3 891	4 078
Free Refuse Services				4 348	3 797	3 797	3 797	3 797	3 968	4 186	4 413
Total Non-Cash Grants To Groups Of Individuals:		–	–	16 453	17 407	17 407	17 407	17 407	18 172	19 149	20 161
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	**16 453**	**17 407**	**17 407**	**17 407**	**17 407**	**18 172**	**19 149**	**20 161**
TOTAL TRANSFERS AND GRANTS	6	**3 202**	**71 051**	**16 938**	**17 892**	**17 892**	**17 892**	**17 892**	**18 684**	**19 688**	**20 728**

Table A7: Consolidated Budgeted Cash Flows

NW373 Rustenburg - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		306 748	330 842	309 064	321 089	321 089	321 089	321 089	392 199	399 700	427 052
Service charges		2 578 684	2 745 388	2 680 554	2 954 488	2 954 488	2 954 488	2 954 488	2 960 258	3 110 732	3 303 420
Other revenue		94 963	56 434	317 771	237 537	237 537	237 537	237 537	170 063	182 886	196 069
Transfers and Subsidies - Operational	1	458 809	532 021	703 274	772 560	845 482	845 482	845 482	858 084	955 897	961 496
Transfers and Subsidies - Capital	1	530 606	626 546	506 885	485 172	538 136	538 136	538 136	506 885	526 193	525 150
Interest		235 657	22 181	269 847	281 828	281 828	281 828	281 828	314 463	343 440	353 176
Dividends									–	–	–
Payments											
Suppliers and employees		(3 692 552)	(3 350 475)	(3 669 148)	(3 887 847)	(4 030 127)	(4 030 127)	(4 030 127)	(3 909 828)	(4 165 241)	(4 387 558)
Finance charges		(92 709)	(87 432)	(100 026)	(50 877)	(50 877)	(50 877)	(50 877)	(53 444)	(50 979)	(47 567)
Transfers and Grants	1	(3 202)	(71 051)	(16 938)	(17 892)	(17 892)	(17 892)	(17 892)	(18 684)	(19 689)	(20 728)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**417 004**	**804 454**	**1 001 282**	**1 096 058**	**1 079 665**	**1 079 665**	**1 079 665**	**1 219 996**	**1 282 939**	**1 310 511**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		40 762	(3 276)	117 080	170 477	170 477	170 477	170 477	14 035	14 680	15 356
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(505 821)	(623 416)	(829 492)	(788 360)	(829 837)	(829 837)	(829 837)	(594 256)	(636 759)	(637 194)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(465 059)**	**(626 692)**	**(712 412)**	**(617 883)**	**(659 361)**	**(659 361)**	**(659 361)**	**(580 221)**	**(622 079)**	**(621 839)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing		(7 040)	(3 596)	80 000	160 000	160 000	160 000	160 000	25 000	25 000	25 000
Increase (decrease) in consumer deposits		202	(338)	2 275	2 398	2 398	2 398	2 398	2 398	2 508	2 624
Payments											
Repayment of borrowing		(116 334)	(116 330)	(85 515)	(88 513)	(88 513)	(88 513)	(88 513)	(105 373)	(110 220)	(115 290)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(123 172)**	**(120 264)**	**(3 240)**	**73 885**	**73 885**	**73 885**	**73 885**	**(77 975)**	**(82 712)**	**(87 666)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(171 227)**	**57 498**	**285 630**	**552 060**	**494 189**	**494 189**	**494 189**	**561 800**	**578 149**	**601 006**
Cash/cash equivalents at the year begin:	2	**344 363**	**173 136**	**230 624**	**282 572**	**282 572**	**282 572**	**282 572**	**230 634**	**792 434**	**1 370 583**
Cash/cash equivalents at the year end:	2	**173 136**	**230 634**	**516 254**	**834 632**	**776 761**	**776 761**	**776 761**	**792 434**	**1 370 583**	**1 971 588**

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table above is consistent with international standards of good financial management practice and also improves understanding of Councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words, the *actual collection rate* of billed revenue; and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table SA10: Funding compliance measurement

NW373 Rustenburg Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	173 136	230 634	516 254	834 632	776 761	776 761	776 761	792 434	1 370 583	1 971 588
Cash + investments at the yr end less applications - R'000	18(1)b	2	(245 653)	(203 630)	318 240	670 606	613 207	613 207	612 735	464 098	982 552	1 591 485
Cash year end/monthly employee/supplier payments	18(1)b	3	0.6	0.8	1.6	2.4	2.2	2.2	2.2	2.2	3.6	4.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	218 446	404 019	681 359	813 081	792 858	792 858	796 686	691 455	725 268	740 325
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(1.2%)	3.6%	4.7%	(6.1%)	(6.0%)	(5.9%)	(5.9%)	(1.3%)	(1.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	91.0%	98.9%	83.9%	83.0%	83.0%	83.0%	83.0%	84.0%	84.0%	85.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	16.1%	17.9%	16.0%	17.0%	17.0%	17.0%	17.0%	16.0%	16.0%	15.0%
Capital payments % of capital expenditure	18(1)c;19	8	40.1%	85.2%	96.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(1.0%)	(3.4%)	24.8%	52.8%	54.9%	54.9%	54.9%	28.6%	22.6%	22.3%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	5.4%	19.1%	(3.7%)	0.0%	0.0%	0.0%	4.5%	4.6%	4.6%
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	1.0%	1.2%	2.4%	1.9%	1.9%	1.9%	1.6%	1.5%	1.7%	1.8%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	38.2%	91.5%	90.9%	90.9%	0.0%	73.8%	56.8%	56.5%

Funding compliance and measurement

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

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

C**ash/cash equivalent position**

A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecasted cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

Surplus/deficit excluding depreciation offsets.

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

Cash receipts as a percentage of capital expenditure (excluding transfers, grants and contributions)

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

It can be seen that the outcome is at 84, 86 and 87 percent for each of the respective financial years. This measure and performance objective will have to be meticulously managed.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. The Municipality's liquidity has improved and therefore the Municipality has increased the spending from own funds.

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

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

Consumer debtors change (Current and Non-current)

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

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the revenue budget is not being protected.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. Further details in this regard are contained in Table SA34b

2.7 EXPENDITURE ON GRANTS

Table SA19: Expenditure on transfers and grant programme

NW373 Rustenburg - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**453 605**	**532 021**	**702 759**	**771 095**	**843 687**	**843 687**	**856 538**	**954 266**	**959 865**
Local Government Equitable Share		451 980	526 072	605 006	675 452	675 452	675 452	756 697	849 268	849 268
Finance Management		1 625	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700
NDPG		–	–	–	2 000	–	–	–	–	–
EPWP		–	4 249	3 545	3 786	3 786	3 786	–	–	–
PTIS		–	–	85 652	81 301	155 701	155 701	85 102	89 849	94 779
PMU		–	–	6 856	6 856	7 048	7 048	13 039	13 449	14 118
MIG		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Management										
Other transfers/grants [insert description]										
Provincial Government:		**5 204**	**–**	**212**	**1 465**	**1 602**	**1 602**	**1 546**	**1 631**	**1 631**
CATA		4 219	–	212	1 465	1 602	1 602	1 546	1 631	1 631
LG-SETA		985	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants:		**458 809**	**532 021**	**702 971**	**772 560**	**845 290**	**845 290**	**858 084**	**955 897**	**961 496**
Capital expenditure of Transfers and Grants										
National Government:		**530 088**	**625 980**	**505 828**	**484 272**	**534 079**	**534 079**	**506 885**	**525 463**	**525 150**
Municipal Infrastructure Grant (MIG)		169 603	239 841	223 230	228 252	236 559	236 559	236 545	255 526	254 857
Public Transport and Systems		345 354	314 156	212 560	137 610	161 610	161 610	158 500	162 030	157 100
Neighbourhood Development Partnership		–	–	–	15 000	20 000	20 000	9 000	10 500	11 067
Department of Energy		–	–	10 038	15 410	15 410	15 410	10 000	10 000	10 000
Water Infrastructure Grant		15 131	71 983	–	–	–	–	–	–	–
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
WSIG		–	–	60 000	88 000	100 500	100 500	92 840	87 406	92 126
Accelerated Community Infrastructure Program		–	–	–	–					
Other capital transfers/grants [insert desc]										
Provincial Government:		**518**	**566**	**3 766**	**900**	**4 249**	**4 249**	**–**	**730**	**–**
DPLG		–	–	–	–	2 500	2 500	–	–	–
CATA		518	566	3 766	900	1 749	1 749	–	730	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total capital expenditure of Transfers and Grants		**530 606**	**626 546**	**509 594**	**485 172**	**538 328**	**538 328**	**506 885**	**526 193**	**525 150**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**989 415**	**1 158 567**	**1 212 565**	**1 257 732**	**1 383 618**	**1 383 618**	**1 364 969**	**1 482 089**	**1 486 646**

2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table SA25: Consolidated budgeted monthly revenue and expenditure

NW373 Rustenburg - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																
Property rates		33 000	38 000	33 000	32 000	31 000	35 000	27 000	25 000	38 000	39 000	34 000	37 199	402 199	420 700	440 052
Service charges - electricity revenue		180 000	160 000	150 000	190 000	230 000	180 000	200 000	175 000	160 000	160 000	175 000	173 939	2 133 939	2 231 383	2 333 309
Service charges - water revenue		45 000	57 000	58 000	41 000	43 000	54 000	46 000	47 000	48 000	49 000	51 000	50 526	589 526	616 950	645 635
Service charges - sanitation revenue		33 000	34 000	34 000	36 000	32 000	34 000	33 000	34 000	38 000	41 500	42 514	48 969	440 983	463 376	486 901
Service charges - refuse revenue		15 000	16 000	14 000	13 000	11 000	10 000	15 000	16 000	17 000	13 500	12 839	14 766	168 106	176 015	184 287
Rental of facilities and equipment		900	950	800	750	800	750	890	600	750	650	820	937	9 597	10 038	10 500
Interest earned - external investments		1 600	1 500	1 700	1 100	1 800	1 900	2 800	2 650	2 950	2 800	2 900	3 612	27 312	35 632	40 016
Interest earned - outstanding debtors		23 000	24 000	25 000	21 000	19 000	17 000	15 000	28 000	28 000	29 000	27 000	31 151	287 151	307 808	331 048
Dividends received													–	–	–	–
Fines, penalties and forfeits		1 500	950	970	910	890	750	1 000	1 100	1 300	1 250	1 100	1 211	12 931	13 526	14 148
Licences and permits		700	700	750	850	950	1 150	1 500	1 300	990	650	1 250	1 123	11 913	12 461	13 034
Agency services		8 500	9 500	7 000	7 500	7 500	14 500	8 000	7 500	8 500	6 500	7 500	8 349	100 849	110 488	120 340
Transfers and subsidies		75 000	80 000	70 000	72 000	67 000	81 000	85 000	65 000	68 000	66 000	65 000	64 084	858 084	955 897	961 496
Other revenue		2 900	3 000	2 700	2 600	2 000	2 400	3 100	3 500	3 700	2 900	2 600	3 374	34 774	36 374	38 047
Gains		1 200	1 000	900	1 400	1 100	1 300	850	800	750	1 450	1 600	1 685	14 035	14 680	15 356
Total Revenue (excluding capital transfers and contributions		**421 300**	**426 600**	**398 820**	**420 110**	**448 040**	**433 750**	**439 140**	**407 450**	**415 940**	**414 200**	**425 124**	**440 926**	**5 091 399**	**5 405 327**	**5 634 169**
Expenditure By Type																
Employee related costs		65 000	60 000	60 000	59 000	62 000	67 000	65 000	66 000	69 000	69 000	62 000	60 181	764 181	813 279	864 075
Remuneration of councillors		5 358	5 000	5 900	5 000	4 900	4 800	5 200	5 800	5 200	5 500	5 700	5 948	64 306	67 779	71 439
Debt impairment		49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	596 000	627 000	615 000
Depreciation & asset impairment		40 000	41 000	45 000	38 000	39 000	34 000	38 000	40 000	41 000	37 500	33 500	80 217	507 217	529 162	543 271
Finance charges		2 700	2 600	1 800	2 400	2 500	2 300	1 800	2 600	1 900	2 200	2 195	28 449	53 444	50 979	47 567
Bulk purchases		262 801	175 000	189 000	180 000	191 000	195 000	186 000	174 000	263 000	181 000	190 000	49 933	2 236 734	2 367 475	2 477 878
Other materials		620	750	800	950	900	1 050	1 600	900	1 100	1 200	1 300	1 134	12 304	12 883	13 472
Contracted services		55 000	45 000	47 000	44 000	52 000	53 000	45 000	49 000	50 000	55 000	54 000	96 307	645 307	707 900	752 596
Transfers and subsidies		1 250	1 500	2 000	1 700	1 900	1 000	1 200	1 300	1 400	1 500	1 600	2 334	18 684	19 688	20 728
Other expenditure		15 600	15 700	16 000	17 000	14 500	14 000	13 500	12 500	15 000	18 500	17 500	17 196	186 996	195 925	208 097
Losses													–	–	–	–
Total Expenditure		**497 995**	**396 217**	**417 167**	**397 717**	**418 367**	**421 817**	**406 967**	**401 767**	**497 267**	**421 067**	**417 462**	**391 367**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit)		**(76 695)**	**30 383**	**(18 347)**	**22 393**	**29 673**	**11 933**	**32 173**	**5 683**	**(81 327)**	**(6 867)**	**7 662**	**49 559**	**6 225**	**13 256**	**20 045**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		45 000	41 000	36 000	47 000	35 000	33 000	35 000	49 000	40 000	41 000	42 000	62 885	506 885	525 463	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(31 695)**	**71 383**	**17 653**	**69 393**	**64 673**	**44 933**	**67 173**	**54 683**	**(41 327)**	**34 133**	**49 662**	**112 444**	**513 110**	**538 719**	**545 195**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(31 695)**	**71 383**	**17 653**	**69 393**	**64 673**	**44 933**	**67 173**	**54 683**	**(41 327)**	**34 133**	**49 662**	**112 444**	**513 110**	**538 719**	**545 195**

Table SA26: Consolidated budgeted monthly revenue and expenditure (municipal vote)

NW373 Rustenburg - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote																
Vote 1 - EXECUTIVE MAYOR		26 615	24 890	27 000	25 134	26 765	24 123	25 678	24 000	26 781	24 321	25 124	26 945	307 377	335 964	363 176
Vote 2 - MUNICIPAL MANAGER		1 400	1 362	1 424	1 356	1 452	1 321	1 377	1 400	1 399	1 465	1 498	1 474	16 927	17 516	18 373
Vote 3 - CORPORATE SUPPORT SERVICES		41	40	41	39	41	40	42	40	41	41	40	41	487	510	533
Vote 4 - BUDGET AND TREASURY		37 123	36 789	35 909	36 641	36 765	35 890	37 908	36 250	35 908	37 123	36 782	36 572	439 661	458 534	478 239
Vote 5 - PUBLIC SAFETY		10 000	10 488	10 923	10 235	10 389	10 235	10 987	10 765	10 100	10 235	10 234	10 080	124 671	135 405	146 404
Vote 6 - PLANNING AND HUMAN SETTLEMENT		1 600	1 601	1 700	1 760	1 680	1 672	1 623	1 609	1 632	1 677	1 689	1 825	20 069	20 992	21 958
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		400	436	407	399	428	408	412	394	377	421	481	384	4 946	5 174	5 412
Vote 8 - COMMUNITY DEVELOPMENT		26 000	21 087	22 321	21 368	22 789	20 123	25 208	20 066	21 345	20 123	25 000	25 366	270 797	293 989	302 497
Vote 9 - TECHNICAL AND INFRASTRUCTURE		287 123	337 890	300 987	296 123	322 120	330 123	287 654	291 346	279 649	278 910	298 654	802 090	4 112 670	4 345 429	4 488 019
Vote 10 - ROADS AND TRANSPORT		7 191	7 000	7 125	7 067	7 211	7 112	7 689	6 990	7 161	7 193	7 590	6 397	85 726	90 501	95 461
Vote 11 - MUNICIPAL ENTITY		17 500	17 689	18 000	18 239	17 100	17 913	17 999	17 678	17 903	18 123	17 954	18 853	214 952	226 774	239 247
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		**414 993**	**459 271**	**425 837**	**418 362**	**446 740**	**448 962**	**416 578**	**410 539**	**402 296**	**399 632**	**425 048**	**930 025**	**5 598 284**	**5 930 789**	**6 159 319**
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE MAYOR		11 500	11 235	11 783	11 268	11 679	11 000	11 345	11 671	11 200	11 099	11 298	12 007	137 085	144 018	152 030
Vote 2 - MUNICIPAL MANAGER		7 101	8 241	7 000	7 112	8 090	7 291	8 591	7 999	8 109	8 001	7 341	7 153	92 029	97 029	101 967
Vote 3 - CORPORATE SUPPORT SERVICES		6 991	7 587	7 800	7 231	7 790	7 210	7 876	7 407	7 801	7 518	6 979	7 342	89 532	93 504	100 661
Vote 4 - BUDGET AND TREASURY		16 964	16 000	16 589	16 612	16 121	16 900	16 770	17 457	16 905	17 992	17 600	16 103	202 015	213 207	224 932
Vote 5 - PUBLIC SAFETY		25 342	27 899	29 001	20 123	22 123	25 470	20 578	24 789	23 012	27 000	25 642	22 660	293 640	311 034	330 609
Vote 6 - PLANNING AND HUMAN SETTLEMENT		5 599	5 455	5 679	5 400	5 089	5 300	5 458	5 612	5 534	5 800	5 034	5 534	65 494	68 496	72 597
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		2 567	2 383	2 487	2 199	2 670	2 065	2 301	2 682	2 600	2 001	2 523	2 117	28 596	46 716	49 357
Vote 8 - COMMUNITY DEVELOPMENT		40 234	41 712	44 010	41 671	45 900	40 123	43 567	44 567	40 863	44 671	40 578	42 628	510 527	536 668	556 578
Vote 9 - TECHNICAL AND INFRASTRUCTURE		269 099	251 123	276 890	266 121	240 012	285 432	261 346	279 013	287 123	284 789	275 349	217 157	3 193 455	3 401 485	3 498 556
Vote 10 - ROADS AND TRANSPORT		28 000	24 999	25 121	27 876	23 009	22 990	26 110	26 578	26 124	26 501	26 230	24 016	307 554	308 008	346 509
Vote 11 - MUNICIPAL ENTITY		13 770	13 870	13 998	13 312	13 678	13 487	14 010	13 901	13 812	13 802	13 790	13 816	165 247	171 907	180 329
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		**427 167**	**410 504**	**440 358**	**418 927**	**396 162**	**437 269**	**417 952**	**441 677**	**443 086**	**449 174**	**432 364**	**370 533**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit) before assoc.		**(12 174)**	**48 767**	**(14 522)**	**(565)**	**50 578**	**11 693**	**(1 374)**	**(31 138)**	**(40 789)**	**(49 542)**	**(7 316)**	**559 492**	**513 110**	**538 719**	**545 195**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(12 174)**	**48 767**	**(14 522)**	**(565)**	**50 578**	**11 693**	**(1 374)**	**(31 138)**	**(40 789)**	**(49 542)**	**(7 316)**	**559 492**	**513 110**	**538 719**	**545 195**

Table SA27: Consolidated budgeted monthly revenue and expenditure (standard classification)

NW373 Rustenburg - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional																
Governance and administration		**75 137**	**97 678**	**60 109**	**45 082**	**52 596**	**52 596**	**60 109**	**90 164**	**52 596**	**67 623**	**45 082**	**52 596**	**751 366**	**799 025**	**846 150**
Executive and council		30 738	39 959	24 590	18 443	21 517	21 517	24 590	36 886	21 517	27 664	18 443	21 517	307 379	335 967	363 179
Finance and administration		44 399	57 718	35 519	26 639	31 079	31 079	35 519	53 278	31 079	39 959	26 639	31 079	443 986	463 058	482 971
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**12 002**	**15 602**	**9 601**	**7 201**	**8 401**	**8 401**	**9 601**	**14 402**	**8 401**	**10 801**	**7 201**	**8 401**	**120 016**	**130 551**	**141 251**
Community and social services		380	494	304	228	266	266	304	456	266	342	228	266	3 803	3 992	4 101
Sport and recreation		51	66	41	31	36	36	41	61	36	46	31	36	510	533	558
Public safety		11 212	14 576	8 970	6 727	7 849	7 849	8 970	13 455	7 849	10 091	6 727	7 849	112 122	122 280	132 674
Housing		358	466	287	215	251	251	287	430	251	322	215	251	3 581	3 746	3 918
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**13 280**	**17 265**	**10 624**	**7 968**	**9 296**	**9 296**	**10 624**	**15 937**	**9 296**	**11 952**	**7 968**	**9 296**	**132 805**	**139 556**	**146 823**
Planning and development		3 503	4 553	2 802	2 102	2 452	2 452	2 802	4 203	2 452	3 152	2 102	2 452	35 026	36 448	38 175
Road transport		9 778	12 711	7 822	5 867	6 844	6 844	7 822	11 733	6 844	8 800	5 867	6 844	97 778	103 108	108 648
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**408 721**	**531 338**	**326 977**	**245 233**	**286 105**	**286 105**	**326 977**	**490 466**	**286 105**	**367 849**	**245 233**	**286 105**	**4 087 213**	**4 336 195**	**4 499 945**
Energy sources		226 326	294 224	181 061	135 796	158 428	158 428	181 061	271 591	158 428	203 693	135 796	158 428	2 263 261	2 384 238	2 487 524
Water management		102 373	133 085	81 898	61 424	71 661	71 661	81 898	122 847	71 661	92 136	61 424	71 661	1 023 728	1 091 602	1 119 986
Waste water management		53 375	69 387	42 700	32 025	37 362	37 362	42 700	64 050	37 362	48 037	32 025	37 362	533 748	570 900	594 606
Waste management		26 648	34 642	21 318	15 989	18 653	18 653	21 318	31 977	18 653	23 983	15 989	18 653	266 476	289 455	297 829
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**506 885**	**506 885**	**525 463**	**525 150**
Total Revenue - Functional		**509 140**	**661 882**	**407 312**	**305 484**	**356 398**	**356 398**	**407 312**	**610 968**	**356 398**	**458 226**	**305 484**	**863 283**	**5 598 284**	**5 930 789**	**6 159 319**
Expenditure - Functional																
Governance and administration		**62 253**	**80 929**	**49 802**	**37 352**	**43 577**	**43 577**	**49 802**	**74 704**	**43 577**	**56 028**	**37 352**	**43 577**	**622 531**	**655 157**	**693 115**
Executive and council		18 293	23 781	14 634	10 976	12 805	12 805	14 634	21 951	12 805	16 464	10 976	12 805	182 929	192 701	203 725
Finance and administration		43 241	56 213	34 593	25 944	30 269	30 269	34 593	51 889	30 269	38 917	25 944	30 269	432 408	454 821	481 292
Internal audit		719	935	576	432	504	504	576	863	504	647	432	504	7 194	7 634	8 099
Community and public safety		**36 380**	**47 294**	**29 104**	**21 828**	**25 466**	**25 466**	**29 104**	**43 656**	**25 466**	**32 742**	**21 828**	**25 466**	**363 802**	**391 994**	**415 051**
Community and social services		6 695	8 704	5 356	4 017	4 687	4 687	5 356	8 034	4 687	6 026	4 017	4 687	66 953	76 645	80 119
Sport and recreation		10 322	13 419	8 258	6 193	7 226	7 226	8 258	12 387	7 226	9 290	6 193	7 226	103 224	109 331	115 646
Public safety		17 029	22 138	13 623	10 217	11 920	11 920	13 623	20 435	11 920	15 326	10 217	11 920	170 289	181 331	193 183
Housing		2 334	3 034	1 867	1 400	1 633	1 633	1 867	2 800	1 633	2 100	1 400	1 633	23 335	24 687	26 103
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**48 545**	**63 109**	**38 836**	**29 127**	**33 982**	**33 982**	**38 836**	**58 255**	**33 982**	**43 691**	**29 127**	**33 982**	**485 455**	**511 698**	**562 301**
Planning and development		8 320	10 817	6 656	4 992	5 824	5 824	6 656	9 985	5 824	7 488	4 992	5 824	83 205	103 973	109 970
Road transport		39 658	51 555	31 726	23 795	27 760	27 760	31 726	47 589	27 760	35 692	23 795	27 760	396 576	401 652	445 901
Environmental protection		567	738	454	340	397	397	454	681	397	511	340	397	5 674	6 073	6 431
Trading services		**361 339**	**469 740**	**289 071**	**216 803**	**252 937**	**252 937**	**289 071**	**433 606**	**252 937**	**325 205**	**216 803**	**252 937**	**3 613 386**	**3 833 221**	**3 943 657**
Energy sources		219 284	285 069	175 427	131 570	153 499	153 499	175 427	263 141	153 499	197 356	131 570	153 499	2 192 839	2 358 729	2 434 783
Water management		75 289	97 876	60 231	45 173	52 702	52 702	60 231	90 347	52 702	67 760	45 173	52 702	752 889	791 917	810 273
Waste water management		38 192	49 649	30 553	22 915	26 734	26 734	30 553	45 830	26 734	34 373	22 915	26 734	381 918	389 820	398 933
Waste management		28 574	37 146	22 859	17 144	20 002	20 002	22 859	34 289	20 002	25 717	17 144	20 002	285 741	292 755	299 668
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional		**508 517**	**661 073**	**406 814**	**305 110**	**355 962**	**355 962**	**406 814**	**610 221**	**355 962**	**457 666**	**305 110**	**355 962**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit) before assoc.		**623**	**809**	**498**	**374**	**436**	**436**	**498**	**747**	**436**	**560**	**374**	**507 321**	**513 110**	**538 719**	**545 195**
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	**1**	**623**	**809**	**498**	**374**	**436**	**436**	**498**	**747**	**436**	**560**	**374**	**507 321**	**513 110**	**538 719**	**545 195**

Table SA28: Consolidated budgeted monthly capital expenditure (municipal vote)

NW373 Rustenburg - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE MAYOR		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - MUNICIPAL MANAGER		487	779	1 070	1 265	1 460	1 752	487	681	389	292	389	681	9 731	10 500	11 067
Vote 3 - CORPORATE SUPPORT SERVICES		50	80	110	130	150	180	50	70	40	30	40	70	1 000	1 600	1 360
Vote 4 - BUDGET AND TREASURY		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - PUBLIC SAFETY		590	944	1 298	1 534	1 770	2 124	590	826	472	354	472	826	11 800	11 944	12 063
Vote 6 - PLANNING AND HUMAN SETTLEMENT		450	720	990	1 170	1 350	1 620	450	630	360	270	360	630	9 000	9 527	9 555
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		33	52	72	85	98	117	33	46	26	20	26	46	650	8 900	9 110
Vote 8 - COMMUNITY DEVELOPMENT		1 520	2 431	3 343	3 951	4 559	5 470	1 520	2 127	1 216	912	1 216	2 127	30 390	64 726	63 536
Vote 9 - TECHNICAL AND INFRASTRUCTURE		11 627	18 603	25 579	30 230	34 881	41 857	11 627	16 278	9 302	6 976	9 302	16 278	232 540	270 006	275 876
Vote 10 - ROADS AND TRANSPORT		14 957	23 932	32 906	38 889	44 872	53 846	14 957	20 940	11 966	12 974	11 966	16 940	299 145	259 557	254 627
Vote 11 - MUNICIPAL ENTITY													–	–	–	–
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	**29 713**	**47 541**	**65 368**	**77 253**	**89 138**	**106 966**	**29 713**	**41 598**	**23 770**	**21 828**	**23 770**	**37 598**	**594 256**	**636 759**	**637 194**
Single-year expenditure *to be appropriated*																
Vote 1 - EXECUTIVE MAYOR													–	–	–	–
Vote 2 - MUNICIPAL MANAGER													–	–	–	–
Vote 3 - CORPORATE SUPPORT SERVICES													–	–	–	–
Vote 4 - BUDGET AND TREASURY													–	–	–	–
Vote 5 - PUBLIC SAFETY													–	–	–	–
Vote 6 - PLANNING AND HUMAN SETTLEMENT													–	–	–	–
Vote 7 - LOCAL ECONOMIC DEVELOPMENT													–	–	–	–
Vote 8 - COMMUNITY DEVELOPMENT													–	–	–	–
Vote 9 - TECHNICAL AND INFRASTRUCTURE													–	–	–	–
Vote 10 - ROADS AND TRANSPORT													–	–	–	–
Vote 11 - MUNICIPAL ENTITY													–	–	–	–
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	**29 713**	**47 541**	**65 368**	**77 253**	**89 138**	**106 966**	**29 713**	**41 598**	**23 770**	**21 828**	**23 770**	**37 598**	**594 256**	**636 759**	**637 194**

Table SA29: Consolidated budgeted monthly capital expenditure (standard classification)

NW373 Rustenburg - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1															
Governance and administration		1 487	2 379	3 270	3 865	4 460	5 352	1 487	2 081	1 189	892	1 189	2 081	29 731	20 800	21 227
Executive and council		473	757	1 041	1 231	1 420	1 704	473	663	379	284	379	663	9 468	10 500	11 067
Finance and administration		1 000	1 600	2 200	2 600	3 000	3 600	1 000	1 400	800	600	800	1 400	20 000	10 300	10 160
Internal audit		13	21	29	34	40	47	13	18	11	8	11	18	264	–	–
Community and public safety		810	1 295	1 781	2 105	2 429	2 914	810	1 133	648	486	648	1 133	16 190	40 734	40 213
Community and social services		40	64	88	104	120	144	40	56	32	24	32	56	800	24 730	24 000
Sport and recreation		30	47	65	77	89	106	30	41	24	18	24	41	590	1 060	1 150
Public safety		590	944	1 298	1 534	1 770	2 124	590	826	472	354	472	826	11 800	11 944	12 063
Housing		150	240	330	390	450	540	150	210	120	90	120	210	3 000	3 000	3 000
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		15 290	24 464	33 637	39 753	45 869	55 043	15 290	21 406	12 232	9 174	12 232	21 406	305 795	275 052	270 372
Planning and development		333	532	732	865	998	1 197	333	466	266	200	266	466	6 650	15 427	15 666
Road transport		14 957	23 932	32 906	38 889	44 872	53 846	14 957	20 940	11 966	8 974	11 966	20 940	299 145	259 557	254 627
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	69	80
Trading services		12 127	19 403	26 679	31 530	36 381	43 657	12 127	16 978	9 702	7 276	9 702	16 978	242 540	300 173	305 382
Energy sources		1 315	2 104	2 893	3 419	3 945	4 734	1 315	1 841	1 052	789	1 052	1 841	26 300	49 600	50 750
Water management		7 587	12 139	16 691	19 726	22 761	27 313	7 587	10 622	6 070	4 552	6 070	10 622	151 740	154 326	157 908
Waste water management		2 725	4 360	5 995	7 085	8 175	9 810	2 725	3 815	2 180	1 635	2 180	3 815	54 500	66 080	67 218
Waste management		500	800	1 100	1 300	1 500	1 800	500	700	400	300	400	700	10 000	30 167	29 506
Other													–	–	–	–
Total Capital Expenditure - Functional	2	29 713	47 541	65 368	77 253	89 138	106 966	29 713	41 598	23 770	17 828	23 770	41 598	594 256	636 759	637 194
Funded by:																
National Government		25 344	40 551	55 757	65 895	76 033	91 239	25 344	35 482	20 275	15 207	20 275	35 482	506 885	525 463	525 150
Provincial Government													–	–	730	–
District Municipality													–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers recognised - capital		25 344	40 551	55 757	65 895	76 033	91 239	25 344	35 482	20 275	15 207	20 275	35 482	506 885	526 193	525 150
Borrowing							3 527	2 426	3 578	648	5 318	5 454	4 049	25 000	25 000	25 000
Internally generated funds			3 638	1 325		2 518	3 537	4 536	5 364	7 383	6 765	4 528	22 776	62 371	85 567	87 044
Total Capital Funding		25 344	44 189	57 083	65 895	78 551	98 304	32 307	44 424	28 306	27 289	30 257	62 307	594 256	636 759	637 194

Table SA30: Consolidated budgeted monthly cash flow

NW373 Rustenburg - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source													1		
Property rates	30 485	30 896	31 237	31 425	31 524	31 548	31 585	31 966	32 425	33 633	33 963	41 511	392 199	399 700	427 052
Service charges - electricity revenue	160 325	160 985	161 254	161 985	163 985	160 237	161 699	161 985	160 852	162 259	160 370	177 840	1 953 777	2 080 156	2 222 694
Service charges - water revenue	35 363	35 986	36 125	35 370	36 963	38 963	37 590	38 399	40 370	41 254	43 526	70 260	490 168	498 969	535 912
Service charges - sanitation revenue	15 970	16 124	16 370	16 024	16 937	17 852	16 454	16 525	16 852	16 524	16 370	226 408	408 409	416 658	423 932
Service charges - refuse revenue	8 425	8 125	8 370	8 129	8 424	9 254	8 933	9 125	9 143	9 537	9 832	10 608	107 904	114 948	120 883
Rental of facilities and equipment	751	794	800	810	818	854	890	913	750	784	794	639	9 597	10 038	10 500
Interest earned - external investments	1 633	1 689	1 699	1 710	1 725	1 755	1 642	1 654	1 624	1 600	1 689	8 892	27 312	35 632	22 129
Interest earned - outstanding debtors	23 259	23 459	22 745	20 854	25 370	25 985	22 370	23 699	21 000	22 370	22 854	33 187	287 151	307 808	331 048
Dividends received												–	–	–	–
Fines, penalties and forfeits	945	950	974	990	1 137	1 152	985	1 242	1 137	1 185	1 100	1 131	12 931	13 526	14 148
Licences and permits	745	799	810	854	952	1 345	994	1 124	1 237	1 104	954	995	11 913	12 461	13 034
Agency services	8 454	8 658	8 925	8 125	8 725	8 658	8 537	8 636	8 137	8 024	8 124	7 845	100 849	110 488	120 340
Transfers and Subsidies - Operational	75 000	75 425	75 985	76 102	72 037	71 254	70 370	69 370	70 254	70 537	72 125	59 625	858 084	955 897	961 496
Other revenue	2 742	2 837	2 937	2 843	2 937	2 912	2 985	2 854	2 964	3 120	2 937	2 706	34 774	36 374	38 047
Cash Receipts by Source	364 098	366 729	368 232	365 221	371 534	371 771	365 033	367 491	366 745	371 929	374 637	641 647	4 695 067	4 992 655	5 241 214
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	41 237	40 237	41 237	39 537	40 125	40 237	40 454	44 254	41 237	40 237	43 699	54 395	506 885	526 193	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)												–			
Proceeds on Disposal of Fixed and Intangible Assets		2 366	2 369		2 370		2 537			2 342		2 051	14 035	14 680	15 356
Short term loans												–			
Borrowing long term/refinancing								25 000				–	25 000	25 000	25 000
Increase (decrease) in consumer deposits	236	242	237	148	175	198	195	198	194	199	185	189	2 398	2 508	2 624
Decrease (increase) in non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	**405 572**	**409 574**	**412 074**	**404 907**	**414 204**	**412 207**	**408 219**	**436 943**	**408 175**	**414 707**	**418 521**	**698 282**	**5 243 385**	**5 561 037**	**5 809 343**
Cash Payments by Type															
Employee related costs	64 124	64 370	64 985	63 369	65 964	62 370	64 370	62 852	62 370	62 479	64 790	62 139	764 181	813 279	864 075
Remuneration of councillors	5 214	5 203	5 224	5 254	5 237	5 837	5 137	5 399	5 124	5 237	5 725	5 717	64 306	67 779	71 439
Finance charges	4 004	3 012	3 024	4 124	4 454	3 537	4 741	4 370	4 478	5 933	4 945	6 823	53 444	50 979	47 567
Bulk purchases - Electricity	159 370	159 842	160 124	150 454	150 985	151 254	149 757	151 984	152 124	153 254	155 370	141 852	1 836 370	1 952 887	2 048 203
Bulk purchases - Water & Sewer	30 964	34 452	34 852	33 524	34 254	34 424	32 124	31 125	32 237	33 852	34 370	34 186	400 364	414 588	429 675
Other materials	952	964	985	1 100	1 000	854	974	1 142	1 184	989	1 125	1 033	12 304	12 883	13 472
Contracted services	47 852	47 985	49 524	48 524	49 852	49 524	57 524	58 963	58 524	58 937	59 985	58 112	645 307	707 900	752 596
Transfers and grants - other municipalities												–			
Transfers and grants - other	1 450	1 540	1 548	1 596	1 512	1 620	1 582	1 645	1 612	1 633	1 582	1 361	18 684	19 689	20 728
Other expenditure	14 259	14 459	14 745	14 854	15 370	3 985	12 370	17 699	24 537	16 370	17 854	20 495	186 996	195 925	208 097
Cash Payments by Type	**328 189**	**331 828**	**335 012**	**322 798**	**328 628**	**313 405**	**328 580**	**335 179**	**342 189**	**338 683**	**345 747**	**331 717**	**3 981 956**	**4 235 909**	**4 455 853**
Other Cash Flows/Payments by Type															
Capital assets	47 413	37 852	49 852	57 425	54 237	55 325	46 854	49 237	59 370	40 524	52 370	43 797	594 256	636 759	637 194
Repayment of borrowing				35 424				33 852				36 097	105 373	110 220	115 290
Other Cash Flows/Payments												–			
Total Cash Payments by Type	**375 602**	**369 681**	**384 864**	**415 647**	**382 865**	**368 731**	**375 433**	**418 269**	**401 559**	**379 207**	**398 117**	**411 611**	**4 681 585**	**4 982 888**	**5 208 337**
NET INCREASE/(DECREASE) IN CASH HELD	**29 970**	**39 894**	**27 210**	**(10 741)**	**31 339**	**43 476**	**32 786**	**18 674**	**6 616**	**35 500**	**20 405**	**286 671**	**561 800**	**578 149**	**601 006**
Cash/cash equivalents at the month/year begin:	230 634	260 604	300 498	327 708	316 967	348 306	391 782	424 568	443 242	449 858	485 359	505 763	230 634	792 434	1 370 583
Cash/cash equivalents at the month/year end:	260 604	300 498	327 708	316 967	348 306	391 782	424 568	443 242	449 858	485 359	505 763	792 434	792 434	1 370 583	1 971 588

2.9 LEGISLATION COMPLIANCE STATUS

The promulgation of the Municipal Finance Management Act (The Act) in 2003 has brought in proficiency and control measures to local government in terms of budgeting, monitoring and accounting on public funds. The Act has had a profound effect on local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2020/21- 2022/23 complies with most of these key requirements.

The Act has created clear reporting standards for local government that conforms to international standards. In addition to providing for improved reporting by local government, the Act stipulates that new accounting and financial standards must be complied with.

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

a) In- year reporting
The Municipality's electronic reporting to National Treasury has gradually improved over time. The monthly and quarterly returns to NT have been submitted though not timeously in all occasions. Significant challenges were however experienced with regards to compiling these reports due to the implementation of the mSCOA compliant financial system. Manually intervention was required in these reports.

b) MFMA training
The Rustenburg Local Municipality, in its strides to comply with the Act, has in its plan of compliance provided that all directors as well as all finance officials have to meet the requirements of the minimum competency framework. SCM official are register provincial treasury SCM training programme.

c) Accounting standards
The reform agenda set out through the Municipal Finance Management Act includes new accounting standards, which includes national standards such as Generally Recognised Accounting Practice (GRAP). The aforementioned accounting practices have been adhered to during the development of the budget.

d) Municipal Budget and Reporting Regulations

RLM budget has been compiled in accordance with the MFMA: Municipal Budget and Reporting Regulations promulgated in 2009. Other directives from the National Treasury, for example in the form of budget circulars, are also taken into cognisance. (Circulars are attached per Annexure F).

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

f) Audit Committee
An Audit Committee has been established and is fully functional.

g) Annual Report
Annual report is compiled in terms of the MFMA and NT requirements.

h) SDBIP
The detailed SDBIP is directly aligned and informed by the budget and is approved 30 days after the approval of the budget.

i) Budget Steering Committee
A Budget Steering Committee has been established in accordance with MBRR and is fully functional.

j) Alignment of Budget with development priorities
There is clear linkage between the budget and the IDP. The Municipality is implementing programme budgeting to ensure that the development programmes identified in the IDP are appropriately funded.

k) Public participation
In accordance with the Act, the Municipality's draft budget is made public immediately after tabling in Council to allow for the public to comments on it. The budget has a strong political oversight.

2.10 OTHER SUPPORTING DOCUMENTS

Other budget supporting documents are included in **Annexure C – A Schedule**

2.11 MEDIUM TERM BUDGET FOR THE MUNICIPAL ENTITY (RWST)

ANNEXURE A : DETAILS OF THE DEVIATIONS

FOR THE MONTH OF OCT 19 - MAY 20

AGENDA: SPECIAL COUNCIL: 22 MAY 2020

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT (VAT INCL)	DATE	PERIOD
13	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	The whole Municipality	Competency assessment of section 57 Managers	Competency Assessment	Gijima	DCS-Human Resource	R 20 850.00	18/09/2019	Period not exceeding three months
14	Emergency (Not as a result of poor planning	The whole Municipality	Process of engaging National Treasury or Provincial Treasury on how about a re-advert doing is still in progress	Support and maintenance of ICT infrastructure	Intelligence everywhere enterprises (PTY) LTD (IEE)	DCS-Information Technology	R 186 358.93	08/10/2019	Month to month
15	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	The whole Municipality	The current contact has been suspended due to the investigation of irregularities identified on work done.	Water demand management	Masututsa	DTIS- water	R 37 000 000.00	22/10/2019	

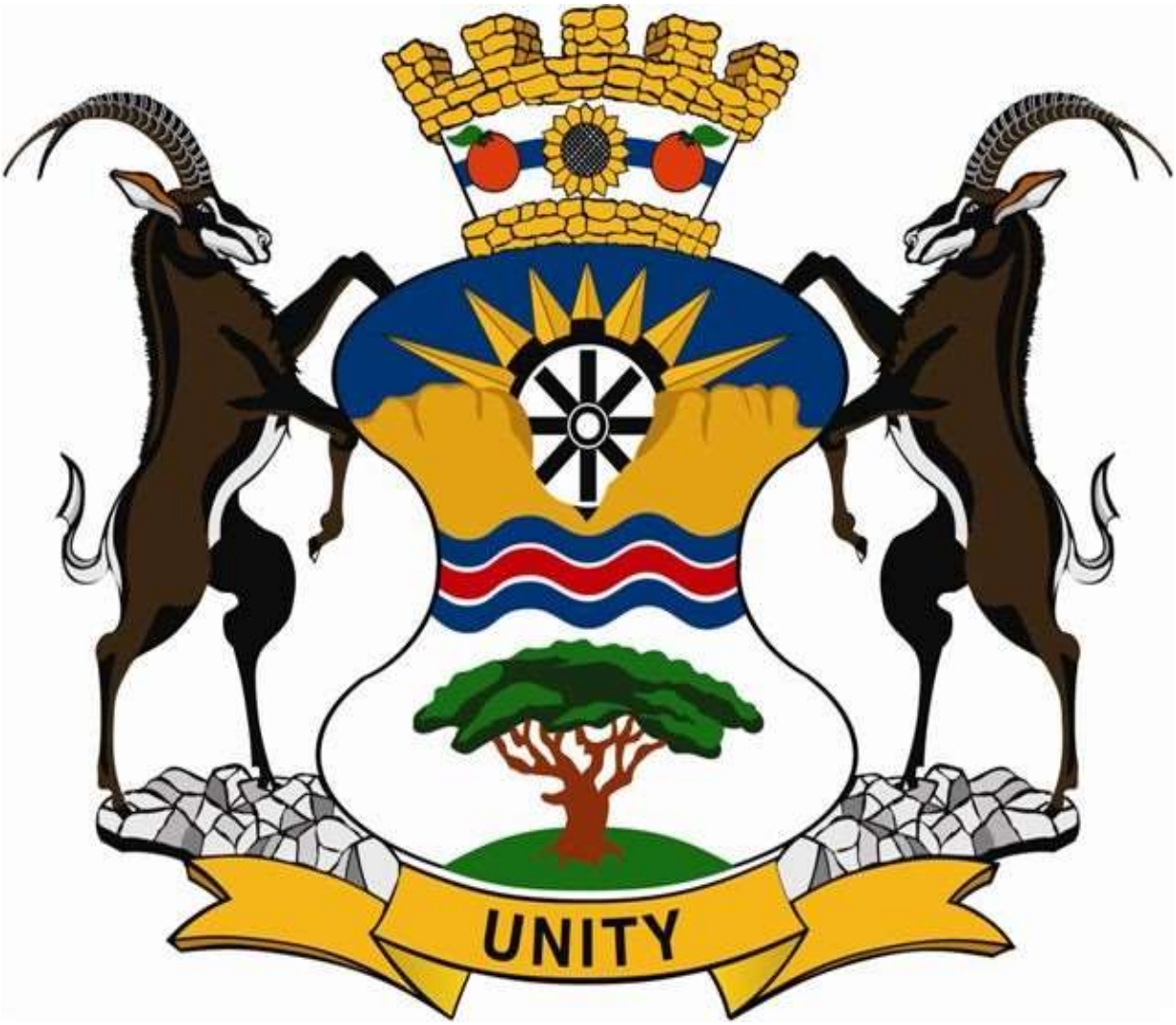
ITEM 41

16	Emergency (Not as a result of poor planning	The whole Municipality	The advertised tender still in progress	Waste Management and Waste Disposal	Katlego Baphiring Trading Enterprise	DCD- waste	R 5 524 060.94	30/08/2019	1st of September to the 30th of September 2019
17	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	The whole Municipality	The current contact has been suspended due to forensic investigation that is conducted	Maintenance and operation of landfill site	Mphele engineers	DCD-Waste	R5 917 267.00	30/09/2019	Month to Month not exceeding six months
18	Emergency (Not as a result of poor planning	Marikana – jurisdiction of Rustenburg Local Municipality	Sewer spillage at Marikana due to malfunctioning of the pump station	services of biological remediation and treatment of untreated wastewater in Marikana	Natural Eco Solutions	DTIS-Sanitation	R 331 188.50 per month	30/10/2019	From October 2019 till June 2020
20	Produced of available from single provider only	The whole Municipality	To equip municipal employees working with finance in different units with knowledge and skills.	National Budgeting Workshop – Budgeting in an MSCOA Environment	CIGFARO	BTO-Financial Control & Billing	R 30 000.00	01/11/2019	Once off
21	Emergency (Not as a result of poor planning	The whole Municipality	The advertised tender still in progress	Waste Management and Waste Disposal	1.Marata Go Bonwa, 2.Losaba Services CC,	DCD- waste	R 3 045 145.72 For the Month of	19/08/2019	From September 2019 till June 2020

					3. Sethanye Trading & Projects and 4. Jeezy T Construction & Projects PTY LTD		November 2019		
21	Emergency (Not as a result of poor planning	The whole Municipality	The advertised tender still in progress	Waste Management and Waste Disposal	1.Marata Go Bonwa, 2.Losaba Services CC, 3. Sethanye Trading & Projects and 4. Jeezy T Construction & Projects PTY LTD	DCD-Waste	R 2 665 216.30 For the Month of December 2019	19/08/2019	From September 2019 till June 2020

NW 373 RUSTENBURG LOCAL MUNICIPALITY

TARIFF BOOK



2020 -2023

ELECTRICITY TARIFFS

Description	*Approved Tariff 2018/19*	*% 2018/2019*	*Approved Tariff 2019/20*	*% 2020/21*	*Draft Tariff 2020/21*	*% 2021/22*	*Draft Tariff 2021/22*	*% 2022/23*	*Draft Tariff 2022/23*	Billing Method
DOMESTIC TARIFFS										
Residential Life-line										
Basic Charge (R/month)	0	0	0	0	0	0	0	0	0	**R/Month**
Block 1 (1-50 KWH)	89.6172	13.07	101.3302	8.10	109.5379	5.22	115.2558	5.22	121.2721	cent per kWh
Block 2 (51-350 KWH)	111.6744	13.07	126.2702	8.10	136.4981	5.22	143.6233	5.22	151.1205	cent per kWh
Block 3 (351-600 KWH)	146.4045	13.07	165.5396	8.10	178.9483	5.22	188.2894	5.22	198.1181	cent per kWh
Block 4 (601 + KWH)	176.1429	13.07	199.1648	8.10	215.2971	5.22	226.5356	5.22	238.3608	cent per kWh
Residential Town Prepaid										
Basic Charge (R/month)	203.5472	13.07	230.1508	8.10	248.7930	5.22	261.7800	5.22	275.4449	**R/Month**
Block 1 (1-50 KWH)	88.7832	13.07	100.3872	8.10	108.5185	5.22	114.1832	5.22	120.1436	cent per kWh
Block 2 (51-350 KWH)	110.6352	13.07	125.0952	8.10	135.2279	5.22	142.2868	5.22	149.7142	cent per kWh
Block 3 (351-600 KWH)	144.7537	13.07	163.6730	8.10	176.9305	5.22	186.1663	5.22	195.8842	cent per kWh
Block 4 (601 + KWH)	175.8313	13.07	198.8125	8.10	214.9163	5.22	226.1349	5.22	237.9391	cent per kWh
Residential Town Conventional										
Basic Charge (R/month)	285.3474	13.07	322.6423	8.10	348.7763	5.22	366.9825	5.22	386.1389	**R/Month**
Block 1 (1-50 KWH)	90.3607	13.07	102.1708	8.10	110.4467	5.22	116.2120	5.22	122.2783	cent per kWh
Block 2 (51-350 KWH)	112.8250	13.07	127.5712	8.10	137.9045	5.22	145.1031	5.22	152.6775	cent per kWh
Block 3 (351-600 KWH)	146.3419	13.07	165.4688	8.10	178.8718	5.22	188.2089	5.22	198.0334	cent per kWh
Block 4 (601 + KWH)	176.8794	13.07	199.9975	8.10	216.1973	5.22	227.4828	5.22	239.3574	cent per kWh
Residential Rural Prepaid										
Basic Charge (R/month)	311.3400	13.07	352.0321	8.10	380.5467	5.22	400.4113	5.22	421.3127	**R/Month**
Block 1 (1-50 KWH)	90.0765	13.07	101.8495	8.10	110.0993	5.22	115.8465	5.22	121.8937	cent per kWh
Block 2 (51-350 KWH)	112.7301	13.07	127.4639	8.10	137.7885	5.22	144.9811	5.22	152.5491	cent per kWh
Block 3 (351-600 KWH)	146.3419	13.07	165.4688	8.10	178.8718	5.22	188.2089	5.22	198.0334	cent per kWh
Block 4 (601 + KWH)	176.8794	13.07	199.9975	8.10	216.1973	5.22	227.4828	5.22	239.3574	cent per kWh
Residential Rural Conventional										
Basic Charge (R/month)	311.3400	13.07	352.0321	8.10	380.5467	5.22	400.4113	5.22	421.3127	**R/Month**

Block 1 (1-50 KWH)	88.5040	13.07	100.0715	8.10	108.1773	5.22	113.8241	5.22	119.7657	cent per kWh
Block 2 (51-350 KWH)	110.6352	13.07	125.0952	8.10	135.2279	5.22	142.2868	5.22	149.7142	cent per kWh
Block 3 (351-600 KWH)	144.7537	13.07	163.6730	8.10	176.9305	5.22	186.1663	5.22	195.8842	cent per kWh
Block 4 (601 + KWH)	175.8313	13.07	198.8125	8.10	214.9163	5.22	226.1349	5.22	237.9391	cent per kWh
COMMERCIAL TARIFFS										
Business Rate (Conventional) Small to Medium										
Basic Charge (R/month)	815.0000	13.07	921.5205	8.10	996.1637	5.22	1 048.1634	5.22	1 102.8775	**R/Month**
Energy Rate (c/kWh) Winter	152.8200	13.07	172.7936	8.10	186.7899	5.22	196.5403	5.22	206.7997	cent per kWh
Energy Rate (c/kWh) Summer	203.7500	13.07	230.3801	8.10	249.0409	5.22	262.0409	5.22	275.7194	cent per kWh
Business Rate (Prepaid)Small to Medium										
Basic Charge (R/month)	**834.1200**	**13.07**	**943.1395**	**8.10**	**1 019.5338**	**5.22**	**1 072.7534**	**5.22**	**1 128.7512**	**R/Month**
Energy Rate (c/kWh) Winter	156.4052	13.07	176.8474	8.10	191.1720	5.22	201.1512	5.22	211.6513	cent per kWh
Energy Rate (c/kWh) Summer	208.5301	13.07	235.7850	8.10	254.8836	5.22	268.1885	5.22	282.1879	cent per kWh
Business Rate (Conventional) Medium to Large										
Basic Charge (R/month)	**834.1200**	**13.07**	**943.1395**	**8.10**	**1 019.5338**	**5.22**	**1 072.7534**	**5.22**	**1 128.7512**	**R/Month**
Energy Rate (c/kWh) Winter	156.4052	13.07	176.8474	8.10	191.1720	5.22	201.1512	5.22	211.6513	cent per kWh
Energy Rate (c/kWh) Summer	208.5301	13.07	235.7850	8.10	254.8836	5.22	268.1885	5.22	282.1879	cent per kWh
Business Rate (Prepaid) Medium to Large										
Basic Charge (R/month)	**869.8000**	**13.07**	**983.4829**	**8.10**	**1 063.1450**	**5.22**	**1 118.6411**	**5.22**	**1 177.0342**	**R/Month**
Energy Rate (c/kWh) Winter	163.0964	13.07	184.4131	8.10	199.3506	5.22	209.7567	5.22	220.7060	cent per kWh
Energy Rate (c/kWh) Summer	217.4512	13.07	245.8721	8.10	265.7877	5.22	279.6618	5.22	294.2602	cent per kWh
GOVERNMENT TARIFFS										
Business Rate (Government)										
Basic Charge (R/month)	**815.0000**	**13.07**	**921.5205**	**8.10**	**996.1637**	**5.22**	**1 048.1634**	**5.22**	**1 102.8775**	**R/Month**
Energy Rate (c/kWh) Winter	152.8200	13.07	172.7936	8.10	186.7899	5.22	196.5403	5.22	206.7997	cent per kWh
Energy Rate (c/kWh) Summer	203.7500	13.07	230.3801	8.10	249.0409	5.22	262.0409	5.22	275.7194	cent per kWh
Business Rate (Institutional)										
Basic Charge (R/month)	**815.0000**	**13.07**	**921.5205**	**8.10**	**996.1637**	**5.22**	**1 048.1634**	**5.22**	**1 102.8775**	**R/Month**
Energy Rate (c/kWh) Winter	152.8200	13.07	172.7936	8.10	186.7899	5.22	196.5403	5.22	206.7997	cent per kWh
Energy Rate (c/kWh) Summer	203.7500	13.07	230.3801	8.10	249.0409	5.22	262.0409	5.22	275.7194	cent per kWh

AGRICULTURAL TARIFFS										
Agricultural (Small - Medium)										
Basic Charge (R/month)	**854.2300**	**13.07**	**965.8779**	**8.10**	**1 044.1140**	**5.22**	**1 098.6167**	**5.22**	**1 155.9645**	**R/Month**
Energy Rate (c/kWh) Winter	160.1755	13.07	181.1104	8.10	195.7804	5.22	206.0001	5.22	216.7533	cent per kWh
Energy Rate (c/kWh) Summer	213.5568	13.07	241.4687	8.10	261.0276	5.22	274.6533	5.22	288.9902	cent per kWh
Agricultural (Medium - Large)										
Basic Charge (R/month)	**836.8600**	**13.07**	**946.2376**	**8.10**	**1 022.8828**	**5.22**	**1 076.2773**	**5.22**	**1 132.4590**	**R/Month**
Energy Rate (c/kWh) Winter	156.9181	13.07	177.4273	8.10	191.7989	5.22	201.8108	5.22	212.3453	cent per kWh
Energy Rate (c/kWh) Summer	209.2139	13.07	236.5582	8.10	255.7194	5.22	269.0679	5.22	283.1133	cent per kWh
INDUSTRIAL TARIFFS										
Bulk Supply Town and Rural 400 V										
Basic Charge (R/month)	**2 716.4600**	**13.07**	**3 071.5013**	**8.10**	**3 320.2929**	**5.22**	**3 493.6122**	**5.22**	**3 675.9788**	**R/Month**
Energy Rate (c/kWh) Summer	101.9000	13.07	115.2183	8.10	124.5510	5.22	131.0526	5.22	137.8935	cent per kWh
Energy Rate (c/kWh) Winter	171.0700	13.07	193.4288	8.10	209.0966	5.22	220.0114	5.22	231.4960	cent per kWh
Maximum Demand Charge (R/kVA)	41.3900	13.07	46.7997	8.10	50.5904	5.22	53.2313	5.22	56.0099	R/kVA
Network Access Charge (R/kVA)	165.5400	13.07	187.1761	8.10	202.3373	5.22	212.8993	5.22	224.0127	R/kVA max of NMD or last 12 months MD
Bulk Supply Town and Rural 11kV										
Basic Charge (R/month)	**2 546.8600**	**13.07**	**2 879.7346**	**8.10**	**3 112.9931**	**5.22**	**3 275.4913**	**5.22**	**3 446.4720**	**R/Month**
Energy Rate (c/kWh) Summer	109.1045	13.07	123.3645	8.10	133.3570	5.22	140.3182	5.22	147.6428	cent per kWh
Energy Rate (c/kWh) Winter	171.5274	13.07	193.9460	8.10	209.6557	5.22	220.5997	5.22	232.1150	cent per kWh
Network Demand Charge (R/kVA)	174.7843	13.07	197.6286	8.10	213.6365	5.22	224.7884	5.22	236.5223	R/kVA
Network Access Charge (R/kVA)	43.4247	13.07	49.1003	8.10	53.0774	5.22	55.8481	5.22	58.7633	R/kVA max of NMD or last 12 months MD
TIME -OF -USE										
11 kV Bulk supply Time-of-use										
Basic Charge (R/month)	**9 553.4267**	**13.07**	**10 802.0596**	**8.10**	**11 677.0264**	**5.22**	**12 286.5672**	**5.22**	**12 927.9260**	**R/Month**
Network Demand Charge (R/kVA)	45.0531	13.07	50.9415	8.10	55.0678	5.22	57.9423	5.22	60.9669	R/kVA

Network Access Charge (R/kVA)	34.7397	13.07	39.2802	8.10	42.4619	5.22	44.6784	5.22	47.0106	R/kVA max of NMD or last 12 months MD
SUMMER Peak Energy (c/kWh)	147.6439	13.07	166.9410	8.10	180.4632	5.22	189.8834	5.22	199.7953	cent per kWh
Standard Energy (c/kWh)	99.8767	13.07	112.9306	8.10	122.0780	5.22	128.4504	5.22	135.1555	cent per kWh
Off-peak Energy (c/kWh)	72.7363	13.07	82.2429	8.10	88.9046	5.22	93.5454	5.22	98.4285	cent per kWh
WINTER Peak Energy (c/kWh)	461.3871	13.07	521.6904	8.10	563.9473	5.22	593.3854	5.22	624.3601	cent per kWh
Standard Energy (c/kWh)	134.6165	13.07	152.2109	8.10	164.5400	5.22	173.1289	5.22	182.1663	cent per kWh
Off-peak Energy (c/kWh)	80.3356	13.07	90.8355	8.10	98.1931	5.22	103.3188	5.22	108.7121	cent per kWh
Reactive Energy (c/kVArh), winter only	22.2551	13.07	25.1638	8.10	27.2021	5.22	28.6221	5.22	30.1161	cent per kVArh
33 kV Bulk supply Time-of-use NMD < 150MVA										
Basic Charge (R/month)	**8 600.0000**	**13.07**	**9 724.0200**	**8.10**	**10 511.6656**	**5.22**	**11 060.3746**	**5.22**	**11 637.7261**	**R/month**
Network Demand Charge (R/kVA)	39.5000	13.07	44.6627	8.10	48.2803	5.22	50.8006	5.22	53.4523	R/kVA
Network Access Charge (R/kVA)	30.0000	13.07	33.9210	8.10	36.6686	5.22	38.5827	5.22	40.5967	R/kVA max of NMD or last 12 months MD
SUMMER Peak Energy (c/kWh)	132.0000	13.07	149.2524	8.10	161.3418	5.22	169.7639	5.22	178.6256	cent per kWh
Standard Energy (c/kWh)	89.0000	13.07	100.6323	8.10	108.7835	5.22	114.4620	5.22	120.4369	cent per kWh
Off-peak Energy (c/kWh)	62.5000	13.07	70.6688	8.10	76.3929	5.22	80.3806	5.22	84.5765	cent per kWh
WINTER Peak Energy (c/kWh)	415.0000	13.07	469.2405	8.10	507.2490	5.22	533.7274	5.22	561.5879	cent per kWh
Standard Energy (c/kWh)	120.0000	13.07	135.6840	8.10	146.6744	5.22	154.3308	5.22	162.3869	cent per kWh
Off-peak Energy (c/kWh)	70.0000	13.07	79.1490	8.10	85.5601	5.22	90.0263	5.22	94.7257	cent per kWh
Reactive Energy (c/kVArh) - Winter only	20.5000	13.07	23.1794	8.10	25.0569	5.22	26.3648	5.22	27.7411	cent per kVArh
33 kV Bulk supply Time of use NMD ≥ 150MVA (Eskom Mega-flex + 7.5%)										
Basic Charge (R/month)	**126 039.8300**	**13.07**	**142 513.2358**	**8.10**	**154 056.8079**	**5.22**	**162 098.5733**	**5.22**	**170 560.1188**	**R/month**
Network Demand Charge (R/kVA)	31.1657	13.07	35.2391	8.10	38.0934	5.22	40.0819	5.22	42.1742	R/kVA

Network Access Charge (R/kVA)	16.4522	13.07	18.6025	8.10	20.1093	5.22	21.1590	5.22	22.2635	R/kVA max of NMD or last 12 months MD
Transmission Network Charge (R/kVA)	8.2100	13.07	9.2830	8.10	10.0350	5.22	10.5588	5.22	11.1100	R/kVA
Reactive Energy (c/kVArh) - Winter	14.4023	13.07	16.2847	8.10	17.6037	5.22	18.5227	5.22	19.4895	cent per kVArh
SUMMER Peak Energy (c/kWh)	111.9884	13.07	126.6253	8.10	136.8819	5.22	144.0272	5.22	151.5454	cent per kWh
Standard Energy (c/kWh)	79.6958	13.07	90.1120	8.10	97.4111	5.22	102.4960	5.22	107.8463	cent per kWh
Off-peak Energy (c/kWh)	53.6385	13.07	60.6491	8.10	65.5616	5.22	68.9839	5.22	72.5849	cent per kWh
WINTER Peak Energy (c/kWh)	325.9952	13.07	368.6028	8.10	398.4596	5.22	419.2592	5.22	441.1445	cent per kWh
Standard Energy (c/kWh)	104.6048	13.07	118.2766	8.10	127.8571	5.22	134.5312	5.22	141.5537	cent per kWh
Off-peak Energy (c/kWh)	60.6251		70.1200	8.10	75.7997	5.22	79.7565	5.22	83.9198	cent per kWh

ELECTRICAL ENGINEERING CONTRIBUTIONS RATES

Item	Description		Rate Excl VAT 2019/2020	Percentage Increase 2020/2021	Rate Excl VAT 2020/2021	Unit
1.	**AFTER DIVERSITY MAXIMUM DEMAND (ADMD) VALUES** ADMD's applicable for the calculation of engineering contribution rates will be as follows:					
	Description	**ADMD**				
	Residential	As per NRS 069 and NRS 034 for the applicable consumption class				
	Hotel, Guest House or equivalent	80 VA/m^2				
	Business, Office or equivalent	80 VA/m^2				
	Light Industrial, Garage or equivalent	40 VA/m^2				
	Educational or equivalent	20 VA/m^2				
	Devotional, agricultural, nursery, scrap yard or equivalent	20 VA/m^2				
2.	**MAXIMUM DEMAND (IN KVA) CALCULATION**					
2.1	**General note:**					
2.1.1	The higher of the value calculated at secondary transformation level by: 1) The Developer's appointed Professional Electrical Engineer, or 2) The value as determined by the applicable formula below according to the development's zoning					
2.1.2	The RLM may advise the customer where it is deemed necessary for the customer to increase its notified maximum demand.					
2.1.3	Maximum demand may only be lowered by lowering town planning rights					
2.1.4	Where town planning rights cannot be lowered and a developer insists on a maximum demand lower than figures calculated according to 2.1.1 then the developer shall register a servitude of constraint in the title deed of the property concerned.					
2.1.5	A maximum demand shall be calculated for each legal property, or notarially tied property. In the case of new township or a mixed-use development a consolidated maximum demand may be calculated in terms of item 2.07 for the entire develoment.					
2.2	**Residential development**					
2.2.1	As determined according to Formula in par 4.2.2 of NRS 034-1:2001, as amended from time from time to time.					
2.2.2	Parameters a, b and c are determined as per table 3a of NRS 034-1:2001 as amended from time to time, for standard ADMD values.					
2.2.3	Parameters for a and b for a given circuit breaker size c shall be otherwise determined in terms of the formulae set out in NRS 034-1:2001, as amended from time to time.					
2.3	**Commercial, Governmental and other non-domestic loads, excluding industrial loads:** *Maximum demand (in kVA) = ADMD (in kVA/m^2 from Table 1) x FAR x Stand area (in m^2)* Where FAR is the Floor to Area Ratio, i.e. the area of total building floor area divided by total stand area. The total building floor area shall be deemed to include all lettable areas, including common building areas.					
2.4	**Light Industrial:** *Maximum demand (in kVA) = ADMD (in kVA/m^2 from Table 1) x FAR x Stand area (in m^2)*					
2.5	**Heavy Industrial:** As determined by the developer's consulting engineer (Professional Electrical Engineer)					
2.6	**Special loads:** Special loads are deemed to be loads associated with special zoning such as storage garages, cemeteries, churches. The higher of the value calculated at secondary transformation level by: 1. 13.8 kVA (equivalent to 60 A single phase) 2. the developer's appointed Professinal Electrical Engineer					
2.7	**Mixed-use loads:** Any combination of the above, with diversity factors applied or composite load curves summated to determine the annual coincident maximum demand of the saturated development (i.e. for the full development when all properties have been developed). Diversification factors shall be applied at secondary transformation level.					
2.8	**Phased developments** For phased developments, any combination of the above, subject thereto that Council has approved such phased development and the payment of contributions in respect of each phase.					
3.	**ENGINEERING CONTRIBUTIONS** Engineering contributions shall be calculated by multiplying the determined demand in kVA by the rate per kVA stated for the appropriate point of connection below:					
3.1	**For High voltage connections 88 kV**					
3.1.1	For a connection directly to the 88 kV busbars of a primary intake-substation: In addition, the developer pays for the dedicated infrastructure, being a full 88 kV feeder bay inclusive of busbar isolator, circuit breaker, CTs and VTs, line isolator, metering requirements, jumpers, clamps, protection relays and the 88 kV line.		164.00	4.40	171.22	per kVA

3.2	**For medium voltage connections (11 & 33 kV) from the urban network**				
3.2.1	For a connection directly to thee 33 kV busbars of a substation: In addition, the developer pays fot the dedicated infrastructure, being a 33 kV feeder bay inclusive of circuit breaker, CTs and VTs, metering requirements, protection relays and 33 kV cable.	494.00	4.40	515.74	per kVA
3.2.2	For a connection directly to the 11 kV busbars of a substation: In addition, the developer pays for the dedicated infrastructure, being an 11 kV feeder bay inclusive of circuit breaker, CTs and VTs, metering requirements, protection relays and 11 kV cable.	2 836.00	4.40	2 960.78	per kVA
3.2.3	For a connection directly to a 11 kV ring: RLM pays for the ring main unit and upstream 11 kV infrastructure. In addition, the developer pays for the dedicated infrastructure, being the bulk 11 kV meter and shall provide his own customer circuit breaker.	3 189.00	4.40	3 329.32	per kVA
3.3	**For low voltage connections from the urban network**				
3.3.1	For a connection directly to the LV busbars of a Minisub: RLM will provide the minisub and upstream 11 kV cable In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to	4 061.00	4.40	4 239.68	per kVA
3.3.2	For a connection directly to the LV busbars of a distribution kiosk located along an LV feeder on the boundary of a property: RLM will provide the upstream LV feeder, the LV distribution kiosk, the minisub and upstream 11 kV cable. In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to be installed in the contribution kiosk.	4 548.00	4.40	4 748.11	per kVA
3.4	**For medium voltage connections (11 & 33 kV) from the rural network**				
3.4.1	For a connection directly to an 11 kV overhead line: RLM pays for the ring main unit and upstream 11 kV infrastructure. In addition, the developer pays for the dedicated infrastructure, being the bulk 11 kV meter and shall provide his own customer circuit breaker.	3 208.00	4.40	3 349.15	per kVA
3.5	**For low voltage connections from the rural network**				
3.5.1	For a connection directly to the LV busbars of a Pole transformer: RLM will provide the pole transformer and upstream 11 kV line. In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to be installed in the Minisub.	3 761.00	4.40	3 926.48	per kVA
3.5.2	For a connection directly to the LV busbars of a distribution kiosk located along an LV overhead feeder on the boundary of a property: RLM will provide the upstream LV overhead line feeder, the LV distribution kiosk, the pole transformer and upstream 11 kV lines. In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to be installed in the distribution kiosk.	4 021.00	4.40	4 197.92	per kVA

RUSTENBURG LOCAL MUNICIPALITY

DIRECTORATE - TECHNICAL AND INFRASTRUCTURE SERVICES

CIVIL BULK SERVICES CONTRIBUTIONS: NEW DEVELOPMENTS

1. CONTRIBUTIONS NORTH OF THE N4 (COUNCIL RES. 610 OF 25 SEPTEMBER 2001)

	Water		Sewerage		Roads	
Date	Pipeline	Storage	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 1 047/Eq.Erf	R 1 003/Eq.Erf	R2 359/Eq.Erf	R 2 104.70/m³	R 1 162/Eq.Erf	R 3 216/trips

2. CONTRIBUTIONS SOUTH OF THE N4 (COUNCIL RES. 69 OF 28 MAY 2002)

	Water	Sewerage		Roads	
Date	Water all inclusive	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 6 881/Eq Erf	R 2 151/Eq.Erf	R 1 917/m³	R 1 046/Eq.Erf	R 3 058/trips

3. CONTRIBUTIONS FOR THE DELTA AREA (COUNCIL RES. 25 - SEPTEMBER 2002)

	Water	Sewerage		Roads	
Date	Water all inclusive	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 6 881/Eq Erf	R 2 062/Eq.Erf	R 1 917/m³	R 1 045/Eq.Erf	R 6 048/trips

4. CONTRIBUTIONS FOR AREAS INCLUDING CUCKOO AVE (COUNCIL RES. 93 - 30 JULY 2002)

	Water	Sewerage		Roads	
Date	Water all inclusive	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 6 881/Eq Erf	R 2 150/Eq.Erf	R 1 915/m³	R 1 043/Eq.Erf	R 7 376/trips

NOTES:

Trips are calculated as follows:

a. Normal residential stand: (Res 1) 1.5 trips per normal household.
b. Cluster housing: (Res 2) 1.1 trips per normal household

WATER BASIC

CONSUMER	Approved Tariffs 2019/2020 PER MONTH	Approved Tariffs 2019/2020 ANNUAL	*2020/2021 Increase %*	Proposed Tariffs 2020/2021 PER MONTH	Proposed Tariffs 2020/2021 ANNUAL	*2021/2022 Increase %*	Proposed Tariffs 2021/2022 PER MONTH	Proposed Tariffs 2021/2022 ANNUAL	*2022/2023 Increase %*	Proposed Tariffs 2022/2023 PER MONTH	Proposed Tariffs 2022/2023 ANNUAL	Billing Method
Residential	86.23	1 034.81	5.40	90.89	1 090.69	5.40	95.80	1 149.58	5.40	100.97	1 211.66	**Per Unit**
Residential Vacant	91.15	1 093.81	5.40	96.07	1 152.88	5.40	101.26	1 215.13	5.40	106.73	1 280.75	**Per Unit**
INDUSTRIAL	93.25	1 119.02	5.40	98.29	1 179.45	5.40	103.60	1 243.14	5.40	109.19	1 310.27	**Per Unit**
INDUSTRIAL - Vacant	94.30	1 131.57	5.40	99.39	1 192.71	5.40	104.76	1 257.11	5.40	110.42	1 325.00	**Per Unit**
Agricultural	88.69	1 064.27	5.40	93.48	1 121.75	5.40	98.53	1 182.33	5.40	103.85	1 246.17	**Per Unit**
BUSINESS	93.25	1 119.02	5.40	98.29	1 179.43	5.40	103.59	1 243.12	5.40	109.19	1 310.24	**Per Unit**
BUSINESS - Vacant	93.25	1 119.02	5.40	98.29	1 179.43	5.40	103.59	1 243.12	5.40	109.19	1 310.24	**Per Unit**
CHURCH	84.29	1 011.48	5.40	88.84	1 066.10	5.40	93.64	1 123.67	5.40	98.70	1 184.35	**Per Unit**
Educational	84.29	1 011.48	5.40	88.84	1 066.10	5.40	93.64	1 123.67	5.40	98.70	1 184.35	**Per Unit**
STATE OWNED	88.13	1 057.58	5.40	92.89	1 114.67	5.40	97.91	1 174.86	5.40	103.19	1 238.30	**Per Unit**
MUNICIPALITY	88.13	1 057.58	5.40	92.89	1 114.67	5.40	97.91	1 174.86	5.40	103.19	1 238.30	**Per Unit**

WATER TARIFFS

CONSUMER	Approved Tariff 2019/2020	2020/2021 Increase	Proposed Tariff 2020/2021	2021/2022 Increase	Proposed Tariff 2020/2021	2022/2023 Increase	Proposed Tariff 2022/2023
DOMESTIC (Prepaid and Convertional meters) TOTAL							
Consumption 0KL to 12KL	13.3057	5.4%	14.0242	5.4%	14.7815	5.4%	15.5797
Consumption 13KL to 25KL	14.0729	5.4%	14.8328	5.4%	15.6338	5.4%	16.4780
Consumption 26KL to 40KL	16.8896	5.4%	17.8016	5.4%	18.7629	5.4%	19.7761
Consumption 41KL to 60KL	21.3353	5.4%	22.4874	5.4%	23.7017	5.4%	24.9816
Consumption above 60KL	24.2045	5.4%	25.5115	5.4%	26.8892	5.4%	28.3412
Domestic consumers with no meter Minimum charge per household per month	81.4630	5.4%	85.8620	5.4%	90.4986	5.4%	95.3855
AGRICULTURAL DOMESTIC TOTAL							
Consumption 0KL to 12KL	18.1087	5.4%	19.0866	5.4%	20.1172	5.4%	21.2036
Consumption 13KL to 25KL	19.8744	5.4%	20.9476	5.4%	22.0788	5.4%	23.2710
Consumption 26KL to 40KL	22.0500	5.4%	23.2407	5.4%	24.4957	5.4%	25.8185
Consumption 41KL to 60KL	21.7032	5.4%	22.8752	5.4%	24.1104	5.4%	25.4124
Consumption above 60KL	23.6160	5.4%	24.8913	5.4%	26.2354	5.4%	27.6521
INDUSTRIAL TOTAL							
Consumption 0KL to 60KL	21.1882	5.4%	22.3324	5.4%	23.5383	5.4%	24.8094
Consumption 61KL to 100KL	23.5634	5.4%	24.8358	5.4%	26.1770	5.4%	27.5905
Consumption 101KL to 150KL	24.8141	5.4%	26.1541	5.4%	27.5664	5.4%	29.0550
Consumption 151KL+	28.0932	5.4%	29.6102	5.4%	31.2092	5.4%	32.8945
INDUSTRIAL: BOSPOORT TOTAL							
Consumption 0KL to 60KL	22.4073	5.4%	23.6173	5.4%	24.8926	5.4%	26.2368
Consumption 61KL to 100KL	24.2150	5.4%	25.5226	5.4%	26.9008	5.4%	28.3535
Consumption 101KL to 150KL	23.6475	5.4%	24.9245	5.4%	26.2704	5.4%	27.6890
Consumption 151KL+	25.7075	5.4%	27.0957	5.4%	28.5589	5.4%	30.1011
COMMERCIAL TOTAL							
Consumption 0KL to 60KL	21.4719	5.4%	22.6314	5.4%	23.8535	5.4%	25.1416
Consumption 61KL to 100KL	23.0274	5.4%	24.2709	5.4%	25.5815	5.4%	26.9629
Consumption 101KL to 150KL	23.8577	5.4%	25.1460	5.4%	26.5039	5.4%	27.9351
Consumption 151KL+	25.9072	5.4%	27.3062	5.4%	28.7807	5.4%	30.3349
INSTITUTIONAL: Church TOTAL							
Consumption 0KL to 60KL	20.3263	5.4%	21.4240	5.4%	22.5809	5.4%	1.2194
Consumption 61KL to 100KL	21.6926	5.4%	22.8640	5.4%	24.0987	5.4%	1.3013
Consumption 101KL to 150KL	20.7362	5.4%	21.8560	5.4%	23.0362	5.4%	1.2440
Consumption 151KL+	22.4389	5.4%	23.6505	5.4%	24.9277	5.4%	1.3461
INSTITUTIONAL TOTAL							
Consumption 0KL to 60KL	19.9270	5.4%	21.0030	5.4%	22.1372	5.4%	23.3326
Consumption 61KL to 100KL	21.2617	5.4%	22.4099	5.4%	23.6200	5.4%	24.8955
Consumption 101KL to 150KL	20.5891	5.4%	21.7009	5.4%	22.8727	5.4%	24.1079
Consumption 151KL+	22.5545	5.4%	23.7724	5.4%	25.0561	5.4%	26.4091
INSTITUTIONAL:GOVERNMENT TOTAL							
Consumption 0KL to 60KL	21.2197	5.4%	22.3656	5.4%	23.5733	5.4%	24.8463
Consumption 61KL to 100KL	24.7931	5.4%	26.1319	5.4%	27.5430	5.4%	29.0304
Consumption 101KL to 150KL	23.8997	5.4%	25.1903	5.4%	26.5506	5.4%	27.9843
Consumption 151KL+	26.2645	5.4%	27.6828	5.4%	29.1776	5.4%	30.7532
PUBLIC AND PRIVATE SCHOOLS							
Consumption 0KL to 60KL	20.8518	5.4%	21.9778	5.4%	23.1646	5.4%	24.4155
Consumption 61KL to 100KL	24.3622	5.4%	25.6777	5.4%	27.0643	5.4%	28.5258
Consumption 101KL to 150KL	23.1746	5.4%	24.4260	5.4%	25.7450	5.4%	27.1352
Consumption 151KL+	25.1609	5.4%	26.5196	5.4%	27.9517	5.4%	29.4611
SPECIAL							
Consumption 0KL to 60KL	22.4809	5.4%	23.6949	5.4%	24.9744	5.4%	26.3230
Consumption 61KL to 100KL	23.8367	5.4%	25.1239	5.4%	26.4805	5.4%	27.9105
Consumption 101KL to 150KL	22.9749	5.4%	24.2155	5.4%	25.5231	5.4%	26.9014
Consumption 151KL+	25.0558	5.4%	26.4089	5.4%	27.8349	5.4%	29.3380

SUNDRY WATER TARIFFS

Description	Approved Tariff 2019/2020				Proposed Tariff 2020/2021				Proposed Tariff 2021/2022				Proposed Tariff 2022/2023			
SUMMARY OF WATER CONNECTION	**Short**	**Long**	**Short (Prepaid)**	**Long (Prepaid)**	**Short**	**Long**	**Short (Prepaid)**	**Long (Prepaid)**	**Short**	**Long**	**Short (Prepaid)**	**Long (Prepaid)**	**Short**	**Long**	**Short (Prepaid)**	**Long (Prepaid)**
15 mm Connection	4 793.97	50 762.59	7 765.19	53 696.05	5 052.84	53 503.77	8 184.51	56 595.63	5 325.69	56 392.97	8 626.47	59 651.80	5 613.28	59 438.19	9 092.30	62 873.00
20 mm Connection	4 793.97	37 096.93	8 092.53	53 740.81	5 052.84	39 100.16	8 529.52	56 642.82	5 325.69	41 211.57	8 990.12	59 701.53	5 613.28	43 436.99	9 475.58	62 925.41
25 mm Connection	5 568.95	51 838.33	8 133.09	53 824.74	5 869.67	54 637.60	8 572.28	56 731.28	6 186.63	57 588.03	9 035.18	59 794.77	6 520.71	60 697.79	9 523.08	63 023.69
	Short	**Long**	**Short (AMR)**	**Long (AMR)**	**Short**	**Long**	**Short (AMR)**	**Long (AMR)**	**Short**	**Long**	**Short (AMR)**	**Long (AMR)**	**Short**	**Long**	**Short (AMR)**	**Long (AMR)**
50 mm Connection	20 183.06	80 642.69	27 320.15	87 781.18	21 272.94	84 997.40	28 795.44	92 521.37	22 421.68	89 587.26	30 350.39	97 517.52	23 632.45	94 424.97	31 989.31	102 783.47
80 mm Connection	27 809.75	88 765.99	34 948.24	95 903.08	29 311.48	93 559.36	36 835.44	101 081.85	30 894.30	98 611.56	38 824.56	106 540.27	32 562.59	103 936.59	40 921.09	112 293.45
100 mm Connection	33 245.81	119 314.76	40 382.90	101 525.19	35 041.08	125 757.75	42 563.58	107 007.55	36 933.30	132 548.67	44 862.01	112 785.96	38 927.70	139 706.30	47 284.56	118 876.40
150 mm Connection	50 324.74	119 314.76	57 463.23	124 297.57	53 042.28	125 757.75	60 566.24	131 009.64	55 906.56	132 548.67	63 836.82	138 084.16	58 925.52	139 706.30	67 284.01	145 540.71
				,				,				,				,
SUMMARY OF SEWER CONNECTION	**Short**	**Long**			**Short**	**Long**			**Short**	**Long**			**Short**	**Long**		
100 mm Sewer Connection	3 989.61	64 661.88	-	-	4 205.05	68 153.62	-	-	4 432.12	71 833.91	-	-	4 671.45	75 712.94	-	-
160 mm Sewer Connection	4 337.93	73 231.42			4 572.18	77 185.92	-	-	4 819.08	81 353.96	-	-	5 079.31	85 747.07	-	-
SUMMARY OF METER TEST	**Cost**				**Cost**				**Cost**				**Cost**			
15mm Meter Test	991.81				1 045.36				1 101.81				1 161.31			
20mm Meter Test	1 026.78				1 082.22				1 140.66				1 202.26			
25mm Meter Test	1 526.18				1 608.59				1 695.46				1 787.01			
50mm Meter Test	2 061.95				2 173.30				2 290.65				2 414.35			
50mm Meter Test (connection)	4 105.72				4 327.42				4 561.11				4 807.40			
80mm Meter Test	2 828.54				2 981.28				3 142.27				3 311.95			
80mm Meter Test (connection)	5 382.89				5 673.57				5 979.94				6 302.86			
100mm Meter Test	3 595.12				3 789.26				3 993.88				4 209.55			
100mm Meter Test (connection)	6 148.08				6 480.08				6 830.00				7 198.82			
150 mm Meter Test	5 254.20				5 537.92				5 836.97				6 152.17			
150mm Meter Test (connection)	6 148.08				6 480.08				6 830.00				7 198.82			
200mm Meter Test	5 254.20				5 537.92				5 836.97				6 152.17			
200mm Meter Test (connection)	6 148.08				6 480.08				6 830.00				7 198.82			
15mm water meter KSM	491.01				517.52				545.47				574.92			
15mm water metered box	696.64				734.26				773.91				815.70			
20mm water meter KSM	510.59				538.16				567.22				597.85			
20mm water metered box	917.67				967.22				1 019.45				1 074.50			
25mm water meter KSM	1 165.27				1 228.19				1 294.51				1 364.42			
25mm water metered box	1 452.04				1 530.45				1 613.09				1 700.20			
50mm water meter	3 231.42				3 405.91				3 589.83				3 783.68			
50mm combination meter	10 421.66				10 984.43				11 577.59				12 202.78			
80mm water meter	4 112.71				4 334.80				4 568.88				4 815.59			
80mm combination meter	11 372.90				11 987.04				12 634.34				13 316.59			
100mm water meter	4 518.39				4 762.38				5 019.55				5 290.60			
100mm combination meter	12 589.93				13 269.79				13 986.35				14 741.62			
150mm water meter	7 344.13				7 740.71				8 158.71				8 599.28			
150mm combination meter	24 900.08				26 244.69				27 661.90				29 155.64			
Prepaid / smart meter 15 - 25 mm	3 497.20				3 686.05				3 885.10				4 094.89			
OTHER SERVICES																
Description																
WSDP Copy	324.54				342.07				360.54				380.01			
Water services bylaw copy	81.14				85.52				90.13				95.00			
Delivery of water by tankers	766.59				807.98				849.19				892.50			
Septic and sewer tank disludging	0,32 per liter				0,34 per liter				0,36 per liter				0,36 per liter			
Treated Water per kl	12.33				12.99				13.69				14.43			
Portable toilets hire	373.50				393.67				414.93				437.33			

Water quality check per parameter	Based on current rates of appointed service provider				Based on current rates of appointed service provider				Based on current rates of appointed service provider				Based on current rates of appointed service provider			
Night soil disposal per 5Kl or part	427.52				450.60				474.94				500.58			
Prepaid meter tag	153.73				162.03				170.78				180.00			
Rellocation of services	Quote on request				Quote on request				Quote on request				Quote on request			
Damage recovery	As per extent based on losses				As per extent based on losses				As per extent based on losses				As per extent based on losses			
Adjustment of manhole	Quote on request				Quote on request				Quote on request				Quote on request			

Industrial effluent monitoring

The following formula will apply for industrial effluent charges covering the conveyance, and treatment of industrial effluent.

$$Ti = C \times \frac{Qi}{Qt} \times [0,3 + 0,35\,Kc + 0,25\,Kn + 0,1\,Kp]$$

Where:

Ti = charge due in R/month

C = total cost of the sewerage undertaking of Rustenburg Local Municipality covering both treatment and conveyance and must

Qi = sewage flow from the industry in m3/month

Qt = sum of design capacities of all the waste water treatment works of the Rustenburg Local Municipality in m3/month

$$Kc = \frac{CODi}{CODt}$$

Where: CODi = industry sewage COD

CODt = target COD as published in **Schedule A** in the Bylaws in mg/ℓ

The ratio(Kc) is the larger of 1 or the actual ratio

$$Kn = \frac{TKNi}{TKNt}$$

Where: TKNi = the industry TKN

TKNt = target TKN as published in **Schedule A** in the Bylaws in mg/ℓ

The ratio(Kn) is the larger of 1 or the actual ratio

$$Kp = \frac{Pi}{Pt}$$

Where: Pi = Phosphate of industry in mg/ℓ

Pt = target Phosphate as published in **Schedule A** in these Bylaws in mg/ℓ

The ratio(Kp) is the larger of 1 or the actual ratio.

(a) The factor of 0,3 represents the “fixed portion” of the costs. This is independent of the strength (or make-up of the sewage) and also deals with

(b) The above formula is only applicable for the treatment of compliant effluent. If any constituent (heavy metals, any toxic substances etc.) exceeds

i. Refuse to accept the effluent
ii. Impose a fine on the industry
iii. Insist on pre-treatment by the industry to render the effluent compliant prior to discharge to the municipal system.

(c) Fines for contravening the allowable limits of constituents in industrial effluents.

(d) The municipality sells treated sewage effluent to the mines as process water. There is stringent quality criteria associated with this and the mines

(e) The municipality will thus, in particular, enforce the fat and oil standards rigorously.

(f) The fines will be implemented as follows:

i. First written warning. No fine
ii. Second contravention R10 000.00 fine regardless of quantity or quality
iii. Subsequent contraventions:
- Spot fines of the larger of R 10 000 or a flow related minimum fine of R5 per m3 or as per written approval
- Refuse to accept the effluent

SANITATION SERVICES

CONSUMER	Approved Tariff 2019/2020	*2020/2021 Increase %*	Proposed Tariff 2020/2021	*2021/2022 Increase %*	Proposed Tariff 2021/2022	*2022/2023 Increase %*	Proposed Tariff 2022/2023	Billing Method
Residential 1 TOTAL								
Up to and including 300m2	155.8318	5.40	164.2467	5.40	173.1160	5.40	182.4643	
301m2 to 1000m2	165.1857	5.40	174.1057	5.40	183.5074	5.40	193.4168	
1001m2 to 2000m2	178.4073	5.40	188.0412	5.40	198.1955	5.40	208.8980	
2001m2 and Above	196.2322	5.40	206.8287	5.40	217.9975	5.40	229.7694	
Residential 2-4 TOTAL								
Up to and including 300m2	157.2506	5.40	165.7422	5.40	174.6922	5.40	184.1256	**Sewer points**
301m2 to 1000m2	166.6781	5.40	175.6787	5.40	185.1654	5.40	195.1643	
1001m2 to 2000m2	180.0153	5.40	189.7361	5.40	199.9819	5.40	210.7809	
2001m2 and Above	196.2322	5.40	206.8287	5.40	217.9975	5.40	229.7694	
Business/Commmercial TOTAL								**Sewer points**
Up to and including 300m2	169.9047	5.40	179.0795	5.40	188.7498	5.40	198.9423	
301m2 to 1000m2	188.6440	5.40	198.8308	5.40	209.5676	5.40	220.8843	
1001m2 to 2000m2	213.2164	5.40	224.7301	5.40	236.8655	5.40	249.6562	
2001m2 and Above	245.2824	5.40	258.5276	5.40	272.4881	5.40	287.2025	
Industrial TOTAL								**Sewer points**
Up to and including 300m2	176.3998	5.40	185.9254	5.40	195.9654	5.40	206.5475	
301m2 to 1000m2	195.8223	5.40	206.3967	5.40	217.5421	5.40	229.2894	
1001m2 to 2000m2	221.3301	5.40	233.2819	5.40	245.8791	5.40	259.1566	
2001m2 and Above	254.6153	5.40	268.3645	5.40	282.8562	5.40	298.1304	
Government TOTAL								**Sewer points**
Up to and including 300m2	176.3998	5.40	185.9254	5.40	195.9654	5.40	206.5475	
301m2 to 1000m2	195.8223	5.40	206.3967	5.40	217.5421	5.40	229.2894	
1001m2 to 2000m2	221.3301	5.40	233.2819	5.40	245.8791	5.40	259.1566	
2001m2 and Above	254.6153	5.40	268.3645	5.40	282.8562	5.40	298.1304	
Church TOTAL								**Sewer points**
Up to and including 300m2	169.8626	5.40	179.0352	5.40	188.7031	5.40	198.8931	
301m2 to 1000m2	187.7191	5.40	197.8559	5.40	208.5402	5.40	219.8013	
1001m2 to 2000m2	211.2720	5.40	222.6807	5.40	234.7055	5.40	247.3796	
2001m2 and Above	245.2824	5.40	258.5276	5.40	272.4881	5.40	287.2025	
Educational TOTAL								**Sewer points**
Up to and including 300m2	169.8626	5.40	179.0352	5.40	188.7031	5.40	198.8931	
301m2 to 1000m2	187.7191	5.40	197.8559	5.40	208.5402	5.40	219.8013	
1001m2 to 2000m2	211.2720	5.40	222.6807	5.40	234.7055	5.40	247.3796	
2001m2 and Above	245.2824	5.40	258.5276	5.40	272.4881	5.40	287.2025	
Agri Residential TOTAL								**Sewer points**
Up to and including 300m2	155.8423	5.40	164.2578	5.40	173.1277	5.40	182.4766	
301m2 to 1000m2	165.1857	5.40	174.1057	5.40	183.5074	5.40	193.4168	
1001m2 to 2000m2	178.3967	5.40	188.0302	5.40	198.1838	5.40	208.8857	
2001m2 and Above	196.2427	5.40	206.8398	5.40	218.0092	5.40	229.7817	
Agri Business TOTAL								**Sewer points**
Up to and including 300m2	169.9257	5.40	179.1017	5.40	188.7732	5.40	198.9669	
301m2 to 1000m2	188.6440	5.40	198.8308	5.40	209.5676	5.40	220.8843	
1001m2 to 2000m2	213.2164	5.40	224.7301	5.40	236.8655	5.40	249.6562	
2001m2 and Above	245.2824	5.40	258.5276	5.40	272.4881	5.40	287.2025	
Municipal TOTAL								
Up to and including 300m2	169.9257	5.40	179.1017	5.40	188.7732	5.40	198.9669	
301m2 to 1000m2	188.6440	5.40	198.8308	5.40	209.5676	5.40	220.8843	
1001m2 to 2000m2	213.2164	5.40	224.7301	5.40	236.8655	5.40	249.6562	
2001m2 and Above	245.2824	5.40	258.5276	5.40	272.4881	5.40	287.2025	
Special TOTAL								
Up to and including 300m2	169.9257	5.40	179.1017	5.40	188.7732	5.40	198.9669	
301m2 to 1000m2	190.3781	5.40	200.6586	5.40	211.4941	5.40	222.9148	
1001m2 to 2000m2	221.6244	5.40	233.5921	5.40	246.2061	5.40	259.5012	
2001m2 and Above	251.9142	5.40	265.5176	5.40	279.8555	5.40	294.9677	
Vacant property TOTAL								
Up to and including 300m2	158.8376	5.40	167.4149	5.40	176.4553	5.40	185.9838	
301m2 to 1000m2	174.7182	5.40	184.1530	5.40	194.0973	5.40	204.5785	
1001m2 to 2000m2	195.6857	5.40	206.2527	5.40	217.3904	5.40	229.1294	
2001m2 and Above	223.0853	5.40	235.1319	5.40	247.8290	5.40	261.2117	

WASTE MANAGEMENT

Description	Unit	Approved Tarriffs 2019/2020	Proposed Tariff 2020/2021	Proposed Tariff 2021/2022	Proposed Tarriff 2022/2023	Billig method	% Increase 2020/2021
1. DOMESTIC						*Per unit*	
Collection of 4 refuse bags/or 1 240L bin 1x per week -res 1	R/month	145.10	*152.94*	*161.19*	*169.90*		5.4
ADDITIONAL REFUSE BAGS REMOVAL (PER BAG)	R/month	36.28	*38.24*	*40.30*	*42.48*		5.4
Collection of 4 refuse bags/or 1 240L bin 1x per week res 2-4	R/month	145.10	*152.94*	*161.19*	*169.90*		5.4
BASIC CHARGE WITHOUT COLLECTION (Includes street cleaning)	R/month	72.55	*76.47*	*80.60*	*84.95*		5.4
2. INDUSTRIAL						*Per Unit*	
INDUSTRIAL WASTE REMOVAL PER TON	R/month	555.62	*585.62*	*617.25*	*650.58*		5.4
							5.4
3. COMMERCIAL						*Per Business*	
BASIC CHARGE (WITHOUT COLLECTION)	*R/month*	555.62	*585.62*	*617.25*	*650.58*		5.4
BAG COLLECTION 2 X PER WEEK (including street cleaning costs) 4 bags	R/month	555.62	*585.62*	*617.25*	*650.58*		5.4
CONTAINERS COLLECTION FROM BUSINESS	R/month		*0.00*	*0.00*	*0.00*		5.4
240L BULK CONTAINER 1 X WEEK	R/month	555.62	*585.62*	*617.25*	*650.58*		5.4
240L BULK CONTAINER (ADDITIONAL)	R/month	473.04	*498.58*	*525.51*	*553.89*		5.4
770L BULK CONTAINER 1 X WEEK	R/month	1651.86	*1741.06*	*1835.08*	*1934.17*		5.4
770L BULK CONTAINER (ADDITIONAL)	R/month	1396.56	*1471.97*	*1551.46*	*1635.24*		5.4
1100L BULK CONTAINER 1 X WEEK	R/month	2372.66	*2500.78*	*2635.83*	*2778.16*		5.4
1100L BULK CONTAINER (ADDITIONAL)	R/month	2012.26	*2120.92*	*2235.45*	*2356.17*		5.4
1.5 m³ BULK CONTAINER 1 X WEEK	R/month	2703.03	*2848.99*	*3002.84*	*3164.99*		5.4
1.5 m³ BULK CONTAINER 1 X WEEK (ADDITIONAL)	R/month	2312.59	*2437.47*	*2569.09*	*2707.82*		5.4
4.0 m³ BULK CONTAINER 1 X WEEK	R/month	6156.91	*6489.38*	*6839.81*	*7209.16*		5.4
4.0 m³ BULK CONTAINER 1 X WEEK (ADDITIONAL)	R/month	5195.83	*5476.40*	*5772.13*	*6083.83*		5.4
6.0 m³ BULK CONTAINER 1 X WEEK	R/month	9123.10	*9615.75*	*10135.00*	*10682.29*		5.4
6.0 m³ BULK CONTAINER 1 X WEEK (ADDITIONAL)	R/month	7733.68	*8151.30*	*8591.47*	*9055.41*		5.4
							5.4
4. INSTITUTIONAL						*Per Unit*	
MUNICIPAL	R/month	152.41	*160.64*	*169.31*	*178.46*		5.4
GOVERNMENT	R/month	152.41	*160.64*	*169.31*	*178.46*		5.4
CHURCH	R/month	152.41	*160.64*	*169.31*	*178.46*		5.4
EDUCATIONAL	R/month	152.41	*160.64*	*169.31*	*178.46*		5.4
5. RENTAL SERVICES						*Per Unit*	
240L BIN RENTAL (Including disposal costs)	R/month	274.43	*289.25*	*304.87*	*321.33*		5.4
770L CONTAINER RENTAL (Including disposal costs)	R/month	550.29	*580.01*	*611.33*	*644.34*		5.4
1100L CONTAINER RENTAL (Including disposal costs)	R/month	628.90	*662.86*	*698.66*	*736.38*		5.4
4 m³ SKIP CONTAINER RENTAL (First Removal)	R/month	1515.09	*1596.90*	*1683.14*	*1774.03*		5.4
4 m³ SKIP CONTAINER RENTAL (Additional Removal)	R/month	1286.40	*1355.87*	*1429.08*	*1506.25*		5.4
6 m³ SKIP CONTAINER RENTAL (First Removal)	R/month	2186.88	*2304.97*	*2429.44*	*2560.63*		5.4
6 m³ SKIP CONTAINER RENTAL (Additional Removal)	R/month	1858.13	*1958.47*	*2064.23*	*2175.69*		5.4
9 m³ SKIP CONTAINER RENTAL (First Removal)	R/month	3215.99	*3389.65*	*3572.69*	*3765.62*		5.4
9 m³ SKIP CONTAINER RENTAL (Additional Removal)	R/month	2733.59	*2881.20*	*3036.79*	*3200.78*		5.4
36 m³ RORO CONTAINER RENTAL (First Removal)	R/month	7718.39	*8135.18*	*8574.48*	*9037.51*		5.4
36 m³ RORO CONTAINER RENTAL (Additional Removal)	R/month	6560.63	*6914.90*	*7288.31*	*7681.88*		5.4
6. OTHER SERVICES							
ANNUAL REGISTRATION AND LICENSING OF COMMERCIAL/PRIVATE WASTE COLLECTORS FROM THE JURISDICTION OF RLM (ONCE OFF PAYMENT THAT MUST BE PAID ONCE IN A FINANCIAL YEAR) Above 4 ton vehicle	R/month	2000.00	*2108.00*	*2221.83*	*2341.81*	NEW	5.4
ANNUAL REGISTRATION AND LICENSING OF COMMERCIAL/PRIVATE WASTE COLLECTORS FROM THE JURISDICTION OF RLM (ONCE OFF PAYMENT THAT MUST BE PAID ONCE IN A FINANCIAL YEAR) Less than 4 ton vehicle	R/month	500.00	*527.00*	*555.46*	*585.45*	NEW	5.4
ANNUAL REGISTRATION AND LICENSING OF COMMERCIAL/PRIVATE WASTE COLLECTORS FROM OUTSIDE THE JURISDICTION OF RLM (ONCE OFF PAYMENT THAT MUST BE PAID ONCE IN A FINANCIAL YEAR) More than 4 ton vehicle	R/month	3000.00	*3162.00*	*3332.75*	*3512.72*	NEW	5.4
ANNUAL REGISTRATION AND LICENSING OF COMMERCIAL/PRIVATE WASTE COLLECTORS FROM OUTSIDE THE JURISDICTION OF RLM (ONCE OFF PAYMENT THAT MUST BE PAID ONCE IN A FINANCIAL YEAR) Less than 4 ton vehicle	R/month	1500.00	*1581.00*	*1666.37*	*1756.36*	NEW	5.4
RENTAL OF WASTE MANAGEMENT HALL	R/month	1203.36	*1268.34*	*1336.83*	*1409.02*		5.4
RENTAL OF PA (SOUND) SYSTEM	R/month	983.88	*1037.01*	*1093.01*	*1152.03*		5.4
WASTE REMOVAL INFORMAL SETTLEMENT PER SHACK	R/month	22.72	*23.95*	*25.24*	*26.60*		5.4
ILLEGAL DUMPING REMOVAL ON EMPTY STANDS 1- 1000 SQUARE METERS	R/month	12230.39	*12890.83*	*13586.94*	*14320.63*		5.4
ILLEGAL DUMPING REMOVAL ON EMPTY STANDS 1001 SQUARE METERS AND ABOVE	R/month	15136.64	*15954.02*	*16815.54*	*17723.57*		5.4
SPECIAL WASTE REMOVAL	R/month	1265.19	*1333.51*	*1405.52*	*1481.42*		5.4
CARCASS REMOVAL	R/month	349.61	*368.49*	*388.39*	*409.36*		5.4
CONDEMNED FOODSTUFF	R/month	1193.56	*1258.01*	*1325.94*	*1397.55*		5.4
STREET SWEEPER OR COLLECTION WORKER	R/month	164.37	*173.25*	*182.60*	*192.46*		5.4
DRIVER	R/month	242.99	*256.11*	*269.94*	*284.52*		5.4

240 LITER BIN ONCE OFF PURCHASE	R/month	771.97	*813.66*	*857.59*	*903.90*		5.4
770 LITER BIN ONCE OFF PURCHASE	R/month	7265.58	*7657.92*	*8071.45*	*8507.31*		5.4
1100 LITER BIN ONCE OFF PURCHASE	R/month	7568.31	*7977.00*	*8407.76*	*8861.78*		5.4
7. DISPOSAL CHARGES AT THE DROP-OFF CENTRES AND TRANSFER STATIONS							
GARDEN WASTE							
8. DISPOSAL CHARGES AT THE WATERVAL LANDFILL							
Non Municipal Resident	R/month	450.23	*474.54*	*500.17*	*527.18*		5.4
General waste (household waste and similar commercial, industrial and institutional wastes)	R/month	107.20	*112.99*	*119.09*	*125.52*		5.4
Construction and demolition waste (uncontaminated soil and rubble up to a length of 80 cm from edge to edge)	R/month	7.15	*7.54*	*7.94*	*8.37*		5.4
Rubble (stone, concrete or asphalt) with a length of larger than 80 cm from edge to edge	R/month	14.30	*15.07*	*15.89*	*16.74*		5.4
Mixed construction and demolition waste (including glass, packagings, gypsum, wood, plastics, metals, etc.)	R/month	1200.00	*1264.80*	*1333.10*	*1405.09*		5.4
Special waste (Includes solid, liquid, sludge waste or waste requiring special handling, e.g. condemned foodstuff, animal carcasses, de-listed sanitary waste, rags and grit from sewerage works, incinerator ash, sludge etc.	R/month	285.87	*301.31*	*317.58*	*334.73*		5.4
all special wastes will require prior approval and							
laboratory testing)							
Mixed industrial and commercial waste	R/month	214.40	*225.98*	*238.18*	*251.04*		5.4
Waste tyres up to a diameter of 0.8 m (normal passenger vehicle tyre) - without wheel rim	R/month	200.00	*210.80*	*222.18*	*234.18*		5.4
Waste tyres up to a diameter of 0.8 m (normal passenger vehicle tyre) - with wheel rim	R/month	300.00	*316.20*	*333.27*	*351.27*		5.4
Waste tyres with a diameter of larger than 0.8 m - without wheel rim	R/month	500.00	*527.00*	*555.46*	*585.45*		5.4
Waste tyres with a diameter of larger than 0.8 m - with wheel rim	R/month	800.00	*843.20*	*888.73*	*936.72*		5.4
Tyres cut or shredded	R/month	2000.00	*2108.00*	*2221.83*	*2341.81*		5.4
Bulky waste (Furniture, sofas, beds, mattresses, shelfs, carpets, bicycles, and other bulky household items)	R/month	71.47	*75.33*	*79.40*	*83.68*		5.4

RUSTENBURG PROPOSED RATES TARIFFS FOR 2020/2021

TARIFF DESCRIPTION		Approved Tariff 2019/2020	2020/2021 increase	Proposed 2020/2021	Proposed 2021/2022	Proposed 2022/2023
		R/C	%	R/C	R/C	R/C
REBATE < 4500		- 0.4000		- 0.4000	- 0.4000	- 0.4000
REBATE EARNINGS BETWEEN 4500 AND 5500		- 0.3000		- 0.3000	- 0.3000	- 0.3000
REBATE EARNINGS BETWEEN 5500 AND 6500		- 0.2000		- 0.2000	- 0.2000	- 0.2000
GOVERNMENT REBATE 10%		- 0.1000		- 0.1000	- 0.1000	- 0.1000
PUBLIC SERVICE INFRASTRUCTURE - REBATE		- 0.3000		- 0.3000	- 0.3000	- 0.3000
PRIVATE OWNED TOWN REBATE		- 0.2500		- 0.2500	- 0.2500	- 0.2500
PRIVATE SCHOOLS / CRECHES REBATE		- 0.2500		- 0.2500	- 0.2500	- 0.2500
RESIDENTIAL REBATE		- 100.0000		- 100.0000	- 100.0000	- 100.0000
RESIDENTIAL		0.0072	6.94%	0.0077	0.0082	0.0088
BUSINESS / COMMERCIAL		0.0287	6.94%	0.0307	0.0328	0.0351
INDUSTRIAL		0.0274	6.94%	0.0293	0.0313	0.0335
GOVERNMENT		0.0256	6.94%	0.0274	0.0293	0.0313
EDUCATIONAL		0.0246	6.94%	0.0263	0.0281	0.0301
MINING		0.0289	6.94%	0.0309	0.0331	0.0353
AGRICULTURAL		0.0019	6.94%	0.0020	0.0022	0.0023
PRIVATE ROAD		0.0076	6.94%	0.0081	0.0087	0.0093
GUEST HOUSES		0.0269	6.94%	0.0288	0.0308	0.0329
PRIVATE OWNED TOWN		0.0072	6.94%	0.0077	0.0082	0.0088
VACANT LAND		0.0113	6.94%	0.0121	0.0129	0.0138
PRIVATE OPEN SPACES		0.0080	6.94%	0.0086	0.0091	0.0098
PUBLIC SERVICE INFRASTRUCTURE		0.0019	6.94%	0.0020	0.0022	0.0023
EXCLUSIVE USE AREA		0.0072	6.94%	0.0077	0.0082	0.0088
SECTIONAL TITLE - GARAGES		0.0072	6.94%	0.0077	0.0082	0.0088

SUNDRY CHARGES

TARIFF DESCRIPTION	Approved Tariffs 2019/20	Percentage increase 2020/2021	Proposed Tariff 2020/2021	Proposed Tariff 2021/2022	Proposed Tariff 2022/2023
		%	R	R	R
CLEARANCE CERTIFICATE	83.48	5.21	88.07	92.66	97.49
CLEARANCE APPLICATION FEE: MANUAL	174.54	5.21	184.14	193.73	203.83
CLEARANCE APPLICATION FEE: ELECTRONIC (clearance.com)	389.57	5.21	411.00	432.41	454.94
ISSUING OF DUPLICATE MUNICPAL ACCOUNT OVER 3 MONTHS (per acc)	3.48	5.21	3.66	3.85	4.05
VALUATION ROLL - Soft copy	1 121.46	5.21	1 179.89	1 241.36	1 306.04
VALUATION ROLL -Hard copy	1 121.46	5.21	1 179.89	1 241.36	1 306.04
VALUATION CERTIFICATE	87.10	5.21	91.64	96.41	101.44
DEED SEARCH	64.69	5.21	68.06	71.61	75.34
LOST COPY OF CETIFICATE	70.56	5.21	74.24	78.10	82.17
FINAL DEMAND	28.42	5.21	29.90	31.46	33.10
WATER RECONNECTION	568.46	5.21	598.08	629.24	662.02
ELECTRICITY RECONNECTION	397.93	5.21	418.66	440.47	463.42
REMOVAL OF INSTALLATION	2 437.63	5.21	2 564.63	2 698.25	2 838.83
CHEQUE RE-ISSUE	158.10	5.21	166.34	175.00	184.12
ADMIN FEE ON TRANSFERS	5.80	5.21	6.10	6.42	6.75
SEARCHING OF ANY DISCLOSURE RECORD	R16.82 P/H OR PART		R17.70 P/H OR PART	R18.58 P/H OR PART	R18.58 P/H OR PART

LIBRARY & INFORMATION SERVICES

Description	Current 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/2023	2020/21 INCREASE
	R/C	R/C	R / C	R / C	R / C
FEES FOR OVERDUE LIBRARY MATERIAL	*Per item*	*Per item*	*Per item*	*Per item*	*Per item*
Fine per week or part thereof (three days grace during first week)	R4,50 per item	R 5,00 per item	R 5,50 per item	R 5,50 per item	R 0.50
Maximum fine	R78,00 per item	R 83,00 per item	R 88,00 per item	R 88,00 per item	R 5.00
FEES FOR DAMAGED OR LOST LIBRARY MATERIAL AND MEMBERSHIP CARD					
Loss or serious damage to any library material	Purchase price plus a 10% administration charge	Purchase price plus a 10% administration charge	Purchase price plus a 10% administration charge	Purchase price plus a 10% administration charge	R0.00
Any material mutilated, defaced, marked, creased or damaged by water, heat, fire, animals, or any other thing, ***BUT*** *can still be circulated:*					
Purchase price lower than R50,00	R 13,00 per item	R 13,50 per item	R 14,00 per item	R 14,00 per item	R 0.50
Purchase price higher than R50,00	R 20,00 fine per item	R 21,00 per item	R 22,00 per item	R 22,00 per item	R 1.00
Protective coverings of library material removed or damaged	R13,00 fine per item	R 13,50 per item	R 14,00 per item	R 14,00 per item	R 0.50
Membership card lost or damaged -					
Issuing of duplicate card to **adults**	R27.00 per card	R 28,50 per card	R 30,00 per card	R 30,00 per card	R 1.50
Issuing of duplicate card to **children**	R20,00 per card	R 21,00 per card	R 22,00 per card	R 22,00 per card	R 1.00

MEMBERSHIP AND USER FEES					
Membership fees for loan services					
Books					
Membership for Persons residing and/or employed **within** the area of jurisdiction of the Rustenburg Local Municipality	Free of charge	R10	R11	R11	R12

Persons residing and/or employed **outside** the area of jurisdiction of the Rustenburg Local Municipality -					
(a) Adults (non refundable fee)	R75,00 per person per year	R 79,00 per person	R 83,00 per person	R 83,00 per perso	R 2.00
(b) Children (non refundable fee)	R37,00 per person per year	R 40,00 per person	R 43,00 per person	R 43,00 per perso	R 4.00
Audio-visual material					
Records, compact discs and cassettes -					
(a)Persons residing and/or employed **within** the area of jurisdiction of the Rustenburg Local Municipality	R57,00 per person per year	R 60,00 per person	R 63,00 per person	R 63,00 per perso	R 2.00
(b)Persons residing and/or employed **outside** the area of jurisdiction of the Rustenburg Local Municipality	R97,00 per person per year	R 100,00 per person	R 103,00 per person	R 103,00 per person	R 2.00
Books on tape, videos and art prints					
(a)Persons residing and/or employed **within** the area of jurisdiction of the Rustenburg Local Municipality	R39,00 per person per year	R 41,00 per person	R 43,00 per person	R 43,00 per perso	R 2.00
(b)Persons residing and/or employed **outside** the area of jurisdiction of the Rustenburg Local Municipality	R63,00 per person per year	R 65,00 per person	R 67,00 per person	R 67,00 per perso	R 2.00
Reservation and external request					
Reservation of library material out on loan	R5,50 per item	R 6,00 per person	R 6,50 per person	R 6,50 per perso	R 0.50
Provincial library loans:	R0.00	R0.00	R0.00	R0.00	R0.00
SABINET (Computerised national information network)					
Information searches	R0,00	0	0	0	0
Internet					
Internet search/access	Free of charge: Province is supplying access to internet for free(PIA)	Free of charge: Province is supplying access to internet for free(PIA)	Free of charge: Province is supplying access to internet for free(PIA)	Free of charge: Province is supplying access to internet for free(PIA)	
Printouts					

§ A4 paper (black & white) Tarrif revised to bring it to par with photocopy charges.	R1,50 per copy	R 1,50 per copy	R 2,00 per copy	R 2,00 per copy	R 0.50
§ Printing/Photocopier Services					
Computer printouts					
Black ink printouts	R 1,50 per copy	R 1,50 per copy	R 2,00 per copy	R 2,00 per copy	R 0.50
Colour ink printouts	R2,00 per copy	R2,00 per copy	R 3,00 per copy	R 3,00 per copy	R 0.00
Photocopies					
A4 paper (black & white)	R 1,50 per copy	R 1,50 per copy	R 2,00 per copy	R 2,00 per copy	R 0.50
A3 paper (black & white)	R3,00 per copy	R 3,00 per copy	R 4,00 per copy	R 4,00 per copy	R 1.00
A4 paper (colour)	R2,00 per copy	R 2,00 per copy	R 3,00 per copy	R 3,00 per copy	R 0.00
A3 paper (colour)	R3,00 per copy	R 3,00 per copy	R 4,00 per copy	R 4,00 per copy	R 0.00
Facsimiles					
Facsimiles received	R5,00 per page	R 5,50 per page	R 5,50 per page	R 5,50 per page	R 0.50
Facsimiles sent	R5,50 per page	R 6,00 per page	R 6,00 per page	R 6,00 per page	R 0.50
Other services					
Services such as the provision of reference, study and reading facilities, information and reference enquiries, reader guidance services, etc	Free of charge	Free of charge	Free of charge	Free of charge	

RENTING OF AUDITORIUMS AND EQUIPMENT

The full amount payable must be paid when making the reservation					
The breakage deposit indicated below will only be refunded if there were no losses or damages					
Library auditoriums and activity rooms					
Cultural associations and clubs, educational institutions, community development agents and welfare organisations: **Regular use** (Based on block booking system as per rules of use)	R300,00 deposit and R350,00 rent per occassion	R 350,00 deposit and R 400,00 rent per occasion	R 350,00 deposit and R 400,00 rent per occasion	R 350,00 deposit and R 400,00 rent per occasion	R 50,00 deposit and R 50,00 rental

Cultural associations and clubs, educational institutions, community development agents and welfare organisations: ***Ad hoc* use**	R350,00 deposit and R400,00 rent per occassion	R 400,00 deposit and R 550,00 rent per occasion	R 400,00 deposit and R 550,00 rent per occasion	R 400,00 deposit and R 550,00 rent per occasion	R 50,00 deposit and R 50,00 rental
Businesses or profit-seeking body or individual	R 600,00 deposit and R800,00 rent per occassion	R 700 deposit and R 900,00 rent per occasion	R 800 deposit and R 1000,00 rent per occasion	R 800 deposit and R 1000,00 rent per occasion	R 100,00 deposit and R 100,00 rent
Equipment					
Use of TV and video machine, slide or film projector, overhead projector, data video projector (with screen where required) and sound equipment -					
(a) Organisations indicated in points 4.1.1 and 4.1.2 above	Similar than for the equipment of the Civic Centre	Similar than for the equipment of the Civic Centre	Similar than for the equipment of the Civic Centre	Similar than for the equipment of the Civic Centre	
(b) Businesses or profit-seeking body or individual	Similar than for the equipment of the Civic Centre	Similar than for the equipment of the Civic Centre	Similar than for the equipment of the Civic Centre	Similar than for the equipment of the Civic Centre	

RENTAL OF OLYMPIA STADIUM

Name of Facility	RENTAL	REFUNDABLE DEPOSIT	TOTAL	RENTAL	REFUNDABLE DEPOSIT	TOTAL	RENTAL	REFUNDABLE DEPOSIT	TOTAL	RENTAL	REFUNDABLE DEPOSIT	TOTAL	% increase
	Current 19/20	Current 19/20	19/20	Proposed 20/21	Proposed 20/21	20/21	Proposed 21/22	Proposed 21/22	21/22	Proposed 22/23	Proposed 22/23	22/23	2020/21
Olympia Park Stadium (Private Use)	9 418	2 354	11 772	9 900	2 500	12 400	10 395	2 625	13 020	10 915	2 756	13 671	5%
Olympia Park Stadium (Government)	7 062	2 354	9 416	7 400	2 500	9 900	7 770	2 625	10 395	8 159	2 756	10 915	5%
Olympia Park Stadium (Professional Events)	21 400	3 531	24 931	22 500	3 700	26 200	23 625	3 885	27 510	24 806	4 079	28 886	5%
Olympia Park Stadium (Schools/Education Centres)	*NEW*	*NEW*	*NEW*	4 700	2 500	7 200	4 935	2 625	7 560	5 182	2 756	7 938	*NEW*
Olympia Park Stadium Preparation Fee per day	1 605	-	1 605	1 700	-	1 700	1 785	-	1 785	1 874	-	1 874	6%
Kitchen	1 177	589	1 766	1 240	620	1 860	1 302	651	1 953	1 367	684	2 051	5%
Flood Lights Olympia Park Stadium per hour	942	-	942	990	-	990	1 040	-	1 040	1 091	-	1 091	5%
Single Barricade	300	300	600	150	1 000	1 150	158	1 050	1 208	165	1 103	1 268	-50%
Double Barricade	500	300	800	250	2 000	2 250	263	2 100	2 363	276	2 205	2 481	-50%
Artificial grass per m^2	150	2 000	2 150	160	2 000	2 160	168	2 100	2 268	176	2 205	2 381	7%
Super Suite Hall	4 152	1 177	5 329	4 380	1 240	5 620	4 599	1 302	5 901	4 829	1 367	6 196	5%
Super Suite Preparation Fee per day	856	-	856	902	-	902	947	-	947	994	-	994	5%
North West Hall	1 177	589	1 766	1 240	620	1 860	1 302	651	1 953	1 367	684	2 051	5%
North West Hall Preparation Fee per day	535	-	535	560	-	560	588	-	588	617	-	617	5%
Small Halls 2 to 5	1 070	589	1 659	1 130	620	1 750	1 187	651	1 838	1 246	684	1 929	6%
Tennis Clubhouse	1 070	589	1 659	1 130	620	1 750	1 187	651	1 838	1 246	684	1 929	6%
Outside Sports Grounds Professional Events	*NEW*	*NEW*	*NEW*	5 000	2 000	7 000	5 250	2 100	7 350	5 513	2 205	7 718	NEW
Outside Sports Grounds Private Events	*NEW*	*NEW*	*NEW*	2 000	1 500	3 500	2 100	1 575	3 675	2 205	1 654	3 859	NEW
Outside Sports Grounds Sports Events	*NEW*	*NEW*	*NEW*	500	1 000	1 500	525	1 050	1 575	551	1 103	1 654	NEW

RENTAL OF SWIMMING POOLS

Swimming Pools	Description	Current Tariff	Proposed Tariff	Proposed Tariff	Proposed Tariff
		2019/20	2020/21	2021/22	2022/23
Marais Street	Adult (18 years and older)	R31.80	R20.00	R20.00	R23.00
Marais Street	Child (between 3 and 17 years)	R15.90	R5.00 (during weekends, School holidays and Public holidays)	R6.00 (during weekends, School holidays and Public holidays)	R7.00 (during weekends, School holidays and Public holidays)
Marais Street	Child (between 3 and 17 years)	15.90	R10.00 (during the week Monday to Friday)	R11.00 (during the week Monday to Friday)	R12.00 (during the week Monday to Friday)
Marais Street	Pensioner (63 years and over / Pensioner with pension cards)	R15.00	R15.00	R15.00	R15.00
Marais Street	School Group Booking (0 to 600 kids) no group bookings on weekends, school holidays and public holidays	*NEW*	R5.00 per ticket one entry	R6.00 per ticket one entry	R7.00 per ticket one entry
Marais Street	Private Event (terms and conditions apply)	R2 000.00	R2 000.00	R2 100.00	R2 200.00
Marais Street	Gala (Provincial/National)	R4 000 (RLM collect gate takings) or	R3 000 (RLM collect gate takings) or R10 000	R3 050 (RLM collect gate takings) or R10 100	R3 100 (RLM collect gate takings) or R10 200
Marais Street	Gala (School Inter-house/Inter-high))	*New*	entry fee at municipal cashier. Access to the Clubhouse	entry fee at municipal cashier. Access to the Clubhouse	entry fee at municipal cashier. Access to the Clubhouse
Marais Street	Coaching or Teaching Swimming Lessons per month	*New*	R800.00	R850.00	R900.00
Middle Street	Adult (18 years and older)	R31.80	R20.00	R20.00	R23.00
Middle Street	Child (between 3 and 17 years)	R15.90	R5.00 (during weekends, School holidays and Public	R6.00 (during weekends, School holidays and Public	R7.00 (during weekends, School holidays and Public
Middle Street	Child (between 3 and 17 years)	R15.90	R10.00 (during the week Monday to Friday)	R11.00 (during the week Monday to Friday)	R12.00 (during the week Monday to Friday)
Middle Street	Pensioner (63 years and over / Pensioner with pension cards)	R15.00	R15.00	R15.00	R15.00
Middle Street	School Group Booking (0 to 600 kids) no group bookings on weekends, school holidays and public holidays	*New*	R5.00 per ticket	R6.00 per ticket one entry	R7.00 per ticket one entry
Middle Street	Coaching or Teaching Swimming Lessons per month	*New*	R800.00	R850.00	R900.00
Middle Street	Private Event (terms and conditions apply)	R2 000.00	R2 000.00	R2 100.00	R2 200.00
Zinniaville	Adult (18 years and older)	R31.80	R20.00	R20.00	R23.00
Zinniaville	Child (between 3 and 17 years)	R15.90	School holidays and Public holidays)	School holidays and Public holidays)	School holidays and Public holidays)
Zinniaville	Child (between 3 and 17 years)	R15.90	R10.00 (during the week Monday to Friday)	R11.00 (during the week Monday to Friday)	R12.00 (during the week Monday to Friday)
Zinniaville	Pensioner (63 years and over / Pensioner with pension cards)	R15.00	R15.00	R15.00	R15.00

Zinniaville	School Group Booking (0 to 600 kids) no group bookings on weekends, school holidays and public holidays	*New*	R5.00 per ticket	R6.00 per ticket one entry	R7.00 per ticket one entry
Zinniaville	Coaching or Teaching Swimming Lessons per month	*New*	R800.00	R850.00	R900.00
Zinniaville	Private Event (terms and conditions apply)	R2 000.00	R2 000.00	R2 100.00	R2 200.00
Karlienpark	Adult (18 years and older)	R31.80	R20.00	R20.00	R23.00
Karlienpark	Child (between 3 and 17 years)	R15.90	R5.00 (during weekends, School holidays and Public	R6.00 (during weekends, School holidays and Public	R7.00 (during weekends, School holidays and Public
Karlienpark	Child (between 3 and 17 years)	R15.90	R10.00 (during the week Monday to Friday)	R11.00 (during the week Monday to Friday)	R12.00 (during the week Monday to Friday)
Karlienpark	Pensioner (63 years and over / Pensioner with pension cards)	R15.00	R15.00	R15.00	R15.00
Karlienpark	School Group Booking (0 to 600 kids) no group bookings on weekends, school holidays and public holidays	*New*	R5.00 per ticket	R6.00 per ticket one entry	R7.00 per ticket one entry
Karlienpark	Coaching or Teaching Swimming Lessons per month	*New*	R800.00	R850.00	R900.00
Karlienpark	Private Event (terms and conditions apply)	R2 000.00	R2 000.00	R2 100.00	R2 200.00
Monakato	Adult (18 years and older)	R31.80	R20.00	R20.00	R23.00
Monakato	Child (between 3 and 17 years)	R15.90	R5.00 (during weekends, School holidays and Public holidays)	R6.00 (during weekends, School holidays and Public holidays)	R7.00 (during weekends, School holidays and Public holidays)
Monakato	Child (between 3 and 17 years)	R15.90	R10.00 (during the week Monday to Friday)	R11.00 (during the week Monday to Friday)	R12.00 (during the week Monday to Friday)
Monakato	Pensioner (63 years and over / Pensioner with pension cards)	R15.00	R15.00	R15.00	R15.00
Monakato	School Group Booking (0 to 600 kids) no group bookings on weekends, school holidays and public holidays	*New*	R5.00 per ticket	R6.00 per ticket one entry	R7.00 per ticket one entry
Monakato	Coaching or Teaching Swimming Lessons per month	*New*	R800.00	R850.00	R900.00
Monakato	Private Event (terms and conditions apply)	R2 000.00	R2 000.00	R2 100.00	R2 200.00

RENTAL OF CIVIC CENTRE AND COMMUNITY HALLS

CIVIC CENTRE	RENTAL	REFUNDABLE DEPOSIT	TOTAL	RENTAL	REFUNDABLE DEPOSIT	TOTAL	RENTAL	REFUNDABLE DEPOSIT	TOTAL	RENTAL	REFUNDABLE DEPOSIT	TOTAL	% increase
	Current	Current	Total	Proposed	Proposed	Total	Proposed	Proposed	Total	Proposed	Proposed	Total	
	19/20	19/20	19/20	20/21	20/21	20/21	21/22	21/22	21/22	22/23	22/23	22/23	20/21
Atrium	4 600	1 600	6 200	4 848	1 686	6 534	5 090	1 770	6 861	5 345	1 859	7 204	5%
Auditorium	8 770	1600	10 300	9 244	1 686	10 930	9 706	1 770	11 477	10 192	1 859	12 050	5%
Banquet hall	6 955	1600	8 555	7 330	1 686	9 016	7 697	1 770	9 467	8 081	1 859	9 940	5%
Banquet hall half	3 530	1600	5 130	3 720	1 686	5 406	3 906	1 770	5 676	4 101	1 859	5 960	5%
Caucus rooms	1 280		1 280	1 350	n/a	1 350	1 418	n/a	1 418	1 488	n/a	1 488	5%
City hall	8 025	1600	9.625	8 460	1 686	10 146	8 883	1 770	10 653	9 327	1 859	11 186	5%
City hall half	4 170	1600	5 770	4 395	1 686	6 081	4 615	1 770	6 385	4 845	1 859	6 704	5%
Terrace/Pergola	1 820	640	2 460	1 920	675	2 595	2 016	708.75	2 725	2 117	744.1875	2 861	5%
Main bar	2 030	640	2 670	2 140	675	2 815	2 247	708.75	2 956	2 359	744.1875	3 104	5%
Preparation fee/Rehearsal fee	1 500	n/a	1 500	1 580	n/a	1 580	1 659	n/a	1 659	1 742	n/a	1 742	5%
Hiring fee per chair	11,80	n/a	11,80	12	n/a	12	12.6	n/a	12.6	13.23	n/a	13.23	5%
Hiring fee per square table	26,80	n/a	26,80	28	n/a	28	29.4	n/a	29.4	30.87	n/a	30.87	5%
Hiring fee per round table	37	n/a	37	39	n/a	39	40.95	n/a	40.95	42.9975	n/a	42.9975	5%
Foyer	1 760	n/a	1 760	1 855	n/a	1 855	1 948	n/a	1 948	2 045	n/a	2 045	5%
Government rates													
COMMUNITY HALLS	**RENTAL**	**REFUNDABLE DEPOSIT**	**TOTAL**	**RENTAL**	**REFUNDABLE DEPOSIT**	**TOTAL**	**RENTAL**	**REFUNDABLE DEPOSIT**	**TOTAL**	**RENTAL**	**REFUNDABLE DEPOSIT**	**TOTAL**	**% increase**
		Current	Total	Proposed	Proposed	Total	Proposed	Proposed	Total	Proposed	Proposed	Total	
		19/20	19/20	20/21	20/21	20/21	21/22	21/22	21/22	22/23	22/23	22/23	20/21
B Tause Austrian Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Ben Marais Hall	4 280	1 800	6 080	4 510	1 897	6 407	4 736	1 992	6 727	4 972	2 091	7 064	5%
Boitekong Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Meriting Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Monakato Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Old Town Hall	3 320	1 800	5 120	3 500	1 897	5 397	3 675	1 992	5 667	3 859	2 091	5 950	5%
Phatsima Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Tlhabane Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
WA van Zyl	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Ziinniaville Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Paardekraal Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
Sunrisepark Hall	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%
	1 605	900	2 505	1 690	950	2 640	1 775	998	2 772	1 863	1 047	2 911	5%

CEMETRIES AND PARKS

Description	Donkerhoek		Zinniaville		Karlienpark		Marikana		Phatsima		Lethabong		Monakato		Rietvlei		Tlhabane		Sunrise	
	Current	proposed	Current	Proposed	Current	proposed	Current	proposed	Current	proposed	Current	proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Adult Resident	R750	790	R560	590	R560	590	R560	590	R560	590	R560	590	R560	590	R830	875	-	-	-	-
															(garden section)		-	-	-	-
Adult Non-resident	R1 070	1130	R1 060	1120	R1 060	1120	R1 060	1120	R1 060	1120	R1 060	1120	R1 060	1120	R2 054	2165	-	-	-	-
															(garden section)		-	-	-	-
Child Resident (under 14)	R535	565	R425	450	R225	240	R225	240	R225	240	R225	240	R225	240	R600	635	-	-	-	-
															(garden section)		-	-	-	-
Child Non-resident	R1 070	1130	R680	720	R680	720	R680	720	R680	720	R680	720	R680	720	R1 228	1294	-	-	-	-
(under 14)															(garden section)		-	-	-	-
Monumental: Adult resident	R1 070	1130	--	-	--	-	--	-	--	-	--	-	--	-	R 1098 (Monumental section)	1157	-	-	-	-
Monumental: Adult Non-resident	R2 035	2144	--	--	--	-	--	-	--	--	--	-	--	-	R 2177 (Monumental section)	2294	-	-	-	-
Monumental: Child Resident	R925	975	--	--	--	--	--	---	--	--	--	---	--	--	R960	1011	-	-	-	-
															(Monumental)		-	-	-	-
Monumental	1745	1840	---	---	---	---	---	---	----	----	-----	-----	---	---	2044	2154	-	-	-	-
Child Non-resident															Monumental		-	-	-	-
REMEMBRANCE HALL	**Donkerhoek**		**Zinniaville**		**Karlienpark**		**Marikana**		**Phatsima**		**Lethabong**		**Monakato**		**Rietvlei**		**Tlhabane**		**Sunrise**	
	Current	proposed	Current	Proposed	Current	proposed	Current	proposed	Current	proposed	Current	proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Urn Resident	R1 142	1204	--	---	--		--		--		--		--		R1 142	1204	-	---		
Urn Non-resident	R1 222	1288	--	---	--		--		--		--		--		R930	972	-	---		
Exhumation – All	R440	464	R440	464	R440	464	R440	464	R440	464	R440	464	R440	464	R440	464	R440	464	R440	464
Approval of Plans: Residents	R255	269	R160	169	R160	169	R160	169	R160	169	R160	169	R160	169	R160	169	R160	169	R160	169
Approval of Plans: Non Residents	R510	538	R215	227	R215	227	R215	227	R215	227	R215	227	R215	227	R215	227	R215	227	R215	227
After Hours Burial: Resident	R485	511	--	100	--	100	--	100	--	100	--	100	--	100	R480	506	-	100	---	---
After Hours Burial: Non Resident	R510	538	--	150	--	150	--	150	--	150	--	150	--	150	R1 610	1697	-	150	--	150
Re-opening	R635	669	--	---	--	---	--	---	--	---	--	---	--	---	R617	650	-	--	---	----
Oversize coffins	R55	58	--	----	--	----	--	----	--	----	--	----	--	----	R55	58	-	--	---	---
Additional depth (8 feet)	-----	100	----	100	----	100	----	100	---	100	--	100	---	100	----	100	---	100	---	----
RESERVATIONS	**Donkerhoek**		**Zinniaville**		**Karlienpark**		**Marikana**		**Phatsima**		**Lethabong**		**Monakato**		**Rietvlei**		**Tlhabane**			
	Current	proposed	Current	Proposed	Current	proposed	Current	proposed	Current	proposed	Current	proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Garden Section	No reservations		No reservations		No reservations		No reservations		No reservations		No reservations		No reservations		No reservations	-----	No	----	---	No reservations
Monumental Section	No reservations		No reservations		No reservations		No reservations		No reservations		No reservations		No reservations		No reservations	------	Reservations	-----	------	No reservations

BUILDING CONTROL

TARIFF DESCRIPTION	Current Tariff 2019/20 R / C	Proposed Tariff 2020/2021 R/C	Proposed Tariff 2021/2022 R/C	Proposed Tariff 2022/2023 R/C
DETERMINATION OF CHARGES PAYABLE TO THE LOCAL AUTHORITY WITH REGARDS TO THE EXAMINATION OF APPROVAL OF BUILDING PLANS AND RELATED MATTERS				
DWELLING HOUSES				
For new residential buildings,additions,new proposals,/re designs,amended plans**(only residential buildings)**	R 4.30 per m² (minimun R450.00 levy)	R 4.55 per m² (minimun R455.00 levy)	R 4.80 per m² (minimun R480.00 levy)	R 5.00 per m² (minimun R480.00 levy)
For alterations, amended plans **(without additional area)**	R 4.30 per m² (minimun R450.00 levy)	R 4.55 per m² (minimun R455.00 levy)	R 4.80 per m² (minimun R480.00 levy)	R 5.00 per m² (minimun R480.00 levy)
OTHER BUILDINGS				
For new other buildings,additions,new proposals,/re designs,amended plans**(other buildings)**	R 6.10 per m² (minimun R760.00 levy)	R 6.45 per m² (minimun R800.00 levy)	R 6.80 per m² (minimun R800.00 levy)	R 7.00 per m² (minimun R800.00 levy)
For alterations, amended plans **(without additional area)**	R 6.10 per m² (minimun R760.00 levy)	R 6.45 per m² (minimun R800.00 levy)	R 6.80 per m² (minimun R800.00 levy)	R 7.00 per m² (minimun R800.00 levy)
For renewal of a plan after approval has lapsed	R450.00 per application	R480.00 per application	R500.00 per application	R530.00 per application
For tenant/ shop layouts	R760.00 per application	R800.00 per application	R845.00 per application	R900.00 per application
Minor building work	R450.00 per application	R480.00per application	R500.00per application	R530.00per application
Re-roofing **(amended plan)**	R450.00 per application	R480.00 per application	R500.00 per application	R530.00 per application
Gas/fuel pumps installations	R760.00 per application	R800.00 per application	R845.00 per application	R900.00 per application
Low cost housing -by goverment/ council	**No fee (submit proof)**	**No fee (submit proof)**	**No fee (submit proof)**	**No fee (submit proof)**
Projects by state department on property owned by state	R1.80 per m² minimum or motivation for	R2.00 per m² minimum or motivation for	R2.10 per m² minimum or motivation for	R2.20 per m² minimum or motivation for
For section7(6) aplication	R3.60 per m² minimum R760.00 levy	R4.00 per m² minimum R800.00 levy	R4.20 per m² minimum R800.00 levy	R4.40 per m² minimum R800.00 levy
	R450.00 per application	R480.00 per application	R500.00 per application	R530.00 per application
Antennae/masts	R450.00 per application	R480.00 per application	R500.00 per application	R530.00 per application
For examination of preliminary sketch plans	R3.60 per m² minimum R450.00 levy	R4.00 per m² minimum R480.00 levy	R4.20 per m² minimum R480.00 levy	R4.40 per m² minimum R480.00 levy
Inspection fee from 2nd re-inspection	R450.00 per application	R480.00 per application	R500.00 per application	R530.00 per application

TOWN PLANNING

APPLICATION	Approved Tariff 2018/2019 R / C	Current Tariff 2019/2020 R / C	Proposed Tariff 2020/2021 R / C	Proposed Tariff 2021/2022 R / C	Proposed Tariff 2022/2023 R/C
WRITTEN CONSENT APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Second dwelling	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Building Line Relaxation	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Height Relaxation	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Coverage Relaxation	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Servitude Upliftment	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Relaxation of the line(s) of no access	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Provision of parking on adjacent property	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Relaxation of parking	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Site Development Plan	R 882.60	R 932.03	R 982.36	R 1 035.41	R 1 091.32
Amendment of Site Development Plan	R 882.60	R 932.03	R 982.36	R 1 035.41	R 1 091.32
Erection of screen wall(s) exceeding 20.meters in height	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Written consent objection	R 493.45	R 521.08	R 549.22	R 578.88	R 610.14
Renewal of Special Consent Application	R -610.14	-	R 680.29	R 717.02	R 755.74
SPECIAL CONSENT APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Special Consent	R 1 087.84	R 1 148.75	R 1 210.79	R 1 276.17	R 1 345.08
Special Consent Objection/submission	R 493.45	R 521.08	R 549.22	R 578.88	R 610.14
Closure of public space / park closure	R 1 087.84	R 1 148.75	R 1 210.79	R 1 276.17	R 1 345.08
TEMPORARY CONSENT APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
The erection and use of temporary buildings, or the use of existing buildings for site offices, storage rooms, workshops or such other uses as may be necessary during the erection of any permanent	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
The occasional use of land or buildings for public religious exercise, place of instruction, institution, place of amusement or social hall, informal retail trade	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
The use of land or building thereon for State or Municipal purposes	R 611.21	R 645.43	R 680.29	R 717.02	R 755.74
Prospecting rights	R 611.21	R 645.43	R 1 210.79	R 1 276.17	R 1 345.08
AMENDMENT SCHEME APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Amendment Scheme Applications	R 3 392.48	R 3 582.46	R 3 775.91	R 3 979.81	R 4 194.72
Proclamation	R 1 233.63	R 1 302.71	R 1 373.06	R 1 447.20	R 1 525.35
Floor Area Ratio Increase	R 3 392.48	R 3 582.46	R 3 775.91	R 3 979.81	R 4 194.72
Amendment Scheme Objection	R 1 233.63	R 1 302.71	R 1 373.06	R 1 447.20	R 1 525.35
Notice of appeal	R 3 183.00	R 3 361.25	R 3 542.76	R 3 734.06	R 3 935.70
Notice to oppose appeal	R 1 061.00	R 1 120.42	R 1 180.92	R 1 244.69	R 1 311.90
Intervener Status ()Section 45 (2)/ (3) and/or (4) of the Spatial Planning and Land Use Management Act 2013		R 1 000.00	R 1 054.00	R 1 110.92	R 1 170.91
REMOVAL OF RESTRICTIONS APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Removal of restrictive conditions	R 280.37	R 296.07	R 680.29	R 1 047.65	R 1 104.22
TOWNSHIP ESTABLISHMENT APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Township Establishment (1-100 erven)	R 7 463.45	R 7 881.40	R 8 307.00	R 8 755.58	R 9 228.38
Township with more than 100 stands	R 2 467.26	R 2 605.42	R 2 746.12	R 2 894.41	R 3 050.70
Proclamation notice	R1 500/page	R1 500/page	R1 500/page	R1 582.50 /page	R1667.955 /page
Extension of boundaries	R 7 463.45	R 7 881.40	R 8 307.00	R 8 755.58	R 9 228.38
Township Establishment Objection	R 2 467.26	R 2 605.42	R 2 746.12	R 2 894.41	R 3 050.70
DIVISION OF A TOWNSHIP APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Division of a Township	R 1 850.44	R 1 954.07	R 2 059.59	R 2 170.80	R 2 288.03
DIVISION OF LAND APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Division of Agriculture Land	R 550-00	R 580-80	R 612.16	R 645.22	R 680.06

AMENDMENT OF AN APPROVED TOWNSHIP: APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Amendment of the layout plan	R 1 850.44	R 1 954.07	R 2 059.59	R 2 170.80	R 2 288.03
CONSOLIDATION/SUBDIVISION : APPLICATION IN TERMS OF THE LAND USE MANAGEMENT SCHEME READ WITH THE RELEVANT SECTION OF SPATIAL PLANNING AND LAND USE MANAGEMENT BY-LAW.					
Subdivision	R 616.81	R 651.36	R 686.53	R 723.60	R 762.68
Subdivision with more than 5(five) stands/stand	R 72.90	R 76.98	R 81.14	R 85.52	R 90.13
Subdivision of Agricultural Land (Section 6) of the Town Planning and Townships Ordinance 20 of 1986.	R 616.81	R 651.36	R 686.53	R 723.60	R 762.68
Consolidation	R 475.51	R 502.14	R 529.25	R 557.83	R 587.95
OTHER APPLICATIONS					
Zoning Information	R 40.37	R 42.63	R 44.94	R 47.36	R 49.92
Trade License	R 271.40	R 286.60	R 302.07	R 318.38	R 335.58
Original Plans and Duresters					
AO	R 67.29	R 71.06	R 74.89	R 78.94	R 83.20
A1	R 56.07	R 59.21	R 62.41	R 65.78	R 69.33
A2	R 44.86	R 47.37	R 49.93	R 52.63	R 55.47
A3	R 19.07	R 20.13	R 21.22	R 22.37	R 23.57
A4	R 11.21	R 11.84	R 12.48	R 13.16	R 13.87
Original Plans (paper)					
AO	R 37.01	R 39.08	R 41.19	R 43.42	R 45.76
A1	R 30.28	R 31.98	R 33.70	R 35.52	R 37.44
A2	R 24.67	R 26.05	R 27.46	R 28.94	R 30.51
A3	R 12.34	R 13.03	R 13.73	R 14.47	R 15.25
A4	R 3.25	R 3.43	R 3.62	R 3.82	R 4.02

HOUSING

	Current Tariff 2019/2020	Proposed Tariff 2020/2021	Proposed Tariff 2021/2022	Proposed Tariff 2022/2023
CRU'S BOITEKONG EXT 12 (NO INCREASE)				
1 BEDROOM	R 300.00	R 300.00	R 300.00	R 300.00
2 BEDROOM	R 500.00	R 500.00	R 500.00	R 500.00
3 BEDROOM	R 700.00	R 700.00	R 700.00	R 700.00
AMBERBOOM (LOW COST HOUSES)				
1 BEDROOM	20%	20%	20%	20%
2 BEDROOM	25%	25%	25%	25%
3 BEDROOM	30%	30%	30%	30%
PERSONNEL HOUSES (MARKET RELATED)				
FLATS	R 3 500.00	R 3 500.00	R 3 500.00	R 3 500.00
HOUSES	R 3 500.00	R 3 500.00	R 3 500.00	R 3 500.00
KERK OLD AGE FLATS				
1 BEDROOM(SINGLE)	8%	8%	8%	8%
2 BEDROOM(DOUBLE)	10%	10%	10%	10%
GEELHOUT PARK OLD AGE FLATS				
2 BEDROOM(DOUBLE)	10%	10%	10%	10%

PUBLIC SAFETY ESCORT AND OTHER TARIFFS

TARIFF DESCRIPTION	Approved 2019/2020	Proposed 2020/2021	Proposed % increase	Proposed 2021/2022	Proposed 2022/2023
ESCORT ORDINARY PER VEHICLE PLUS R4.50 PER KM	172	181	5%	191	200
HEAVY VEHICLE ESCORTS PER 2 VEHICLES PLUS R4.50 PER KM	1 732	1 828	5%	1 919	2 015
LABOUR COST PER TRAFFIC OFFICER PER HOUR					
WEEK DAYS	214	226	5%	237	249
SATURDAY	214	226	5%	237	249
SUNDAY / PUBLIC HOLIDAY	259	273	5%	286	301
FUNERALS AND SOME SPORTING EVENTS PER VEHICLE	172	181	5%	191	200
TOWING FEES					
LIGHT MOTOR VEHICLE (UP TO 3500 KG)	1 154	1 218	5%	1 279	1 343
HEAVY MOTOR VEHICLE (3501 KG AND UP)	1 732	1 828	5%	1 919	2 015
LIGHT MOTOR VEHICLE PER KM (THE FIRST 25KM)	31	33	5%	34	36
HEAVY MOTOR VEHICLE (ADDITIONAL COST PER KM)	34	36	5%	38	40
POUND FEES					
STORAGE (MOTOR VEHICLE) PER DAY	504	532	5%	558	586
STORAGE (GOODS) ONCE OFF ON RELEASE	3 175	3 350	5%	3 517	3 693
ESCORT CHARGES - FUNERALS					
ZONES / **Cemetry**	**Approved 2019/2020**	**Proposed 2020/2021**	**Proposed % increase**	**Proposed 2021/2022**	**Proposed 2022/2023**
RIETVLEI CEMETRY					
BLESKOP — RIETVLEI	R 380	R 400	5%	R 420	R 441
BOITEKONG — RIETVLEI	R 341	R 359	5%	R 377	R 396
BOITEKONG X 13 — RIETVLEI	R 314	R 331	5%	R 348	R 365
CASHAN — RIETVLEI	R 314	R 331	5%	R 348	R 365
CHANENG — RIETVLEI	R 290	R 306	5%	R 321	R 337
DONKERHOEK — RIETVLEI	R 184	R 195	5%	R 204	R 215
EAST END — RIETVLEI	R 222	R 234	5%	R 246	R 258
FREEDOM PARK — RIETVLEI	R 341	R 359	5%	R 377	R 396
GEELHOUTPARK — RIETVLEI	R 183	R 193	5%	R 203	R 213
JHB ROAD — RIETVLEI	R 314	R 331	5%	R 348	R 365
KANANA — RIETVLEI	R 380	R 400	5%	R 420	R 441
KARLIENPARK — RIETVLEI	R 222	R 234	5%	R 246	R 258
KROONDAL — RIETVLEI	R 310	R 327	5%	R 343	R 360
LEFARAGATLHE — RIETVLEI	R 183	R 193	5%	R 203	R 213
LETHABONG — RIETVLEI	R 511	R 539	5%	R 566	R 594
LUKA — RIETVLEI	R 274	R 289	5%	R 304	R 319

MERITING	RIETVLEI	R 341	R 359	5%	R 377	R 396
PAARDEKRAAL X1	RIETVLEI	R 341	R 359	5%	R 377	R 396
PAARDEKRAAL X2	RIETVLEI	R 341	R 359	5%	R 377	R 396
PHOKENG	RIETVLEI	R 289	R 304	5%	R 320	R 336
PROTEA PARK	RIETVLEI	R 249	R 262	5%	R 275	R 289
PTA ROAD	RIETVLEI	R 314	R 331	5%	R 348	R 365
RAMOCHANA	RIETVLEI	R 289	R 304	5%	R 320	R 336
RUSTENBURG CBD	RIETVLEI	R 183	R 193	5%	R 203	R 213
RUSTENBURG NORTH	RIETVLEI	R 222	R 234	5%	R 246	R 258
SERALENG	RIETVLEI	R 380	R 400	5%	R 420	R 441
SONDELA	RIETVLEI	R 314	R 331	5%	R 348	R 365
SUNRISE	RIETVLEI	R 314	R 331	5%	R 348	R 365
TLHABANE	RIETVLEI	R 183	R 193	5%	R 203	R 213
TLHABANE WEST	RIETVLEI	R 183	R 193	5%	R 203	R 213
ZINNIVILLE	RIETVLEI	R 222	R 234	5%	R 246	R 258
ZINNIAVILLE CEMETRY						
BOITEKONG	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
BOITEKONG X 13	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
CASHAN	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
EAST END	ZINNIAVILLE	R 210	R 221	5%	R 232	R 244
FREEDOM PARK	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
GEELHOUTPARK	ZINNIAVILLE	R 210	R 221	5%	R 232	R 244
KANANA	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
KARLIENPARK	ZINNIAVILLE	R 183	R 193	5%	R 203	R 213
LETHABONG	ZINNIAVILLE	R 445	R 470	5%	R 493	R 518
MERITING	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
PAARDEKRAAL X1	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
PAARDEKRAAL X2	ZINNIAVILLE	R 249	R 262	5%	R 275	R 289
PHOKENG	ZINNIAVILLE	R 314	R 331	5%	R 348	R 365
PROTEA PARK	ZINNIAVILLE	R 210	R 221	5%	R 232	R 244
RAMOCHANA	ZINNIAVILLE	R 183	R 193	5%	R 203	R 213
RUSTENBURG CBD	ZINNIAVILLE	R 183	R 193	5%	R 203	R 213
RUSTENBURG NORTH	ZINNIAVILLE	R 210	R 221	5%	R 232	R 244
SERALENG	ZINNIAVILLE	R 210	R 221	5%	R 232	R 244
SONDELA	ZINNIAVILLE	R 210	R 221	5%	R 232	R 244
SUNRISE	ZINNIAVILLE	R 183	R 193	5%	R 203	R 213
TLHABANE	ZINNIAVILLE	R 210	R 221	5%	R 232	R 244
TLHABANE WEST	ZINNIAVILLE	R 222	R 234	5%	R 246	R 258
ZINNIVILLE	ZINNIAVILLE	R 183	R 193	5%	R 203	R 213
KARLIEN PARK CEMETRY						
BOITEKONG	KARLIEN PARK	R 249	R 262	5%	R 275	R 289

BOITEKONG X 13	KARLIEN PARK	R 249	R 262	5%	R 275	R 289
CASHAN	KARLIEN PARK	R 249	R 262	5%	R 275	R 289
EAST END	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
FREEDOM PARK	KARLIEN PARK	R 249	R 262	5%	R 275	R 289
GEELHOUTPARK	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
KANANA	KARLIEN PARK	R 249	R 262	5%	R 275	R 289
KARLIENPARK	KARLIEN PARK	R 183	R 193	5%	R 203	R 213
LETHABONG	KARLIEN PARK	R 445	R 470	5%	R 493	R 518
MERITING	KARLIEN PARK	R 249	R 262	5%	R 275	R 289
PAARDEKRAAL X1	KARLIEN PARK	R 249	R 262	5%	R 275	R 289
PAARDEKRAAL X2	KARLIEN PARK	R 249	R 262	5%	R 275	R 289
PHOKENG	KARLIEN PARK	R 314	R 331	5%	R 348	R 365
PROTEA PARK	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
RAMOCHANA	KARLIEN PARK	R 183	R 193	5%	R 203	R 213
RUSTENBURG CBD	KARLIEN PARK	R 183	R 193	5%	R 203	R 213
RUSTENBURG NORTH	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
SERALENG	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
SONDELA	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
SUNRISE	KARLIEN PARK	R 183	R 193	5%	R 203	R 213
TLHABANE	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
TLHABANE WEST	KARLIEN PARK	R 210	R 221	5%	R 232	R 244
ZINNIVILLE	KARLIEN PARK	R 183	R 193	5%	R 203	R 213
TLHABANE CEMETRY						
BOITEKONG	TLHABANE	R 222	R 234	5%	R 246	R 258
BOITEKONG X 13	TLHABANE	R 222	R 234	5%	R 246	R 258
CASHAN	TLHABANE	R 183	R 193	5%	R 203	R 213
EAST END	TLHABANE	R 183	R 193	5%	R 203	R 213
FREEDOM PARK	TLHABANE	R 222	R 234	5%	R 246	R 258
GEELHOUTPARK	TLHABANE	R 210	R 221	5%	R 232	R 244
KANANA	TLHABANE	R 314	R 331	5%	R 348	R 365
KARLIENPARK	TLHABANE	R 183	R 193	5%	R 203	R 213
LETHABONG	TLHABANE	R 445	R 470	5%	R 493	R 518
MERITING	TLHABANE	R 222	R 234	5%	R 246	R 258
PAARDEKRAAL X1	TLHABANE	R 222	R 234	5%	R 246	R 258
PAARDEKRAAL X2	TLHABANE	R 222	R 234	5%	R 246	R 258
PHOKENG	TLHABANE	R 289	R 304	5%	R 320	R 336
PROTEA PARK	TLHABANE	R 183	R 193	5%	R 203	R 213
RAMOCHANA	TLHABANE	R 183	R 193	5%	R 203	R 213
RUSTENBURG CBD	TLHABANE	R 183	R 193	5%	R 203	R 213
RUSTENBURG NORTH	TLHABANE	R 183	R 193	5%	R 203	R 213
SERALENG	TLHABANE	R 222	R 234	5%	R 246	R 258

SONDELA	TLHABANE	R 222	R 234	5%	R 246	R 258
SUNRISE	TLHABANE	R 183	R 193	5%	R 203	R 213
TLHABANE	TLHABANE	R 183	R 193	5%	R 203	R 213
TLHABANE WEST	TLHABANE	R 183	R 193	5%	R 203	R 213
ZINNIVILLE	TLHABANE	R 183	R 193	5%	R 203	R 213
DONKERHOEK CEMETRY						
BOITEKONG	DONKERHOEK	R 341	R 359	5%	R 377	R 396
BOITEKONG X 13	DONKERHOEK	R 314	R 331	5%	R 348	R 365
CASHAN	DONKERHOEK	R 314	R 331	5%	R 348	R 365
EAST END	DONKERHOEK	R 222	R 234	5%	R 246	R 258
FREEDOM PARK	DONKERHOEK	R 341	R 359	5%	R 377	R 396
GEELHOUTPARK	DONKERHOEK	R 183	R 193	5%	R 203	R 213
JHB ROAD	DONKERHOEK	R 314	R 331	5%	R 348	R 365
KANANA	DONKERHOEK	R 380	R 400	5%	R 420	R 441
KARLIENPARK	DONKERHOEK	R 222	R 234	5%	R 246	R 258
LETHABONG	DONKERHOEK	R 511	R 539	5%	R 566	R 594
MERITING	DONKERHOEK	R 341	R 359	5%	R 377	R 396
PAARDEKRAAL X1	DONKERHOEK	R 341	R 359	5%	R 377	R 396
PAARDEKRAAL X2	DONKERHOEK	R 341	R 359	5%	R 377	R 396
PHOKENG	DONKERHOEK	R 289	R 304	5%	R 320	R 336
PROTEA PARK	DONKERHOEK	R 249	R 262	5%	R 275	R 289
PTA ROAD	DONKERHOEK	R 314	R 331	5%	R 348	R 365
RAMOCHANA	DONKERHOEK	R 289	R 304	5%	R 320	R 336
RUSTENBURG CBD	DONKERHOEK	R 183	R 193	5%	R 203	R 213
RUSTENBURG NORTH	DONKERHOEK	R 222	R 234	5%	R 246	R 258
SERALENG	DONKERHOEK	R 380	R 400	5%	R 420	R 441
SONDELA	DONKERHOEK	R 314	R 331	5%	R 348	R 365
SUNRISE	DONKERHOEK	R 314	R 331	5%	R 348	R 365
TLHABANE	DONKERHOEK	R 183	R 193	5%	R 203	R 213
TLHABANE WEST	DONKERHOEK	R 183	R 193	5%	R 203	R 213
ZINNIVILLE	DONKERHOEK	R 222	R 234	5%	R 246	R 258
VARIOUS CEMETRIES						
BOITEKONG	BOITEKONG	R 183	R 193	5%	R 203	R 213
BOITEKONG	KANANA	R 208	R 219	5%	R 230	R 241
CHANENG	CHANENG	R 183	R 193	5%	R 203	R 213
KANANA	KANANA	R 183	R 193	5%	R 203	R 213
LETHABONG	LETHABONG	R 183	R 193	5%	R 203	R 213
MERITING	KANANA	R 210	R 221	5%	R 232	R 244
PAARDEKRAAL	KANANA	R 183	R 193	5%	R 203	R 213
PHOKENG	PHOKENG	R 183	R 193	5%	R 203	R 213
RUSTENBURG	TLASENG	R 445	R 470	5%	R 493	R 518

RUSTENBURG	LETHABONG	R 511	R 539	5%	R 566	R 594
RUSTENBURG	MOSENTHAL	R 445	R 470	5%	R 493	R 518
RUSTENBURG	RANKELENYANE	R 380	R 400	5%	R 420	R 441
RUSTENBURG	RIETSPRUIT	R 445	R 470	5%	R 493	R 518
RUSTENBURG	MAILE	R 445	R 470	5%	R 493	R 518
RUSTENBURG	PHOKENG	R 314	R 331	5%	R 348	R 365
RUSTENBURG	CHANENG	R 380	R 400	5%	R 420	R 441
RUSTENBURG	MARIKANA	R 445	R 470	5%	R 493	R 518
RUSTENBURG	N4	R 183	R 193	5%	R 203	R 213
RUSTENBURG	PHATSIMA	R 445	R 470	5%	R 493	R 518
RUSTENBURG	LUKA	R 380	R 400	5%	R 420	R 441
RUSTENBURG	MAMEROTSE	R 511	R 539	5%	R 566	R 594
RUSTENBURG	TATANANA	R 506	R 534	5%	R 561	R 589
RUSTENBURG	BLESKOP	R 433	R 457	5%	R 479	R 503
RUSTENBURG	MERITING	R 309	R 326	5%	R 342	R 359
RUSTENBURG	WONDERKOP	R 433	R 457	5%	R 479	R 503
RUSTENBURG	MFIDIKOE	R 433	R 457	5%	R 479	R 503
RUSTENBURG	LEFARAGATLHE	R 182	R 192	5%	R 202	R 212
RUSTENBURG	MODDERFONTEIN	R 360	R 380	5%	R 399	R 419
RUSTENBURG	PHOKENG	R 316	R 334	5%	R 350	R 368
RUSTENBURG CBD	KANANA	R 380	R 400	5%	R 420	R 441
TLHABANE	PHOKENG	R 314	R 331	5%	R 348	R 365
TLHABANE	KANANA	R 341	R 359	5%	R 377	R 396

ESCORT CHARGES - MARATHONS/ FUN RUN/ FUN WALK/ MARCHES AND MOTORCADE

	Area	Approved 2019/2020	Proposed 2020/2021	Proposed % increase	Proposed 2021/2022	Proposed 2022/2023
00 – 5 KM	ALL AREA	R 619	R 653	5%	R 686	R 720
05 – 10 KM	APPLICABLE TO ALL AREA	R 1 237	R 1 306	5%	R 1 371	R 1 439
10 – 15 KM	APPLICABLE TO ALL AREA	R 1 850	R 1 952	5%	R 2 049	R 2 152
15 – 20 KM FUN RUN	APPLICABLE TO ALL AREA	R 2 572	R 2 713	5%	R 2 849	R 2 991
20 – 30 KM FUN RUN	APPLICABLE TO ALL AREA	R 3 429	R 3 618	5%	R 3 799	R 3 989
30 – 40 KM FUN RUN	APPLICABLE TO ALL AREA	R 5 145	R 5 428	5%	R 5 700	R 5 985
40 – 50 KM FUN RUN	APPLICABLE TO ALL AREA	R 8 576	R 9 048	5%	R 9 500	R 9 975
BARSEBA	BARSEBA	R 182	R 192	5%	R 202	R 212
BETHANI	BETHANI	R 182	R 192	5%	R 202	R 212
BOITEKONG	BOITEKONG	R 182	R 192	5%	R 202	R 212

CBD	MPHENI HOUSE	R 388	R 410	5%	R 430	R 452
CBD	DEPT OF LABOUR	R 388	R 410	5%	R 430	R 452
CBD	RUSTENBURGS SAPS	R 388	R 410	5%	R 430	R 452
CBD	JOB SHIMANKANE TABANE HOSPITAL	R 455	R 480	5%	R 504	R 529
CBD	DEP. OF EDUCATION	R 194	R 205	5%	R 215	R 226
CBD	SARS	R 222	R 234	5%	R 246	R 258
CHANENG	CHANENG	R 182	R 192	5%	R 202	R 212
FREEDOM PARK	WILDEBEES STADIUM	R 194	R 205	5%	R 215	R 226
IKAGENG	IKAGENG	R 182	R 192	5%	R 202	R 212
KANANA	KANANA	R 182	R 192	5%	R 202	R 212
LESUNG	LESUNG	R 182	R 192	5%	R 202	R 212
LETHABONG	LETHABONG	R 182	R 192	5%	R 202	R 212
LETHABONG	LETHABONG SAPS	R 182	R 192	5%	R 202	R 212
LETHABONG	LETHABONG MUNICIPAL OFFICES	R 182	R 192	5%	R 202	R 212
LETHABONG	LETHABONG CLINIC	R 182	R 192	5%	R 202	R 212
LUKA	LUKA	R 182	R 192	5%	R 202	R 212
LUKA	IMPALA PLATINUM MINES	R 222	R 234	5%	R 246	R 258
MABITSE	MABITSE	R 182	R 192	5%	R 202	R 212
MAFIKA	MAFIKA	R 182	R 192	5%	R 202	R 212
MAILE	MAILE	R 182	R 192	5%	R 202	R 212
MARIKANA	WONDERKOP	R 260	R 274	5%	R 288	R 302
MARIKANA	MADITLHOKWA	R 325	R 343	5%	R 360	R 378
MERITING	MERITING	R 182	R 192	5%	R 202	R 212
MFIDIKWE	MFIDIKWE	R 182	R 192	5%	R 202	R 212
MFIDIKWE	TSHUKUDU HIGH SCHOOL	R 260	R 274	5%	R 288	R 302
MODIKWE	MODIKWE	R 182	R 192	5%	R 202	R 212

MOGAJANE	MOGAJANE	R 182	R 192	5%	R 202	R 212
MONAKATO	MONAKATO SAPS	R 182	R 192	5%	R 202	R 212
MONAKATO	MUNICIPAL OFFICES	R 182	R 192	5%	R 202	R 212
MONAKATO	MONAKATO CLINIC	R 182	R 192	5%	R 202	R 212
MOSENTHAL	MOSENTHAL	R 182	R 192	5%	R 202	R 212
PAARDEKRAAL	PAARDEKRAAL	R 182	R 192	5%	R 202	R 212
PHATSIMA	PHATSIMA	R 182	R 192	5%	R 202	R 212
PHOKENG	PHOKENG	R 182	R 192	5%	R 202	R 212
PHOKENG STADIUM	BAFOKENG CIVIC CENTRE	R 182	R 192	5%	R 202	R 212
PHOKENG STADIUM	LEGATO	R 182	R 192	5%	R 202	R 212
PHOKENG STADIUM	PHOKENG SAPS	R 182	R 192	5%	R 202	R 212
PHOKENG STADIUM	LEBONE CONVENTIONAL HIGH SCHOOL	R 182	R 192	5%	R 202	R 212
PHOTSANENG	PHOTSANENG	R 182	R 192	5%	R 202	R 212
PHOTSANENG	TSHUKUDU HIGH SCHOOL	R 260	R 274	5%	R 288	R 302
RANKELENYANE	RANKELENYANE	R 182	R 192	5%	R 202	R 212
RUSTENBURG TAXI RANK	MPHENI HOUSE	R 388	R 410	5%	R 430	R 452
RUSTENBURG TAXI RANK	DEPT OF LABOUR	R 388	R 410	5%	R 430	R 452
RUSTENBURG TAXI RANK	RUSTENBURG SAPS	R 388	R 410	5%	R 430	R 452
RUSTENBURG TAXI RANK	JOB SHIMANKANE TABANE HOSPITAL	R 455	R 480	5%	R 504	R 529
RUSTENBURG TAXI RANK	DEPT. OF EDUCATION	R 194	R 205	5%	R 215	R 226
RUSTENBURG TAXI RANK	SARS	R 222	R 234	5%	R 246	R 258
SERUTUBE	SERUTUBE	R 182	R 192	5%	R 202	R 212
SUN RISE	SUN RISE	R 182	R 192	5%	R 202	R 212
THEKWANE	THEKWANE	R 182	R 192	5%	R 202	R 212
THEKWANE	TSHUKUDU HIGH SCHOOL	R 260	R 274	5%	R 288	R 302
TLAPA	TLAPA	R 182	R 192	5%	R 202	R 212

TLASENG	TLASENG	R 182	R 192	5%	R 202	R 212
TSITSING	TSITSING	R 182	R 192	5%	R 202	R 212
ESCORT VARIOUS						
BOKAMOSO	BOKAMOSO	R 182	R 192	5%	R 202	R 212
BOKAMOSO	RUSTENBURG CBD	R 247	R 261	5%	R 274	R 288
KROONDAL	KROONDAL	R 182	R 192	5%	R 202	R 212
KROONDAL	RUSTENBURG CBD	R 247	R 261	5%	R 274	R 288
MADITLHOKWA	RUSTENBURG CBD	R 483	R 509	5%	R 535	R 562
MAHUMAPELO	MAHUMAPELO	R 182	R 192	5%	R 202	R 212
MAHUMAPELO	RUSTENBURG CBD	R 391	R 412	5%	R 433	R 454
MAKITLHOKWA	MADITLHOKWA	R 182	R 192	5%	R 202	R 212
MATEBELENG	MATEBELENG	R 182	R 192	5%	R 202	R 212
MATEBELENG	RUSTENBURG CBD	R 247	R 261	5%	R 274	R 288
MFIDIKWE	MFIDIKWE	R 182	R 192	5%	R 202	R 212
MFIDIKWE	RUSTENBURG CBD	R 391	R 412	5%	R 433	R 454
NKANENG	NKANENG	R 182	R 192	5%	R 202	R 212
PHOTSANENG	PHOTSANENG	R 182	R 192	5%	R 202	R 212
PHOTSANENG	RUSTENBURG CBD	R 402	R 424	5%	R 445	R 467
REX	RUSTENBURG	R 223	R 235	5%	R 247	R 259
RUSTENBURG CBD	MAUMONG	R 376	R 397	5%	R 417	R 438
RUSTENBURG CBD	TLAPA	R 391	R 412	5%	R 433	R 454
RUSTENBURG CBD	MABITSE	R 360	R 379	5%	R 398	R 418
RUSTENBURG CBD	MAFIKA	R 346	R 365	5%	R 384	R 403
RUSTENBURG CBD	SERUTUBE	R 346	R 365	5%	R 384	R 403
RUSTENBURG CBD	MAILE2	R 372	R 392	5%	R 412	R 432
RUSTENBURG CBD	KOPMAN	R 372	R 392	5%	R 412	R 432
RUSTENBURG CBD	LEKGALONG	R 360	R 379	5%	R 398	R 418

RUSTENBURG CBD	IKAGENG	R 421	R 444	5%	R 466	R 489
RUSTENBURG CBD	LESUNG	R 464	R 489	5%	R 514	R 540
THEKWANE	THEKWANE	R 182	R 192	5%	R 202	R 212
THEKWANE	RUSTENBURG CBD	R 415	R 438	5%	R 460	R 483
ZAKHELE	ZAKHELE	R 182	R 192	5%	R 202	R 212
PUBLIC PASSENGER AND GOODS TRANSPORT BY-LAW DECOL (RM) -						
MINIBUS TAXI (SEATING CAPACITY < 16 PERSONS)		R 118	R 124	5%	R 130	R 137
MINIBUS TAXI (SEATING CAPACITY > 17 PERSONS)		R 153	R 162	5%	R 170	R 178
BUS		R 198	R 208	5%	R 219	R 230
GOODS VEHICLES		R 224	R 237	5%	R 248	R 261
ACCIDENT REPORT (COPY)		R 60	R 63	5%	R 66	R 70

EMERGENCY AND DISASTER MANAGEMENT

A. FEES FOR HAZARDOUS SUBSTANCES AND FIRE PROTECTION SERVICES

Tariffs for rendering of fire safety services: plans, inspections, events, standby, fire water tests, rational designs, fireworks applications and hazardous substances

TARRIF DESCRIPTION	Current 2019/2020 2019/2020	Proposed 2020/2021	Proposed % increase 2020/2021	Proposed 2021/2022	Proposed 2022/2023
Inspection of bulk depots and issuing of registration certificates	R 2 775.30	R 3 052.83	9%	R 3 327.58	R 3 627.07
Inspection of spray booth and issuing of spray permit as well as inspection of storage, handling and use of hazardous substances, and issuing of registration certificate	R 859.10	R 945.01	9%	R 1 030.06	R 3 957.13
Inspection of a dangerous goods vehicle and issuing of transport permit	R 859.10	R 945.01	9%	R 1 030.06	R 4 317.23
Issuing of certificate of fitness for a public building	R 859.10	R 945.01	9%	R 1 030.06	R 4 710.10
Release of emergency incident information as contemplated in Section 2 of the Fire Brigade Service By-Laws	R 123.20	R 135.52	9%	R 147.72	R 5 138.72
Temporary registration of hazardous substances installation for special events	R 61.60	R 67.76	9%	R 73.86	R 5 606.34
Plan approval for fire Protection Plans inclusive of a fire Installation drawing or smoke ventilation plan (per m2 or part thereof)	R 2.20	R 2.42	9%	R 2.64	R 6 116.52
Plan approval for fire Protection Plans inclusive of a fire Installation drawing or smoke ventilation plan(with a minimum fee of)	R 27 013.80	R 29 715.18	9%	R 32 389.55	R 6 673.12
Plan approval for fire Protection Plans inclusive of a fire Installation drawing or smoke ventilation plan(per building plan submitted and a maximum fee of)	R 27 013.80	R 29 715.18	9%	R 32 389.55	R 7 280.37
Plan approval for tenant layouts / amendments / deviations(per floor / per tenant)	R 392.70	R 431.97	9%	R 470.85	R 7 942.89
Plan approval for site development including amendments (SDP)(per submission)	R 392.70	R 431.97	9%	R 470.85	R 8 665.69
Plan approval for hazardous substances including amendments / deviations(per submission)	R 392.70	R 431.97	9%	R 470.85	R 9 454.27
Rational design for a thatched roof or lapa at a residential stand/erf(per submission)	R 478.50	R 526.35	9%	R 573.72	R 10 314.61
Plans for temporary structures at events that includes the rational design thereof	R 478.50	R 526.35	9%	R 573.72	R 11 253.23
Cost per Officer per hour or part thereof at events for standby and inspections	R 305.80	R 336.38	9%	R 366.65	R 12 277.28
Rational designs	R 982.30	R 1 080.53	9%	R 1 177.78	R 13 394.51
Fireworks display / discharge application	R 430.10	R 473.11	9%	R 515.69	R 14 613.41
General Fire Safety compliance letter / inspection request / fire water reticulation test result out of schedule	R 306.90	R 337.59	9%	R 367.97	R 15 943.23
Fire water reticulation tests at street hydrants per hydrant	R 306.90	R 337.59	9%	R 367.97	R 17 394.07
Restoration of lapsed annual hazardous substance certificate	R 430.10	R 473.11	9%	R 515.69	R 18 976.93

B. RENTAL PAYABLE FOR MAKING SERVICE EQUIPMENT AVAILABLE

Utilisation of vehicles	Call out cost	Utilisation cost per vehicle per	Current	Proposed	Proposed % increase	Proposed	Proposed
Type of vehicle			2019/2020	2020/2021	2020/2021	2021/2022	2022/2023
Rescue Pumper	R 250.00	R 500.00	R 961.95	R 1 058.15	9%	R 1 153.38	R 1 257.18
Aerial Apparatus	R 450.00	R 900.00	R 1 731.51	R 1 904.66	9%	R 2 076.08	R 2 262.93
Specialist Vehicle (Hazmat vehicle)	R 450.00	R 950.00	R 1 795.64	R 1 975.20	9%	R 2 152.97	R 2 346.74
Water Tanker	R 300.00	R 650.00	R 1 218.47	R 1 340.32	9%	R 1 460.95	R 1 592.43
Grass Unit	R 150.00	R 250.00	R 513.04	R 564.34	9%	R 615.13	R 670.50
Incident Command vehicle / response vehicle	R 495.00	R 800.00	R 1 660.97	R 1 827.06	9%	R 1 991.50	R 2 170.73
Diving Unit	R 450.00	R 950.00	R 1 795.64	R 1 975.20	9%	R 2 152.97	R 2 346.74
Utilisation of Specialised Equipment	R 250.00	R 650.00	R 1 154.34	R 1 269.77	9%	R 1 384.05	R 1 508.62
Kilometres (Km) Travelled		R2. 00	R 2.57	R 2.82	9%	R 3.08	R 3.35
USE OF PERSONNEL							
Personnel per h / per member		R 70.00	R 89.78	R 98.76	9%	R 107.65	R 117.34
USE OF WATER							
Water used per kl + Vat		R 7.50	R 9.62	R 10.58	9%	R 11.53	R 12.57

Note:
1 The time is calculated from arrival to departure
2 Utilisation cost includes cost of personnel and equipment
3 Call out tariff will be rendered for all incidents where a fire vehicle arrived on scene,
To all vehicles involved in an accident as well as for the following services rendered

a. Any form of scene safety including cones and regulating of traffic
b. Safety of the vehicle / s were ensured, which include the cutting of the battery cables
c. Fires: where a fire was extinguished before arrival but an investigation was done to ensure the house / building is safe
4. Utilisation Tariff will be rendered to the vehicle where work was done with the following equipment
· Hydraulic rescue set
· Positive pressure ventilator
· Carburandum Disc cutter
· Power saw
· Reciprocating saw
· Motorised break-in equipment

5. Fires: Any equipment used to extinguish the fire

- Portable pumps

Flooding: All houses involved in a flood

6. Utilisation of Specialised Equipment tariff apply for Specialist rescue operations (High Angel, Swift Water, Urban Search and Rescued, Mountain Rescue, Diving)
a. Deliver of expert services in specialised fires

	Current	Proposed	Proposed % increase	Proposed	Proposed
	2019/2020	2020/2021	2020/2021	2021/2022	2022/2023
A maximum restriction of **R6 000.00** (VAT included) is placed per private household for fire and rescue services.	7 409	8 150	9%	8 883	9 683

Exclusions

Fees are also applicable to all Council, Provincial and National Departments except the Office of the Mayor, Office of the Premier and office of the President.
The fees do not apply to grass, veld and rubbish fires on vacant Erf / Erven within the Rustenburg Local Municipality area.
Persons registered on the Council's Indigents Register will be exempted from paying costs for fire and rescue services.
Members of registered Fire Protection Associations established in terms of the National Veld and Forest Act, 1998 (Act 101 of 1998) will be exempted from
Informal residences i.e. a residence that does not receive any municipal services i.r.o electricity, water, waste removal and waterborne sewerage will be

Tariffs for making available fire and rescue equipment and rendering a standby service and events

1. For all standby services at events a full tariff for all the vehicles on standby, will be issued for the total of hours on standby.
2. All special services will receive full accounts

The Municipality may withdraw such equipment at any time should the Municipality need it elsewhere.

Note:
1. The time is calculated from arrival to departure
2. Utilisation cost includes cost of personnel and equipment
3. A single tariff per vehicle per hour is charged.

Utilisation of material

The tariff for material used is cost plus a surcharge of 15%. Provided that in respect of material for which the Municipality has determined a tariff, that tariff shall

Renting out of equipment outside the jurisdiction area of the Municipality

The tariffs as set out in this Annexure plus a surcharge of 50%.

C. ADJUSTMENT IN FEES PAYABLE TO THE SERVICE AS CONTEMPLATED IN CLAUSES A AND B OF THIS ANNEXURE

The Service must ensure that all fees referred to in clauses A and B of this Annexure are adjusted to keep trend with inflation according to the Consumer Price

GENERAL DIRECTIVES FOR THE PAYMENT OF THE ABOVE FEES

1. All certificates of registration, certificates of fitness and/or spraying permits will be valid for twelve (12) calendar months. A written application for the renewal
2. When application is made for registration, the appropriate application form, correctly completed in full, must be accompanied by the prescribed fees.
3. All the appropriate application forms are available from the Service and must be completed in full and, where applicable, be duly signed.
4. If, for whatever reason, the Service rejects an application for any certificate of registration, certificate of fitness or any permit, the applicant must, within 14
5. (a) The tariff for premises that are liable to registration in respect of paragraph 1(2) or (3), or a combination of them, will be a single fee of R700,00, Provided that such combination applies to one premises and is under the same control.

(b) If there are different divisions and/or affiliates within a business and/or company situated on the same premises but each division and/or affiliate is managed

i. All monies are payable in advance.

6. All relevant application forms are available at the Emergency Services Department (Fire Brigade Services) and must be completed in full and where applicable,
7. If certificates and/or spray/transport permits are refused, the applicant must take remedial steps within 14 days in order for the re-inspection to be free of

Restoration of lapsed certificate (each year certificate has not been renewed) R700, 00 (including VAT) plus current year registration fee

D. FEES PAYABLE FOR TRAINING AND DEVELOPMENT (FIRE & RESCUE TRAINING ACADEMY) INCLUDING RENTALS OF FACILITIES AND EQUIPMENTS	**Current**			**Proposed 2020 /2021**	**Proposed 2021 / 2022**	**Proposed 2022 / 2023**
	2019/2020			**9%**	**9%**	**9%**
Fire Fighter I	R 9 277	10 Weeks	R 9 277	10 112	11 022	12 014
Fire Fighter I Challenge	R 2 719	-	R 2 719	2 964	3 231	3 521
Haz-Mat Awareness	R 2 079	2 Weeks	R 2 079	2 266	2 470	2 693
Fire Fighter II	R 5 278	4 Weeks	R 5 278	5 753	6 271	6 835
Fire Fighter II Challenge	R 2 719	-	R 2 719	2 964	3 231	3 521
Haz-Mat Operational	R 3 679	2 Weeks	R 3 679	4 010	4 371	4 764
Fire Services Instructor	R 5 278	2 Weeks	R 5 278	5 753	6 271	6 835
Vehicle Rescue	R 2 079	2 Weeks	R 2 079	2 266	2 470	2 693
Basic Fire Fighting And Safety	R 823	1 Day	R 823	897	977	1 065
Industrial Fire Fighting	R 1 663	5 Days	R 1 663	1 813	1 976	2 154
SCBA	R 1 008	3 Days	R 1 008	1 099	1 198	1 306
Pump Operator	R 7 357	5 Days	R 7 357	8 020	8 741	9 528
All Appliances(Hydraulic Platform, Turntable Ladder, Industrial Foam Pumper)	R 8 396	5 Days	R 8 396	9 152	9 976	10 873
Rental of Porta Cabin Sleeping Rooms per person per day sharing	83.49 \ Per Room \ Sharing	1 Day	83	91	99	108
Rental of Training Props per Hour	654.61	Per Hour	655	714	778	848
Rental of Training Lecture-room per day	731.1726973	Per Day	731	797	869	947

E. Disaster Management

Tariffs for rendering of Evacuation plans and emergency evacuation drills

		With effect from 1 July 2020 until 30 June 2021
Description of service		**Total**
Emergency evacuation plans		Free of charge
Emergency assistance rendered at emergency evacuation drills	per official per hour or part thereof	Free of charge
Plan development, approval & site inspection for events organised by private/government		Free of charge
Venue Operations Centre for events organised by private/government organisations	per official per hour or part thereof	Free of charge
Plan development, approval & site inspection for events organised by RLM or RLM partnering with private sector		Free of charge
Venue Operations Centre for events organised by RLM or RLM partnering with private sector	per official per hour or part thereof	Free of charge

Services Within Municipal jurisdiction (Monthly contribution of fire lev)	Proposed Tariff 2020/2021
1 Rescue Involving public safety for humanitarian nature (Swimming pool rescue, Snake Rescue (cordoning of the area) , Bees Rescue (cordoning of the area), Public protest involving burning of tyres, decontamination of spillage on national and public roads etc.)	No costs to owner
2 Fire Involving informal, domestic structure as per indigenous policy	No costs to owner
3 Fire Levies - Domestic (where fire services are readily available)	R 28.91
4 Fire Levy - Non Domestic (where fire services are readily available)	R 40.23
5 Fire Availability Levy - Domestic (Where re-action time is greater than 30 minutes)	R 21.61
6 Fire Availability Levy - Non Domestic (Where re-action time is greater than 30 minutes)	R 28.91

OUTDOOR ADVERTISING SIGNS TARIFFS

TARRIF DESCRIPTION	Approved Tariffs 2019/20	Draft Amended Tariff Description	Draft Tariffs 2020/21	Draft Tariffs 2021/22	Draft Tariffs 2022/23
	R/C				
Application fee + administration fee	R 1 685	Application Fee (Class 1, 2 & 3) excluding agriculture & related land	R 1 786	R 1 883	R 1 984
			R -		
Display fee: Per Advertisement/Application - Private Property	R 8 414		R 8 919	R 9 400	R 9 908
Display fee: Per Advertisement/Application - Municipal (Council) Property	R 15 676	Use of Municipal Property Fee: Per Advertisement/Application for class 1, 2 & 3 (to be added to applicable display fee)	R 16 617	R 17 514	R 18 460
Encroachment fee(council land) per square meter for each sign type	R 3 135	Encroachment fee per square square meter (all classes)	R 3 323	R 3 503	R 3 692
		Storage fee per day (Illegal Advertisements) for all applicable classes	R 80	R 85	R 90
		Lodging of an Appeal per advertisement for all classes	R 4 950	R 5 247	R 5 562
		Inspection Fee for all classes (Per application/Advertisement)	R 198	R 210	R 222
CLASS 1: Billboards					
Application fee + administration fee	R 1 685	Display fee on Private Property: Per Advertisement/Application			
Gantry billboards	R 15 676	Gantry billboards (>18m²<81m²)	R 16 617	R 17 514	R 18 460
Large billboards	R 15 676	Large billboards (>41m²<81m²)	R 16 617	R 17 514	R 18 460
Medium billbords	R 5 175	Medium billbords (>19m²<41m²)	R 5 486	R 5 782	R 6 094
Small billboards	R 4 210	Small billboards (>4.5m²<19m²)	R 4 463	R 4 704	R 4 958
Smaller than 4.5m²	R 3 650	Smaller than 4.5m²	R 3 869	R 4 078	R 4 298
CLASS 2: Signs On Buildings And Structures					
Projecting signs					
Administration fee	R 360	Display fee on Private Property: Per Advertisement/Application			
Display fee per Application	R 505		R 535	R 564	R 595
Encroachment fee(council land) per square meter for each sign type	R 2 028				

Building attachment (roof signs, signs and murals on walls and roofs, a sign in the fabric of a building and advertisements on towers, bridges and pylons)			R -		
Application fee + administration fee	R 422				
Display fee per Advertisement	R 1 011		R 1 072	R 1 130	R 1 191
Wall signs/fascia signs					
Administration fee	R 360				
display fee per sign	R 505		R 535	R 564	R 595
Ground sign (excluding billboards)					
Application fee + administration fee					
Encroachment fee(council land) per square meter for each sign type	R 3 135				
Display fee per Advertisement	R 1 568				
CLASS 3: Signs on Premises and miscellaneous signs			**R -**		
Boundary walls and entrance gates					
Administration fee	R 360				
Display fee per Advertisement	R 1 037	Display fee on Private Property: Per Advertisement/Application	R 1 099	R 1 159	R 1 221
Residential and community-oriented buildings					
Administration fee	R 360				
Display fee per Advertisement	R 1 037		R 1 099	R 1 159	R 1 221
On –premises Business signs in urban Areas					
Administration fee	R 360				
display fee per Application	R 3 754		R 3 979	R 4 194	R 4 421
Miscellaneous signs for urban residential oriented land use and community services					
Administration fee	R 360				
Display fee per Advertisement	R 1 568		R 1 662	R 1 752	R 1 846
Signs for agricultural and related land use in rural and natural Arears					
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 1 011	Display fee on Private Property: Per Advertisement/Application	R 1 072	R 1 130	R 1 191
CLASS 4: Signs for Pedestrian Environments and Streets-scaping					
Street furniture signs					
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 1 181	Display fee on Private Property: Per Advertisement/Application	R 1 252	R 1 319	R 1 391
Street light/street pole sign, etc.					
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 1 181	Display fee on Private Property: Per Advertisement/Application	R 1 252	R 1 319	R 1 391
Lamp-post Posters					
Application fee + Administration fee	R 2 525	Application Fee	R 2 677	R 2 821	R 2 973

Display fee per Advertisement	R 5 049	Display fee on Private Property: Per Advertisement/Application	R 5 352	R 5 641	R 5 946
CLASS 5: Signs for Tourists and Travellers					
Service facility signs					
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 1 037	Display fee on Private Property: Per Advertisement/Application	R 1 099	R 1 159	R 1 221
Road traffic project signs					
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 1 037	Display fee on Private Property: Per Advertisement/Application	R 1 099	R 1 159	R 1 221
Tourism information signs			R -		
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 1 037	Display fee on Private Property: Per Advertisement/Application	R 1 099	R 1 159	R 1 221
Gateway signs					
Administration fee	R 360	Appplication Fee	R 382	R 402	R 424
Display fee per Advertisement	R 1 037	Display fee on Private Property: Per Advertisement/Application	R 1 099	R 1 159	R 1 221
CLASS 6: Mobile signs					
Advertising vehicles					
Application fee + administration fee	R 590	Application Fee	R 625	R 659	R 695
mobile trailer Advertising(14 days Display)	R 404	Display fee on Private Property: Per Advertisement/Application	R 428	R 451	R 476
Display fee per Advertisement (other Mobile signs)	R 435	Display fee on Private Property: Per Advertisement/Application	R 461	R 486	R 512
Digital signs					
Application fee	R 1 685	Application Fee	R 1 786	R 1 883	R 1 984
rental fee per sign (Municipal property)	R 16 000				
rental fee per sign (Private property)	R 9 000	Display fee on Private Property: Per Advertisement/Application	R 9 540	R 10 055	R 10 598
CLASS 7: Temporary Advertising					
In respect of general advertisements of a commercial nature (Events) i.e. construction site advertisements, signs for sporting events, festival & exhibitions ,temporary window signs etc.					
Application fee + administration fee	R 1 165	Application Fee	R 1 235	R 1 302	R 1 372
Up to 100 posters	R 3 030	Display fee on Private Property: Per Advertisement/Application	R 3 212	R 3 385	R 3 568
Each poster thereafter, an additional	R 31		R 33	R 35	R 37
Stickers for each poster	R 18		R 19	R 20	R 21
In respect of general advertisements for awareness campaigns with commercial content logo:					

Application fee + administration fee	R 1 196	Application Fee	R 1 268	R 1 336	R 1 408
Up to 100 posters, or part thereof	R 2 524	Display fee on Private Property: Per Advertisement/Application	R 2 675	R 2 820	R 2 972
Each poster thereafter, an additional	R 26		R 28	R 29	R 31
In respect of general advertisements for non-profit organisations(subject to submission of a NPO certificate from relevant authority- e.g. government					
Application fee + administration fee	R 862	Application Fee	R 914	R 963	R 1 015
Up to 100 posters, or part thereof	R 1 209	Display fee on Private Property: Per Advertisement/Application	R 1 282	R 1 351	R 1 424
Each poster thereafter, an additional	R 13		R 14	R 15	R 15
Stickers for each poster	R 10		R 11	R 11	R 12
In respect of election advertisements, per party/per candidate					
Posters (unlimited number)	R 2 525	Display fee on Private Property: Per Advertisement/Application	R 2 677	R 2 821	R 2 973
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Estate agents boards					
Administration fee(per agency)	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 836	Display fee on Private Property: Per Advertisement/Application	R 886	R 934	R 984
Advertising deposit (per agent)	R 4 075		R 4 320	R 4 553	R 4 799
Annual Licensing Fee (Residential)	R 1 892		R 2 006	R 2 126	R 2 253
Annual Licensing Fee (Commercial, Industrial, Non-residential Property)	R 7 150		R 7 579	R 8 034	R 8 516
Banners					
Per banner	R 627	Display fee on Private Property: Per Advertisement/Application	R 665	R 701	R 738
Sticker for each banner	R 18		R 19	R 20	R 21
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Removable posters, should council be required to remove any poster (per poster)	R 101		R 107	R 113	R 119
CLASS 8: Other signs					
Security signs			R -		
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 575	Display fee on Private Property: Per Advertisement/Application	R 610	R 642	R 677
Public service and other information signs					
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 500	Display fee on Private Property: Per Advertisement/Application	R 530	R 559	R 589
Aerial advertisements					
Application fee + administration fee	R 505	Application Fee	R 535	R 564	R 595
Display fee per Advertisement	R 2 027	Display fee on Private Property: Per Advertisement/Application	R 2 149	R 2 265	R 2 387
Refundable Deposit	R 445				
Electric and illuminated signs					

Application fee + administration fee	R 505	Application Fee	R 535	R 564	R 595
Advertisement (per square metre)	R 5 225	Display fee on Private Property: Per Advertisement/Application	R 5 539	R 5 838	R 6 153
Portable boards			R -		
Administration fee	R 360	Application Fee	R 382	R 402	R 424
Display fee per Advertisement	R 4 075	Display fee on Private Property: Per Advertisement/Application	R 4 320	R 4 553	R 4 799
For the erection of any billboards without approval, per week per square meter	R 255	Fine per square meter per week per illegal billboard	R 270	R 285	R 300
		Fine per square meter per week per illegal advertising	R 270	R 285	R 300
For the erection of any posters without approval, per week	R 1 658	Fine for illegal posters per week	R 1 757	R 1 852	R 1 952

HIRING OF SHOWGROUNDS HALLS

TARRIF DESCRIPTION	Frequency	Approved Tariffs 2019/20	Draft Tariffs 2020/21	Draft Tariffs 2021/22	Draft Tariffs 2022/23	2020/2021 INCREASE	2020/21 INCREASE
		R/C	R/C	R/C	R/C	R/C	(%)
HALLS							
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
Ans van Zyl Hall	Per Day	R 3 251	R 3 426	R 3 611	R 3 806	R 176	5.4% p.a
Ans van Zyl Hall	Per Week	R 22 754	R 23 983	R 25 278	R 26 643	R 1 229	5.4% p.a
Ans van Zyl Hall	Per Month	R 65 012	R 68 523	R 72 223	R 76 123	R 3 511	5.4% p.a
Ans van Zyl Hall	Per Rtb Show	R 9 102	R 9 593	R 10 111	R 10 657	R 491	5.4% p.a
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
Johann Voster	Per Day	R 3 251	R 3 426	R 3 611	R 3 806	R 176	5.4% p.a
Johann Voster	Per Week	R 16 253	R 17 131	R 18 056	R 19 031	R 878	5.4% p.a
Johann Voster	Per Month	R 6 138	R 50 961	R 53 713	R 56 613	R 44 823	5.4% p.a
Johann Voster	Per Rtb Show	R 6 497	R 6 848	R 7 218	R 7 608	R 351	5.4% p.a
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
Opperman	Per Day	R 3 295	R 3 473	R 3 660	R 3 858	R 178	5.4% p.a
Opperman	Per Week	R 16 253	R 17 131	R 18 056	R 19 031	R 878	5.4% p.a
Opperman	Per Month	R 6 138	R 50 961	R 53 713	R 56 613	R 44 823	5.4% p.a
Opperman	Per Rtb Show	R 4 551	R 4 797	R 5 056	R 5 329	R 246	5.4% p.a
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
Nolte- Bigger Hall	Per Day	R 648	R 683	R 720	R 759	R 35	5.4% p.a
Nolte- Bigger Hall	Per Week	R 19 504	R 20 557	R 21 667	R 22 837	R 1 053	5.4% p.a
Nolte- Bigger Hall	Per Month	R 52 010	R 54 818	R 57 778	R 60 898	R 2 809	5.4% p.a
Nolte- Bigger Hall	Per Rtb Show	R 7 151	R 7 537	R 7 945	R 8 374	R 386	5.4% p.a
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
Nolte Small Hall	Per Day	R 2 409	R 2 539	R 2 677	R 2 821	R 130	5.4% p.a
Nolte Small Hall	Per Week	R 15 603	R 16 445	R 17 333	R 18 269	R 843	5.4% p.a
Nolte Small Hall	Per Month	R 3 251	R 50 223	R 52 935	R 55 794	R 46 972	5.4% p.a
Nolte Small Hall	Per Rtb Show	R 3 251	R 3 426	R 3 611	R 3 806	R 176	5.4% p.a
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
KJH Behrens	Per Day	R 3 087	R 3 254	R 3 429	R 3 615	R 167	5.4% p.a
KJH Behrens	Per Week	R 22 754	R 23 983	R 25 278	R 26 643	R 1 229	5.4% p.a
KJH Behrens	Per Month	R 65 012	R 68 523	R 72 223	R 76 123	R 3 511	5.4% p.a
KJH Behrens	Per Rtb Show	R 9 102	R 9 593	R 10 111	R 10 657	R 491	5.4% p.a
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
Flip Joubert	Per Day	R 3 251	R 3 426	R 3 611	R 3 806	R 176	5.4% p.a
Flip Joubert	Per Week	R 22 754	R 23 983	R 25 278	R 26 643	R 1 229	5.4% p.a
Flip Joubert	Per Month	R 65 012	R 68 523	R 72 223	R 76 123	R 3 511	5.4% p.a
Flip Joubert	Per Rtb Show	R 9 102	R 9 593	R 10 111	R 10 657	R 491	5.4% p.a
Administrative Fee	Once Off	R 130	R 137	R 144	R 152	R 7	5.4% p.a
Kobie van Zyl	Per Day	R 32 506	R 34 261	R 36 111	R 38 061	R 1 755	5.4% p.a
Kobie van Zyl	Per Week	R 22 754	R 23 983	R 25 278	R 26 643	R 1 229	5.4% p.a
Kobie van Zyl	Per Month	R 65 012	R 68 523	R 72 223	R 76 123	R 3 511	5.4% p.a
Kobie van Zyl	Per Rtb Show	R 9 101	R 9 593	R 10 111	R 10 657	R 491	5.4% p.a
RENTAL FOR RUSTENBURG SHOWS							
Application Fee	Once Off	-	R 3 000	R 3 162	R 3 333	NEW	5.4% p.a
Part or Whole of Showgrounds	Per Day	-	R 8 712	R 9 182	R 9 678	NEW	5.4% p.a
	Per Week	-	R 60 981	R 64 274	R 67 745	NEW	5.4% p.a
	Per Month	-	R 243 924	R 257 096	R 270 979	NEW	5.4% p.a

RENTAL FOR OVAL RACING / RELATED							
Application Fee	Once Off	-	R 3 000	R 3 162	R 3 333	NEW	5.4% p.a
Part or whole of Facility	Per Day	-	R 4 356	R 4 591	R 4 839	NEW	5.4% p.a
	Per Week		R 30 492	R 32 139	R 33 874	NEW	5.4% p.a
	Per Month		R 121 968	R 128 554	R 135 496	NEW	5.4% p.a
RENTAL FOR AGRICULTURE SHOWS / RELATED							
Application Fee	Once Off	-	R 2 000	R 2 108	R 2 222	NEW	5.4% p.a
Proposed Farmer Production Support Unit / Agri-Park	Per Day	-	R 1 800	R 1 897	R 2 000	NEW	5.4% p.a
	Per Week	-	R 12 600	R 13 280	R 13 998	NEW	5.4% p.a
	Per Month	-	R 50 400	R 53 122	R 55 990	NEW	5.4% p.a

HIRING OF THE VARIOUS OFFICES OF THE SMME SUPPORT & DEVELOPMENT CENTRE

TARRIF DESCRIPTION	Frequency	Approved Tariffs 2019/20	Draft Tariffs 2020/21	Draft Tariffs 2021/22	Draft Tariffs 2022/23	2020/21 INCREASE	2020/21 INCREASE
		R/C	R/C	R/C	R/C	R/C	(%)
OFFICE 1							
Administrative Fee	Once Off	R 142	R 149	R 158	R 166	R 8	5.4% p.a
Usage	Per Day	R 496	R 523	R 552	R 581	R 27	5.4% p.a
Usage	5 Days Per Week	R 2 128	R 2 243	R 2 364	R 2 491	R 115	5.4% p.a
Usage	7 Days Per Week	R 2 482	R 2 616	R 2 758	R 2 907	R 134	5.4% p.a
Usage	Per Month	R 10 638	R 11 213	R 11 818	R 12 456	R 574	5.4% p.a
Usage	Per Annum	R 127 660	R 134 553	R 141 819	R 149 477	R 6 894	5.4% p.a
OFFICE 2							
Administrative Fee	Once Off	R 142	R 149	R 158	R 166	R 8	5.4% p.a
Usage	Per Day	R 496	R 523	R 552	R 581	R 27	5.4% p.a
Usage	5 Days Per Week	R 2 128	R 2 243	R 2 364	R 2 491	R 115	5.4% p.a
Usage	7 Days Per Week	R 2 482	R 2 616	R 2 758	R 2 907	R 134	5.4% p.a
Usage	Per Month	R 10 638	R 11 213	R 11 818	R 12 456	R 574	5.4% p.a
Usage	Per Annum	R 127 660	R 134 553	R 141 819	R 149 477	R 6 894	5.4% p.a
OFFICE 3							
Administrative Fee	Once Off	R 142	R 149	R 158	R 166	R 8	5.4% p.a
Usage	Per Day	R 496	R 523	R 552	R 581	R 27	5.4% p.a
Usage	5 Days Per Week	R 2 128	R 2 243	R 2 364	R 2 491	R 115	5.4% p.a
Usage	7 Days Per Week	R 2 482	R 2 616	R 2 758	R 2 907	R 134	5.4% p.a
Usage	Per Month	R 10 638	R 11 213	R 11 818	R 12 456	R 574	5.4% p.a
Usage	Per Annum	R 127 660	R 134 553	R 141 819	R 149 477	R 6 894	5.4% p.a

HIRING OF THE VISITORS & INFORMATION CENTRE AND THE TIDC FACILITIES

TARRIF DESCRIPTION	Frequency	Total per Month Calculation	Rebate (40%)	Proposed Rate per day	Approved Tariffs 2019/120	2020/2021 Increase	Draft Tariffs 2020/21	Draft Tariffs 2021/22	Draft Tariffs 2022/23
		R/C		R/C			R/C	R/C	R/C
TOURISM INFORMATION DEVELOPMENT CENTRE (TIDC)									
Store Rooms (29m²)	Monthly	R 1 450	R 580	R 29.00	NEW	NEW	R 870	R 917	R 966
Coffee Shop (52m²)	Monthly	R 2 600	R 1 040	R 52.00	NEW	NEW	R 1 560	R 1 644	R 1 733
Lapa (72m²)	Monthly	R 3 600	R 1 440	R 200.00	NEW	NEW	R 2 160	R 2 277	R 2 400
Amphitheatre (97m²)	Monthly	R 4 850	R 1 940	R 500.00	NEW	NEW	R 2 910	R 3 067	R 3 233
Rondavel 1 (68m²)	Monthly	R 6 460	R 2 584	-	NEW	NEW	R 3 876	R 4 085	R 4 306
Rondavel 2 (76m²)	Monthly	R 7 220	R 2 888	-	NEW	NEW	R 4 332	R 4 566	R 4 812
Rondavel 3 (102m²)	Monthly	R 9 690	R 3 876	-	NEW	NEW	R 5 814	R 6 128	R 6 459
Rondavel 4 (116m²)	Monthly	R 10 440	R 4 176	-	NEW	NEW	R 6 264	R 6 602	R 6 959
Rondavel 5 (122m²)	Monthly	R 10 980	R 4 392	-	NEW	NEW	R 6 588	R 6 944	R 7 319
Rondavel 6 (	Monthly	R 14 880	R 5 952	-	NEW	NEW	R 8 928	R 9 410	R 9 918
Administrative Fee	Daily				R 142	5.4%	R 150	R 158	R 167
TIDC Boardroom	Daily				R 342	5.4%	R 1 000	R 1 054	R 1 111
TIDC Kitchen	Daily				R 3 423	5.4%	R 1 500	R 1 581	R 1 666
TIDC Shaded and Play Areas	Daily				R 685	5.4%	R 1 000	R 1 054	R 1 111

TARIFFS FOR TRADING PERMITS

TARRIF DESCRIPTION	Frequency	Approved Tariffs 2019/20	Draft Tariffs 2020/21	Draft Tariffs 2021/22	Draft Tariffs 2022/23	2020/21 INCREASE	2020/21 INCREASE	
		R/C	R/C	R/C	R/C	R/C	(%)	
Trading permits								
New Card	Yearly	R -	R 100	R 105	R 111	R -	0%	NEW
Renewal of	As and Wher	R -	R 150	R 158	R 167	R -	0%	NEW

HIRING OF THE VARIOUS SPACES OF THE FLEA MARKET

TARRIF DESCRIPTION	Approved Administrative Fee 2019/20	Draft Administrative Fee 2020/21	Draft Electricity Fee 2020/21	Approved Refundable Deposit 2019/20	Draft Refundable Deposit 2020/21	Approved Tariffs 2019/20	Draft Tariffs 2020/21	Draft Tariffs 2021/22	Draft Tariffs 2022/23

	Non-Refundable	Non-Refundable	R/C	Deposit	Deposit	R/C	R/C	R/C	R/C
MAIN STALLS									
Stalls 22m2 (1 - 8)	NEW	R 150	R 150	NEW	R 2 365	NEW	R 2 365	R 2 493	R 2 627
Stalls 22m2 (9 - 23)	NEW	R 150	R 150	NEW	R 2 970	NEW	R 2 970	R 3 130	R 3 299
Store Room 24m2	NEW	R 150	R 150	NEW	R 2 280	NEW	R 2 280	R 2 403	R 2 533
Coffee Shop 103m2	NEW	R 150	R 150	NEW	R 9 785	NEW	R 9 785	R 10 313	R 10 870
POP -UP STALLS									
6 x 6m Stalls	R 150	R 50		R 1 000	R -	R 500	R 200	R 211	R 222
3x 6m Stall	R 150	R 50		R 750	R -	R 400	R 150	R 158	R 167
3 x 3m Stall	R 150	R 50		R 500	R -	R 350	R 100	R 105	R 111

TARIFFS FOR TRADING STALLS (INDIVIDUAL/SHARED)

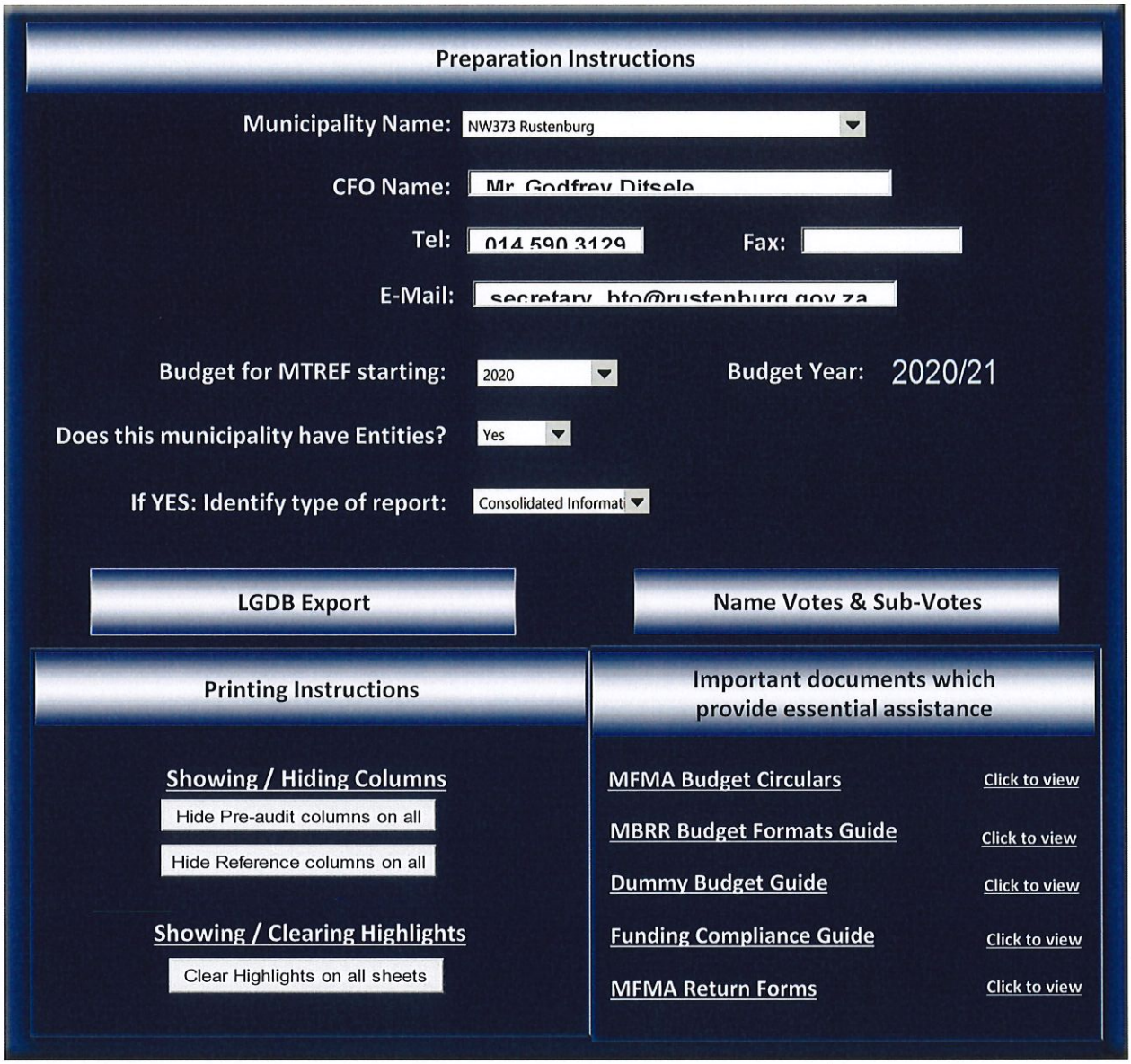
TARRIF DESCRIPTION	Approved Administrative Fee 2019/20	Draft Administrative Fee 2020/21	Approved Refundable Deposit 2019/20	Draft Refundable Deposit 2020/21	Approved Tariffs 2019/20	2020/21 INCREASE	2020/21 INCREASE	Draft Tariffs 2020/21	Draft Tariffs 2021/22	Draft Tariffs 2022/23
	Non-Refundable	Non-Refundable	Deposit	Deposit	R/C	R/C	(%)	R/C	R/C	R/C
MAX BORNMAN TRADING AREA										
6 x 6m Stalls	R 150	R 158	R 1 000	R 1 054	R 493	R 27	5.4%	R 519	R 547	R 577
6 x 6m Stall (Shared)	R 150	R 158	R 1 000	R 1 054	R 493	R 27	5.4%	R 519	R 547	R 577
3x 6m Stall	R 150	R 158	R 750	R 791	R 369	R 20	5.4%	R 389	R 395	R 419
3x 6m Stall (Shared)	R 150	R 158	R 750	R 791	R 369	R 20	5.4%	R 389	R 395	R 419
3 x 3m Stall	R 150	R 158	R 500	R 527	R 245	R 13	5.4%	R 258	R 262	R 277
HAWKERS/INFORMAL TRADING OPEN AREAS AT AREA ABUTING FATIMA BHAYAT DRIVE NEAR TUNNEL										
2 x 3m Open Space	R 105	R 111	R 105	R 111	R 31	R 119	5.4%	R 150	R 159	R 169
HAWKERS/INFORMAL TRADING OPEN SPACE 2: AREA OPPOSITE MAX BORNMAN SHOPPING CENTRE										
Demarcated Open Space	R 105	R 111	R 53	R 55	R 31	R 119	5.4%	R 150	R 159	R 169
SUPPLIERS' DEMARCATED OFFLOADING PARKINGSPACES : BETHLEHEM DRIVE										

Parking/Loading Zone/Space	R 105	R 111	R 842	R 888	R 489	R 26	5.4%	R 516	R 544	R 573	
HAWKERS STALLS AT BAMTA TRADING SHARED/INDIVIDUAL STALLS											
3 x 4.1m Stalls (Shared)	R 105	R 111	R 53	R 55	R 31	R 169	5.4%	R 200	R 212	R 225	
BAMTA Taxi Aisle	R 105	R 111	R 53	R 55	R 31	R 119	5.4%	R 150	R 159	R 169	
BUS Rank Terminals	R -	R 111	R -	R 55	R -	R 150	5.4%	R 150	R 159	R 169	NEW
HAWKERS STALLS AT THE MAIN TAXI RANK TRADING AREA (SHARED & INDIVIDUAL STALLS)											
3 x 3m Stall	R 105	R 111	R 421	R 444	R 245	R 13	5.4%	R 258	R 262	R 277	
3 x 3m Stall (Shared)	R 105	R 111	R 421	R 444	R 245	R 13	5.4%	R 258	R 262	R 277	
Taxi Aisle	R 105	R 111	R 53	R 55	R 31	R 119	5.4%	R 150	R 159	R 169	
OPEN ALIENATED TRADING SPACES : OTHER AREAS OUTSIDE THE CBD											
Rustenburg & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169	
Tlhabane & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169	

Boitekong & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Paardekraal & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Meriting & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Lethabong & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Marikana & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Phatsima & Extesnions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Boshoek	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Monakato & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169
Freedom Park & Extensions	R 105	R 111	R 53	R 55	R 42	R 108	5.4%	R 150	R 159	R 169

OTHER TRADING AREAS											
Trading near malls near the CBD (town) area	R -	R -	R -	R -	R -	R 200	0.0%	R 200	R 211	R 222	NEW
Trading near malls near in the township and rural areas	R -	R -	R -	R -	R -	R 200	0.0%	R 150	R 158	R 167	NEW


Municipal annual budgets
and MTREF
&
supporting tables
mSCOA Version 6.4
Click for Instructions!
Accountability
Transparency
Information &
service delivery
national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA
Contact details:
Elsabé Rossouw
National Treasury
Tel: (012) 315-5534
Electronic submissions:
LG Upload Portal


Preparation Instructions
Municipality Name: NW373 Rustenburg
CFO Name: Mr. Godfrey Ditsele
Tel: 014 590 3129
Fax:
E-Mail: secretary_bto@rustenburg.gov.za
Budget for MTREF starting: 2020
Budget Year: 2020/21
Does this municipality have Entities? Yes
If YES: Identify type of report: Consolidated Informati
LGDB Export
Name Votes & Sub-Votes
Printing Instructions
Showing / Hiding Columns
Hide Pre-audit columns on all
Hide Reference columns on all
Showing / Clearing Highlights
Clear Highlights on all sheets
Important documents which provide essential assistance
MFMA Budget Circulars
Click to view
MBRR Budget Formats Guide
Click to view
Dummy Budget Guide
Click to view
Funding Compliance Guide
Click to view
MFMA Return Forms
Click to view

Organisational Structure Votes		Complete Votes & Sub-Votes	Select Org. Structure
Vote 1 - EXECUTIVE MAYOR	Vote 1	EXECUTIVE MAYOR	
Vote 2 - MUNICIPAL MANAGER	1.1	001 - OFFICE OF THE EXECUTIVE MAYOR	1.1 - 001 - OFFICE OF THE EXECUTIVE MAYOR
Vote 3 - CORPORATE SUPPORT SERVICES	1.2	002 - OFFICE OF THE SPEAKER	1.2 - 002 - OFFICE OF THE SPEAKER
Vote 4 - BUDGET AND TREASURY	1.3	003 - MAYORAL COMMITTEE	1.3 - 003 - MAYORAL COMMITTEE
Vote 5 - PUBLIC SAFETY	1.4	004 - COUNCIL GENERAL	1.4 - 004 - COUNCIL GENERAL
Vote 6 - PLANNING AND HUMAN SETTLEMENT	1.5	005 - OFFICE OF THE CHIEF WHIP	1.5 - 005 - OFFICE OF THE CHIEF WHIP
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	1.6	006 - INTERGOVERNMENTAL RELATIONS	1.6 - 006 - INTERGOVERNMENTAL RELATIONS
Vote 8 - COMMUNITY DEVELOPMENT	1.7	007 - OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS	1.7 - 007 - OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS
Vote 9 - TECHNICAL AND INFRASTRUCTURE	1.8	008 - MONITORING AND EVALUATION	1.8 - 008 - MONITORING AND EVALUATION
Vote 10 - ROADS AND TRANSPORT	1.9	[Name of sub-vote]	
Vote 11 - MUNICIPAL ENTITY	1.10	[Name of sub-vote]	
Vote 12 - [NAME OF VOTE 12]	Vote 2	MUNICIPAL MANAGER	
Vote 13 - [NAME OF VOTE 13]	2.1	010 - OFFICE OF THE MUNICIPAL MANAGER	2.1 - 010 - OFFICE OF THE MUNICIPAL MANAGER
Vote 14 - [NAME OF VOTE 14]	2.2	011 - INTERNAL AUDITING	2.2 - 011 - INTERNAL AUDITING
Vote 15 - [NAME OF VOTE 15]	2.3	012 - INTEGRATED DEVELOPMENT PLAN (IDP)	2.3 - 012 - INTEGRATED DEVELOPMENT PLAN (IDP)
	2.4	013 - CORPORATE ADVISORY	2.4 - 013 - CORPORATE ADVISORY
	2.5	014 - PERFORMANCE MANAGEMENT SYSTEM	2.5 - 014 - PERFORMANCE MANAGEMENT SYSTEM
	2.6	017 - REGIONAL COMMUNITY CENTRES	2.6 - 017 - REGIONAL COMMUNITY CENTRES
	2.7	018 - PROJECT MANAGEMENT UNIT	2.7 - 018 - PROJECT MANAGEMENT UNIT
	2.8	019 - OFFICE OF THE CHIEF OPERATIONS OFFICER	2.8 - 019 - OFFICE OF THE CHIEF OPERATIONS OFFICER
	2.9	050 - LEGAL AND VALUATION SERVICES	2.9 - 050 - LEGAL AND VALUATION SERVICES
	2.10	[Name of sub-vote]	
	Vote 3	CORPORATE SUPPORT SERVICES	
	3.1	020 - OFFICE OF THE DIRECTOR CORPORATE SUPPORT SERVI	3.1 - 020 - OFFICE OF THE DIRECTOR CORPORATE SUPPORT SERVICES
	3.2	015 - INFORMATION TECHNOLOGY	3.2 - 015 - INFORMATION TECHNOLOGY
	3.3	025 - ADMINISTRATIVE SUPPORT	3.3 - 025 - ADMINISTRATIVE SUPPORT
	3.4	030 - HUMAN RESOURCE MANAGEMENT	3.4 - 030 - HUMAN RESOURCE MANAGEMENT
	3.5	035 - OCCUPATIONALHEALTH AND SAFETYY	3.5 - 035 - OCCUPATIONALHEALTH AND SAFETYY
	3.6	[Name of sub-vote]	
	3.7	[Name of sub-vote]	
	3.8	[Name of sub-vote]	
	3.9	[Name of sub-vote]	
	3.10	[Name of sub-vote]	
	Vote 4	BUDGET AND TREASURY	
	4.1	070 - OFFICE OF THE CHIEF FINANCIAL OFFICER	4.1 - 070 - OFFICE OF THE CHIEF FINANCIAL OFFICER
	4.2	075 - ACCOUNTING SERVICES	4.2 - 075 - ACCOUNTING SERVICES
	4.3	076 - BILLING	4.3 - 076 - BILLING
	4.4	080 - FINANCIAL CONTROL	4.4 - 080 - FINANCIAL CONTROL
	4.5	085 - SUPPLY CHAIN MANAGEMENT	4.5 - 085 - SUPPLY CHAIN MANAGEMENT
	4.6	090 - FINANCIAL MANAGEMENT SERVICES	4.6 - 090 - FINANCIAL MANAGEMENT SERVICES
	4.7	[Name of sub-vote]	
	4.8	[Name of sub-vote]	
	4.9	[Name of sub-vote]	
	4.10	[Name of sub-vote]	
	Vote 5	PUBLIC SAFETY	
	5.1	100 - OFFICE OF THE DIRECTOR PUBLIC SAFETY	5.1 - 100 - OFFICE OF THE DIRECTOR PUBLIC SAFETY
	5.2	115 - EMERGENCY AND DISASTER MANAGEMENT	5.2 - 115 - EMERGENCY AND DISASTER MANAGEMENT
	5.3	130 - TRAFFIC SERVICES	5.3 - 130 - TRAFFIC SERVICES
	5.4	140 - TESTING AND LICENSES	5.4 - 140 - TESTING AND LICENSES
	5.5	145 - LAW ENFORCEMENT	5.5 - 145 - LAW ENFORCEMENT
	5.6	[Name of sub-vote]	
	5.7	[Name of sub-vote]	
	5.8	[Name of sub-vote]	
	5.9	[Name of sub-vote]	
	5.10	[Name of sub-vote]	
	Vote 6	PLANNING AND HUMAN SETTLEMENT	
	6.1	150 - OFFICE OF THE DIRECTOR PLANNING AND HUMAN SETLE	6.1 - 150 - OFFICE OF THE DIRECTOR PLANNING AND HUMAN SETLEMENT
	6.2	155 - DEVELOPMENT PLANNING	6.2 - 155 - DEVELOPMENT PLANNING
	6.3	156 - ESTATES	6.3 - 156 - ESTATES
	6.4	160 - HOUSING PROVISION	6.4 - 160 - HOUSING PROVISION
	6.5	165 - BUILDING CONTROL AND REGULATIONS	6.5 - 165 - BUILDING CONTROL AND REGULATIONS
	6.6	[Name of sub-vote]	
	6.7	[Name of sub-vote]	
	6.8	[Name of sub-vote]	
	6.9	[Name of sub-vote]	
	6.10	[Name of sub-vote]	
	Vote 7	LOCAL ECONOMIC DEVELOPMENT	
	7.1	180 - LOCAL ECONOMIC DEVELOPMENT	7.1 - 180 - LOCAL ECONOMIC DEVELOPMENT
	7.2	185 - ENTERPRISE DEVELOPMENT	7.2 - 185 - ENTERPRISE DEVELOPMENT
	7.3	190 - POLICY AND RESEARCH	7.3 - 190 - POLICY AND RESEARCH
	7.4	195 - RURAL DEVELOPMENT	7.4 - 195 - RURAL DEVELOPMENT
	7.5	[Name of sub-vote]	
	7.6	[Name of sub-vote]	
	7.7	[Name of sub-vote]	
	7.8	[Name of sub-vote]	
	7.9	[Name of sub-vote]	
	7.10	[Name of sub-vote]	
	Vote 8	COMMUNITY DEVELOPMENT	
	8.1	200 - OFFICE OF THE DIRECTOR COMMUNITY DEVELOPMENT	8.1 - 200 - OFFICE OF THE DIRECTOR COMMUNITY DEVELOPMENT
	8.2	215 - LIBRARY AND INFORMATION SERVICES	8.2 - 215 - LIBRARY AND INFORMATION SERVICES
	8.3	220 - CEMETERIES	8.3 - 220 - CEMETERIES
	8.4	225 - COMMUNITY HALLS	8.4 - 225 - COMMUNITY HALLS
	8.5	230 - KLOOF HOLIDAY RESORT	8.5 - 235 - PARKS AND OPEN AREAS
	8.6	235 - PARKS AND OPEN AREAS	8.6 - 245 - SPORT FACILITIES
	8.7	245 - SPORT FACILITIES	8.7 - 250 - SWIMMING POOLS
	8.8	250 - SWIMMING POOLS	8.8 - 175 - INTEGRATED ENVIRONMENTAL MANAGEMENT
	8.9	175 - INTEGRATED ENVIRONMENTAL MANAGEMENT	8.9 - 305 - CIVIL FACILITIES DEVELOPMENT AND MANAGEMENT
		305 - CIVIL FACILITIES DEVELOPMENT AND MANAGEMENT	8.10 - 360 - WASTE MANAGEMENT
	8.10	360 - WASTE MANAGEMENT	8.10 - 360 - WASTE MANAGEMENT
	Vote 9	TECHNICAL AND INFRASTRUCTURE	
	9.1	300 - OFFICE OF THE DIRECTOR TECHNICAL SERVICSE AND INI	9.1 - 300 - OFFICE OF THE DIRECTOR TECHNICAL SERVICSE AND INFRASTRUCTURE DEVELOPMENT
	9.2	310 - ELECTRICAL ENGINEERING SERVICES	9.2 - 310 - ELECTRICAL ENGINEERING SERVICES
	9.3	315 - STREET LIGHTING	9.3 - 315 - STREET LIGHTING
	9.4	325 - MECHANICAL ENGINEERING SERVICES	9.4 - 325 - MECHANICAL ENGINEERING SERVICES
	9.5	340 - WATER SERVICE	9.5 - 340 - WATER SERVICE
	9.6	345 - SANITATION SERVICE	9.6 - 345 - SANITATION SERVICE
	9.7	[Name of sub-vote]	
	9.8	[Name of sub-vote]	
	9.9	[Name of sub-vote]	
	9.10	[Name of sub-vote]	
	Vote 10	ROADS AND TRANSPORT	
	10.1	270 - RUSTENBURG RAPID TRANSPORT	10.1 - 270 - RUSTENBURG RAPID TRANSPORT
	10.2	335 - ROADS AND STORMWATER	10.2 - 335 - ROADS AND STORMWATER
	10.3	[Name of sub-vote]	
	10.4	[Name of sub-vote]	
	10.5	[Name of sub-vote]	
	10.6	[Name of sub-vote]	
	10.7	[Name of sub-vote]	
	10.8	[Name of sub-vote]	
	10.9	[Name of sub-vote]	
	10.10	[Name of sub-vote]	
	Vote 11	MUNICIPAL ENTITY	
	11.1	RUSTENBURG WATER SERVICE TRUST	11.1 - RUSTENBURG WATER SERVICE TRUST
	11.2	[Name of sub-vote]	
	11.3	[Name of sub-vote]	
	11.4	[Name of sub-vote]	
	11.5	[Name of sub-vote]	
	11.6	[Name of sub-vote]	
	11.7	[Name of sub-vote]	
	11.8	[Name of sub-vote]	
	11.9	[Name of sub-vote]	
	11.10	[Name of sub-vote]	
	Vote 12	[NAME OF VOTE 12]	

12.1	[Name of sub-vote]	12.1 - [Name of sub-vote]
12.2	[Name of sub-vote]	
12.3	[Name of sub-vote]	
12.4	[Name of sub-vote]	
12.5	[Name of sub-vote]	
12.6	[Name of sub-vote]	
12.7	[Name of sub-vote]	
12.8	[Name of sub-vote]	
12.9	[Name of sub-vote]	
12.10	[Name of sub-vote]	
Vote 13	[NAME OF VOTE 13]	
13.1	[Name of sub-vote]	13.1 - [Name of sub-vote]
13.2	[Name of sub-vote]	
13.3	[Name of sub-vote]	
13.4	[Name of sub-vote]	
13.5	[Name of sub-vote]	
13.6	[Name of sub-vote]	
13.7	[Name of sub-vote]	
13.8	[Name of sub-vote]	
13.9	[Name of sub-vote]	
13.10	[Name of sub-vote]	
Vote 14	[NAME OF VOTE 14]	
14.1	[Name of sub-vote]	14.1 - [Name of sub-vote]
14.2	[Name of sub-vote]	
14.3	[Name of sub-vote]	
14.4	[Name of sub-vote]	
14.5	[Name of sub-vote]	
14.6	[Name of sub-vote]	
14.7	[Name of sub-vote]	
14.8	[Name of sub-vote]	
14.9	[Name of sub-vote]	
14.10	[Name of sub-vote]	
Vote 15	[NAME OF VOTE 15]	
15.1	[Name of sub-vote]	15.1 - [Name of sub-vote]
15.2	[Name of sub-vote]	
15.3	[Name of sub-vote]	
15.4	[Name of sub-vote]	
15.5	[Name of sub-vote]	
15.6	[Name of sub-vote]	
15.7	[Name of sub-vote]	
15.8	[Name of sub-vote]	
15.9	[Name of sub-vote]	
15.10	[Name of sub-vote]	

NW373 Rustenburg - Contact Information		
A. GENERAL INFORMATION		
Municipality	NW373 Rustenburg	
Grade		1 Grade in terms of the Remuneration of Public Office Bearers Act.
Province	NW NORTH WEST	
Web Address		
e-mail Address		
B. CONTACT INFORMATION		
Postal address:		
P.O. Box		
City / Town		
Postal Code		
Street address		
Building		
Street No. & Name		
City / Town		
Postal Code		
General Contacts		
Telephone number		
Fax number		

C. POLITICAL LEADERSHIP			
Speaker:		Secretary/PA to the Speaker:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
Mayor/Executive Mayor:		Secretary/PA to the Mayor/Executive Mayor:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
Deputy Mayor/Executive Mayor:		Secretary/PA to the Deputy Mayor/Executive Mayor:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
D. MANAGEMENT LEADERSHIP			
Municipal Manager:		Secretary/PA to the Municipal Manager:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
Chief Financial Officer		Secretary/PA to the Chief Financial Officer	
ID Number		ID Number	
Title		Title	
Name	Mr. Godfrey Ditsele	Name	
Telephone number	014 590 3129	Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address	secretary_bto@rustenburg.gov.za	E-mail address	
Official responsible for submitting financial information		Official responsible for submitting financial information	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

NW373 Rustenburg - Table A1 Consolidated Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	306 748	330 842	340 075	362 089	362 089	362 089	362 089	402 199	420 700	440 052
Service charges	2 631 853	2 749 160	3 034 858	3 373 982	3 370 153	3 370 153	3 373 982	3 332 554	3 487 723	3 650 132
Investment revenue	23 828	22 181	19 569	20 774	20 774	20 774	20 774	27 312	35 632	40 016
Transfers recognised - operational	458 809	532 021	703 274	772 560	845 290	845 290	845 290	858 084	955 897	961 496
Other own revenue	337 860	92 943	685 130	669 068	669 068	669 068	669 068	471 249	505 375	542 472
Total Revenue (excluding capital transfers and contributions)	3 759 097	3 727 147	4 782 905	5 198 472	5 267 374	5 267 374	5 271 202	5 091 399	5 405 327	5 634 169
Employee costs	584 389	621 170	689 646	739 404	745 820	745 820	745 820	764 181	813 279	864 075
Remuneration of councillors	31 420	38 650	56 614	60 893	60 893	60 893	60 893	64 306	67 779	71 439
Depreciation & asset impairment	362 143	422 667	446 984	448 974	448 974	448 974	448 974	507 217	529 162	543 271
Finance charges	92 709	87 432	100 026	50 877	50 877	50 877	50 877	53 444	50 979	47 567
Materials and bulk purchases	2 110 622	1 889 724	2 253 462	2 486 449	2 486 587	2 486 587	2 486 587	2 249 038	2 380 358	2 491 350
Transfers and grants	3 202	71 051	16 938	17 892	17 892	17 892	17 892	18 684	19 688	20 728
Other expenditure	886 772	974 821	1 208 863	1 236 739	1 372 466	1 372 466	1 372 466	1 428 303	1 530 825	1 575 694
Total Expenditure	4 071 257	4 105 515	4 772 532	5 041 228	5 183 508	5 183 508	5 183 508	5 085 174	5 392 070	5 614 124
Surplus/(Deficit)	(312 160)	(378 369)	10 373	157 245	83 866	83 866	87 694	6 225	13 256	20 045
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	530 606	626 546	506 885	485 172	538 328	538 328	538 328	506 885	525 463	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	218 446	248 177	517 258	642 416	622 193	622 193	626 021	513 110	538 719	545 195
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	218 446	248 177	517 258	642 416	622 193	622 193	626 021	513 110	538 719	545 195
Capital expenditure & funds sources										
Capital expenditure	1 262 407	731 421	858 690	788 360	829 837	829 837	829 837	594 256	636 759	637 194
Transfers recognised - capital	530 606	626 546	536 082	485 172	538 328	538 328	538 328	506 885	526 193	525 150
Borrowing	56 650	–	79 000	160 000	160 000	160 000	160 000	25 000	25 000	25 000
Internally generated funds	675 151	104 875	243 607	143 188	131 509	131 509	131 509	62 371	85 567	87 044
Total sources of capital funds	1 262 407	731 421	858 690	788 360	829 837	829 837	829 837	594 256	636 759	637 194
Financial position										
Total current assets	835 979	810 490	1 188 467	1 483 253	1 425 382	1 425 382	1 425 382	1 470 243	2 079 571	2 713 191
Total non current assets	8 540 037	8 862 556	10 746 892	11 392 459	11 392 459	11 392 459	11 392 459	11 497 699	11 621 872	11 733 897
Total current liabilities	943 992	1 034 351	740 075	721 259	721 259	721 259	721 259	917 667	1 003 959	1 032 151
Total non current liabilities	884 668	851 296	944 402	1 114 058	1 114 058	1 114 058	1 114 058	1 150 356	1 215 424	1 200 047
Community wealth/Equity	7 547 356	7 787 399	10 250 882	11 040 395	10 982 524	10 982 524	10 982 524	10 899 920	11 482 060	12 214 889
Cash flows										
Net cash from (used) operating	417 004	804 454	1 001 282	1 096 058	1 079 665	1 079 665	1 079 665	1 219 996	1 282 939	1 310 511
Net cash from (used) investing	(465 059)	(626 692)	(712 412)	(617 883)	(659 361)	(659 361)	(659 361)	(580 221)	(622 079)	(621 839)
Net cash from (used) financing	(123 172)	(120 264)	(3 240)	73 885	73 885	73 885	73 885	(77 975)	(82 712)	(87 666)
Cash/cash equivalents at the year end	173 136	230 634	516 254	834 632	776 761	776 761	776 761	792 434	1 370 583	1 971 588
Cash backing/surplus reconciliation										
Cash and investments available	173 987	231 831	517 097	835 509	777 638	777 638	777 638	793 350	1 371 541	1 972 591
Application of cash and investments	419 640	435 461	198 857	164 903	164 431	164 431	164 903	329 253	388 989	381 106
Balance - surplus (shortfall)	(245 653)	(203 630)	318 240	670 606	613 207	613 207	612 735	464 098	982 552	1 591 485
Asset management										
Asset register summary (WDV)	8 859 990	10 745 918	11 391 446	11 391 446	11 391 446	11 391 446	11 391 446	11 496 640	11 620 765	11 732 739
Depreciation	362 143	422 667	446 984	448 974	448 974	448 974	448 974	507 217	529 162	543 271
Renewal and Upgrading of Existing Assets	–	–	327 950	721 353	754 648	754 648	754 648	438 662	361 392	360 033
Repairs and Maintenance	84 666	108 460	244 627	212 063	212 063	212 063	212 063	172 173	189 922	199 523
Free services										
Cost of Free Basic Services provided	211 895	255 074	260 362	264 926	264 926	264 926	264 926	264 926	264 926	264 926
Revenue cost of free services provided	45 449	84 778	87 098	89 514	89 514	89 514	91 644	91 644	93 769	95 991
Households below minimum service level										
Water:	16	16	16	16	16	16	16	16	16	16
Sanitation/sewerage:	14	14	14	14	14	14	14	14	14	14
Energy:	15	15	15	15	15	15	15	15	15	15
Refuse:	86	86	86	86	86	86	86	86	86	86

NW373 Rustenburg - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		**536 230**	**579 294**	**643 350**	**675 213**	**673 213**	**673 213**	**751 366**	**799 025**	**846 150**
Executive and council		204 704	207 991	259 912	273 244	271 244	271 244	307 379	335 967	363 179
Finance and administration		331 525	371 303	383 438	401 970	401 970	401 970	443 986	463 058	482 971
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**36 668**	**29 082**	**311 959**	**167 233**	**167 370**	**167 370**	**120 016**	**130 551**	**141 251**
Community and social services		2 460	2 730	2 182	3 677	3 814	3 814	3 803	3 992	4 101
Sport and recreation		1 262	1 339	1 907	2 014	2 014	2 014	510	533	558
Public safety		28 301	20 084	168 560	156 026	156 026	156 026	112 122	122 280	132 674
Housing		4 645	4 929	139 311	5 516	5 516	5 516	3 581	3 746	3 918
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**116 083**	**89 312**	**166 877**	**295 091**	**369 491**	**369 491**	**132 805**	**139 556**	**146 823**
Planning and development		16 112	20 131	63 953	189 698	189 698	189 698	35 026	36 448	38 175
Road transport		99 971	69 182	102 924	105 392	179 792	179 792	97 778	103 108	108 648
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**3 070 116**	**3 021 459**	**3 708 809**	**4 060 935**	**4 061 128**	**4 061 128**	**4 087 213**	**4 336 195**	**4 499 945**
Energy sources		2 082 796	2 005 284	2 078 721	2 365 891	2 366 083	2 366 083	2 263 261	2 384 238	2 487 524
Water management		612 683	622 501	923 413	1 011 466	1 011 466	1 011 466	1 023 728	1 091 602	1 119 986
Waste water management		188 023	185 467	397 204	426 672	426 672	426 672	533 748	570 900	594 606
Waste management		186 614	208 206	309 471	256 907	256 907	256 907	266 476	289 455	297 829
Other	4	**530 606**	**634 545**	**458 796**	**485 172**	**534 499**	**534 499**	**506 885**	**525 463**	**525 150**
Total Revenue - Functional	2	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**
Expenditure - Functional										
Governance and administration		**430 465**	**501 910**	**516 369**	**577 607**	**611 556**	**611 556**	**622 531**	**655 157**	**693 115**
Executive and council		110 946	130 857	157 325	211 058	181 621	181 621	182 929	192 701	203 725
Finance and administration		314 847	366 059	353 703	360 813	423 949	423 949	432 408	454 821	481 292
Internal audit		4 671	4 995	5 341	5 736	5 986	5 986	7 194	7 634	8 099
Community and public safety		**224 415**	**239 382**	**492 619**	**367 742**	**371 615**	**371 615**	**363 802**	**391 994**	**415 051**
Community and social services		51 910	55 322	63 131	69 085	69 786	69 786	66 953	76 645	80 119
Sport and recreation		90 018	94 322	94 587	107 683	108 490	108 490	103 224	109 331	115 646
Public safety		64 078	70 075	179 952	168 826	169 737	169 737	170 289	181 331	193 183
Housing		18 408	19 662	154 949	22 147	22 372	22 372	23 335	24 687	26 103
Health		–	–	–	–	1 230	1 230	–	–	–
Economic and environmental services		**455 287**	**445 417**	**475 134**	**470 028**	**546 202**	**546 202**	**485 455**	**511 698**	**562 301**
Planning and development		51 728	59 016	72 413	78 731	79 849	79 849	83 205	103 973	109 970
Road transport		399 051	381 688	397 604	386 079	461 133	461 133	396 576	401 652	445 901
Environmental protection		4 507	4 713	5 117	5 218	5 219	5 219	5 674	6 073	6 431
Trading services		**2 961 091**	**2 918 806**	**3 288 410**	**3 625 851**	**3 654 135**	**3 654 135**	**3 613 386**	**3 833 221**	**3 943 657**
Energy sources		1 925 729	1 831 433	1 937 089	2 205 363	2 177 863	2 177 863	2 192 839	2 358 729	2 434 783
Water management		482 598	528 549	711 686	793 974	814 781	814 781	752 889	791 917	810 273
Waste water management		362 742	361 667	383 300	370 840	370 897	370 897	381 918	389 820	398 933
Waste management		190 022	197 156	256 334	255 675	290 593	290 593	285 741	292 755	299 668
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	**4 071 257**	**4 105 515**	**4 772 532**	**5 041 228**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit) for the year		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**513 110**	**538 719**	**545 195**

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a functional classification . The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

NW373 Rustenburg - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Municipal governance and administration		536 230	579 294	643 350	675 213	673 213	673 213	751 366	799 025	846 150
Executive and council		204 704	207 991	259 912	273 244	271 244	271 244	307 379	335 967	363 179
Mayor and Council		204 574	207 053	259 859	271 191	271 191	271 191	307 377	335 964	363 176
Municipal Manager, Town Secretary and Chief Executive		130	938	52	2 052	52	52	3	3	3
Finance and administration		331 525	371 303	383 438	401 970	401 970	401 970	443 986	463 058	482 971
Administrative and Corporate Support		1 688	1 791	7 095	42	42	42	44	46	48
Asset Management		–		–	–	–	–	–	–	–
Finance		329 006	368 664	371 993	397 861	397 861	397 861	439 111	457 958	477 636
Fleet Management		–		–	–	–	–	–	–	–
Human Resources		414	382	388	410	410	410	432	452	472
Information Technology		14	15	10	11	11	11	12	12	13
Legal Services		1	1	3 000	3 162	3 162	3 162	3 333	3 486	3 646
Marketing, Customer Relations, Publicity and Media Co-				–	–	–	–	–	–	–
Property Services		7	8	8	15	15	15	9	9	9
Risk Management				–	–	–	–	–	–	–
Security Services		395	419	444	470	470	470	497	519	543
Supply Chain Management			23	500		–	–	551	576	603
Valuation Service						–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–
Governance Function										
Community and public safety		36 668	29 082	311 959	167 233	167 370	167 370	120 016	130 551	141 251
Community and social services		2 460	2 730	2 182	3 677	3 814	3 814	3 803	3 992	4 101
Aged Care								–	–	–
Agricultural								–	–	–
Animal Care and Diseases								–	–	–
Cemeteries, Funeral Parlours and Crematoriums		865	918	945	996	996	996	1 033	1 080	1 130
Child Care Facilities			0	0				–	–	–
Community Halls and Facilities		1 014	1 076	1 025	1 080	1 080	1 080	1 077	1 126	1 178
Consumer Protection								–	–	–
Cultural Matters								–	–	–
Disaster Management								–	–	–
Education								–	–	–
Indigenous and Customary Law								–	–	–
Industrial Promotion								–	–	–
Language Policy								–	–	–
Libraries and Archives		581	737	212	1 601	1 738	1 738	1 694	1 785	1 792
Literacy Programmes								–	–	–
Media Services								–	–	–
Museums and Art Galleries								–	–	–
Population Development								–	–	–
Provincial Cultural Matters								–	–	–
Theatres								–	–	–
Zoo's								–	–	–
Sport and recreation		1 262	1 339	1 907	2 014	2 014	2 014	510	533	558
Beaches and Jetties								–	–	–
Casinos, Racing, Gambling, Wagering								–	–	–
Community Parks (including Nurseries)								–	–	–
Recreational Facilities		1 036	1 099	1 711	1 070	1 070	1 070	–	–	–
Sports Grounds and Stadiums		226	240	195	944	944	944	510	533	558
Public safety		28 301	20 084	168 560	156 026	156 026	156 026	112 122	122 280	132 674
Civil Defence								–	–	–
Cleansing								–	–	–
Control of Public Nuisances								–	–	–
Fencing and Fences								–	–	–
Fire Fighting and Protection		516	548	580	614	614	614	696	728	761
Licensing and Control of Animals		27 785	19 537	167 980	155 412	155 412	155 412	111 426	121 552	131 913
Police Forces, Traffic and Street Parking Control								–	–	–
Pounds								–	–	–
Housing		4 645	4 929	139 311	5 516	5 516	5 516	3 581	3 746	3 918
Housing		4 645	4 929	139 311	5 516	5 516	5 516	3 581	3 746	3 918
Informal Settlements								–	–	–
Health		–	–	–	–	–	–	–	–	–
Ambulance										
Health Services										
Laboratory Services										
Food Control										
Health Surveillance and Prevention of Communicable Diseases										
Vector Control										
Chemical Safety										

Economic and environmental services		**116 083**	**89 312**	**166 877**	**295 091**	**369 491**	**369 491**	**132 805**	**139 556**	**146 823**
Planning and development		**16 112**	**20 131**	**63 953**	**189 698**	**189 698**	**189 698**	**35 026**	**36 448**	**38 175**
Billboards								–	–	–
Corporate Wide Strategic Planning (IDPs, LEDs)								–	–	–
Central City Improvement District								–	–	–
Development Facilitation								–	–	–
Economic Development/Planning		345	366	884	3 656	3 656	3 656	4 946	5 174	5 412
Regional Planning and Development						–	–	–	–	–
Town Planning, Building Regulations and Enforcement, and City		5 400	8 870	52 168	174 875	174 875	174 875	16 488	17 246	18 040
Project Management Unit		10 366	10 894	10 901	11 167	11 167	11 167	13 592	14 028	14 724
Provincial Planning								–	–	–
Support to Local Municipalities								–	–	–
Road transport		**99 971**	**69 182**	**102 924**	**105 392**	**179 792**	**179 792**	**97 778**	**103 108**	**108 648**
Public Transport		98 336	67 447	85 764	87 301	161 701	161 701	85 726	90 501	95 461
Road and Traffic Regulation		1 585	1 681	17 103	18 032	18 032	18 032	12 052	12 606	13 186
Roads		50	53	56	60	60	60	–	–	–
Taxi Ranks								–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Biodiversity and Landscape										
Coastal Protection										
Indigenous Forests										
Nature Conservation										
Pollution Control										
Soil Conservation										
Trading services		**3 070 116**	**3 021 459**	**3 708 809**	**4 060 935**	**4 061 128**	**4 061 128**	**4 087 213**	**4 336 195**	**4 499 945**
Energy sources		**2 082 796**	**2 005 284**	**2 078 721**	**2 365 891**	**2 366 083**	**2 366 083**	**2 263 261**	**2 384 238**	**2 487 524**
Electricity		2 082 796	2 005 284	2 078 721	2 365 891	2 365 891	2 365 891	2 263 261	2 384 238	2 487 524
Street Lighting and Signal Systems						192	192	–	–	–
Nonelectric Energy						–	–	–	–	–
Water management		**612 683**	**622 501**	**923 413**	**1 011 466**	**1 011 466**	**1 011 466**	**1 023 728**	**1 091 602**	**1 119 986**
Water Treatment						–	–	–	–	–
Water Distribution		612 683	622 501	923 413	1 011 466	1 011 466	1 011 466	1 023 728	1 091 602	1 119 986
Water Storage						–	–	–	–	–
Waste water management		**188 023**	**185 467**	**397 204**	**426 672**	**426 672**	**426 672**	**533 748**	**570 900**	**594 606**
Public Toilets						–	–	–	–	–
Sewerage		188 023	185 467	397 204	426 672	426 672	426 672	533 748	570 900	594 606
Storm Water Management								–	–	–
Waste Water Treatment						–	–	–	–	–
Waste management		**186 614**	**208 206**	**309 471**	**256 907**	**256 907**	**256 907**	**266 476**	**289 455**	**297 829**
Recycling						–	–	–	–	–
Solid Waste Disposal (Landfill Sites)						–	–	–	–	–
Solid Waste Removal		186 614	208 206	309 471	256 907	256 907	256 907	266 476	289 455	297 829
Street Cleaning						–	–	–	–	–
Other		**530 606**	**634 545**	**458 796**	**485 172**	**534 499**	**534 499**	**506 885**	**525 463**	**525 150**
Abattoirs		530 606	634 545	458 796	485 172	534 499	534 499	506 885	525 463	525 150
Air Transport										
Forestry										
Licensing and Regulation										
Markets										
Tourism										
Total Revenue - Functional	2	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**

Expenditure - Functional									
Municipal governance and administration	430 465	501 910	516 369	577 607	611 556	611 556	622 531	655 157	693 115
Executive and council	110 946	130 857	157 325	211 058	181 621	181 621	182 929	192 701	203 725
Mayor and Council	82 438	93 081	119 050	163 622	136 675	136 675	137 085	144 018	152 030
Municipal Manager, Town Secretary and Chief Executive	28 509	37 775	38 275	47 436	44 946	44 946	45 844	48 683	51 695
Finance and administration	314 847	366 059	353 703	360 813	423 949	423 949	432 408	454 821	481 292
Administrative and Corporate Support	36 466	39 856	184 420	182 895	30 465	30 465	46 312	48 973	51 972
Asset Management			22 773	24 228	–	–	–	–	–
Finance	133 728	165 409	20 916	22 885	193 698	193 698	189 126	199 515	210 387
Fleet Management	19 789	21 095	32 496	36 529	31 889	31 889	25 360	26 876	28 473
Human Resources	18 189	18 908	13 530	14 364	24 085	24 085	22 126	23 346	24 740
Information Technology	30 122	31 477			37 529	37 529	35 973	36 943	40 632
Legal Services	11 357	20 730	34 147	39 961	25 364	25 364	26 541	27 263	28 056
Marketing, Customer Relations, Publicity and Media Co-					–	–	–	–	–
Property Services	28 796	32 200	33 660	28 464	40 316	40 316	39 753	42 155	44 453
Risk Management			11 761	11 488	–	–	–	–	–
Security Services	28 142	24 740	–		29 056	29 056	34 329	36 059	38 034
Supply Chain Management	8 257	11 644			11 547	11 547	12 888	13 692	14 545
Valuation Service					–	–	–	–	–
Internal audit	4 671	4 995	5 341	5 736	5 986	5 986	7 194	7 634	8 099
Governance Function	4 671	4 995	5 341	5 736	5 986	5 986	7 194	7 634	8 099
Community and public safety	224 415	239 382	492 619	367 742	371 615	371 615	363 802	391 994	415 051
Community and social services	51 910	55 322	63 131	69 085	69 786	69 786	66 953	76 645	80 119
Aged Care					–	–	–	–	–
Agricultural					–	–	–	–	–
Animal Care and Diseases					–	–	–	–	–
Cemeteries, Funeral Parlours and Crematoriums	6 835	7 642	7 929	8 145	8 511	8 511	8 695	9 478	10 059
Child Care Facilities					–	–	–	–	–
Community Halls and Facilities	25 889	27 592	33 563	37 873	37 806	37 806	33 167	40 506	42 958
Consumer Protection					–	–	–	–	–
Cultural Matters					–	–	–	–	–
Disaster Management					–	–	–	–	–
Education					–	–	–	–	–
Indigenous and Customary Law					–	–	–	–	–
Industrial Promotion					–	–	–	–	–
Language Policy					–	–	–	–	–
Libraries and Archives	19 186	20 089	21 638	23 067	23 469	23 469	25 091	26 660	27 102
Literacy Programmes					–	–	–	–	–
Media Services					–	–	–	–	–
Museums and Art Galleries					–	–	–	–	–
Population Development					–	–	–	–	–
Provincial Cultural Matters					–	–	–	–	–
Theatres					–	–	–	–	–
Zoo's					–	–	–	–	–
Sport and recreation	90 018	94 322	94 587	107 683	108 490	108 490	103 224	109 331	115 646
Beaches and Jetties					–	–	–	–	–
Casinos, Racing, Gambling, Wagering					–	–	–	–	–
Community Parks (including Nurseries)	31 889	32 694	35 596	37 925	38 565	38 565	40 354	42 784	45 374
Recreational Facilities	16 818	17 817	13 285	8 971	8 946	8 946	11 965	12 670	13 410
Sports Grounds and Stadiums	41 311	43 811	45 706	60 787	60 978	60 978	50 906	53 877	56 862
Public safety	64 078	70 075	179 952	168 826	169 737	169 737	170 289	181 331	193 183
Civil Defence	3 530	3 751	10 127	4 286	4 404	4 404	4 631	4 916	5 219
Cleansing			–		–	–	–	–	–
Control of Public Nuisances			–		–	–	–	–	–
Fencing and Fences			–		–	–	–	–	–
Fire Fighting and Protection	33 064	34 719	33 710	39 775	40 401	40 401	45 860	48 627	51 517
Licensing and Control of Animals	27 484	31 606	136 115	124 765	124 931	124 931	119 799	127 788	136 447
Police Forces, Traffic and Street Parking Control			–		–	–	–	–	–
Pounds			–		–	–	–	–	–
Housing	18 408	19 662	154 949	22 147	22 372	22 372	23 335	24 687	26 103
Housing	18 408	19 662	154 949	22 147	22 372	22 372	23 335	24 687	26 103
Informal Settlements					–	–	–	–	–
Health	–	–	–	–	1 230	1 230	–	–	–
Ambulance					–	–	–	–	–
Health Services					1 230	1 230	–	–	–
Laboratory Services					–	–	–	–	–
Food Control					–	–	–	–	–
Health Surveillance and Prevention of Communicable Diseases					–	–	–	–	–
Vector Control					–	–	–	–	–
Chemical Safety					–	–	–	–	–

Economic and environmental services		455 287	445 417	475 134	470 028	546 202	546 202	485 455	511 698	562 301
Planning and development		51 728	59 016	72 413	78 731	79 849	79 849	83 205	103 973	109 970
Billboards						–	–	–	–	–
Corporate Wide Strategic Planning (IDPs, LEDs)						–	–	–	–	–
Central City Improvement District						–	–	–	–	–
Development Facilitation		2 303	2 466	2 630	8 727	8 818	8 818	3 054	3 224	3 443
Economic Development/Planning		8 945	16 064	25 210	23 301	23 563	23 563	28 596	46 716	49 357
Regional Planning and Development				–		–	–	–	–	–
Town Planning, Building Regulations and Enforcement, and City		30 254	29 751	34 173	36 061	36 575	36 575	39 105	40 585	43 052
Project Management Unit		10 226	10 735	10 401	10 642	10 893	10 893	12 450	13 449	14 118
Provincial Planning						–	–	–	–	–
Support to Local Municipalities						–	–	–	–	–
Road transport		399 051	381 688	397 604	386 079	461 133	461 133	396 576	401 652	445 901
Public Transport		98 594	67 341	85 652	80 557	154 957	154 957	85 102	89 849	94 779
Road and Traffic Regulation		66 060	75 338	81 957	83 314	83 968	83 968	89 021	93 644	99 391
Roads		234 397	239 009	229 995	222 209	222 209	222 209	222 452	218 159	251 730
Taxi Ranks						–	–	–	–	–
Environmental protection		4 507	4 713	5 117	5 218	5 219	5 219	5 674	6 073	6 431
Biodiversity and Landscape						–	–	–	–	–
Coastal Protection						–	–	–	–	–
Indigenous Forests						–	–	–	–	–
Nature Conservation						–	–	–	–	–
Pollution Control		4 507	4 713	5 117	5 218	5 219	5 219	5 674	6 073	6 431
Soil Conservation						–	–	–	–	–
Trading services		2 961 091	2 918 806	3 288 410	3 625 851	3 654 135	3 654 135	3 613 386	3 833 221	3 943 657
Energy sources		1 925 729	1 831 433	1 937 089	2 205 363	2 177 863	2 177 863	2 192 839	2 358 729	2 434 783
Electricity		1 925 729	1 826 108	1 931 440	2 199 377	2 171 877	2 171 877	2 186 567	2 352 185	2 427 956
Street Lighting and Signal Systems			5 325	5 649	5 986	5 986	5 986	6 272	6 545	6 827
Nonelectric Energy						–	–	–	–	–
Water management		482 598	528 549	711 686	793 974	814 781	814 781	752 889	791 917	810 273
Water Treatment						–	–	–	–	–
Water Distribution		482 598	528 549	711 686	793 974	814 781	814 781	752 889	791 917	810 273
Water Storage						–	–	–	–	–
Waste water management		362 742	361 667	383 300	370 840	370 897	370 897	381 918	389 820	398 933
Public Toilets						–	–	–	–	–
Sewerage		362 742	361 667	383 300	370 840	370 897	370 897	381 918	389 820	398 933
Storm Water Management						–	–	–	–	–
Waste Water Treatment						–	–	–	–	–
Waste management		190 022	197 156	256 334	255 675	290 593	290 593	285 741	292 755	299 668.
Recycling						–	–	–	–	–
Solid Waste Disposal (Landfill Sites)		190 022	197 156	256 334	255 675	290 593	290 593	285 741	292 755	299 668
Solid Waste Removal						–	–	–	–	–
Street Cleaning						–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Abattoirs										
Air Transport										
Forestry										
Licensing and Regulation										
Markets										
Tourism										
Total Expenditure - Functional	3	4 071 257	4 105 515	4 772 532	5 041 228	5 183 508	5 183 508	5 085 174	5 392 070	5 614 124
Surplus/(Deficit) for the year		218 446	248 177	517 258	642 416	622 193	622 193	513 110	538 719	545 195

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist national and international accounts and comparison

2. Total Revenue by Functional Classification must reconcile to total operating revenue shown in Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to total operating expenditure shown in Financial Performance (revenue and expenditure)

4. All amounts must be classified under a Functional classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

check oprev balance	-	-	-	-	-	-	-	-	-
check opexp balance	-	-	-	-	-	-	-	-	-

NW373 Rustenburg - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - EXECUTIVE MAYOR		204 574	207 053	259 859	271 191	271 191	271 191	307 377	335 964	363 176
Vote 2 - MUNICIPAL MANAGER		10 497	11 833	13 953	16 381	14 381	14 381	16 927	17 516	18 373
Vote 3 - CORPORATE SUPPORT SERVICES		463	434	438	463	463	463	487	510	533
Vote 4 - BUDGET AND TREASURY		329 006	344 746	372 493	397 861	397 861	397 861	439 661	458 534	478 239
Vote 5 - PUBLIC SAFETY		30 281	32 185	185 677	174 527	174 527	174 527	124 671	135 405	146 404
Vote 6 - PLANNING AND HUMAN SETTLEMENT		10 046	13 799	191 479	180 391	180 391	180 391	20 069	20 992	21 958
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		345	366	884	3 656	3 656	3 656	4 946	5 174	5 412
Vote 8 - COMMUNITY DEVELOPMENT		190 361	222 303	314 011	262 606	262 743	262 743	270 797	293 989	302 497
Vote 9 - TECHNICAL AND INFRASTRUCTURE		3 415 744	3 453 473	3 656 633	4 067 109	4 116 629	4 116 629	4 112 670	4 345 429	4 488 019
Vote 10 - ROADS AND TRANSPORT		98 387	67 500	85 821	87 361	161 761	161 761	85 726	90 501	95 461
Vote 11 - MUNICIPAL ENTITY		–	–	208 542	222 097	222 097	222 097	214 952	226 774	239 247
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	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - EXECUTIVE MAYOR		82 438	93 081	136 736	128 765	136 675	136 675	137 085	144 018	152 030
Vote 2 - MUNICIPAL MANAGER		54 763	74 235	67 548	78 178	87 130	87 130	92 029	97 029	101 967
Vote 3 - CORPORATE SUPPORT SERVICES		76 712	81 633	79 697	93 040	95 240	95 240	89 532	93 504	100 661
Vote 4 - BUDGET AND TREASURY		141 985	167 053	196 181	194 383	205 245	205 245	202 015	213 207	224 932
Vote 5 - PUBLIC SAFETY		158 281	170 153	295 139	280 604	282 761	282 761	293 640	311 034	330 609
Vote 6 - PLANNING AND HUMAN SETTLEMENT		50 965	51 879	190 652	58 208	59 098	59 098	65 494	68 496	72 597
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		8 945	16 064	26 310	23 301	23 563	23 563	28 596	46 716	49 357
Vote 8 - COMMUNITY DEVELOPMENT		368 909	387 611	467 897	482 210	515 456	515 456	510 527	536 668	556 578
Vote 9 - TECHNICAL AND INFRASTRUCTURE		2 795 268	2 747 456	2 897 947	3 241 156	3 242 558	3 242 558	3 193 455	3 401 485	3 498 556
Vote 10 - ROADS AND TRANSPORT		332 991	316 350	315 647	302 766	377 166	377 166	307 554	308 008	346 509
Vote 11 - MUNICIPAL ENTITY		–	–	161 935	158 616	158 616	158 616	165 247	171 907	180 329
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	**4 071 257**	**4 105 515**	**4 835 688**	**5 041 228**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit) for the year	2	**218 446**	**248 177**	**454 103**	**642 416**	**622 193**	**622 193**	**513 110**	**538 719**	**545 195**

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

NW373 Rustenburg - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - EXECUTIVE MAYOR		**204 574**	**207 053**	**259 859**	**271 191**	**271 191**	**271 191**	**307 377**	**335 964**	**363 176**
001 - OFFICE OF THE EXECUTIVE MAYOR										
002 - OFFICE OF THE SPEAKER										
003 - MAYORAL COMMITTEE										
004 - COUNCIL GENERAL		204 574	207 053	259 859	271 191	271 191	271 191	307 377	335 964	363 176
005 - OFFICE OF THE CHIEF WHIP										
006 - INTERGOVERNMENTAL RELATIONS										
007 - OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS										
008 - MONITORING AND EVALUATION										
Vote 2 - MUNICIPAL MANAGER		**10 497**	**11 833**	**13 953**	**16 381**	**14 381**	**14 381**	**16 927**	**17 516**	**18 373**
010 - OFFICE OF THE MUNICIPAL MANAGER		128	136	50	50	50	50			
011 - INTERNAL AUDITING		–	–	–		–	–			
012 - INTEGRATED DEVELOPMENT PLAN (IDP)		–	–	–		–	–			
013 - CORPORATE ADVISORY		–	–	–		–	–			
014 - PERFORMANCE MANAGEMENT SYSTEM		–	–	–		–	–			
017 - REGIONAL COMMUNITY CENTRES		2	2	2	2	2	2	3	3	3
018 - PROJECT MANAGEMENT UNIT		10 366	10 894	10 901	11 167	11 167	11 167	13 592	14 028	14 724
019 - OFFICE OF THE CHIEF OPERATIONS OFFICER		–	800		2 000	–	–			
050 - LEGAL AND VALUATION SERVICES		1	1	3 000	3 162	3 162	3 162	3 333	3 486	3 646
Vote 3 - CORPORATE SUPPORT SERVICES		**463**	**434**	**438**	**463**	**463**	**463**	**487**	**510**	**533**
3.1 - 020 - OFFICE OF THE DIRECTOR CORPORATE SU		–	–	–		–	–			
3.2 - 015 - INFORMATION TECHNOLOGY		14	15	10	11	11	11	12	12	13
3.3 - 025 - ADMINISTRATIVE SUPPORT		35	37	39	42	42	42	44	46	48
3.4 - 030 - HUMAN RESOURCE MANAGEMENT		414	382	388	410	410	410	432	452	472
3.5 - 035 - OCCUPATIONALHEALTH AND SAFETYY		–	–	–		–	–			
Vote 4 - BUDGET AND TREASURY		**329 006**	**344 746**	**372 493**	**397 861**	**397 861**	**397 861**	**439 661**	**458 534**	**478 239**
4.1 - 070 - OFFICE OF THE CHIEF FINANCIAL OFFICER				–		–	–	28 442	28 477	28 477
4.2 - 075 - ACCOUNTING SERVICES		327 198	3 742	4 815	5 095	5 095	5 095	5 370	5 617	5 875
4.3 - 076 - BILLING		(1 551)	335 465	364 275	389 108	389 108	389 108	402 199	420 700	440 052
4.4 - 080 - FINANCIAL CONTROL		1 647	3 700	1 700	1 799	1 799	1 799	1 700	1 700	1 700
4.5 - 085 - SUPPLY CHAIN MANAGEMENT		–	23	500	525	525	525	551	576	603
4.6 - 090 - FINANCIAL MANAGEMENT SERVICES		1 711	1 816	1 203	1 334	1 334	1 334	1 400	1 464	1 531
Vote 5 - PUBLIC SAFETY		**30 281**	**32 185**	**185 677**	**174 527**	**174 527**	**174 527**	**124 671**	**135 405**	**146 404**
5.1 - 100 - OFFICE OF THE DIRECTOR PUBLIC SAFETY		–		–						
5.2 - 115 - EMERGENCY AND DISASTER MANAGEMEN		516	548	580	614	614	614	696	728	761
5.3 - 130 - TRAFFIC SERVICES		1 585	1 681	17 103	18 032	18 032	18 032	12 052	12 606	13 186
5.4 - 140 - TESTING AND LICENSES		27 785	29 537	167 550	155 412	155 412	155 412	111 426	121 552	131 913
5.5 - 145 - LAW ENFORCEMENT		395	419	444	470	470	470	497	519	543
Vote 6 - PLANNING AND HUMAN SETTLEMENT		**10 046**	**13 799**	**191 479**	**180 391**	**180 391**	**180 391**	**20 069**	**20 992**	**21 958**
6.1 - 150 - OFFICE OF THE DIRECTOR PLANNING AND		–	–	–						
6.2 - 155 - DEVELOPMENT PLANNING		656	841	1 697	1 806	1 806	1 806	953	997	1 043
6.3 - 156 - ESTATES		4 015	7 455	48 676	171 135	171 135	171 135	14 457	15 122	15 817
6.4 - 160 - HOUSING PROVISION		4 645	4 929	139 311	5 516	5 516	5 516	3 581	3 746	3 918
6.5 - 165 - BUILDING CONTROL AND REGULATIONS		730	574	1 796	1 934	1 934	1 934	1 078	1 127	1 179
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		**345**	**366**	**884**	**3 656**	**3 656**	**3 656**	**4 946**	**5 174**	**5 412**
7.1 - 180 - LOCAL ECONOMIC DEVELOPMENT		269	285	302	1 206	1 206	1 206	1 271	1 330	1 391
7.2 - 185 - ENTERPRISE / SMME DEVELOPMENT		76	81	582	450	450	450	55	58	60
7.3 - 190 - POLICY RESERCH AND MARKETING		–	–		2 000	2 000	2 000	3 500	3 661	3 829
7.4 - 195 - RURAL DEVELOPMENT								120	126	131
Vote 8 - COMMUNITY DEVELOPMENT		**190 361**	**222 303**	**314 011**	**262 606**	**262 743**	**262 743**	**270 797**	**293 989**	**302 497**
8.1 - 200 - OFFICE OF THE DIRECTOR COMMUNITY DE		18	19	14	–	–	–			
8.2 - 215 - LIBRARY AND INFORMATION SERVICES		581	737	642	1 601	1 738	1 738	1 694	1 785	1 792
8.3 - 220 - CEMETERIES		865	918	945	996	996	996	1 033	1 080	1 130
8.4 - 225 - COMMUNITY HALLS		1 014	1 076	1 025	1 080	1 080	1 080	1 077	1 126	1 178
8.5 - 235 - PARKS AND OPEN AREAS		900	955	1 011	1 070	1 070	1 070			
8.6 - 245 - SPORT FACILITIES		226	240	195	206	206	206	210	220	230
8.7 - 250 - SWIMMING POOLS		136	144	700	738	738	738	300	314	328
8.8 - 175 - INTEGRATED ENVIRONMENTAL MANAGEMI		0	0							
8.9 - 305 - CIVIL FACILITIES DEVELOPMENT AND MAN		7	8	8	9	9	9	9	9	9

NW373 Rustenburg - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
8.10 - 360 - WASTE MANAGEMENT		186 614	218 206	309 471	256 907	256 907	256 907	266 476	289 455	297 829
Vote 9 - TECHNICAL AND INFRASTRUCTURE		**3 415 744**	**3 453 473**	**3 656 633**	**4 067 109**	**4 116 629**	**4 116 629**	**4 112 670**	**4 345 429**	**4 488 019**
9.1 - 300 - OFFICE OF THE DIRECTOR TECHNICAL SEF		1 636	1 735	7 042	6	6	6			
9.2 - 310 - ELECTRICAL ENGINEERING SERVICES		2 082 796	2 005 284	2 078 721	2 365 891	2 365 891	2 365 891	2 263 261	2 384 238	2 487 524
9.3 - 315 - STREET LIGHTING		–	–	–	–	192	192			
9.4 - 325 - MECHANICAL ENGINEERING SERVICES						–	–			
9.5 - 340 - WATER SERVICE		612 683	622 501	923 413	1 011 466	1 011 466	1 011 466	1 023 728	1 091 602	1 119 986
9.6 - 345 - SANITATION SERVICE		188 023	189 409	188 662	204 575	204 575	204 575	318 796	344 126	355 359
		530 606	634 545	458 796	485 172	534 499	534 499	506 885	525 463	525 150
Vote 10 - ROADS AND TRANSPORT		**98 387**	**67 500**	**85 821**	**87 361**	**161 761**	**161 761**	**85 726**	**90 501**	**95 461**
10.1 - 270 - RUSTENBURG RAPID TRANSPORT		98 336	67 447	85 764	87 301	161 701	161 701	85 726	90 501	95 461
10.2 - 335 - ROADS AND STORMWATER		50	53	56	60	60	60			
Vote 11 - MUNICIPAL ENTITY		**–**	**–**	**208 542**	**222 097**	**222 097**	**222 097**	**214 952**	**226 774**	**239 247**
11.1 - RUSTENBURG WATER SERVICE TRUST				208 542	222 097	222 097	222 097	214 952	226 774	239 247
Vote 12 - [NAME OF VOTE 12]		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
12.1 - [Name of sub-vote]										
Vote 13 - [NAME OF VOTE 13]		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
13.1 - [Name of sub-vote]										
Vote 14 - [NAME OF VOTE 14]		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
14.1 - [Name of sub-vote]										
Vote 15 - [NAME OF VOTE 15]		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
15.1 - [Name of sub-vote]										
Total Revenue by Vote	2	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**

NW373 Rustenburg - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure by Vote	1									
Vote 1 - EXECUTIVE MAYOR		**82 438**	**93 081**	**136 736**	**128 765**	**136 675**	**136 675**	**137 085**	**144 018**	**152 030**
001 - OFFICE OF THE EXECUTIVE MAYOR		14 864	16 055	31 578	18 362	18 784	18 784	19 446	20 626	21 875
002 - OFFICE OF THE SPEAKER		9 802	10 304	17 540	18 662	18 584	18 584	18 863	20 278	21 431
003 - MAYORAL COMMITTEE		9 894	10 586	11 326	12 873	12 873	12 873	13 636	14 412	15 232
004 - COUNCIL GENERAL		42 188	48 908	67 065	68 792	76 292	76 292	74 329	77 255	81 373
005 - OFFICE OF THE CHIEF WHIP		2 088	3 386	4 813	5 204	5 204	5 204	5 797	6 138	6 497
006 - INTERGOVERNMENTAL RELATIONS		1 445	1 543	1 649	1 758	1 758	1 758	1 867	1 984	2 107
007 - OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS		1 978	2 112	2 570	2 907	3 028	3 028	2 931	3 098	3 275
008 - MONITORING AND EVALUATION		178	187	197	206	151	151	216	227	240
Vote 2 - MUNICIPAL MANAGER		**54 763**	**74 235**	**67 548**	**78 178**	**87 130**	**87 130**	**92 029**	**97 029**	**101 967**
010 - OFFICE OF THE MUNICIPAL MANAGER		7 822	14 860	14 632	20 202	19 712	19 712	18 902	20 070	21 309
011 - INTERNAL AUDITING		4 671	4 995	5 341	5 736	5 986	5 986	7 194	7 634	8 099
012 - INTEGRATED DEVELOPMENT PLAN (IDP)		1 500	1 599	1 704	1 814	1 814	1 814	1 919	2 035	2 158
013 - CORPORATE ADVISORY		–	–	–	–	–	–			
014 - PERFORMANCE MANAGEMENT SYSTEM		34	34	35	35	35	35	97	102	107
017 - REGIONAL COMMUNITY CENTRES		7 569	8 092	8 651	9 232	9 232	9 232	9 817	10 426	11 072
018 - PROJECT MANAGEMENT UNIT		10 226	10 735	10 401	10 642	10 834	10 834	12 450	13 449	14 118
019 - OFFICE OF THE CHIEF OPERATIONS OFFICER		11 585	13 191	13 253	16 152	14 152	14 152	15 110	16 050	17 048
050 - LEGAL AND VALUATION SERVICES		11 357	20 730	13 530	14 364	25 364	25 364	26 541	27 263	28 056
Vote 3 - CORPORATE SUPPORT SERVICES		**76 712**	**81 633**	**79 697**	**93 040**	**95 240**	**95 240**	**89 532**	**93 504**	**100 661**
3.1 - 020 - OFFICE OF THE DIRECTOR CORPORATE SU		2 421	2 577	2 765	2 950	2 950	2 950	3 017	3 204	3 403
3.2 - 015 - INFORMATION TECHNOLOGY		30 122	31 477	32 496	36 529	37 529	37 529	35 973	36 943	40 632
3.3 - 025 - ADMINISTRATIVE SUPPORT		20 677	23 004	17 413	24 162	24 162	24 162	14 465	15 345	16 276
3.4 - 030 - HUMAN RESOURCE MANAGEMENT		18 189	18 908	20 916	22 885	24 085	24 085	22 126	23 346	24 740
3.5 - 035 - OCCUPATIONALHEALTH AND SAFETYY		5 302	5 667	6 107	6 515	6 515	6 515	13 952	14 665	15 609
Vote 4 - BUDGET AND TREASURY		**141 985**	**167 053**	**196 181**	**194 383**	**205 245**	**205 245**	**202 015**	**213 207**	**224 932**
4.1 - 070 - OFFICE OF THE CHIEF FINANCIAL OFFICER		12 323	35 346	32 898	18 319	22 346	22 346	12 648	13 175	13 734
4.2 - 075 - ACCOUNTING SERVICES		38 277	40 065	65 889	81 943	82 579	82 579	89 364	94 167	99 177
4.3 - 076 - BILLING		21 435	23 995	37 115	33 017	33 692	33 692	27 568	29 159	30 834
4.4 - 080 - FINANCIAL CONTROL		44 780	37 971	28 747	28 167	31 550	31 550	32 806	34 483	36 241
4.5 - 085 - SUPPLY CHAIN MANAGEMENT		8 257	11 644	11 761	11 488	11 488	11 488	12 888	13 692	14 545
4.6 - 090 - FINANCIAL MANAGEMENT SERVICES		16 914	18 033	19 771	21 449	23 590	23 590	26 740	28 531	30 401
Vote 5 - PUBLIC SAFETY		**158 281**	**170 153**	**295 139**	**280 604**	**282 761**	**282 761**	**293 640**	**311 034**	**330 609**
5.1 - 100 - OFFICE OF THE DIRECTOR PUBLIC SAFETY		3 530	3 751	4 027	4 286	4 404	4 404	4 631	4 916	5 219
5.2 - 115 - EMERGENCY AND DISASTER MANAGEMEN		33 064	34 719	38 710	39 775	40 401	40 401	45 860	48 627	51 517
5.3 - 130 - TRAFFIC SERVICES		66 060	75 338	88 057	83 314	83 968	83 968	89 021	93 644	99 391
5.4 - 140 - TESTING AND LICENSES		27 484	31 606	135 685	124 765	124 931	124 931	119 799	127 788	136 447
5.5 - 145 - LAW ENFORCEMENT		28 142	24 740	28 660	28 464	29 056	29 056	34 329	36 059	38 034
Vote 6 - PLANNING AND HUMAN SETTLEMENT		**50 965**	**51 879**	**190 652**	**58 208**	**59 098**	**59 098**	**65 494**	**68 496**	**72 597**
6.1 - 150 - OFFICE OF THE DIRECTOR PLANNING AND		2 303	2 466	2 630	2 805	2 897	2 897	3 054	3 224	3 443
6.2 - 155 - DEVELOPMENT PLANNING		22 203	21 023	23 870	23 071	23 487	23 487	27 214	27 968	29 664
6.3 - 156 - ESTATES		3 271	3 596	3 736	4 348	4 398	4 398	5 626	5 965	6 323
6.4 - 160 - HOUSING PROVISION		18 408	19 662	154 949	22 147	22 372	22 372	23 335	24 687	26 103
6.5 - 165 - BUILDING CONTROL AND REGULATIONS		4 780	5 132	5 467	5 837	5 943	5 943	6 264	6 651	7 066
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		**8 945**	**16 064**	**26 310**	**23 301**	**23 563**	**23 563**	**28 596**	**46 716**	**49 357**
7.1 - 180 - LOCAL ECONOMIC DEVELOPMENT		3 336	3 513	10 908	9 731	7 415	7 415	4 570	5 375	5 702
7.2 - 185 - ENTERPRISE / SMME DEVELOPMENT		4 097	4 369	9 177	10 230	10 866	10 866	9 925	16 101	17 012
7.3 - 190 - POLICY RESERCH AND MARKETING		1 512	8 182	6 225	3 340	5 039	5 039	5 627	9 428	9 953
7.4 - 195 - RURAL DEVELOPMENT						242	242	8 474	15 812	16 689
Vote 8 - COMMUNITY DEVELOPMENT		**368 909**	**387 611**	**467 897**	**482 210**	**515 456**	**515 456**	**510 527**	**536 668**	**556 578**
8.1 - 200 - OFFICE OF THE DIRECTOR COMMUNITY DE		3 655	3 897	8 352	9 957	6 420	6 420	9 182	9 709	10 260
8.2 - 215 - LIBRARY AND INFORMATION SERVICES		19 186	20 089	22 068	23 067	23 469	23 469	25 091	26 660	27 102
8.3 - 220 - CEMETERIES		6 835	7 642	7 929	8 145	8 511	8 511	8 695	9 478	10 059
8.4 - 225 - COMMUNITY HALLS		25 889	27 592	33 563	37 873	46 776	46 776	33 167	40 506	42 958
8.5-230-KLOOF		7 546	8 006	8 479	8 971					
8.5 - 235 - PARKS AND OPEN AREAS		31 889	32 694	35 596	37 925	38 565	38 565	40 354	42 784	45 374
8.6 - 245 - SPORT FACILITIES		41 311	43 811	45 706	49 516	49 706	49 706	50 906	53 877	56 862
8.7 - 250 - SWIMMING POOLS		9 272	9 811	10 607	11 272	11 248	11 248	11 965	12 670	13 410

NW373 Rustenburg - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
175 - INTEGRATED ENVIRONMENTAL MANAG		4 507	4 713	5 117	5 218	5 219	5 219	5 674	6 073	6 431
8.9 - 305 - CIVIL FACILITIES DEVELOPMENT AND MAN/		28 796	32 200	34 147	34 593	34 948	34 948	39 753	42 155	44 453
8.10 - 360 - WASTE MANAGEMENT		190 022	197 156	256 334	255 675	290 593	290 593	285 741	292 755	299 668
Vote 9 - TECHNICAL AND INFRASTRUCTURE		**2 795 268**	**2 747 456**	**2 897 947**	**3 241 156**	**3 242 558**	**3 242 558**	**3 193 455**	**3 401 485**	**3 498 556**
9.1 - 300 - OFFICE OF THE DIRECTOR TECHNICAL SEI		4 410	4 712	5 033	5 368	5 743	5 743	5 696	6 049	6 423
9.2 - 310 - ELECTRICAL ENGINEERING SERVICES		1 925 729	1 826 108	1 931 440	2 199 377	2 171 877	2 171 877	2 186 567	2 352 185	2 427 956
9.3 - 315 - STREET LIGHTING			5 325	5 649	5 986	5 986	5 986	6 272	6 545	6 827
9.4 - 325 - MECHANICAL ENGINEERING SERVICES		19 789	21 095	22 773	24 228	31 889	31 889	25 360	26 876	28 473
9.5 - 340 - WATER SERVICE		482 598	528 549	711 686	793 974	814 781	814 781	752 889	791 917	810 273
9.6 - 345 - SANITATION SERVICE		362 742	361 667	221 366	212 224	212 281	212 281	216 671	217 914	218 604
Vote 10 - ROADS AND TRANSPORT		**332 991**	**316 350**	**315 647**	**302 766**	**377 166**	**377 166**	**307 554**	**308 008**	**346 509**
10.1 - 270 - RUSTENBURG RAPID TRANSPORT		98 594	67 341	85 652	80 557	154 957	154 957	85 102	89 849	94 779
10.2 - 335 - ROADS AND STORMWATER		234 397	249 009	229 995	222 209	222 209	222 209	222 452	218 159	251 730
Vote 11 - MUNICIPAL ENTITY		–	–	**161 935**	**158 616**	**158 616**	**158 616**	**165 247**	**171 907**	**180 329**
11.1 - RUSTENBURG WATER SERVICE TRUST				161 935	158 616	158 616	158 616	165 247	171 907	180 329
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
12.1 - [Name of sub-vote]										
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
13.1 - [Name of sub-vote]										
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
14.1 - [Name of sub-vote]										
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
15.1 - [Name of sub-vote]										
Total Expenditure by Vote	2	**4 071 257**	**4 105 515**	**4 835 688**	**5 041 228**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit) for the year	2	**218 446**	**248 177**	**454 103**	**642 416**	**622 193**	**622 193**	**513 110**	**538 719**	**545 195**

References

1. Insert 'Vote'; e.g. Department, if different to Functional structure

2. Must reconcile to Financial Performance ('Revenue and Expenditure by Functional Classification' and 'Revenue and Expenditure')

3. Assign share in 'associate' to relevant Vote

NW373 Rustenburg - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	306 748	330 842	340 075	362 089	362 089	362 089	362 089	402 199	420 700	440 052
Service charges - electricity revenue	2	2 011 578	2 001 740	1 977 151	2 253 168	2 253 168	2 253 168	2 253 168	2 133 939	2 231 383	2 333 309
Service charges - water revenue	2	387 672	497 545	581 946	619 817	619 817	619 817	619 817	589 526	616 950	645 635
Service charges - sanitation revenue	2	118 120	121 636	314 414	334 764	334 764	334 764	334 764	440 983	463 376	486 901
Service charges - refuse revenue	2	114 483	128 239	161 348	166 232	162 404	162 404	166 232	168 106	176 015	184 287
Rental of facilities and equipment		9 321	12 474	16 581	11 604	11 604	11 604	11 604	9 597	10 038	10 500
Interest earned - external investments		23 828	22 181	19 569	20 774	20 774	20 774	20 774	27 312	35 632	40 016
Interest earned - outstanding debtors		211 829	–	250 278	261 054	261 054	261 054	261 054	287 151	307 808	331 048
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		5 811	14 580	17 748	18 708	18 708	18 708	18 708	12 931	13 526	14 148
Licences and permits		10 584	10 398	9 653	10 213	10 213	10 213	10 213	11 913	12 461	13 034
Agency services		18 975	19 934	131 944	131 249	131 249	131 249	131 249	100 849	110 488	120 340
Transfers and subsidies		458 809	532 021	703 274	772 560	845 290	845 290	845 290	858 084	955 897	961 496
Other revenue	2	78 568	31 456	141 845	65 763	65 763	65 763	65 763	34 774	36 374	38 047
Gains		2 772	4 101	117 080	170 477	170 477	170 477	170 477	14 035	14 680	15 356
Total Revenue (excluding capital transfers and contributions)		**3 759 097**	**3 727 147**	**4 782 905**	**5 198 472**	**5 267 374**	**5 267 374**	**5 271 202**	**5 091 399**	**5 405 327**	**5 634 169**
Expenditure By Type											
Employee related costs	2	584 389	621 170	689 646	739 404	745 820	745 820	745 820	764 181	813 279	864 075
Remuneration of councillors		31 420	38 650	56 614	60 893	60 893	60 893	60 893	64 306	67 779	71 439
Debt impairment	3	472 929	550 717	539 436	635 638	635 638	635 638	635 638	596 000	627 000	615 000
Depreciation & asset impairment	2	362 143	422 667	446 984	448 974	448 974	448 974	448 974	507 217	529 162	543 271
Finance charges		92 709	87 432	100 026	50 877	50 877	50 877	50 877	53 444	50 979	47 567
Bulk purchases	2	2 025 956	1 781 264	2 008 835	2 274 386	2 274 386	2 274 386	2 274 386	2 236 734	2 367 475	2 477 878
Other materials	8	84 666	108 460	244 627	212 063	212 200	212 200	212 200	12 304	12 883	13 472
Contracted services		175 849	207 915	315 325	251 400	318 951	318 951	318 951	645 307	707 900	752 596
Transfers and subsidies		3 202	71 051	16 938	17 892	17 892	17 892	17 892	18 684	19 688	20 728
Other expenditure	4, 5	226 421	200 853	354 102	349 701	417 877	417 877	417 877	186 996	195 925	208 097
Losses		11 573	15 336								
Total Expenditure		**4 071 257**	**4 105 515**	**4 772 532**	**5 041 228**	**5 183 508**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**
Surplus/(Deficit)		**(312 160)**	**(378 369)**	**10 373**	**157 245**	**83 866**	**83 866**	**87 694**	**6 225**	**13 256**	**20 045**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		530 606	626 546	506 885	485 172	538 328	538 328	538 328	506 885	525 463	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**
Taxation											
Surplus/(Deficit) after taxation		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**218 446**	**248 177**	**517 258**	**642 416**	**622 193**	**622 193**	**626 021**	**513 110**	**538 719**	**545 195**

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method (Includes Joint Ventures)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE MAYOR		–	–	2 150	–	47	47	47	–	–	–
Vote 2 - MUNICIPAL MANAGER		–	–	5 650	31 743	34 075	34 075	34 075	9 731	10 500	11 067
Vote 3 - CORPORATE SUPPORT SERVICES		6 650	1 000	3 800	2 505	2 505	2 505	2 505	1 000	1 600	1 360
Vote 4 - BUDGET AND TREASURY		3 236	3 000	300	5 500	1 500	1 500	1 500	–	–	–
Vote 5 - PUBLIC SAFETY		–	–	9 200	6 000	5 000	5 000	5 000	11 800	11 944	12 063
Vote 6 - PLANNING AND HUMAN SETTLEMENT		–	–	11 400	8 000	7 950	7 950	7 950	9 000	9 527	9 555
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		–	2 004	18 191	4 100	4 700	4 700	4 700	650	8 900	9 110
Vote 8 - COMMUNITY DEVELOPMENT		11 638	9 066	37 421	53 032	51 081	51 081	51 081	30 390	64 726	63 536
Vote 9 - TECHNICAL AND INFRASTRUCTURE		989 179	345 462	519 060	477 813	448 064	448 064	448 064	232 540	270 006	275 876
Vote 10 - ROADS AND TRANSPORT		251 703	370 889	251 518	199 667	274 916	274 916	274 916	299 145	259 557	254 627
Vote 11 - MUNICIPAL ENTITY		–	–	–	–	–	–	–	–	–	–
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	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE MAYOR		–	–	–	–	–	–	–	–	–	–
Vote 2 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SUPPORT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - BUDGET AND TREASURY		–	–	–	–	–	–	–	–	–	–
Vote 5 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 6 - PLANNING AND HUMAN SETTLEMENT		–	–	–	–	–	–	–	–	–	–
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 8 - COMMUNITY DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 9 - TECHNICAL AND INFRASTRUCTURE		–	–	–	–	–	–	–	–	–	–
Vote 10 - ROADS AND TRANSPORT		–	–	–	–	–	–	–	–	–	–
Vote 11 - MUNICIPAL ENTITY		–	–	–	–	–	–	–	–	–	–
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		**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**
Capital Expenditure - Functional											
Governance and administration		**3 236**	**3 000**	**11 800**	**213 067**	**211 756**	**211 756**	**211 756**	**29 731**	**20 800**	**21 227**
Executive and council				7 800	31 485	34 114	34 114	34 114	9 468	10 500	11 067
Finance and administration		3 236	3 000	4 000	181 324	177 635	177 635	177 635	20 000	10 300	10 160
Internal audit					258	8	8	8	264	–	–
Community and public safety		**11 638**	**3 566**	**32 673**	**11 532**	**11 070**	**11 070**	**11 070**	**16 190**	**40 734**	**40 213**
Community and social services		518	3 566	14 866	1 900	2 749	2 749	2 749	800	24 730	24 000
Sport and recreation		11 120		7 107	1 132	822	822	822	590	1 060	1 150
Public safety				9 200	6 000	5 000	5 000	5 000	11 800	11 944	12 063
Housing				1 500	2 500	2 500	2 500	2 500	3 000	3 000	3 000
Health				–	–	–	–	–			
Economic and environmental services		**251 703**	**372 893**	**279 609**	**209 267**	**285 066**	**285 066**	**285 066**	**305 795**	**275 052**	**270 372**
Planning and development			2 004	28 091	9 600	10 150	10 150	10 150	6 650	15 427	15 666
Road transport		251 703	370 889	251 518	199 667	274 916	274 916	274 916	299 145	259 557	254 627
Environmental protection						–	–	–		69	80
Trading services		**989 179**	**350 962**	**402 058**	**354 494**	**321 945**	**321 945**	**321 945**	**242 540**	**300 173**	**305 382**
Energy sources		147 790	93 927	74 538	62 300	43 492	43 492	43 492	26 300	49 600	50 750
Water management		182 125	93 124	174 841	192 027	211 527	211 527	211 527	151 740	154 326	157 908
Waste water management		659 265	158 411	142 131	92 167	61 725	61 725	61 725	54 500	66 080	67 218
Waste management			5 500	10 547	8 000	5 200	5 200	5 200	10 000	30 167	29 506
Other		**6 650**	**1 000**	**132 550**							
Total Capital Expenditure - Functional	3	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**
Funded by:											
National Government		530 088	625 980	532 317	484 272	534 079	534 079	534 079	506 885	525 463	525 150
Provincial Government		518	566	3 766	900	4 249	4 249	4 249	–	730	–
District Municipality						–	–	–			
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)						–	–				
Transfers recognised - capital	4	**530 606**	**626 546**	**536 082**	**485 172**	**538 328**	**538 328**	**538 328**	**506 885**	**526 193**	**525 150**
Borrowing	6	56 650		79 000	160 000	160 000	160 000	160 000	25 000	25 000	25 000
Internally generated funds		675 151	104 875	243 607	143 188	131 509	131 509	131 509	62 371	85 567	87 044
Total Capital Funding	7	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by functional classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

NW373 Rustenburg - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Municipal Vote											
Multi-year expenditure appropriation	2										
Vote 1 - EXECUTIVE MAYOR		–	–	2 150	–	47	47	47	–	–	–
1.1 - 001 - OFFICE OF THE EXECUTIVE MAYOR		–	–	650		47	47	47	–	–	–
1.2 - 002 - OFFICE OF THE SPEAKER		–	–	850					–	–	–
1.3 - 003 - MAYORAL COMMITTEE		–	–						–	–	–
1.4 - 004 - COUNCIL GENERAL		–	–						–	–	–
1.5 - 005 - OFFICE OF THE CHIEF WHIP		–	–	650					–	–	–
1.6 - 006 - INTERGOVERNMENTAL RELATIONS		–	–						–	–	–
1.7 - 007 - OFFICE OF THE MUNICIPAL PUBLIC ACCOU		–	–						–	–	–
1.8 - 008 - MONITORING AND EVALUATION		–	–						–	–	–
									–	–	–
									–	–	–
Vote 2 - MUNICIPAL MANAGER		–	–	5 650	31 743	34 075	34 075	34 075	9 731	10 500	11 067
2.1 - 010 - OFFICE OF THE MUNICIPAL MANAGER				650	28 900	28 900	28 900	28 900	–	–	–
2.2 - 011 - INTERNAL AUDITING					258	8	8	8	264	–	–
2.3 - 012 - INTEGRATED DEVELOPMENT PLAN (IDP)						–	–	–	–	–	–
2.4 - 013 - CORPORATE ADVISORY						–	–	–	–	–	–
2.5 - 014 - PERFORMANCE MANAGEMENT SYSTEM						–	–	–	–	–	–
2.6 - 017 - REGIONAL COMMUNITY CENTRES				5 000	2 585	3 360	3 360	3 360	–	–	–
2.7 - 018 - PROJECT MANAGEMENT UNIT						1 808	1 808	1 808	9 000	10 500	11 067
2.8 - 019 - OFFICE OF THE CHIEF OPERATIONS OFFICER						–	–	–	468	–	–
2.9 - 050 - LEGAL AND VALUATION SERVICES						–	–	–	–	–	–
									–	–	–
Vote 3 - CORPORATE SUPPORT SERVICES		6 650	1 000	3 800	2 505	2 505	2 505	2 505	1 000	1 600	1 360
3.1 - 020 - OFFICE OF THE DIRECTOR CORPORATE SUPPORT SERVICES				300	5	5	5	5	–	–	–
3.2 - 015 - INFORMATION TECHNOLOGY		6 650	1 000	3 500	2 500	2 500	2 500	2 500	1 000	1 600	1 360
3.3 - 025 - ADMINISTRATIVE SUPPORT									–	–	–
3.4 - 030 - HUMAN RESOURCE MANAGEMENT									–	–	–
3.5 - 035 - OCCUPATIONALHEALTH AND SAFETYY									–	–	–
									–	–	–
									–	–	–
									–	–	–
									–	–	–
									–	–	–
Vote 4 - BUDGET AND TREASURY		3 236	3 000	300	5 500	1 500	1 500	1 500	–	–	–
4.1 - 070 - OFFICE OF THE CHIEF FINANCIAL OFFICER		3 236	3 000			–	–	–	–	–	–
4.2 - 075 - ACCOUNTING SERVICES					500	500	500	500	–	–	–
4.3 - 076 - BILLING				–	5 000	1 000	1 000	1 000	–	–	–
4.4 - 080 - FINANCIAL CONTROL				300		–	–		–	–	–
4.5 - 085 - SUPPLY CHAIN MANAGEMENT						–	–		–	–	–
4.6 - 090 - FINANCIAL MANAGEMENT SERVICES						–	–		–	–	–
									–	–	–
									–	–	–
									–	–	–
									–	–	–
Vote 5 - PUBLIC SAFETY		–	–	9 200	6 000	5 000	5 000	5 000	11 800	11 944	12 063
5.1 - 100 - OFFICE OF THE DIRECTOR PUBLIC SAFETY				200		–	–	–	–	120	240
5.2 - 115 - EMERGENCY AND DISASTER MANAGEMENT					2 500	2 500	2 500	2 500	–	1 963	1 768
5.3 - 130 - TRAFFIC SERVICES				9 000	3 500	2 440	2 440	2 440	3 400	2 073	1 863
5.4 - 140 - TESTING AND LICENSES					–	60	60	60	4 050	2 650	1 289
5.5 - 145 - LAW ENFORCEMENT						–	–	–	4 350	5 139	6 903
						–	–	–	–	–	–
									–	–	–
									–	–	–
									–	–	–
									–	–	–
Vote 6 - PLANNING AND HUMAN SETTLEMENT		–	–	11 400	8 000	7 950	7 950	7 950	9 000	9 527	9 555
6.1 - 150 - OFFICE OF THE DIRECTOR PLANNING AND HUMAN SETLEMENT				100		–	–	–	–	–	–
6.2 - 155 - DEVELOPMENT PLANNING						–	–	–	–	–	–
6.3 - 156 - ESTATES				9 800	5 500	5 348	5 348	5 348	6 000	6 000	6 000
6.4 - 160 - HOUSING PROVISION				1 500	2 500	2 500	2 500	2 500	3 000	3 000	3 000
6.5 - 165 - BUILDING CONTROL AND REGULATIONS						102	102	102	–	527	555
						–	–	–	–	–	–
									–	–	–
									–	–	–
									–	–	–
									–	–	–
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		–	2 004	18 191	4 100	4 700	4 700	4 700	650	8 900	9 110
7.1 - 180 - LOCAL ECONOMIC DEVELOPMENT			2 004	18 191	1 100	1 700	1 700	1 700	–	5 000	5 000
7.2 - 185 - ENTERPRISE DEVELOPMENT					3 000	3 000	3 000	3 000	650	1 792	1 889
7.3 - 190 - POLICY AND RESEARCH						–	–	–	–	1 054	1 111
7.4 - 195 - RURAL DEVELOPMENT									–	1 054	1 111
									–	–	–
									–	–	–
									–	–	–
									–	–	–
									–	–	–

Vote 8 - COMMUNITY DEVELOPMENT	11 638	9 066	37 421	53 032	51 081	51 081	51 081	30 390	64 726	63 536
8.1 - 200 - OFFICE OF THE DIRECTOR COMMUNITY DEVELOPMENT			300		–	–	–	–	–	–
8.2 - 215 - LIBRARY AND INFORMATION SERVICES	518	566	3 766	900	1 749	1 749	1 749	–	730	–
8.3 - 220 - CEMETERIES		3 000	–	1 000	1 000	1 000	1 000	800	24 000	24 000
8.4 - 225 - COMMUNITY HALLS			6 500		–	–	–	–	–	–
8.5 - 235 - PARKS AND OPEN AREAS			3 650	753	753	753	753	260	300	300
8.6 - 245 - SPORT FACILITIES			2 980	299	(12)	(12)	(12)	230	700	800
8.7 - 250 - SWIMMING POOLS	11 120		177	81	81	81	81	100	60	50
8.8 - 175 - INTEGRATED ENVIRONMENTAL MANAGEME	–		–		–	–	–	–	69	80
8.9 - 305 - CIVIL FACILITIES DEVELOPMENT AND MAN	–		9 500	42 000	42 311	42 311	42 311	19 000	8 700	8 800
8.10 - 360 - WASTE MANAGEMENT		5 500	10 547	8 000	5 200	5 200	5 200	10 000	30 167	29 506
Vote 9 - TECHNICAL AND INFRASTRUCTURE	989 179	345 462	519 060	477 813	448 064	448 064	448 064	232 540	270 006	275 876
9.1 - 300 - OFFICE OF THE DIRECTOR TECHNICAL SE	–	–	650	1 000	1 000	1 000	1 000	–	–	–
9.2 - 310 - ELECTRICAL ENGINEERING SERVICES	121 558	75 306	62 838	41 300	41 300	41 300	41 300	25 800	49 600	50 750
9.3 - 315 - STREET LIGHTING	26 232	18 621	11 700	21 000	2 192	2 192	2 192	500	–	–
9.4 - 325 - MECHANICAL ENGINEERING SERVICES	–	–	126 900	130 319	130 319	130 319	130 319	–	–	–
9.5 - 340 - WATER SERVICE	182 125	93 124	174 841	192 027	211 527	211 527	211 527	151 740	154 326	157 908
9.6 - 345 - SANITATION SERVICE	659 265	158 411	142 131	92 167	61 725	61 725	61 725	54 500	66 080	67 218
								–	–	–
								–	–	–
								–	–	–
								–	–	–
Vote 10 - ROADS AND TRANSPORT	251 703	370 889	251 518	199 667	274 916	274 916	274 916	299 145	259 557	254 627
10.1 - 270 - RUSTENBURG RAPID TRANSPORT	99 341	181 444	212 560	137 979	161 979	161 979	161 979	158 500	162 030	157 100
10.2 - 335 - ROADS AND STORMWATER	152 362	189 445	38 958	61 688	112 937	112 937	112 937	140 645	97 526	97 526
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
Vote 11 - MUNICIPAL ENTITY	–	–	–	–	–	–	–	–	–	–
11.1 - RUSTENBURG WATER SERVICE TRUST								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–	–
12.1 - [Name of sub-vote]								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–	–
13.1 - [Name of sub-vote]								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–	–
14.1 - [Name of sub-vote]								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–	–
15.1 - [Name of sub-vote]								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
								–	–	–
Capital multi-year expenditure sub-total	1 262 407	731 421	858 690	788 360	829 837	829 837	829 837	594 256	636 759	637 194

Capital expenditure - Municipal Vote Single-year expenditure appropriation	2									
Vote 1 - EXECUTIVE MAYOR	–	–	–	–	–	–	–	–	–	–
1.1 - 001 - OFFICE OF THE EXECUTIVE MAYOR										
1.2 - 002 - OFFICE OF THE SPEAKER										
1.3 - 003 - MAYORAL COMMITTEE										
1.4 - 004 - COUNCIL GENERAL										
1.5 - 005 - OFFICE OF THE CHIEF WHIP										
1.6 - 006 - INTERGOVERNMENTAL RELATIONS										
1.7 - 007 - OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS										
1.8 - 008 - MONITORING AND EVALUATION										
Vote 2 - MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–	–
2.1 - 010 - OFFICE OF THE MUNICIPAL MANAGER										
2.2 - 011 - INTERNAL AUDITING										
2.3 - 012 - INTEGRATED DEVELOPMENT PLAN (IDP)										
2.4 - 013 - CORPORATE ADVISORY										
2.5 - 014 - PERFORMANCE MANAGEMENT SYSTEM										
2.6 - 017 - REGIONAL COMMUNITY CENTRES										
2.7 - 018 - PROJECT MANAGEMENT UNIT										
2.8 - 019 - OFFICE OF THE CHIEF OPERATIONS OFFICER										
2.9 - 050 - LEGAL AND VALUATION SERVICES										
Vote 3 - CORPORATE SUPPORT SERVICES	–	–	–	–	–	–	–	–	–	–
3.1 - 020 - OFFICE OF THE DIRECTOR CORPORATE SUPPORT SERVICES										
3.2 - 015 - INFORMATION TECHNOLOGY										
3.3 - 025 - ADMINISTRATIVE SUPPORT										
3.4 - 030 - HUMAN RESOURCE MANAGEMENT										
3.5 - 035 - OCCUPATIONALHEALTH AND SAFETYY										
Vote 4 - BUDGET AND TREASURY	–	–	–	–	–	–	–	–	–	–
4.1 - 070 - OFFICE OF THE CHIEF FINANCIAL OFFICER										
4.2 - 075 - ACCOUNTING SERVICES										
4.3 - 076 - BILLING										
4.4 - 080 - FINANCIAL CONTROL										
4.5 - 085 - SUPPLY CHAIN MANAGEMENT										
4.6 - 090 - FINANCIAL MANAGEMENT SERVICES										
Vote 5 - PUBLIC SAFETY	–	–	–	–	–	–	–	–	–	–
5.1 - 100 - OFFICE OF THE DIRECTOR PUBLIC SAFETY										
5.2 - 115 - EMERGENCY AND DISASTER MANAGEMENT										
5.3 - 130 - TRAFFIC SERVICES										
5.4 - 140 - TESTING AND LICENSES										
5.5 - 145 - LAW ENFORCEMENT										
Vote 6 - PLANNING AND HUMAN SETTLEMENT	–	–	–	–	–	–	–	–	–	–
6.1 - 150 - OFFICE OF THE DIRECTOR PLANNING AND HUMAN SETLEMENT										
6.2 - 155 - DEVELOPMENT PLANNING										
6.3 - 156 - ESTATES										
6.4 - 160 - HOUSING PROVISION										
6.5 - 165 - BUILDING CONTROL AND REGULATIONS										
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	–	–	–	–	–	–	–	–	–	–
7.1 - 180 - LOCAL ECONOMIC DEVELOPMENT										
7.2 - 185 - ENTERPRISE DEVELOPMENT										
7.3 - 190 - POLICY AND RESEARCH										
7.4 - 195 - RURAL DEVELOPMENT										
Vote 8 - COMMUNITY DEVELOPMENT	–	–	–	–	–	–	–	–	–	–
8.1 - 200 - OFFICE OF THE DIRECTOR COMMUNITY DEVELOPMENT										
8.2 - 215 - LIBRARY AND INFORMATION SERVICES										
8.3 - 220 - CEMETERIES										
8.4 - 225 - COMMUNITY HALLS										
8.5 - 235 - PARKS AND OPEN AREAS										
8.6 - 245 - SPORT FACILITIES										
8.7 - 250 - SWIMMING POOLS										
8.8 - 175 - INTEGRATED ENVIRONMENTAL MANAGEMENT										
8.9 - 305 - CIVIL FACILITIES DEVELOPMENT AND MANAGEMENT										
8.10 - 360 - WASTE MANAGEMENT										

Vote 9 - TECHNICAL AND INFRASTRUCTURE	–	–	–	–	–	–	–	–	–	–
9.1 - 300 - OFFICE OF THE DIRECTOR TECHNICAL SERVICSE AND INFRASTRUCTURE DEVELOPMENT										
9.2 - 310 - ELECTRICAL ENGINEERING SERVICES										
9.3 - 315 - STREET LIGHTING										
9.4 - 325 - MECHANICAL ENGINEERING SERVICES										
9.5 - 340 - WATER SERVICE										
9.6 - 345 - SANITATION SERVICE										
Vote 10 - ROADS AND TRANSPORT	–	–	–	–	–	–	–	–	–	–
10.1 - 270 - RUSTENBURG RAPID TRANSPORT										
10.2 - 335 - ROADS AND STORMWATER										
Vote 11 - MUNICIPAL ENTITY	–	–	–	–	–	–	–	–	–	–
11.1 - RUSTENBURG WATER SERVICE TRUST										
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–	–
12.1 - [Name of sub-vote]										
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–	–
13.1 - [Name of sub-vote]										
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–	–
14.1 - [Name of sub-vote]										
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–	–
15.1 - [Name of sub-vote]										
Capital single-year expenditure sub-total	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	1 262 407	731 421	858 690	788 360	829 837	829 837	829 837	594 256	636 759	637 194

Multi-year appropriation for Budget Year 2020/21 in the 2019/20 Annual Budget				Multi-year appropriation for 2021/22 in the 2019/20 Annual Budget				New multi-year appropriations (funds for new and existing projects)		
Appropriation for 2020/21	Adjustments in 2019/20	Downward adjustments for 2020/21	Appropriation carried forward	Appropriation for 2020/21	Adjustments in 2019/20	Downward adjustments for 2020/21	Appropriation carried forward	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
–	–	–	–	–	–	–	–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
–	–	–	–	–	–	–	–	9 731	10 500	11 067
			–				–	–	–	–
			–				–	264	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	9 000	10 500	11 067
			–				–	468	–	–
			–				–	–	–	–
			–				–			
–	–	–	–	–	–	–	–	1 000	1 600	1 360
			–				–	–	–	–
			–				–	1 000	1 600	1 360
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–			
–	–	–	–	–	–	–	–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–	–	–	–
			–				–			
–	–	–	–	–	–	–	–	11 800	11 944	12 063
			–				–	–	120	240
			–				–	–	1 963	1 768
			–				–	3 400	2 073	1 863
			–				–	4 050	2 650	1 289
			–				–	4 350	5 139	6 903
			–				–			
			–				–			
			–				–			
			–				–			
			–				–			
–	–	–	–	–	–	–	–	9 000	9 527	9 555
			–				–			
			–				–			
			–				–	6 000	6 000	6 000
			–				–	3 000	3 000	3 000
			–				–	–	527	555
			–				–			
			–				–			
			–				–			
			–				–			
			–				–			
–	–	–	–	–	–	–	–	650	8 900	9 110
			–				–	–	5 000	5 000
			–				–	650	1 792	1 889
			–				–	–	1 054	1 111
			–				–	–	1 054	1 111
			–				–			
			–				–			
			–				–			
			–				–			
			–				–			

–	–	–	–	–	–	–	–	30 390	64 726	63 536
							–	–	–	–
							–	730	–
							800	24 000	24 000
							–	–	–
							260	300	300
							230	700	800
							100	60	50
							–	69	80
							19 000	8 700	8 800
							10 000	30 167	29 506
–	–	–	–	–	–	–	**232 540**	**270 006**	**275 876**
							–	–	–
							25 800	49 600	50 750
							500	–	–
							–	–	–
							151 740	154 326	157 908
							54 500	66 080	67 218
–	–	–	–	–	–	–	**299 145**	**259 557**	**254 627**
							158 500	162 030	157 100
							140 645	97 526	97 526
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	**594 256**	**636 759**	**637 194**

NW373 Rustenburg - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		151 422	119 341	212 108	692 333	692 333	692 333	692 333	704 207	1 278 297	1 875 058
Call investment deposits	1	21 714	111 293	304 146	142 299	84 428	84 428	84 428	88 227	92 285	96 531
Consumer debtors	1	436 149	454 191	554 213	525 902	525 902	525 902	525 902	549 567	574 847	601 290
Other debtors		84 234	94 405	98 455	102 393	102 393	102 393	102 393	107 001	111 923	117 072
Current portion of long-term receivables		169	121	934	971	971	971	971	1 015	1 061	1 110
Inventory	2	142 291	31 139	18 611	19 356	19 356	19 356	19 356	20 227	21 157	22 130
Total current assets		835 979	810 490	1 188 467	1 483 253	1 425 382	1 425 382	1 425 382	1 470 243	2 079 571	2 713 191
Non current assets											
Long-term receivables											
Investments		851	1 197	843	877	877	877	877	917	959	1 003
Investment property		192 377	180 346	344 425	358 202	358 202	358 202	358 202	374 321	391 540	409 551
Investment in Associate											
Property, plant and equipment	3	8 344 910	8 679 592	10 400 719	11 032 440	11 032 440	11 032 440	11 032 440	11 121 479	11 228 346	11 322 269
Biological											
Intangible		530	52	773	804	804	804	804	840	879	919
Other non-current assets		1 369	1 369	131	136	136	136	136	142	148	155
Total non current assets		8 540 037	8 862 556	10 746 892	11 392 459	11 392 459	11 392 459	11 392 459	11 497 699	11 621 872	11 733 897
TOTAL ASSETS		9 376 016	9 673 046	11 935 359	12 875 712	12 817 841	12 817 841	12 817 841	12 967 942	13 701 443	14 447 088
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	51 462	56 194	54 233	88 513	88 513	88 513	88 513	92 496	96 751	101 201
Consumer deposits		49 745	51 631	46 750	48 620	48 620	48 620	48 620	50 808	53 145	55 590
Trade and other payables	4	798 600	879 894	616 184	560 302	560 302	560 302	560 302	749 466	828 022	848 121
Provisions		44 185	46 632	22 908	23 824	23 824	23 824	23 824	24 896	26 042	27 239
Total current liabilities		943 992	1 034 351	740 075	721 259	721 259	721 259	721 259	917 667	1 003 959	1 032 151
Non current liabilities											
Borrowing		561 763	505 508	703 000	863 000	863 000	863 000	863 000	888 000	941 000	913 000
Provisions		322 905	345 788	241 402	251 058	251 058	251 058	251 058	262 356	274 424	287 047
Total non current liabilities		884 668	851 296	944 402	1 114 058	1 114 058	1 114 058	1 114 058	1 150 356	1 215 424	1 200 047
TOTAL LIABILITIES		1 828 660	1 885 647	1 684 477	1 835 317	1 835 317	1 835 317	1 835 317	2 068 022	2 219 383	2 232 199
NET ASSETS	5	7 547 356	7 787 399	10 250 882	11 040 395	10 982 524	10 982 524	10 982 524	10 899 920	11 482 060	12 214 889
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		7 280 873	7 521 060	9 963 401	10 741 415	10 683 544	10 683 544	10 683 544	10 630 940	11 204 717	11 928 799
Reserves	4	266 483	266 339	287 481	298 980	298 980	298 980	298 980	268 980	277 343	286 090
TOTAL COMMUNITY WEALTH/EQUITY	5	7 547 356	7 787 399	10 250 882	11 040 395	10 982 524	10 982 524	10 982 524	10 899 920	11 482 060	12 214 889

References

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

NW373 Rustenburg - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		306 748	330 842	309 064	321 089	321 089	321 089	321 089	392 199	399 700	427 052
Service charges		2 578 684	2 745 388	2 680 554	2 954 488	2 954 488	2 954 488	2 954 488	2 960 258	3 110 732	3 303 420
Other revenue		94 963	56 434	317 771	237 537	237 537	237 537	237 537	170 063	182 886	196 069
Transfers and Subsidies - Operational	1	458 809	532 021	703 274	772 560	845 482	845 482	845 482	858 084	955 897	961 496
Transfers and Subsidies - Capital	1	530 606	626 546	506 885	485 172	538 136	538 136	538 136	506 885	526 193	525 150
Interest		235 657	22 181	269 847	281 828	281 828	281 828	281 828	314 463	343 440	353 176
Dividends									–	–	–
Payments											
Suppliers and employees		(3 692 552)	(3 350 475)	(3 669 148)	(3 887 847)	(4 030 127)	(4 030 127)	(4 030 127)	(3 909 828)	(4 165 241)	(4 387 558)
Finance charges		(92 709)	(87 432)	(100 026)	(50 877)	(50 877)	(50 877)	(50 877)	(53 444)	(50 979)	(47 567)
Transfers and Grants	1	(3 202)	(71 051)	(16 938)	(17 892)	(17 892)	(17 892)	(17 892)	(18 684)	(19 689)	(20 728)
NET CASH FROM/(USED) OPERATING ACTIVITIES		417 004	804 454	1 001 282	1 096 058	1 079 665	1 079 665	1 079 665	1 219 996	1 282 939	1 310 511
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		40 762	(3 276)	117 080	170 477	170 477	170 477	170 477	14 035	14 680	15 356
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(505 821)	(623 416)	(829 492)	(788 360)	(829 837)	(829 837)	(829 837)	(594 256)	(636 759)	(637 194)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(465 059)	(626 692)	(712 412)	(617 883)	(659 361)	(659 361)	(659 361)	(580 221)	(622 079)	(621 839)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing		(7 040)	(3 596)	80 000	160 000	160 000	160 000	160 000	25 000	25 000	25 000
Increase (decrease) in consumer deposits		202	(338)	2 275	2 398	2 398	2 398	2 398	2 398	2 508	2 624
Payments											
Repayment of borrowing		(116 334)	(116 330)	(85 515)	(88 513)	(88 513)	(88 513)	(88 513)	(105 373)	(110 220)	(115 290)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(123 172)	(120 264)	(3 240)	73 885	73 885	73 885	73 885	(77 975)	(82 712)	(87 666)
NET INCREASE/ (DECREASE) IN CASH HELD		(171 227)	57 498	285 630	552 060	494 189	494 189	494 189	561 800	578 149	601 006
Cash/cash equivalents at the year begin:	2	344 363	173 136	230 624	282 572	282 572	282 572	282 572	230 634	792 434	1 370 583
Cash/cash equivalents at the year end:	2	173 136	230 634	516 254	834 632	776 761	776 761	776 761	792 434	1 370 583	1 971 588

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

Total receipts	4 246 229	4 310 136	4 904 475	5 223 151	5 349 037	5 349 037	5 349 037	5 215 987	5 533 528	5 781 720
Total payments	(4 294 284)	(4 132 374)	(4 615 605)	(4 744 976)	(4 928 733)	(4 928 733)	(4 928 733)	(4 576 213)	(4 872 668)	(5 093 047)
	(48 055)	177 762	288 870	478 175	420 304	420 304	420 304	639 775	660 860	688 672
Borrowings & investments & c.deposits	(6 838)	(3 934)	82 275	162 398	162 398	162 398	162 398	27 398	27 508	27 624
Repayment of borrowing	(116 334)	(116 330)	(85 515)	(88 513)	(88 513)	(88 513)	(88 513)	(105 373)	(110 220)	(115 290)
	(171 227)	57 498	285 630	552 060	494 189	494 189	494 189	561 800	578 149	601 006
	–	–	–	–	–	–	–	–	–	–

NW373 Rustenburg - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	173 136	230 634	516 254	834 632	776 761	776 761	776 761	792 434	1 370 583	1 971 588
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Non current assets - Investments	1	851	1 197	843	877	877	877	877	917	959	1 003
Cash and investments available:		173 987	231 831	517 097	835 509	777 638	777 638	777 638	793 350	1 371 541	1 972 591
Application of cash and investments											
Unspent conditional transfers		51 742	46 426	–	–	–	–	–	80 000	65 000	50 000
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	(14 731)	(17 010)	(17 912)	(18 628)	(18 628)	(18 628)	(18 628)	19 466	20 362	21 298
Other working capital requirements	3	273 097	291 136	95 769	57 691	57 219	57 219	57 691	98 284	166 076	165 929
Other provisions		20 523	62 340	65 644	68 270	68 270	68 270	68 270	71 342	74 624	78 056
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	89 009	52 569	55 355	57 570	57 570	57 570	57 570	60 160	62 928	65 822
Total Application of cash and investments:		419 640	435 461	198 857	164 903	164 431	164 431	164 903	329 253	388 989	381 106
Surplus(shortfall)		(245 653)	(203 630)	318 240	670 606	613 207	613 207	612 735	464 098	982 552	1 591 485

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements										
Debtors	473 761	542 332	547 461	521 239	521 711	521 711	521 239	551 716	576 584	610 893
Creditors due	746 858	833 468	643 230	578 930	578 930	578 930	578 930	650 000	742 660	776 822
Total	(273 097)	(291 136)	(95 769)	(57 691)	(57 219)	(57 219)	(57 691)	(98 284)	(166 076)	(165 929)
Debtors collection assumptions										
Balance outstanding - debtors	520 383	548 596	652 669	628 295	628 295	628 295	628 295	656 568	686 771	718 362
Estimate of debtors collection rate	91.0%	98.9%	83.9%	83.0%	83.0%	83.0%	83.0%	84.0%	84.0%	85.0%
Long term investments committed										
Balance (*Insert description; eg sinking fund*)										
	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments										
Housing Development Fund	–	–	8 523	8 864	8 864	8 864	8 864	8 864	9 272	9 698
Capital replacement										
Self-insurance										
Other (list)										
	–	–	8 523	8 864	8 864	8 864	8 864	8 864	9 272	9 698

NW373 Rustenburg - Table A9 Consolidated Asset Management

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE										
Total New Assets	1	1 262 407	731 421	530 739	67 007	75 190	75 190	155 594	275 367	277 161
Roads Infrastructure		251 703	370 889	223 021	3 010	8 010	8 010	30 000	55 000	55 000
Storm water Infrastructure		–	–	–	–	–	–	–	20 000	20 000
Electrical Infrastructure		147 790	93 927	35 479	24 420	24 420	24 420	15 500	36 000	36 000
Water Supply Infrastructure		182 125	93 124	65 700	–	–	–	68 740	90 963	94 255
Sanitation Infrastructure		659 265	158 411	–	–	–	–	14 000	30 000	30 000
Solid Waste Infrastructure		–	5 500	8 314	–	–	–	–	167	176
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*1 240 882*	*721 851*	*332 513*	*27 430*	*32 430*	*32 430*	*128 240*	*232 130*	*235 431*
Community Facilities		518	5 570	7 027	3 500	4 010	4 010	12 800	33 934	32 144
Sport and Recreation Facilities		11 120	–	–	–	311	311	–	700	800
Community Assets		*11 638*	*5 570*	*7 027*	*3 500*	*4 321*	*4 321*	*12 800*	*34 634*	*32 944*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	60 967	17 404	17 404	17 404	11 676	3 396	3 420
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	*60 967*	*17 404*	*17 404*	*17 404*	*11 676*	*3 396*	*3 420*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		1 722	–	3 144	1 150	3 150	3 150	75	350	345
Furniture and Office Equipment		4 928	4 000	2 887	13	375	375	1 087	2 666	2 950
Machinery and Equipment		3 236	–	1 201	100	100	100	1 116	2 172	2 041
Transport Assets		–	–	123 000	17 410	17 410	17 410	600	20	30
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	327 950	721 353	754 648	754 648	438 662	361 392	360 033
Roads Infrastructure		–	–	70 906	194 257	264 506	264 506	269 145	184 557	179 627
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	37 500	38 000	19 000	19 000	10 800	13 600	14 750
Water Supply Infrastructure		–	–	117 234	192 027	211 527	211 527	83 000	63 363	63 652
Sanitation Infrastructure		–	–	84 010	92 037	61 595	61 595	40 500	36 080	37 218
Solid Waste Infrastructure		–	–	–	8 000	5 200	5 200	16 324	36 665	38 645
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	*309 650*	*524 321*	*561 828*	*561 828*	*419 769*	*334 265*	*333 892*
Community Facilities		–	–	9 000	6 353	8 606	8 606	8 400	11 000	10 225
Sport and Recreation Facilities		–	–	–	596	596	596	230	–	–
Community Assets		–	–	*9 000*	*6 948*	*9 202*	*9 202*	*8 630*	*11 000*	*10 225*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	5 000	5 000
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	*5 000*	*5 000*
Operational Buildings		–	–	6 000	43 265	37 265	37 265	3 000	3 000	3 000
Housing		–	–	3 300	2 500	2 500	2 500	–	–	–
Other Assets		–	–	*9 300*	*45 765*	*39 765*	*39 765*	*3 000*	*3 000*	*3 000*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	264	–	–
Intangible Assets		–	–	–	–	–	–	*264*	–	–
Computer Equipment		–	–	–	2 500	2 229	2 229	1 000	1 600	1 360
Furniture and Office Equipment		–	–	–	1 000	1 069	1 069	–	527	555
Machinery and Equipment		–	–	–	5 000	4 888	4 888	–	–	–
Transport Assets		–	–	–	130 319	130 319	130 319	–	–	–
Land		–	–	–	5 500	5 348	5 348	6 000	6 000	6 000
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

Total Upgrading of Existing Assets	6	–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**
Roads Infrastructure		251 703	370 889	293 927	197 267	272 516	272 516	299 145	239 557	234 627
Storm water Infrastructure		–	–	–	–	–	–	–	20 000	20 000
Electrical Infrastructure		147 790	93 927	72 979	62 420	43 420	43 420	26 300	49 600	50 750
Water Supply Infrastructure		182 125	93 124	182 934	192 027	211 527	211 527	151 740	154 326	157 908
Sanitation Infrastructure		659 265	158 411	84 010	92 037	61 595	61 595	54 500	66 080	67 218
Solid Waste Infrastructure		–	5 500	8 314	8 000	5 200	5 200	16 324	36 832	38 821
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***1 240 882***	***721 851***	***642 164***	***551 751***	***594 258***	***594 258***	***548 009***	***566 395***	***569 323***
Community Facilities		518	5 570	16 027	9 853	12 616	12 616	21 200	44 934	42 369
Sport and Recreation Facilities		11 120	–	–	596	906	906	230	700	800
Community Assets		***11 638***	***5 570***	***16 027***	***10 448***	***13 522***	***13 522***	***21 430***	***45 634***	***43 169***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	5 000	5 000
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	***5 000***	***5 000***
Operational Buildings		–	–	66 967	60 669	54 669	54 669	14 676	6 396	6 420
Housing		–	–	3 300	2 500	2 500	2 500	–	–	–
Other Assets		–	–	***70 267***	***63 169***	***57 169***	***57 169***	***14 676***	***6 396***	***6 420***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	264	–	–
Intangible Assets		–	–	–	–	–	–	***264***	–	–
Computer Equipment		1 722	–	3 144	3 650	5 379	5 379	1 075	1 950	1 705
Furniture and Office Equipment		4 928	4 000	2 887	1 013	1 444	1 444	1 087	3 193	3 505
Machinery and Equipment		3 236	–	1 201	5 100	4 988	4 988	1 116	2 172	2 041
Transport Assets		–	–	123 000	147 729	147 729	147 729	600	20	30
Land		–	–	–	5 500	5 348	5 348	6 000	6 000	6 000
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		1 262 407	731 421	858 690	788 360	829 837	829 837	594 256	636 759	637 194

ASSET REGISTER SUMMARY - PPE (WDV)	5	8 859 990	10 745 918	11 391 446	11 391 446	11 391 446	11 391 446	11 496 640	11 620 765	11 732 739
Roads Infrastructure		1 789 007	2 389 306	2 463 839	2 563 839	2 563 839	2 563 839	2 715 444	2 839 198	2 929 609
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		1 682 762	2 077 714	2 037 540	2 137 540	2 137 540	2 137 540	2 109 125	2 090 518	2 098 549
Water Supply Infrastructure		1 548 383	1 916 841	1 980 769	2 080 769	2 080 769	2 080 769	2 160 789	2 233 301	2 309 296
Sanitation Infrastructure		1 566 786	1 812 572	1 796 313	1 896 313	1 896 313	1 896 313	1 875 886	1 865 009	1 853 170
Solid Waste Infrastructure		1 641 900	1 793 290	1 703 509	1 803 509	1 803 509	1 803 509	1 776 056	1 766 710	1 754 569
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		***8 228 837***	***9 989 723***	***9 981 969***	***10 481 969***	***10 481 969***	***10 481 969***	***10 637 300***	***10 794 736***	***10 945 193***
Community Assets		45 634	48 651	64 813	94 813	94 813	94 813	66 867	39 591	6 869
Heritage Assets										
Investment properties		**310 652**	**310 652**	**310 652**	**310 652**	**310 652**	**310 652**	**310 652**	**310 652**	**310 652**
Other Assets		105 562	227 217	79 384	102 912	102 912	102 912	68 823	44 864	20 266
Biological or Cultivated Assets										
Intangible Assets		706	706	706	706	706	706	970	970	970
Computer Equipment		**15 670**	**21 394**	**23 988**	**43 988**	**43 988**	**43 988**	**44 512**	**45 882**	**46 977**
Furniture and Office Equipment		**60 394**	**62 184**	**68 272**	**90 272**	**90 272**	**90 272**	**90 140**	**92 047**	**94 198**
Machinery and Equipment		**48 394**	**55 498**	**57 938**	**83 938**	**83 938**	**83 938**	**85 054**	**87 225**	**89 266**
Transport Assets		**44 140**	**29 892**	**803 725**	**182 197**	**182 197**	**182 197**	**192 323**	**204 798**	**218 348**
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	8 859 990	10 745 918	11 391 446	11 391 446	11 391 446	11 391 446	11 496 640	11 620 765	11 732 739
EXPENDITURE OTHER ITEMS		**446 809**	**531 127**	**691 611**	**661 037**	**661 037**	**661 037**	**679 390**	**719 084**	**742 794**
Depreciation	7	362 143	422 667	446 984	448 974	448 974	448 974	507 217	529 162	543 271
Repairs and Maintenance by Asset Class	3	**84 666**	**108 460**	**244 627**	**212 063**	**212 063**	**212 063**	**172 173**	**189 922**	**199 523**
Roads Infrastructure		7 363	5 080	25 899	25 357	25 357	25 357	18 103	21 619	23 165
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		10 670	6 626	62 931	60 400	60 400	60 400	44 187	47 717	51 374
Water Supply Infrastructure		11 208	8 189	26 424	36 090	36 090	36 090	30 074	31 729	33 442
Sanitation Infrastructure		4 004	55 854	78 059	49 470	49 470	49 470	46 696	48 540	49 485
Solid Waste Infrastructure		4 000	8 679	10 191	13 533	13 533	13 533	10 794	11 553	12 339
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***37 244***	***84 429***	***203 504***	***184 849***	***184 849***	***184 849***	***149 853***	***161 158***	***169 805***
Community Facilities		2 618	2 386	8 800	15 941	15 941	15 941	5 401	10 875	11 150
Sport and Recreation Facilities		–	–	311	329	329	329	175	304	320
Community Assets		***2 618***	***2 386***	***9 111***	***16 270***	***16 270***	***16 270***	***5 576***	***11 179***	***11 470***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		729	–	22 818	878	878	878	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		***729***	**–**	***22 818***	***878***	***878***	***878***	**–**	**–**	**–**
Operational Buildings		44 074	21 645	2 842	3 372	3 372	3 372	9 480	10 166	10 677
Housing		–	–	–	–	–	–	918	969	1 021
Other Assets		***44 074***	***21 645***	***2 842***	***3 372***	***3 372***	***3 372***	***10 398***	***11 135***	***11 698***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	6 353	6 693	6 693	6 693	6 345	6 451	6 550
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		446 809	531 127	691 611	661 037	661 037	661 037	679 390	719 084	742 794
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*38.2%*	*91.5%*	*90.9%*	*90.9%*	*73.8%*	*56.8%*	*56.5%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*73.4%*	*160.7%*	*168.1%*	*168.1%*	*86.5%*	*68.3%*	*66.3%*
R&M as a % of PPE		*1.0%*	*1.2%*	*2.4%*	*1.9%*	*1.9%*	*1.9%*	*1.5%*	*1.7%*	*1.8%*
Renewal and upgrading and R&M as a % of PPE		*1.0%*	*1.0%*	*5.0%*	*8.0%*	*8.0%*	*8.0%*	*5.0%*	*5.0%*	*5.0%*

References

1. Detail of new assets provided in Table SA34a

2. Detail of renewal of existing assets provided in Table SA34b

3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c

4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure

5. Must reconcile to 'Budgeted Financial Position' (written down value)

6. Detail of upgrading of existing assets provided in Table SA34e

7. Detail of depreciation provided in Table SA34d

NW373 Rustenburg - Table A10 Consolidated basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912
Piped water inside yard (but not in dwelling)		138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915
Using public tap (at least min.service level)	2	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189
Other water supply (at least min.service level)	4	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080
Minimum Service Level and Above sub-total		246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
Total number of households	5	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794
Flush toilet (with septic tank)		12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579
Chemical toilet		2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653
Pit toilet (ventilated)		31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651
Other toilet provisions (> min.service level)		63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027
Minimum Service Level and Above sub-total		248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704
Bucket toilet		1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864
Other toilet provisions (< min.service level)		4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192
No toilet provisions		7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815
Below Minimum Service Level sub-total		13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871
Total number of households	5	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**
Energy:										
Electricity (at least min.service level)		4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797
Electricity - prepaid (min.service level)		201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186
Minimum Service Level and Above sub-total		205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
Below Minimum Service Level sub-total		14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
Total number of households	5	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**
Refuse:										
Removed at least once a week		176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
Minimum Service Level and Above sub-total		176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
Removed less frequently than once a week		13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618
Using communal refuse dump		8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468
Using own refuse dump		42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717
Other rubbish disposal		6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682
No rubbish disposal		15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002
Below Minimum Service Level sub-total		86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487
Total number of households	5	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Sanitation (free minimum level service)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Electricity/other energy (50kwh per household per month)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Refuse (removed at least once a week)		27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		–	5 925	6 275	6 638	6 638	6 638	6 638	6 638	6 638
Sanitation (free sanitation service to **indigent households**)		–	–	4 853	5 134	5 134	5 134	5 134	5 134	5 134
Electricity/other energy (50kwh per **indigent** household per month)		–	1 464	1 550	1 640	1 640	1 640	1 640	1 640	1 640
Refuse (removed once a week **for indigent households**)		–	–	–	3 828	3 828	3 828	3 828	3 828	3 828
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		211 895	247 685	247 685	247 685	247 685	247 685	247 685	247 685	247 685
Total cost of FBS provided		**211 895**	**255 074**	**260 362**	**264 926**	**264 926**	**264 926**	**264 926**	**264 926**	**264 926**
Highest level of free service provided per household										
Property rates (R value threshold)		100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)			–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		105	122	122	122	122	122	122	122	122
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment) (impermissable values per section 17 of MPRA)**		45 449	45 449	45 449	45 449	45 449	45 449	45 449	45 449	45 449
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	39 329	41 650	44 065	44 065	44 065	46 195	48 320	50 543
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		**45 449**	**84 778**	**87 098**	**89 514**	**89 514**	**89 514**	**91 644**	**93 769**	**95 991**

References

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service
9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)

NW373 Rustenburg - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		306 748	370 171	381 725	406 155	406 155	406 155	406 155	448 394	469 020	490 595
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)			39 329	41 650	44 065	44 065	44 065	44 065	46 195	48 320	50 543
Net Property Rates		306 748	330 842	340 075	362 089	362 089	362 089	362 089	402 199	420 700	440 052
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		2 011 578	2 003 204	1 978 701	2 254 809	2 254 809	2 254 809	2 254 809	2 135 580	2 233 023	2 334 949
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	1 464	1 550	1 640	1 640	1 640	1 640	1 640	1 640	1 640
Net Service charges - electricity revenue		2 011 578	2 001 740	1 977 151	2 253 168	2 253 168	2 253 168	2 253 168	2 133 939	2 231 383	2 333 309
Service charges - water revenue	6										
Total Service charges - water revenue		387 672	503 470	588 221	626 455	626 455	626 455	626 455	596 164	623 588	652 273
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	5 925	6 275	6 638	6 638	6 638	6 638	6 638	6 638	6 638
Net Service charges - water revenue		387 672	497 545	581 946	619 817	619 817	619 817	619 817	589 526	616 950	645 635
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		118 120	121 636	319 266	339 898	339 898	339 898	339 898	446 117	468 510	492 035
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	4 853	5 134	5 134	5 134	5 134	5 134	5 134	5 134
Net Service charges - sanitation revenue		118 120	121 636	314 414	334 764	334 764	334 764	334 764	440 983	463 376	486 901
Service charges - refuse revenue	6										
Total refuse removal revenue		114 483	128 239	161 348	170 061	166 232	166 232	166 232	171 934	179 843	188 116
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	3 828	3 828	3 828		3 828	3 828	3 828
Net Service charges - refuse revenue		114 483	128 239	161 348	166 232	162 404	162 404	166 232	168 106	176 015	184 287
Other Revenue by source											
Fuel Levy		78 568	31 456	141 845	65 763	65 763	65 763	65 763	34 774	36 374	38 047
Other Revenue											
Total 'Other' Revenue	1	78 568	31 456	141 845	65 763	65 763	65 763	65 763	34 774	36 374	38 047
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	584 389	621 170	689 646	739 404	745 820	745 820	745 820	764 181	813 279	864 075
Pension and UIF Contributions											
Medical Aid Contributions											
Overtime											
Performance Bonus											
Motor Vehicle Allowance											
Cellphone Allowance											
Housing Allowances											
Other benefits and allowances											
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	4										
sub-total	5	584 389	621 170	689 646	739 404	745 820	745 820	745 820	764 181	813 279	864 075
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	584 389	621 170	689 646	739 404	745 820	745 820	745 820	764 181	813 279	864 075

Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		362 143	422 667	446 984	448 974	448 974	448 974	448 974	507 217	529 162	543 271
Lease amortisation											
Capital asset impairment											
Total Depreciation & asset impairment	1	**362 143**	**422 667**	**446 984**	**448 974**	**448 974**	**448 974**	**448 974**	**507 217**	**529 162**	**543 271**
Bulk purchases											
Electricity Bulk Purchases		1 743 836	1 470 502	1 638 785	1 852 986	1 852 986	1 852 986	1 852 986	1 836 370	1 952 887	2 048 203
Water Bulk Purchases		282 120	310 762	370 049	421 401	421 401	421 401	421 401	400 364	414 588	429 675
Total bulk purchases	1	**2 025 956**	**1 781 264**	**2 008 835**	**2 274 386**	**2 274 386**	**2 274 386**	**2 274 386**	**2 236 734**	**2 367 475**	**2 477 878**
Transfers and grants											
Cash transfers and grants		3 202	71 051	485	485	485	485	485	511	539	568
Non-cash transfers and grants		–	–	16 453	17 407	17 407	17 407	17 407	18 172	19 149	20 161
Total transfers and grants	1	**3 202**	**71 051**	**16 938**	**17 892**	**17 892**	**17 892**	**17 892**	**18 684**	**19 688**	**20 728**
Contracted services											
Outsourced Services		175 849	207 915	315 325	251 400	318 951	318 951	318 951	645 307	707 900	752 596
Consultants and Professional Services											
Contractors											
Total contracted services		**175 849**	**207 915**	**315 325**	**251 400**	**318 951**	**318 951**	**318 951**	**645 307**	**707 900**	**752 596**
Other Expenditure By Type											
Collection costs		226 421	200 853	8 989	7 984	417 877	417 877	417 877			
Contributions to 'other' provisions				2 893	3 061						
Audit fees				6 308							
Other Expenditure				335 912	338 656				186 996	195 925	208 097
Total 'Other' Expenditure	1	**226 421**	**200 853**	**354 102**	**349 701**	**417 877**	**417 877**	**417 877**	**186 996**	**195 925**	**208 097**
by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	–	–	–	–	–	–	–	–	–	–
	check	(84 666)	(108 460)	(244 627)	(212 063)	(212 063)	(212 063)		(172 173)	(189 922)	(199 523)

References

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)

2. Must reconcile to supporting documentation on staff salaries

4. Expenditure to meet any 'unfunded obligations'

5 This sub-total must agree with the total on SA22, but excluding councillor and board member items

6. Include a note for each revenue item that is affected by 'revenue foregone'

7. Special consideration may have to be given to including 'goodwill arising' or 'joint venture' budgets where circumstances require this (include separately under relevant notes)

8. Repairs and Maintenance is not a GRAP item. However to facilitate transparency, municipalities must provide a breakdown of the amounts included in the relevant GRAP items that will be spent on Repairs and Maintenance.

9. Must reconcile with Repairs and Maintenance by Asset Class (Total Repairs and Maintenance) on Table SA34c.

10. Only applicable to municipalities that have adopted the 'revaluation method' in GRAP 17. The aim is to prevent overstating 'depreciation and asset impairment'

NW373 Rustenburg - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

Description	Ref	Vote 1 - EXECUTIVE MAYOR	Vote 2 - MUNICIPAL MANAGER	Vote 3 - CORPORATE SUPPORT SERVICES	Vote 4 - BUDGET AND TREASURY	Vote 5 - PUBLIC SAFETY	Vote 6 - PLANNING AND HUMAN SETTLEMENT	Vote 7 - LOCAL ECONOMIC DEVELOPMENT	Vote 8 - COMMUNITY DEVELOPMENT	Vote 9 - TECHNICAL AND INFRASTRUCTURE	Vote 10 - ROADS AND TRANSPORT	Vote 11 - MUNICIPAL ENTITY	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					402 199												402 199
Service charges - electricity revenue										2 133 939							2 133 939
Service charges - water revenue										589 526							589 526
Service charges - sanitation revenue										226 032		214 952					440 983
Service charges - refuse revenue									168 106								168 106
Rental of facilities and equipment						23	8 038	120	1 416								9 597
Interest earned - external investments		20 225								7 087							27 312
Interest earned - outstanding debtors		287 151															287 151
Dividends received																	–
Fines, penalties and forfeits					0	12 222	300		9	400							12 931
Licences and permits						10 913		1 000									11 913
Agency services						100 849											100 849
Other revenue			3 889	487	7 100	664	1 731	3 826	3 451	13 001	624						34 774
Transfers and subsidies			12 450		30 177				93 982	635 784	85 691						858 084
Gains							10 000		4 035								14 035
Total Revenue (excluding capital transfers and contribution		**307 377**	**16 338**	**487**	**439 476**	**124 671**	**20 069**	**4 946**	**270 999**	**3 605 769**	**86 315**	**214 952**	**–**	**–**	**–**	**–**	**5 091 395**
Expenditure By Type																	
Employee related costs		32 365	66 389	43 827	79 556	147 056	34 531	13 107	161 735	132 633	52 982						764 181
Remuneration of councillors		64 306															64 306
Debt impairment					54 789				113 815	427 396							596 000
Depreciation & asset impairment		496	499	1 759	5 496	17 683	10 970	860	118 455	165 421	147 539	38 040					507 217
Finance charges									8 212	34 557		10 676					53 444
Bulk purchases										2 236 735							2 236 735
Other materials		880	668		8	710	89	43	2 941	6 964							12 304
Contracted services		3 592	22 601	10 390	43 660	106 854	16 740	13 643	79 610	163 574	79 950	104 691					645 306
Transfers and subsidies		511			3 709				3 968	10 495							18 684
Other expenditure			35 060	3 237	16 786	21 337	3 165	943	22 791	52 982	18 856	11 841					186 996
Losses																	–
Total Expenditure		**102 151**	**125 216**	**59 212**	**204 005**	**293 640**	**65 494**	**28 596**	**511 527**	**3 230 758**	**299 327**	**165 247**	**–**	**–**	**–**	**–**	**5 085 174**
Surplus/(Deficit)		**205 226**	**(108 878)**	**(58 725)**	**235 471**	**(168 969)**	**(45 425)**	**(23 650)**	**(240 528)**	**375 011**	**(213 011)**	**49 705**	**–**	**–**	**–**	**–**	**6 225**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			9 000		1 700				830	104 310	391 045						506 885
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)																	–
Transfers and subsidies - capital (in-kind - all)																	
Surplus/(Deficit) after capital transfers & contributions		**205 226**	**(99 878)**	**(58 725)**	**237 171**	**(168 969)**	**(45 425)**	**(23 650)**	**(239 698)**	**479 321**	**178 034**	**49 705**	**–**	**–**	**–**	**–**	**513 110**

References

1. Departmental columns to be based on municipal organisation structure

AGENDA: SPECIAL COUNCIL: 22 MAY 2020

NW373 Rustenburg - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Call investment deposits											
Call deposits		21 714	111 293	304 146	142 299	84 428	84 428	84 428	88 227	92 285	96 531
Other current investments											
		21 714	111 293	304 146	142 299	84 428	84 428	84 428	88 227	92 285	96 531
Consumer debtors											
Consumer debtors		3 579 417	3 486 766	3 747 515	4 009 841	4 009 841	4 009 841	4 009 841	4 190 284	4 383 037	4 584 657
Less: Provision for debt impairment		(3 143 268)	(3 032 575)	(3 193 302)	(3 483 939)	(3 483 939)	(3 483 939)	(3 483 939)	(3 640 717)	(3 808 190)	(3 983 366)
Total Consumer debtors	2	436 149	454 191	554 213	525 902	525 902	525 902	525 902	549 567	574 847	601 290
Debt impairment provision											
Balance at the beginning of the year		2 433 626	–	–	–	–	–	–			
Contributions to the provision		493 223	3 032 575	3 193 302	3 483 939	3 483 939	3 483 939	3 483 939	3 640 717	3 808 190	3 983 366
Bad debts written off											
Balance at end of year		2 926 849	3 032 575	3 193 302	3 483 939	3 483 939	3 483 939	3 483 939	3 640 717	3 808 190	3 983 366
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		13 823 966	13 463 799	15 438 489	16 519 184	16 519 184	16 519 184	16 519 184	17 115 440	17 751 469	18 388 663
Leases recognised as PPE	3										
Less: Accumulated depreciation		5 479 056	4 784 207	5 037 770	5 486 744	5 486 744	5 486 744	5 486 744	5 993 961	6 523 123	7 066 394
Total Property, plant and equipment (PPE)	2	8 344 910	8 679 592	10 400 719	11 032 440	11 032 440	11 032 440	11 032 440	11 121 479	11 228 346	11 322 269
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)					–	–	–	–			
Current portion of long-term liabilities		51 462	56 194	54 233	88 513	88 513	88 513	88 513	92 496	96 751	101 201
Total Current liabilities - Borrowing		51 462	56 194	54 233	88 513	88 513	88 513	88 513	92 496	96 751	101 201
Trade and other payables											
Trade Payables	5	741 491	820 972	643 230	578 930	578 930	578 930	578 930	650 000	742 660	776 822
Other creditors		5 367	12 496								
Unspent conditional transfers		51 742	46 426						80 000	65 000	50 000
VAT				(27 046)	(18 628)	(18 628)	(18 628)	(18 628)	19 466	20 362	21 298
Total Trade and other payables	2	798 600	879 894	616 184	560 302	560 302	560 302	560 302	749 466	828 022	848 121
Non current liabilities - Borrowing											
Borrowing	4	561 763	505 508	703 000	863 000	863 000	863 000	863 000	888 000	941 000	913 000
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		561 763	505 508	703 000	863 000	863 000	863 000	863 000	888 000	941 000	913 000
Provisions - non-current											
Retirement benefits		184 831	186 859	35 495	36 914	36 914	36 914	36 914	38 575	40 350	42 206
Refuse landfill site rehabilitation			12 590	30 149	31 355	31 355	31 355	31 355	32 766	34 274	35 850
Other		138 074	146 339	175 758	182 788	182 788	182 788	182 788	191 014	199 800	208 991
Total Provisions - non-current		322 905	345 788	241 402	251 058	251 058	251 058	251 058	262 356	274 424	287 047
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		7 062 427	6 844 805	8 939 076	9 571 649	9 534 001	9 534 001	9 530 173	9 566 749	10 089 568	10 780 659
GRAP adjustments											
Restated balance		7 062 427	6 844 805	8 939 076	9 571 649	9 534 001	9 534 001	9 530 173	9 566 749	10 089 568	10 780 659
Surplus/(Deficit)		218 446	248 177	517 258	642 416	622 193	622 193	626 021	513 110	538 719	545 195
Appropriations to Reserves			(53 467)								
Transfers to/from Reserves			297 127	312 875	325 390	325 390	325 390	325 390	340 032	355 674	372 035
Depreciation offsets			155 841	164 101	170 665	170 665	170 665	170 665	178 345	186 549	195 130
Other adjustments			28 577	30 091	31 295	31 295	31 295	31 295	32 703	34 207	35 781
Accumulated Surplus/(Deficit)	1	7 280 873	7 521 060	9 963 401	10 741 415	10 683 544	10 683 544	10 683 544	10 630 940	11 204 717	11 928 799
Reserves											
Housing Development Fund				8 523	8 864	8 864	8 864	8 864	8 864	9 272	9 698
Capital replacement				112 678	117 185	117 185	117 185	117 185	87 185	87 185	87 185
Self-insurance				21 476	22 335	22 335	22 335	22 335	22 335	23 363	24 437
Other reserves				12 678	13 185	13 185	13 185	13 185	13 185	13 792	14 426
Revaluation		266 483	266 339	132 125	137 410	137 410	137 410	137 410	137 410	143 731	150 343
Total Reserves	2	266 483	266 339	287 481	298 980	298 980	298 980	298 980	268 980	277 343	286 090
TOTAL COMMUNITY WEALTH/EQUITY	2	7 547 356	7 787 399	10 250 882	11 040 395	10 982 524	10 982 524	10 982 524	10 899 920	11 482 060	12 214 889

NW373 Rustenburg - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
1 .Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities			3 605 369	3 661 075	4 235 728	4 546 107	4 595 627	4 595 627	4 285 461	4 568 610	4 736 410
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning			12 001	12 629	27 943	11 173	11 173	11 173	22 592	23 798	25 791
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and protection of community and municipal facilities			3 747	4 096	4 540	7 505	7 642	7 642	4 313	28 255	27 659
	Implementation of a City Business Development (CBD) Regeneration Strategy			–	–	91 880	87 361	161 761	161 761	140 645	97 526	97 526
	Improved public transport infrastructure			98 387	67 500	85 821	389 236	389 236	389 236	244 226	252 532	252 562
2. Drive diversified economic growth and job creation	Consolidated Rustenburg minerals index, value- production and economic growth path quantification and impact			–	–	–	–	–	–	–	–	–
	Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing, transportation services and products			269	285	302	1 206	1 206	1 206	1 271	1 330	1 391
	Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development			76	81	582	450	450	450	55	58	60
	Create an enabling environment for the attraction, retention and expansion of foreign and local investments			–	–	–	–	–	–			
	Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination			–	–	–	–	–	–			
	Development of an integrated human resources that empowers communities skills development			–	–		2 000	2 000	2 000	3 500	3 661	3 829
	Development of an institutional integrated human resources capability that enhances institutional competence			–	–	–	–	–	–			
3. Ensure municpal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability			–	–	–	–	–	–	28 442	28 477	28 477
	Implement revenue management strategy to enhance municipal financial viability and sustainability			325 647	348 148	369 090	5 095	5 095	5 095	407 569	426 317	445 928

	Implement sound and sustainable financial management and compliance controls	1 647	1 723	2 200	2 324	2 324	2 324	2 251	2 276	2 303
	Develop and implement an integrated municipal core projects' funding and acquisition model aligned with funding institutions' terms and conditions	1 711	1 816		1 334	1 334	1 334	1 400	1 464	1 531
4. Maintain clean, green, safe and healthy municipal enviroment for all	Implement quality and improved health and social services to Communities		–							
	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	–	–							
	Implement integrated community safety and security strategy and measures	2 101	2 229	17 683	18 645	18 645	18 645	13 248	13 334	13 947
	Implement an integrated by-law enforcement programme	28 180	29 956	177 994	155 882	155 882	155 882	111 923	122 071	132 457
5. Transform and maintain a vibrant and sustainable rural development	Drive integrated rural development planning and infrastructural development	5 400	5 730	12 478	178 457	178 457	178 457	20 189	21 118	22 089
	Provide conductive environment for rural economic development through sustainable SMME's mentoring	–	–							
6. Uphold good governance and public participation principles	Drive good governance and legislative compliance in all municipal processes	1	1	3 000	3 162	3 162	3 162	3 333	3 486	3 646
	Promote public participation and partnerships with stakeholders on municipal programmes	204 574	217 053	259 859	271 191	271 191	271 191	307 377	335 964	363 176
	Establish and maintain strong partnerships with local (mining) industries to oversee social responsibility programmes, job creation and local economic development		–							
7. Drive optimal municipal institutional development, transformation and capacity building	Develop and implement integrated internal systems and processes	–	–							
	Develop, implement and review internal policies and procedures on regular basis		–							
	Establish and inculcate a service delivery culture		–							
	Establish quality management processes in the delivery of all services	144	953	262	2 063	63	63	14	15	15
	Maintain a positive and vibrant image and identity of the municipality	–	–							
	Provide credible leadership in driving transformation initiatives	–	–							
	Develop and implement internal capability model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability	–	–							

	Review, realign and implement organisational structure to support the vision and objectives			449	419	428	452	452	452	476	498	520
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	**4 289 703**	**4 353 693**	**5 289 790**	**5 683 644**	**5 805 701**	**5 805 701**	**5 598 284**	**5 930 789**	**6 159 319**

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

check op revenue balance	–	–	–	–	–	–	–	–	–

NW373 Rustenburg - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
1 .Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities			2 995 320	3 008 097	3 320 858	3 630 834	3 632 591	3 632 591	3 672 227	3 895 707	4 009 756
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial			14 637	15 447	15 434	16 010	51 121	51 121	18 146	19 498	20 541
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and			159 940	182 455	284 082	220 889	218 860	218 860	179 359	195 685	206 025
	Implementation of a City Business Development (CBD) Regeneration Strategy			–	–	–	–	74 400	74 400	222 452	218 159	251 730
	Improved public transport infrastructure			332 991	316 350	320 269	302 766	302 766	302 766	85 102	89 849	94 779
2. Drive diversified economic growth and job creation	Consolidated Rustenburg minerals index, value- production and economic growth path quantification and impact			–	–	–	–	–	–			
	Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing,			3 336	3 523	13 008	12 831	10 515	10 515	4 570	5 375	5 702
	Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs)			4 097	4 372	18 177	11 230	11 866	11 866	9 925	16 101	17 012
	Create an enabling environment for the attraction, retention and expansion of foreign and local investments			–	–	–						
	Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination			–	–	–						
	Development of an integrated human resources that empowers communities skills development			1 512	1 549	11 725	5 986	7 686	7 686	5 627	9 428	9 953
	Development of an institutional integrated human resources capability that enhances institutional competence			–	–		–	–	–	–	–	–
3. Ensure municpal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial			12 323	9 096	51 898	22 419	26 446	26 446	12 648	13 175	13 734
	Implement revenue management strategy to enhance municipal financial viability and sustainability			59 712	81 908	99 194	94 960	96 271	96 271	116 932	123 326	130 011
	Implement sound and sustainable financial management and compliance controls			53 037	36 376	40 508	39 655	43 038	43 038	45 694	48 174	50 786
	Develop and implement an integrated municipal core projects' funding and acquisition model aligned with funding institutions'			16 914	18 033	19 763	21 449	23 590	23 590	26 740	28 531	30 401
4. Maintain clean, green, safe and healthy municipal enviroment for all	Implement quality and improved health and social services to Communities			–	–	–	–	–	–	–	–	–
	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment			4 507	4 733	5 117	5 442	5 444	5 444	5 674	6 073	6 431
	Implement integrated community safety and security strategy and measures			99 124	105 057	120 277	124 038	124 810	124 810	141 153	148 815	157 735
	Implement an integrated by-law enforcement programme			59 157	57 822	176 072	172 547	173 932	173 932	158 759	168 764	179 701
5. Transform and maintain a vibrant and sustainable rural development	Drive integrated rural development planning and infrastructural development			50 965	46 684	57 644	60 099	61 232	61 232	73 968	84 308	89 287

	Provide conductive environment for rural economic development through sustainable SMME's mentoring		–	–								
6. Uphold good governance and public participation principles	Drive good governance and legislative compliance in all municipal processes		11 357	12 730	13 530	14 364	25 364	25 364	26 541	27 263	28 056	
	Promote public participation and partnerships with stakeholders on municipal programmes		82 438	88 081	122 288	134 465	142 375	142 375	137 085	144 018	152 030	
	Establish and maintain strong partnerships with local (mining) industries to oversee social responsibility programmes, job		–	–								
7. Drive optimal municipal institutional development, transformation and capacity building	Develop and implement integrated internal systems and processes		1 500	1 599	1 704	1 814	1 324	1 324	1 919	2 035	2 158	
	Develop, implement and review internal policies and procedures on regular basis		–	–	–							
	Establish and inculcate a service delivery culture		–	–	–							
	Establish quality management processes in the delivery of all services		61 802	64 648	77 408	88 347	87 597	87 597	87 092	91 224	98 267	
	Maintain a positive and vibrant image and identity of the municipality		–	–								
	Provide credible leadership in driving transformation initiatives		–	–								
	Develop and implement internal capability model (institutional core and critical competencies, scarce skills, maintenance skills) that		–	–								
	Review, realign and implement organisational structure to support the vision and objectives		46 589	46 956	3 575	61 081	62 281	62 281	53 560	56 561	60 028	
Allocations to other priorities												
Total Expenditure		1	**4 071 257**	**4 105 515**	**4 772 532**	**5 041 228**	**5 183 508**	**5 183 508**	**5 085 174**	**5 392 070**	**5 614 124**	

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

check op expenditure balance – – – – – – – – –

NW373 Rustenburg - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
1 .Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities	A		1 001 039	425 453	465 453	718 064	685 825	685 825	261 040	308 873	314 182
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial	B		40	–	74		1 808	1 808	9 000	10 500	11 067
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and	C		10 568	9 153	38 229	4 448	4 986	4 986	1 390	25 790	25 150
	Implementation of a City Business Development (CBD) Regeneration Strategy	D		–	–	–	–	–	–			
	Improved public transport infrastructure	E		239 761	286 815	299 496	–	75 249	75 249	299 145	259 557	254 627
2. Drive diversified economic growth and job creation	Consolidated Rustenburg minerals index, value- production and economic growth path quantification and impact	F			–							
	Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing,	G			–	39 639	1 100	1 700	1 700	–	5 000	5 000
	Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs)	H			–		3 000	3 000	3 000	650	1 792	1 889
	Create an enabling environment for the attraction, retention and expansion of foreign and local investments	I			–							
	Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination	J			–							
	Development of an integrated human resources that empowers communities skills development	K			–		–	–	–	–	1 054	1 111
	Development of an institutional integrated human resources capability that enhances institutional competence	L			–							
3. Ensure municpal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial	M			–							
	Implement revenue management strategy to enhance municipal financial viability and sustainability	N			–	6 615	5 500	1 500	1 500			
	Implement sound and sustainable financial management and compliance controls	O			–							
	Develop and implement an integrated municipal core projects' funding and acquisition model aligned with funding institutions'	P			–							
4. Maintain clean, green, safe and healthy municipal enviroment for all	Implement quality and improved health and social services to Communities	Q			–							
	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	R		–	–	–	–	–		–	69	80
	Implement integrated community safety and security strategy and measures	S			–	4 000	14 000	12 940	12 940	3 900	4 036	3 631
	Implement an integrated by-law enforcement programme	T			–	–	–	60	60	8 400	7 908	8 432

5. Transform and maintain a vibrant and sustainable rural development	Drive integrated rural development planning and infrastructural development	U		–	–	–	8 000	7 950	7 950	9 000	10 581	10 666
	Provide conductive environment for rural economic development through sustainable SMME's mentoring	K		–	–							
6. Uphold good governance and public participation principles	Drive good governance and legislative compliance in all municipal processes	L		–	–							
	Promote public participation and partnerships with stakeholders on municipal programmes	M		–	–	184		47	47			
	Establish and maintain strong partnerships with local (mining) industries to oversee social responsibility programmes, job	N		–	–							
7. Drive optimal municipal institutional development, transformation and capacity building	Develop and implement integrated internal systems and processes	O		–	–							
	Develop, implement and review internal policies and procedures on regular basis	P			–							
	Establish and inculcate a service delivery culture	Q			10 000							
	Establish quality management processes in the delivery of all services	R		11 000	–	5 000	34 243	34 768	34 768	1 731	1 600	1 360
	Maintain a positive and vibrant image and identity of the municipality	S		–	–							
	Provide credible leadership in driving transformation initiatives	T		–	–							
	Develop and implement internal capability model (institutional core and critical competencies, scarce skills, maintenance skills) that	U			–							
	Review, realign and implement organisational structure to support the vision and objectives	V		–			5	5	5			
Allocations to other priorities			3									
Total Capital Expenditure			1	**1 262 407**	**731 421**	**858 690**	**788 360**	**829 837**	**829 837**	**594 256**	**636 759**	**637 194**

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure

2. Goal code must be used on Table SA36

3. Balance of allocations not directly linked to an IDP strategic objective

check capital balance – – – – – – – – –

NW373 Rustenburg - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Vote 1 - vote name										
Roads										
Resealing of Roads										
Cover Potholes	km		55.0%	55.0%	55.0%	55.0%	55.0%	58.0%	58.0%	58.0%
Sewer Reticulation	Number		58.0%	59.0%	63.0%	63.0%	63.0%	66.0%	66.0%	66.0%
Eradication of sanitation backlog										
Connections										
Water Reticulation	Meters		53.0%	54.0%	57.0%	57.0%	57.0%	60.0%	60.0%	60.0%
Eradication of Water backlog										
Maximize water connections										
Electricity										
Electricity Backlog	Number		58.0%	59.0%	63.0%	63.0%	63.0%	66.0%	66.0%	66.0%
Electrification of Households										
Street Lighting	Wards		0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%
New Street Lights										
Maintain Electricity Infrastructure										
Electricity Repairs and Maintenance	% Repaired		82.2%	83.2%	83.2%	83.8%	83.8%	85.0%	85.0%	85.0%
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NW373 Rustenburg - Entities measureable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Entity 1 - (name of entity)										
Insert measure/s description										
Entity 2 - (name of entity)										
Eradication of sanitation backlog										
Entity 3 - (name of entity)										
Eradication of sanitation backlog										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))

2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NW373 Rustenburg - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating					B1	B2	B3	B4			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.1%	5.0%	3.9%	2.8%	2.7%	2.7%	2.7%	3.1%	3.0%	2.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.3%	6.4%	4.5%	3.1%	3.2%	3.2%	3.1%	3.8%	3.6%	3.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-1.0%	-3.4%	24.8%	52.8%	54.9%	54.9%	54.9%	28.6%	22.6%	22.3%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	210.8%	189.8%	244.5%	288.6%	288.6%	288.6%	288.6%	330.1%	339.3%	319.1%
Liquidity											
Current Ratio	Current assets/current liabilities	0.9	0.8	1.6	2.1	2.0	2.0	2.0	1.6	2.1	2.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	0.8	1.6	1.9	1.8	1.8	1.8	1.5	1.9	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.2	0.7	1.2	1.1	1.1	1.1	0.9	1.4	1.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		98.2%	99.9%	88.6%	87.7%	87.8%	87.8%	87.7%	89.8%	89.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.2%	99.9%	88.6%	87.7%	87.8%	87.8%	87.7%	89.8%	89.8%	91.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.8%	14.7%	13.7%	12.1%	11.9%	11.9%	11.9%	12.9%	12.7%	12.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		428.3%	356.0%	124.6%	69.4%	74.5%	74.5%	74.5%	82.0%	54.2%	39.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		159038000	323780000	151662954	151662954	151662954	151662954	134261824	112836681	101553013
	Total Cost of Losses (Rand '000)		143 647	273 422	124 797	124 797	124 797	124 797	120 988	109 373	98 436
	% Volume (units purchased and generated less units sold)/units purchased and generated		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	4.0%	4.0%	4.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)		16 917	22 911	15 856	15 856	15 856	15 856	13 527	11 526	10 374
	Total Cost of Losses (Rand '000)		119195755	205768000	113235967	113235967	113235967	113235967	104342562	94938261	85444435
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	15.5%	16.7%	14.4%	14.2%	14.2%	14.2%	14.1%	15.0%	15.0%	15.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	16.4%	17.7%	15.6%	15.3%	15.2%	15.2%		16.3%	16.3%	16.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.3%	2.9%	5.1%	4.1%	4.0%	4.0%		3.4%	3.5%	3.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.1%	13.7%	11.4%	9.6%	9.5%	9.5%	9.5%	11.0%	10.7%	10.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.8	9.0	11.0	12.0	12.0	12.0	10.5	9.3	9.5	10.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.7%	17.7%	19.3%	16.8%	16.8%	16.8%	16.8%	17.6%	17.6%	17.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	0.8	1.6	2.4	2.2	2.2	2.2	2.2	3.6	4.9

References

1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

NW373 Rustenburg - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			387	450	550	627	627	627	627	627	645	645
Females aged 5 - 14			32	35	37	54	54	54	54	54	55	55
Males aged 5 - 14			32	35	38	54	54	54	54	54	56	56
Females aged 15 - 34			69	72	99	111	111	111	111	111	115	115
Males aged 15 - 34			81	83	124	114	114	114	114	114	117	117
Unemployment			60	65	70	145	145	145	145	145	149	149
Monthly household income (no. of households)	1, 12											
No income			105	106	113	125	125	33 439	33 439	33 439	33 439	33 439
R1 - R1 600			105	106	113	103	103	5 374	5 374	5 374	5 374	5 374
R1 601 - R3 200			32	32	34	116	116	8 161	8 161	8 161	8 161	8 161
R3 201 - R6 400			5 352	5 427	5 715	6 149	6 149	22 293	22 293	22 293	22 293	22 293
R6 401 - R12 800			7 621	7 728	8 170	17 760	17 760	34 236	34 236	34 236	34 236	34 236
R12 801 - R25 600			11 819	11 984	12 657	43 536	43 536	45 979	45 979	45 979	45 979	45 979
R25 601 - R51 200			11 673	11 836	12 476	55 893	55 893	24 084	24 084	24 084	24 084	24 084
R52 201 - R102 400			37 746	38 274	40 423	28 253	28 253	14 132	14 132	14 132	14 132	14 132
R102 401 - R204 800			33 503	33 972	35 844	15 454	15 454	7 962	7 962	7 962	7 962	7 962
R204 801 - R409 600			29 450	29 862	31 570	5 693	5 693	2 389	2 389	2 389	2 389	2 389
R409 601 - R819 200			14 856	15 064	15 894	5 693	5 693	597	597	597	597	597
> R819 200			6 711	6 805	7 166	1 303	1 303	398	398	398	398	398
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area			108 721	219 493	286 337	582	266	266	266	266	266	266
Number of poor people in municipal area			25 000	106	113	409	70	70	70	70	70	70
Number of households in municipal area			146 543	-	-	–	199	199	199	199	199	199
Number of poor households in municipal area			-	-	-	–	–	–	–	–	–	–
Definition of poor household (R per month)			-	106	113	2 863	4 800	4 800	4 800	4 800	4 800	4 800
Housing statistics	3											
Formal			65 695	65 695	65 695	178 941	178 941	178 941	178 941	178 941	178 941	178 941
Informal			80 848	80 848	80 848	76 062	76 062	76 062	76 062	76 062	76 062	76 062
Total number of households			146 543	146 543	146 543	255 003	255 003	255 003	255 003	255 003	255 003	255 003
Dwellings provided by municipality	4		146 543									
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			146 543	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912
		Piped water inside yard (but not in dwelling)	138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915
	8	Using public tap (at least min.service level)	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189
	10	Other water supply (at least min.service level)	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080
		Minimum Service Level and Above sub-total	246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096
	9	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	10	Other water supply (< min.service level)	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
		No water supply	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
		Total number of households	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794
		Flush toilet (with septic tank)	12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579
		Chemical toilet	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653
		Pit toilet (ventilated)	31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651
		Other toilet provisions (> min.service level)	63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027
		Minimum Service Level and Above sub-total	248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704
		Bucket toilet	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864
		Other toilet provisions (< min.service level)	4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192
		No toilet provisions	7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815
		Below Minimum Service Level sub-total	13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871
		Total number of households	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**
		Energy:									
		Electricity (at least min.service level)	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797
		Electricity - prepaid (min.service level)	201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186
		Minimum Service Level and Above sub-total	205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983
		Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
		Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
		Other energy sources	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
		Below Minimum Service Level sub-total	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
		Total number of households	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**
		Refuse:									
		Removed at least once a week	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
		Minimum Service Level and Above sub-total	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
		Removed less frequently than once a week	13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618
		Using communal refuse dump	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468
		Using own refuse dump	42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717
		Other rubbish disposal	6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682
		No rubbish disposal	15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002
		Below Minimum Service Level sub-total	86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487
		Total number of households	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**

Municipal in-house services	Ref.		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912	74 912
		Piped water inside yard (but not in dwelling)	138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915	138 915
	8	Using public tap (at least min.service level)	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189	14 189
	10	Other water supply (at least min.service level)	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080	18 080
		Minimum Service Level and Above sub-total	246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096	246 096
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
		No water supply									
		Below Minimum Service Level sub-total	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480	16 480
		Total number of households	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794	138 794
		Flush toilet (with septic tank)	12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579	12 579
		Chemical toilet	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653
		Pit toilet (ventilated)	31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651	31 651
		Other toilet provisions (> min.service level)	63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027	63 027
		Minimum Service Level and Above sub-total	248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704	248 704
		Bucket toilet	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864
		Other toilet provisions (< min.service level)	4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192	4 192
		No toilet provisions	7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815	7 815
		Below Minimum Service Level sub-total	13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871	13 871
		Total number of households	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**	**262 575**
		Energy:									
		Electricity (at least min.service level)	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797
		Electricity - prepaid (min.service level)	201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186	201 186
		Minimum Service Level and Above sub-total	205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983	205 983
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
		Below Minimum Service Level sub-total	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842	14 842
		Total number of households	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**	**220 825**
		Refuse:									
		Removed at least once a week	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
		Minimum Service Level and Above sub-total	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089	176 089
		Removed less frequently than once a week	13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618	13 618
		Using communal refuse dump	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468
		Using own refuse dump	42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717	42 717
		Other rubbish disposal	6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682	6 682
		No rubbish disposal	15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002	15 002
		Below Minimum Service Level sub-total	86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487	86 487
		Total number of households	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**	**262 576**

Municipal entity services	Ref.		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Name of municipal entity		**Household service targets (000)**									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		***Sanitation/sewerage:***									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		***Energy:***									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		***Refuse:***									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Services provided by 'external mechanisms'	Ref.		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Names of service providers		**Household service targets (000)**									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		***Sanitation/sewerage:***									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		***Energy:***									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		***Refuse:***									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Detail of Free Basic Services (FBS) provided			2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Electricity	Ref.	*Location of households for each type of FBS*									
List type of FBS service		**Formal settlements - (50 kwh per indigent household per month Rands)**		1 464 112	1 550 495	1 640 423	1 640 423	1 640 423	1 640 423	1 640 423	1 640 423
		Number of HH receiving this type of FBS	27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
		Informal settlements (Rands)	88 475 283	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475
		Number of HH receiving this type of FBS	27 759	29 736	29 736	29 736	29 736	29 736	29 736	29 736	29 736
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									

	Other (Rands)									
	Number of HH receiving this type of FBS									
	Total cost of FBS - Electricity for informal settlements	88 475 283	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475
Water	Ref.	***Location of households for each type of FBS***								
List type of FBS service		**Formal settlements - (6 kilolitre per indigent household per month Rands)**		5 924 933	6 274 504	6 638 425	6 638 425	6 638 425	6 638 425	6 638 425	6 638 425
		Number of HH receiving this type of FBS	27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
		Informal settlements (Rands)	51 305 294	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591
		Number of HH receiving this type of FBS	27 759	29 736	29 736	29 736	29 736	29 736	29 736	29 736	29 736
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	51 305 294	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591
Sanitation	Ref.	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (free sanitation service to indigent households)**			4 852 560	5 134 009	5 134 009	5 134 009	5 134 009	5 134 009	5 134 009
		Number of HH receiving this type of FBS	27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
		Informal settlements (Rands)	36 312 103	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280
		Number of HH receiving this type of FBS	27 759	29 736	29 736	29 736	29 736	29 736	29 736	29 736	29 736
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	36 312 103	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280	43 626 280
Refuse Removal	Ref.	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (removed once a week to indigent households)**				3 828 122	3 828 122	3 828 122	3 828 122	3 828 122	3 828 122
		Number of HH receiving this type of FBS	27 759	2 875	2 875	2 875	2 875	2 875	2 875	2 875	2 875
		Informal settlements (Rands)	35 802 448	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529
		Number of HH receiving this type of FBS	27 759	29 736	29 736	29 736	29 736	29 736	29 736	29 736	29 736
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	35 802 448	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529	43 012 529

References

1. Monthly household income threshold. Should include all sources of income.

2. Show the poverty analysis the municipality uses to determine its indigents policy and the provision of services

3. Include total of all housing units within the municipality

4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with province

5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality

6. Insert actual or estimated % increases assumed as a basis for budget calculations

7. Insert actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group

8. Stand distance <= 200m from dwelling

9. Stand distance > 200m from dwelling

10. Borehole, spring, rain-water tank etc.

11. Must agree to total number of households in municipal area

12. Household income categories assume an average 4 person household. Stats SA - Census 2011 Questionnaire

13. Based on National poverty line of R515 per capita per month (2008 prices), assuming an average household size of 4 persons

NW373 Rustenburg Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	173 136	230 634	516 254	834 632	776 761	776 761	776 761	792 434	1 370 583	1 971 588
Cash + investments at the yr end less applications - R'000	18(1)b	2	(245 653)	(203 630)	318 240	670 606	613 207	613 207	612 735	464 098	982 552	1 591 485
Cash year end/monthly employee/supplier payments	18(1)b	3	0.6	0.8	1.6	2.4	2.2	2.2	2.2	2.2	3.6	4.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	218 446	404 019	681 359	813 081	792 858	792 858	796 686	691 455	725 268	740 325
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(1.2%)	3.6%	4.7%	(6.1%)	(6.0%)	(5.9%)	(5.9%)	(1.3%)	(1.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	91.0%	98.9%	83.9%	83.0%	83.0%	83.0%	83.0%	84.0%	84.0%	85.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	16.1%	17.9%	16.0%	17.0%	17.0%	17.0%	17.0%	16.0%	16.0%	15.0%
Capital payments % of capital expenditure	18(1)c;19	8	40.1%	85.2%	96.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(1.0%)	(3.4%)	24.8%	52.8%	54.9%	54.9%	54.9%	28.6%	22.6%	22.3%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	5.4%	19.1%	(3.7%)	0.0%	0.0%	0.0%	4.5%	4.6%	4.6%
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	1.0%	1.2%	2.4%	1.9%	1.9%	1.9%	1.6%	1.5%	1.7%	1.8%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	38.2%	91.5%	90.9%	90.9%	0.0%	73.8%	56.8%	56.5%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators												
% incr *total service charges (incl prop rates)*	18(1)a			4.8%	9.6%	10.7%	(0.1%)	0.0%	0.1%	0.1%	4.7%	4.7%
% incr Property Tax	18(1)a			7.9%	2.8%	6.5%	0.0%	0.0%	0.0%	11.1%	4.6%	4.6%
% incr Service charges - electricity revenue	18(1)a			(0.5%)	(1.2%)	14.0%	0.0%	0.0%	(0.0%)	(5.3%)	4.6%	4.6%
% incr Service charges - water revenue	18(1)a			28.3%	17.0%	6.5%	0.0%	0.0%	(0.0%)	(4.9%)	4.7%	4.6%
% incr Service charges - sanitation revenue	18(1)a			3.0%	158.5%	6.5%	0.0%	0.0%	0.0%	31.7%	5.1%	5.1%
% incr Service charges - refuse revenue	18(1)a			12.0%	25.8%	3.0%	(2.3%)	0.0%	2.4%	3.5%	4.7%	4.7%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		2 938 601	3 080 002	3 374 933	3 736 071	3 732 243	3 732 243	3 736 071	3 734 754	3 908 423	4 090 184
Service charges			2 938 601	3 080 002	3 374 933	3 736 071	3 732 243	3 732 243	3 736 071	3 734 754	3 908 423	4 090 184
Property rates			306 748	330 842	340 075	362 089	362 089	362 089	362 089	402 199	420 700	440 052
Service charges - electricity revenue			2 011 578	2 001 740	1 977 151	2 253 168	2 253 168	2 253 168	2 253 168	2 133 939	2 231 383	2 333 309
Service charges - water revenue			387 672	497 545	581 946	619 817	619 817	619 817	619 817	589 526	616 950	645 635
Service charges - sanitation revenue			118 120	121 636	314 414	334 764	334 764	334 764	334 764	440 983	463 376	486 901
Service charges - refuse removal			114 483	128 239	161 348	166 232	162 404	162 404	166 232	168 106	176 015	184 287
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			9 321	12 474	16 581	11 604	11 604	11 604	11 604	9 597	10 038	10 500
Capital expenditure excluding capital grant funding			731 801	104 875	322 607	303 188	291 509	291 509	291 509	87 371	110 567	112 044
Cash receipts from ratepayers	18(1)a		2 980 395	3 132 664	3 307 389	3 513 114	3 513 114	3 513 114	3 513 114	3 522 520	3 693 318	3 926 541
Ratepayer & Other revenue	18(1)a		3 273 689	3 168 844	3 942 983	4 234 662	4 230 834	4 230 834	4 234 662	4 191 968	4 399 117	4 617 300
Change in consumer debtors (current and non-current)			62 488	28 165	104 885	(24 336)	(24 336)	(24 336)	(24 336)	28 317	30 249	31 640
Operating and Capital Grant Revenue	18(1)a		989 415	1 158 567	1 210 159	1 257 732	1 383 617	1 383 617	1 383 617	1 364 969	1 481 359	1 486 646
Capital expenditure - total	20(1)(vi)		1 262 407	731 421	858 690	788 360	829 837	829 837	829 837	594 256	636 759	637 194
Capital expenditure - renewal	20(1)(vi)		–	–	327 950	721 353	754 648	754 648		438 662	361 392	360 033
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										–	–	–
Average annual collection rate (arrears inclusive)												
DoRA operating												
List operating grants												
										–	–	–
DoRA capital												
List capital grants												

NW373 Rustenburg - Supporting Table SA11 Property rates summary

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Valuation:	1									
Date of valuation:		01/07/2014								
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2	Yes		Yes						
Municipal/assistant valuer appointed? (Y/N)		Yes		Yes	Yes		Yes	Yes	Yes	Yes
Municipal partnership s38 used? (Y/N)		No	No							
No. of assistant valuers (FTE)	3	1	1					1	1	1
No. of data collectors (FTE)	3	1	1					6	6	6
No. of internal valuers (FTE)	3	-	-							
No. of external valuers (FTE)	3	1	3					1	1	1
No. of additional valuers (FTE)	4	-	-							
Valuation appeal board established? (Y/N)		Yes					No	No		
Implementation time of new valuation roll (mths)										
No. of properties	5	64 644	77 577				83 454	83 454	83 454	83 454
No. of sectional title values	5	10 544	10 914				11 499	11 499	11 499	11 499
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations		1	1				1	1	1	1
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation		1	1							
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)		202	205				208	208	208	208
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)		11	11	11	11		11	11	11	11
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)		1 107	1 107	1 107	1 107		1 107	1 107	1 107	1 107
Valuation reductions-public worship (Rm)		152	152	152	152		152	152	152	152
Valuation reductions-other (Rm)		6 634	8 110	8 110	8 110		8 110	8 110	8 110	8 110
Total valuation reductions:		7 904	9 380	9 380	9 380	–	9 380	9 380	9 380	9 380
Total value used for rating (Rm)	5									
Total land value (Rm)	5		n/a	n/a	n/a		n/a	n/a	n/a	n/a
Total value of improvements (Rm)	5		n/a	n/a	n/a		n/a	n/a	n/a	n/a
Total market value (Rm)	5		32 764	34 730	34 730		34 730	40 730	40 730	40 730
Rating:										
Residential rate used to determine rate for other categories? (Y/N)		Yes		Yes	Yes		Yes	Yes	Yes	Yes
Differential rates used? (Y/N)	5	Yes		Yes	Yes		Yes	Yes	Yes	Yes
Limit on annual rate increase (s20)? (Y/N)		Yes		Yes						
Special rating area used? (Y/N)		Yes		Yes	Yes		Yes	Yes	Yes	Yes
Phasing-in properties s21 (number)				Yes						
Rates policy accompanying budget? (Y/N)		Yes		Yes	Yes		Yes	Yes	Yes	Yes
Fixed amount minimum value (R'000)				Yes						
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R '000)	6	288 535	318 699	337 184	337 184		337 184	337 184	337 184	337 184
Rate revenue expected to collect (R'000)	6	264 534	253 792	275 556	275 556		275 556	275 556	275 556	275 556
Expected cash collection rate (%)			95.0%	88.0%	88.0%		88.0%	88.0%	88.0%	88.0%
Special rating areas (R'000)	7	4 750								
Rebates, exemptions - indigent (R'000)			124					124	124	124
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)		24 001	36 707	37 068	37 068		37 068	37 068	37 068	37 068
Phase-in reductions/discounts (R'000)										
Total rebates,exemptns,reductns,discs (R'000)		24 001	36 831	37 068	37 068	–	37 068	37 068	37 068	37 068

References

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand

2. To give effect to rates policy

3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff

4. Required to implement new system (FTE)

5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12

6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

7. Included in rate revenue budget

8. In favour of the rate-payer

NW373 Rustenburg - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2019/20																	
Valuation:																	
No. of properties		73 879	510	1 700	3 678	542	935	222	475							9	504
No. of sectional title property values		11 499															
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Supplementary valuation (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of objections by rate-payers		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections > 10%	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Estimated no. of properties not valued		–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Years since last valuation **(select)**		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Frequency of valuation **(select)**		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Method of valuation used **(select)**		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation **(select)**		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Flat rate used? (Y/N)		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?		Uniform	Uniform	Uniform	Uniform	Variable	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)		7 200															
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

NW373 Rustenburg - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2020/21																	
Valuation:																	
No. of properties		73 879	510	1 700	3 678	542	935	222	475							9	504
No. of sectional title property values		11 499															
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Supplementary valuation (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of objections by rate-payers		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections > 10%	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Estimated no. of properties not valued		–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Years since last valuation (select)		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Frequency of valuation (select)		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Method of valuation used (select)		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Flat rate used? (Y/N)		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?		Uniform	Uniform	Uniform	Uniform	Variable	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)		7 200															
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

NW373 Rustenburg - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
							Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Property rates *(rate in the Rand)*	1								
Residential properties			0.0060	0.0064	0.0068	0.0072	0.0072	0.0072	0.0072
Residential properties - vacant land			0.0093	0.0099	0.0106	0.0113	0.0113	0.0113	0.0113
Formal/informal settlements									
Small holdings			0.0015	0.0016	0.0017	0.0018	0.0018	0.0018	0.0018
Farm properties - used			0.0093	0.0099	0.0106	0.0113	0.0113	0.0113	0.0113
Farm properties - not used									
Industrial properties			0.0226	0.0240	0.2575	0.2740	0.2740	0.2740	0.2740
Business and commercial properties			0.0217	0.0236	0.2532	0.2694	0.2694	0.2694	0.2694
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties			0.0211	0.0226	0.0240	0.0256	0.0256	0.0256	0.0256
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner			0.0030	0.0064	0.0068	0.0072	0.0072	0.0072	0.0072
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates *(Rands)*									
Residential properties									
R15 000 threshhold rebate			15 000	15 000	15 000	15 000	15000.00	15000.00	15000.00
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			63	69	81	86	86	86	86
Service point - vacant land *(Rands/month)*			65	73	86	91	91	91	91
Water usage - flat rate tariff *(c/kl)*			63	69	81	86	86	86	86
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/kl)		(fill in thresholds)	10	12	13	14	14	14	14
Water usage - Block 2 (c/kl)		(fill in thresholds)	13	14	13	13	13	13	13
Water usage - Block 3 (c/kl)		(fill in thresholds)	14	16	16	16	16	16	16
Water usage - Block 4 (c/kl)		(fill in thresholds)	16	18	20	23	23	23	23
Other	2		18	20	23	27	27	27	27
Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*									
Service point - vacant land *(Rands/month)*									
Waste water - flat rate tariff *(c/kl)*									
Volumetric charge - Block 1 (c/kl)		(fill in structure)	109	116	127	148	148	148	148
Volumetric charge - Block 2 (c/kl)		(fill in structure)	116	122	135	157	157	157	157
Volumetric charge - Block 3 (c/kl)		(fill in structure)	125	132	147	170	170	170	170

Volumetric charge - Block 4 (c/kl)		(fill in structure)	137	146	164	187	187	187	187
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*				183	187		187	187	187
Service point - vacant land *(Rands/month)*									
FBE		(how is this targeted?)	50	50	50		50	50	50
Life-line tariff - meter		(describe structure)							
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter *(c/kwh)*									
Flat rate tariff - prepaid*(c/kwh)*									
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)	83	84	86	90	90	90	90
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)	103	105	107	112	112	112	112
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)	120	128	147	146	146	146	146
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)	143	154	177	176	176	176	176
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)	79	84	86	90	90	90	90
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)	100	105	107	112	112	112	112
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)	121	128	130	146	146	146	146
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)	147	154	157	176	176	176	176
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)							
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge									
Basic charge/fixed fee			114	124	136	143	150	150	150
80l bin - once a week									
250l bin - once a week									

References

1. If properties are not rated or zero rated this must be indicated as such

2.Please provide detailed descriptions on Sheet SA13b

NW373 Rustenburg - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
							Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Exemptions, reductions and rebates *(Rands)*									
Rebate Earnings<4500		Rebate Earnings<4500			0	0	0	0	0
Rebate Earnings between 4500 and 5500		Rebate Earnings between 4500			0	0	0	0	0
Rebate Earnings between 5500 and 6500		Rebate Earnings between 5500			0	0	0	0	0
Government Rebates 20%		Government Rebates 20%			0	0	0	0	0
Residential Rebates		Residential Rebates			100000	100001	100001	100001	100001
Water tariffs									
Domestic - Conventional		(0-12kl)			12	12	12	12	12
Domestic - Conventional		(13-25kl)			14	14	14	14	14
Domestic - Conventional		(26-40kl)			16	16	16	16	16
Domestic - Conventional		(41-60kl)			18	18	18	18	18
Domestic - Conventional		(60kl +)			20	20	20	20	20
Domestic - Prepaid		(0-12kl)			12	12	12	12	12
Domestic - Prepaid		(13-25kl)			14	14	14	14	14
Domestic - Prepaid		(26-40kl)			16	16	16	16	16
Domestic - Prepaid		(41-60kl)			18	18	18	18	18
Domestic - Prepaid		(60kl +)			20	20	20	20	20
Domestic Agricultural		(0-12kl)			16	16	16	16	16
Domestic Agricultural		(13-25kl)			17	17	17	17	17
Domestic Agricultural		(26-40kl)			19	19	19	19	19
Domestic Agricultural		(41-60kl)			19	19	19	19	19
Domestic Agricultural		(60kl +)			21	21	21	21	21
Industrial		(0-150kl) (0-60Kl New)			17	17	17	17	17
Industrial		(0 - 150) (61-100Kl New)			19	19	19	19	19
Industrial		(0-150kl) (101-150Kl New)			21	21	21	21	21
Industrial		(150kl +) (151Kl + New)			23	23	23	23	23
Bospoort		(0-150kl) (0-60Kl New)			18	18	18	18	18
Bospoort		(0 - 150) (61-100Kl New)			19	19	19	19	19
Bospoort		(0-150kl) (101-150Kl New)			20	20	20	20	20
Bospoort		(150kl +) (151Kl + New)			21	21	21	21	21
Commercial		(0-150kl) (0-60Kl New)			17	17	17	17	17
Commercial		(0 - 150) (61-100Kl New)			18	18	18	18	18
Commercial		(0-150kl) (101-150Kl New)			20	20	20	20	20
Commercial		(150kl +) (151Kl + New)			21	21	21	21	21
Institutional - Church		*(0-150kl) (0-60Kl New)*			16	16	16	16	16
Institutional - Church		*(0 - 150) (61-100Kl New)*			17	17	17	17	17
Institutional - Church		*(0-150kl) (101-150Kl New)*			17	17	17	17	17
Institutional - Church		*(150kl +) (151Kl + New)*			18	18	18	18	18
Institutional		*(0-150kl) (0-60Kl New)*			16	16	16	16	16
Institutional		*(0 - 150) (61-100Kl New)*			17	17	17	17	17
Institutional		*(0-150kl) (101-150Kl New)*			17	17	17	17	17

NW373 Rustenburg - Supporting Table SA14 Household bills

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		310.74	330.63	348.48	348.48	348.48	348.48	5.4%	367.30	387.13	408.04
Electricity: Basic levy		293.92	311.35	328.17	328.17	328.17	328.17	5.4%	345.89	364.56	384.25
Electricity: Consumption		1 321.08	1 420.29	1 496.99	1 496.99	1 496.99	1 496.99	5.4%	1 577.82	1 663.03	1 752.83
Water: Basic levy		69.41	81.00	85.37	85.37	85.37	85.37	5.4%	89.98	94.84	99.96
Water: Consumption		403.75	427.25	450.32	450.32	450.32	450.32	5.4%	474.64	500.27	527.28
Sanitation		146.84	169.74	178.91	178.91	178.91	178.91	5.4%	188.57	198.75	209.49
Refuse removal		124.18	135.61	142.93	142.93	142.93	142.93	5.4%	150.65	158.78	167.36
Other											
sub-total		2 669.92	2 875.87	3 031.17	3 031.17	3 031.17	3 031.17		3 194.85	3 367.37	3 549.21
VAT on Services		373.79	402.62	424.36	424.36	424.36	424.36				
Total large household bill:		3 043.71	3 278.49	3 455.53	3 455.53	3 455.53	3 455.53	5.4%	3 194.85	3 367.37	3 549.21
% increase/-decrease		–	7.7%	13.5%	–	–	–		(7.5%)	5.4%	5.4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		207.16	220.42	232.32	232.32	232.32	232.32	5.4%	244.86	258.09	272.02
Electricity: Basic levy		293.92	311.35	328.17	328.17	328.17	328.17	5.4%	345.89	364.56	384.25
Electricity: Consumption		572.50	615.49	648.73	648.73	648.73	648.73	5.4%	683.76	720.68	759.60
Water: Basic levy		69.41	81.00	85.37	85.37	85.37	85.37	5.4%	89.98	94.84	99.96
Water: Consumption		323.26	342.07	360.54	360.54	360.54	360.54	5.4%	380.01	400.53	422.16
Sanitation		135.35	156.46	164.91	164.91	164.91	164.91	5.4%	173.82	183.20	193.10
Refuse removal		124.18	135.61	142.93	142.93	142.93	142.93	5.4%	150.65	158.78	167.36
Other											
sub-total		1 725.77	1 862.40	1 962.97	1 962.97	1 962.97	1 962.97	5.4%	2 068.97	2 180.69	2 298.45
VAT on Services		241.61	260.74	274.82	274.82	274.82	274.82				
Total small household bill:		1 967.38	2 123.14	2 237.79	2 237.79	2 237.79	2 237.79	5.4%	2 068.97	2 180.69	2 298.45
% increase/-decrease		–	7.9%	13.7%	–	–	–		(7.5%)	5.4%	5.4%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		103.58	110.21	116.17	116.17	116.17	116.17	5.4%	122.44	129.05	136.02
Electricity: Basic levy		293.92	311.35	328.17	328.17	328.17	328.17	5.4%	345.89	364.56	384.25
Electricity: Consumption		334.14	356.40	375.64	375.64	375.64	375.64	5.4%	395.93	417.31	439.84
Water: Basic levy		69.41	81.00	85.37	85.37	85.37	85.37	5.4%	89.98	94.84	99.96
Water: Consumption		182.69	193.32	203.76	203.76	203.76	203.76	5.4%	214.76	226.36	238.59
Sanitation		127.11	146.94	154.87	154.87	154.87	154.87	5.4%	163.24	172.05	181.34
Refuse removal		124.18	135.61	142.93	142.93	142.93	142.93	5.4%	150.65	158.78	167.36
Other											
sub-total		1 235.04	1 334.83	1 406.91	1 406.91	1 406.91	1 406.91	–	1 482.88	1 562.96	1 647.36
VAT on Services		172.91	186.88	196.97	196.97	196.97	196.97				
Total small household bill:		1 407.94	1 521.71	1 603.88	1 603.88	1 603.88	1 603.88	–	1 482.88	1 562.96	1 647.36
% increase/-decrease		–	8.1%	13.9%	–	–	–		(7.5%)	5.4%	5.4%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

NW373 Rustenburg - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		21 714	111 689	304 146	142 299	84 428	84 428	88 227	92 285	96 531
Deposits - Public Investment Commissioners		851	801	843	877	877	877	917	959	1 003
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	22 565	112 490	304 990	143 176	85 305	85 305	89 144	93 244	97 533
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:		22 565	112 490	304 990	143 176	85 305	85 305	89 144	93 244	97 533

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

NW373 Rustenburg - 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												
Parent municipality														
ABSA: Call Account			Monthly	Call Savings						1	280		66 676	66 957
ABSA: Investment Acc			Monthly	Flexible Deposit		2.9				590	1		–	591
ABSA: Investment Acc				Fixed Deposit		7.65				4 926	45		–	4 971
ABSA: Investment Acc				Fixed Deposit		7.05				–	–			-
ABSA: Investment Acc				Fixed Deposit		8.25				405	4			409
Standard Bank			Monthly	Call Deposit		6.7				448	1			449
Standard Bank			Monthly	Call Deposit		6.7				122	0			6
Kagiso Asset Management			Monthly	Money Market Assets		N/A				6 365	28			6
Sanlam			Monthly	Money Market Fund		N/A				8 331	57			8
Sanlam Shares			Monthly	Ordinary - 12 948		73.92				957	(116)		–	
Sanlam Shares			Monthly	Ordinary -323		73.92				24	(3)			
Municipality sub-total										22 169		–	66 676	89 144
Entities														
Entities sub-total										–		–	–	
TOTAL INVESTMENTS AND INTEREST	1									22 169		–	66 676	89

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)

2. List investments in expiry date order

3. If 'variable' is selected in column F, input interest rate range

4. Withdrawals to be entered as negative

check

ITEM 4.1

AGENDA SPECIAL COUNCIL: 22 MAY 2020

NW373 Rustenburg - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		561 763	505 508	703 000	863 000	863 000	863 000	888 000	941 000	913 000
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	561 763	505 508	703 000	863 000	863 000	863 000	888 000	941 000	913 000
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	561 763	505 508	703 000	863 000	863 000	863 000	888 000	941 000	913 000

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	–	–	–	–	–	–	–	–	–

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)

check borrowing balance	–	–	–	–	–	–	–	–	–	–

NW373 Rustenburg - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**453 605**	**532 021**	**702 759**	**771 095**	**843 687**	**843 687**	**856 538**	**954 266**	**959 865**
Local Government Equitable Share		451 980	526 072	605 006	675 452	675 452	675 452	756 697	849 268	849 268
Finance Management		1 625	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700
NDPG		–	–	–	2 000	–	–	–	–	–
EPWP		–	4 249	3 545	3 786	3 786	3 786	–	–	–
PTIS		–	–	85 652	81 301	155 701	155 701	85 102	89 849	94 779
PMU		–	–	6 856	6 856	7 048	7 048	13 039	13 449	14 118
MIG		–	–	–	–			–	–	–
Energy Efficiency and Demand Management										
Other transfers/grants [insert description]										
Provincial Government:		**5 204**	**–**	**212**	**1 465**	**1 602**	**1 602**	**1 546**	**1 631**	**1 631**
CATA		4 219	–	212	1 465	1 602	1 602	1 546	1 631	1 631
LG-SETA		985	–	–		–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Operating Transfers and Grants	5	**458 809**	**532 021**	**702 971**	**772 560**	**845 290**	**845 290**	**858 084**	**955 897**	**961 496**
Capital Transfers and Grants										
National Government:		**530 088**	**625 980**	**505 828**	**484 272**	**534 079**	**534 079**	**506 885**	**525 463**	**525 150**
Municipal Infrastructure Grant (MIG)		169 603	239 841	223 230	228 252	236 559	236 559	236 545	255 526	254 857
Public Transport and Systems		345 354	314 156	212 560	137 610	161 610	161 610	158 500	162 030	157 100
Neighbourhood Development Partnership		–	–	–	15 000	20 000	20 000	9 000	10 500	11 067
Department of Energy		–	–	10 038	15 410	15 410	15 410	10 000	10 000	10 000
Water Infrastructure Grant		15 131	71 983	–	–	–	–	–	–	–
Municipal Systems Improvement		–	–	–	–			–	–	–
WSIG		–	–	60 000	88 000	100 500	100 500	92 840	87 406	92 126
Accelerated Community Infrastructure Program		–	–	–	–					
Other capital transfers/grants [insert desc]										
Provincial Government:		**518**	**566**	**3 766**	**900**	**4 249**	**4 249**	**–**	**730**	**–**
DPLG		–	–	–	–	2 500	2 500			
CATA		518	566	3 766	900	1 749	1 749	–	730	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Capital Transfers and Grants	5	**530 606**	**626 546**	**509 594**	**485 172**	**538 328**	**538 328**	**506 885**	**526 193**	**525 150**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**989 415**	**1 158 567**	**1 212 565**	**1 257 732**	**1 383 618**	**1 383 618**	**1 364 969**	**1 482 089**	**1 486 646**

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation

2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)

3. Replacement of RSC levies

4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality

5. Total transfers and grants must reconcile to Budgeted Cash Flows

6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

NW373 Rustenburg - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		453 605	532 021	702 759	771 095	843 687	843 687	856 538	954 266	959 865
Local Government Equitable Share		451 980	526 072	605 006	675 452	675 452	675 452	756 697	849 268	849 268
Finance Management		1 625	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700
NDPG		–	–	–	2 000	–	–	–	–	–
EPWP		–	4 249	3 545	3 786	3 786	3 786	–	–	–
PTIS		–	–	85 652	81 301	155 701	155 701	85 102	89 849	94 779
PMU		–	–	6 856	6 856	7 048	7 048	13 039	13 449	14 118
MIG		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Management										
Other transfers/grants [insert description]										
Provincial Government:		5 204	–	212	1 465	1 602	1 602	1 546	1 631	1 631
CATA		4 219	–	212	1 465	1 602	1 602	1 546	1 631	1 631
LG-SETA		985	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants:		458 809	532 021	702 971	772 560	845 290	845 290	858 084	955 897	961 496
Capital expenditure of Transfers and Grants										
National Government:		530 088	625 980	505 828	484 272	534 079	534 079	506 885	525 463	525 150
Municipal Infrastructure Grant (MIG)		169 603	239 841	223 230	228 252	236 559	236 559	236 545	255 526	254 857
Public Transport and Systems		345 354	314 156	212 560	137 610	161 610	161 610	158 500	162 030	157 100
Neighbourhood Development Partnership		–	–	–	15 000	20 000	20 000	9 000	10 500	11 067
Department of Energy		–	–	10 038	15 410	15 410	15 410	10 000	10 000	10 000
Water Infrastructure Grant		15 131	71 983	–	–	–	–	–	–	–
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
WSIG		–	–	60 000	88 000	100 500	100 500	92 840	87 406	92 126
Accelerated Community Infrastructure Program		–	–	–	–					
Other capital transfers/grants [insert desc]										
Provincial Government:		518	566	3 766	900	4 249	4 249	–	730	–
DPLG		–	–	–	–	2 500	2 500	–	–	–
CATA		518	566	3 766	900	1 749	1 749	–	730	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total capital expenditure of Transfers and Grants		530 606	626 546	509 594	485 172	538 328	538 328	506 885	526 193	525 150
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		989 415	1 158 567	1 212 565	1 257 732	1 383 618	1 383 618	1 364 969	1 482 089	1 486 646

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

NW373 Rustenburg - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		453 605	532 021	702 759	771 095	843 825	843 825	856 538	954 266	959 865
Conditions met - transferred to revenue		453 605	532 021	702 759	771 095	843 825	843 825	856 538	954 266	959 865
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		5 204	–	515	1 465	1 465	1 465	1 546	1 631	1 631
Conditions met - transferred to revenue		5 204	–	515	1 465	1 465	1 465	1 546	1 631	1 631
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		458 809	532 021	703 274	772 560	845 290	845 290	858 084	955 897	961 496
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		530 088	625 980	532 317	484 272	534 080	534 080	506 885	525 463	525 150
Conditions met - transferred to revenue		530 088	625 980	532 317	484 272	534 080	534 080	506 885	525 463	525 150
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		518	566	3 766	900	4 249	4 249	–	730	–
Conditions met - transferred to revenue		518	566	3 766	900	4 249	4 249	–	730	–
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		530 606	626 546	536 082	485 172	538 329	538 329	506 885	526 193	525 150
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		989 415	1 158 567	1 239 356	1 257 732	1 383 618	1 383 618	1 364 969	1 482 089	1 486 646
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance

2. CTBM = conditions to be met

3. National Treasury database will require this reconciliation for each transfer/grant

Check opex	0	–	0	–	–	–	–	(0)	(0)
Check capex	–	–	–	–	1	1	–	–	–

NW373 Rustenburg - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Bessie Mpelegeleng Ngwana	3	3 202	71 051	50	50	50	50	50	53	56	59
Donation Spca			–	385	385	385	385	385	406	428	451
Donation Rlm sports & Recreation Club			–	50	50	50	50	50	53	56	59
Total Cash Transfers To Other Organs Of State:		3 202	71 051	485	485	485	485	485	511	539	568
Cash Transfers to Organisations											
Insert description											
Total Cash Transfers To Organisations		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Groups of Individuals											
Insert description											
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	3 202	71 051	485	485	485	485	485	511	539	568
Non-Cash Transfers to other municipalities											
Insert description	1										
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Insert description	3										
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
Alternative Energy	5			3 589	4 600	4 600	4 600	4 600	4 807	5 071	5 346
Free Sanitation Services				1 555	3 797	3 797	3 797	3 797	3 968	4 186	4 413
Free Water Services				3 371	1 646	1 646	1 646	1 646	1 720	1 814	1 912
Free Property Rates Services				3 589	3 566	3 566	3 566	3 566	3 709	3 891	4 078
Free Refuse Services				4 348	3 797	3 797	3 797	3 797	3 968	4 186	4 413
Total Non-Cash Grants To Groups Of Individuals:		–	–	16 453	17 407	17 407	17 407	17 407	18 172	19 149	20 161
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	16 453	17 407	17 407	17 407	17 407	18 172	19 149	20 161
TOTAL TRANSFERS AND GRANTS	6	3 202	71 051	16 938	17 892	17 892	17 892	17 892	18 684	19 688	20 728

References

1. Insert description listed by municipal name and demarcation code of recipient

2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)

3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)

4. Insert description of each other organisation (e.g. charity)

5 Insert description of each other organisation (e.g. the aged, child-headed households)

6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

NW373 Rustenburg - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		25 487	31 797	49 307	48 626	48 626	48 626	55 152	58 130	61 269
Pension and UIF Contributions		1 450	1 552	1 660	1 954	1 954	1 954	2 185	2 303	2 428
Medical Aid Contributions		690	739	790	930	930	930	980	1 033	1 089
Motor Vehicle Allowance		2 022	2 163	2 314	2 724	2 724	2 724	2 871	3 026	3 190
Cellphone Allowance		1 772	2 400	2 542	2 958	2 958	2 958	3 118	3 286	3 463
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		31 420	38 650	56 614	57 193	57 193	57 193	64 306	67 779	71 439
% increase	4		23.0%	46.5%	1.0%	–	–	12.4%	5.4%	5.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		13 512	15 851	16 961	18 148	18 148	18 148	19 282	20 487	21 768
Pension and UIF Contributions		1 585	1 906	2 040	2 183	2 183	2 183	2 319	2 464	2 618
Medical Aid Contributions		172	549	587	628	628	628	667	709	766
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	1 354	1 518	1 625	1 738	1 738	1 738	1 847	1 962	2 085
Cellphone Allowance	3	4	4	4	4	4	4	4	5	5
Housing Allowances	3	89	–	–	–	–	–	–	–	–
Other benefits and allowances	3	159	170	182	194	194	194	206	219	233
Payments in lieu of leave			–							
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		16 875	19 998	21 398	22 896	22 896	22 896	24 326	25 846	27 474
% increase	4		18.5%	7.0%	7.0%	–	–	6.2%	6.2%	6.3%
Other Municipal Staff										
Basic Salaries and Wages		407 059	489 023	463 049	501 982	504 760	504 760	535 758	569 517	604 846
Pension and UIF Contributions		66 235	1 671	79 002	84 370	84 370	84 370	89 873	95 490	101 458
Medical Aid Contributions		31 378	37 454	45 032	48 093	48 093	48 093	45 733	48 591	51 616
Overtime		27 693	26 354	23 515	25 114	25 936	25 936	29 292	32 185	34 197
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	15 499	17 517	18 665	19 930	20 019	20 019	19 019	20 208	21 471
Cellphone Allowance	3	87	93	100	107	107	107	313	333	354
Housing Allowances	3	6 658	3 724	3 984	4 255	4 255	4 255	4 608	4 896	5 202
Other benefits and allowances	3	12 905	25 336	34 901	32 657	35 383	35 383	15 258	16 212	17 458
Payments in lieu of leave			–							
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		567 514	601 172	668 248	716 509	722 924	722 924	739 855	787 433	836 601
% increase	4		5.9%	11.2%	7.2%	0.9%	–	2.3%	6.4%	6.2%
Total Parent Municipality		615 809	659 820	746 260	796 597	803 012	803 012	828 488	881 058	935 514
			7.1%	13.1%	6.7%	0.8%	–	3.2%	6.3%	6.2%
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										
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										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		**615 809**	**659 820**	**746 260**	**796 597**	**803 012**	**803 012**	**828 488**	**881 058**	**935 514**
% increase	4		**7.1%**	**13.1%**	**6.7%**	**0.8%**	**–**	**3.2%**	**6.3%**	**6.2%**
TOTAL MANAGERS AND STAFF	5,7	**584 389**	**621 170**	**689 646**	**739 404**	**745 820**	**745 820**	**764 181**	**813 279**	**864 075**

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved

2. s57 of the Systems Act

3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance

4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D

5. Must agree to the sub-total appearing on Table A1 (Employee costs)

6. Includes pension payments and employer contributions to medical aid

7. Correct as at 30 June

Column Definitions:

A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited

D. The original budget approved by council for the budget year.

E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.

F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.

G. The amount to be appropriated for the budget year.

H and I. The indicative projection

NW373 Rustenburg - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4				1 375 025			1 375 025
Chief Whip					1 284 958			1 284 958
Executive Mayor					1 631 976			1 631 976
Deputy Executive Mayor								–
Executive Committee					11 216 579			11 216 579
Total for all other councillors					48 797 938			48 797 938
Total Councillors	8	–	–	–	**64 306 476**			**64 306 476**
Senior Managers of the Municipality	5							
Municipal Manager (MM)			2 294 152					2 294 152
Chief Finance Officer			1 746 049					1 746 049
DIRECTOR: TECHNICAL & INFR			1 746 049					1 746 049
DIRECTOR: CORPORATE SUPPORT SERVICE			1 746 049					1 746 049
DIRECTOR: COMMUNITY DEVELOPM			1 746 049					1 746 049
DIRECTOR ROADS AND TRANSPORT			1 746 049					1 746 049
List of each offical with packages >= senior manager								
DIRECTOR: LED			1 746 049					1 746 049
DIRECTOR: PUBLIC SAFETY			1 746 049					1 746 049
DIRECTOR: PLANNING			1 746 049					1 746 049
DEPUTY CHIEF FINANCIAL OFFICER			1 448 506					1 448 506
MANAGER: OFFICE OF THE EM			1 323 159					1 323 159
MANAGER: OFFICE OF THE MM			1 323 159					1 323 159
MANAGER: OFFICE OF THE SPEAKER			1 323 159					1 323 159
MANAGER: MPAC OFFICE			1 323 159					1 323 159
MANAGER: STRATEGIC PLANNING			1 323 159					1 323 159
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	**24 326 844**	–	–	–		**24 326 844**
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	–	**24 326 844**	–	**64 306 476**	–		**88 633 320**

References

1. Pension and medical aid

2. Total package must equal the total cost to the municipality

3. List each political office bearer by designation. Provide a total for all other councillors

4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)

5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation

6. List each entity where municipality has an interest and state percentage ownership and control

7. List each senior manager reporting to the CEO of an Entity by designation

8. Must reconcile to relevant section of Table SA24

9. Must reconcile to totals shown for the budget year of Table SA22

10. Correct as at 30 June

NW373 Rustenburg - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		89		89	89		89	89		89
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	38		38	38		38	38		38
Other Managers	7									
Professionals		*1 811*	*1 744*	*67*	*1 811*	*1 744*	*67*	*1 811*	*1 744*	*67*
Finance		133	123	10	133	123	10	133	123	10
Spatial/town planning		75	70	5	75	70	5	75	70	5
Information Technology		12	7	5	12	7	5	12	7	5
Roads		106	98	8	106	98	8	106	98	8
Electricity		140	131	9	140	131	9	140	131	9
Water		165	155	10	165	155	10	165	155	10
Sanitation		32	31	1	32	31	1	32	31	1
Refuse		178	169	9	178	169	9	178	169	9
Other		970	960	10	970	960	10	970	960	10
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	1 938	1 744	194	1 938	1 744	194	1 938	1 744	194
% increase					–	–	–	–	–	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

References

1. Positions must be funded and aligned to the municipality's current organisational structure
2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
3. s57 of the Systems Act
4. Include only in Consolidated Statements
5. Include municipal entity employees in Consolidated Statements
6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)
7. Managers who provide the direction of a critical technical function
8. Total number of employees working on these functions

NW373 Rustenburg - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																
Property rates		33 000	38 000	33 000	32 000	31 000	35 000	27 000	25 000	38 000	39 000	34 000	37 199	402 199	420 700	440 052
Service charges - electricity revenue		180 000	160 000	150 000	190 000	230 000	180 000	200 000	175 000	160 000	160 000	175 000	173 939	2 133 939	2 231 383	2 333 309
Service charges - water revenue		45 000	57 000	58 000	41 000	43 000	54 000	46 000	47 000	48 000	49 000	51 000	50 526	589 526	616 950	645 635
Service charges - sanitation revenue		33 000	34 000	34 000	36 000	32 000	34 000	33 000	34 000	38 000	41 500	42 514	48 969	440 983	463 376	486 901
Service charges - refuse revenue		15 000	16 000	14 000	13 000	11 000	10 000	15 000	16 000	17 000	13 500	12 839	14 766	168 106	176 015	184 287
Rental of facilities and equipment		900	950	800	750	800	750	890	600	750	650	820	937	9 597	10 038	10 500
Interest earned - external investments		1 600	1 500	1 700	1 100	1 800	1 900	2 800	2 650	2 950	2 800	2 900	3 612	27 312	35 632	40 016
Interest earned - outstanding debtors		23 000	24 000	25 000	21 000	19 000	17 000	15 000	28 000	28 000	29 000	27 000	31 151	287 151	307 808	331 048
Dividends received													–	–	–	–
Fines, penalties and forfeits		1 500	950	970	910	890	750	1 000	1 100	1 300	1 250	1 100	1 211	12 931	13 526	14 148
Licences and permits		700	700	750	850	950	1 150	1 500	1 300	990	650	1 250	1 123	11 913	12 461	13 034
Agency services		8 500	9 500	7 000	7 500	7 500	14 500	8 000	7 500	8 500	6 500	7 500	8 349	100 849	110 488	120 340
Transfers and subsidies		75 000	80 000	70 000	72 000	67 000	81 000	85 000	65 000	68 000	66 000	65 000	64 084	858 084	955 897	961 496
Other revenue		2 900	3 000	2 700	2 600	2 000	2 400	3 100	3 500	3 700	2 900	2 600	3 374	34 774	36 374	38 047
Gains		1 200	1 000	900	1 400	1 100	1 300	850	800	750	1 450	1 600	1 685	14 035	14 680	15 356
Total Revenue (excluding capital transfers and contribution		421 300	426 600	398 820	420 110	448 040	433 750	439 140	407 450	415 940	414 200	425 124	440 926	5 091 399	5 405 327	5 634 169
Expenditure By Type																
Employee related costs		65 000	60 000	60 000	59 000	62 000	67 000	65 000	66 000	69 000	69 000	62 000	60 181	764 181	813 279	864 075
Remuneration of councillors		5 358	5 000	5 900	5 000	4 900	4 800	5 200	5 800	5 200	5 500	5 700	5 948	64 306	67 779	71 439
Debt impairment		49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	49 667	596 000	627 000	615 000
Depreciation & asset impairment		40 000	41 000	45 000	38 000	39 000	34 000	38 000	40 000	41 000	37 500	33 500	80 217	507 217	529 162	543 271
Finance charges		2 700	2 600	1 800	2 400	2 500	2 300	1 800	2 600	1 900	2 200	2 195	28 449	53 444	50 979	47 567
Bulk purchases		262 801	175 000	189 000	180 000	191 000	195 000	186 000	174 000	263 000	181 000	190 000	49 933	2 236 734	2 367 475	2 477 878
Other materials		620	750	800	950	900	1 050	1 600	900	1 100	1 200	1 300	1 134	12 304	12 883	13 472
Contracted services		55 000	45 000	47 000	44 000	52 000	53 000	45 000	49 000	50 000	55 000	54 000	96 307	645 307	707 900	752 596
Transfers and subsidies		1 250	1 500	2 000	1 700	1 900	1 000	1 200	1 300	1 400	1 500	1 600	2 334	18 684	19 688	20 728
Other expenditure		15 600	15 700	16 000	17 000	14 500	14 000	13 500	12 500	15 000	18 500	17 500	17 196	186 996	195 925	208 097
Losses													–	–	–	–
Total Expenditure		497 995	396 217	417 167	397 717	418 367	421 817	406 967	401 767	497 267	421 067	417 462	391 367	5 085 174	5 392 070	5 614 124
Surplus/(Deficit)		(76 695)	30 383	(18 347)	22 393	29 673	11 933	32 173	5 683	(81 327)	(6 867)	7 662	49 559	6 225	13 256	20 045
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		45 000	41 000	36 000	47 000	35 000	33 000	35 000	49 000	40 000	41 000	42 000	62 885	506 885	525 463	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(31 695)	71 383	17 653	69 393	64 673	44 933	67 173	54 683	(41 327)	34 133	49 662	112 444	513 110	538 719	545 195
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	(31 695)	71 383	17 653	69 393	64 673	44 933	67 173	54 683	(41 327)	34 133	49 662	112 444	513 110	538 719	545 195

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NW373 Rustenburg - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote																
Vote 1 - EXECUTIVE MAYOR		26 615	24 890	27 000	25 134	26 765	24 123	25 678	24 000	26 781	24 321	25 124	26 945	307 377	335 964	363 176
Vote 2 - MUNICIPAL MANAGER		1 400	1 362	1 424	1 356	1 452	1 321	1 377	1 400	1 399	1 465	1 498	1 474	16 927	17 516	18 373
Vote 3 - CORPORATE SUPPORT SERVICES		41	40	41	39	41	40	42	40	41	41	40	41	487	510	533
Vote 4 - BUDGET AND TREASURY		37 123	36 789	35 909	36 641	36 765	35 890	37 908	36 250	35 908	37 123	36 782	36 572	439 661	458 534	478 23
Vote 5 - PUBLIC SAFETY		10 000	10 488	10 923	10 235	10 389	10 235	10 987	10 765	10 100	10 235	10 234	10 080	124 671	135 405	146 40
Vote 6 - PLANNING AND HUMAN SETTLEMENT		1 600	1 601	1 700	1 760	1 680	1 672	1 623	1 609	1 632	1 677	1 689	1 825	20 069	20 992	21 95
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		400	436	407	399	428	408	412	394	377	421	481	384	4 946	5 174	5 41
Vote 8 - COMMUNITY DEVELOPMENT		26 000	21 087	22 321	21 368	22 789	20 123	25 208	20 066	21 345	20 123	25 000	25 366	270 797	293 989	302 49
Vote 9 - TECHNICAL AND INFRASTRUCTURE		287 123	337 890	300 987	296 123	322 120	330 123	287 654	291 346	279 649	278 910	298 654	802 090	4 112 670	4 345 429	4 488 01
Vote 10 - ROADS AND TRANSPORT		7 191	7 000	7 125	7 067	7 211	7 112	7 689	6 990	7 161	7 193	7 590	6 397	85 726	90 501	95 46
Vote 11 - MUNICIPAL ENTITY		17 500	17 689	18 000	18 239	17 100	17 913	17 999	17 678	17 903	18 123	17 954	18 853	214 952	226 774	239 24
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		414 993	459 271	425 837	418 362	446 740	448 962	416 578	410 539	402 296	399 632	425 048	930 025	5 598 284	5 930 789	6 159 31
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE MAYOR		11 500	11 235	11 783	11 268	11 679	11 000	11 345	11 671	11 200	11 099	11 298	12 007	137 085	144 018	152 03
Vote 2 - MUNICIPAL MANAGER		7 101	8 241	7 000	7 112	8 090	7 291	8 591	7 999	8 109	8 001	7 341	7 153	92 029	97 029	101 96
Vote 3 - CORPORATE SUPPORT SERVICES		6 991	7 587	7 800	7 231	7 790	7 210	7 876	7 407	7 801	7 518	6 979	7 342	89 532	93 504	100 66
Vote 4 - BUDGET AND TREASURY		16 964	16 000	16 589	16 612	16 121	16 900	16 770	17 457	16 905	17 992	17 600	16 103	202 015	213 207	224 93
Vote 5 - PUBLIC SAFETY		25 342	27 899	29 001	20 123	22 123	25 470	20 578	24 789	23 012	27 000	25 642	22 660	293 640	311 034	330 60
Vote 6 - PLANNING AND HUMAN SETTLEMENT		5 599	5 455	5 679	5 400	5 089	5 300	5 458	5 612	5 534	5 800	5 034	5 534	65 494	68 496	72 59
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		2 567	2 383	2 487	2 199	2 670	2 065	2 301	2 682	2 600	2 001	2 523	2 117	28 596	46 716	49 35
Vote 8 - COMMUNITY DEVELOPMENT		40 234	41 712	44 010	41 671	45 900	40 123	43 567	44 567	40 863	44 671	40 578	42 628	510 527	536 668	556 57
Vote 9 - TECHNICAL AND INFRASTRUCTURE		269 099	251 123	276 890	266 121	240 012	285 432	261 346	279 013	287 123	284 789	275 349	217 157	3 193 455	3 401 485	3 498 55
Vote 10 - ROADS AND TRANSPORT		28 000	24 999	25 121	27 876	23 009	22 990	26 110	26 578	26 124	26 501	26 230	24 016	307 554	308 008	346 50
Vote 11 - MUNICIPAL ENTITY		13 770	13 870	13 998	13 312	13 678	13 487	14 010	13 901	13 812	13 802	13 790	13 816	165 247	171 907	180 32
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		427 167	410 504	440 358	418 927	396 162	437 269	417 952	441 677	443 086	449 174	432 364	370 533	5 085 174	5 392 070	5 614 124
Surplus/(Deficit) before assoc.		(12 174)	48 767	(14 522)	(565)	50 578	11 693	(1 374)	(31 138)	(40 789)	(49 542)	(7 316)	559 492	513 110	538 719	545 195
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	(12 174)	48 767	(14 522)	(565)	50 578	11 693	(1 374)	(31 138)	(40 789)	(49 542)	(7 316)	559 492	513 110	538 719	545 195

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

ITEM 11

AGENDA: SPECIAL COUNCIL: 22 MAY 2020

NW373 Rustenburg - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional																
Governance and administration		75 137	97 678	60 109	45 082	52 596	52 596	60 109	90 164	52 596	67 623	45 082	52 596	751 366	799 025	846 150
Executive and council		30 738	39 959	24 590	18 443	21 517	21 517	24 590	36 886	21 517	27 664	18 443	21 517	307 379	335 967	363 179
Finance and administration		44 399	57 718	35 519	26 639	31 079	31 079	35 519	53 278	31 079	39 959	26 639	31 079	443 986	463 058	482 971
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		12 002	15 602	9 601	7 201	8 401	8 401	9 601	14 402	8 401	10 801	7 201	8 401	120 016	130 551	141 251
Community and social services		380	494	304	228	266	266	304	456	266	342	228	266	3 803	3 992	4 101
Sport and recreation		51	66	41	31	36	36	41	61	36	46	31	36	510	533	558
Public safety		11 212	14 576	8 970	6 727	7 849	7 849	8 970	13 455	7 849	10 091	6 727	7 849	112 122	122 280	132 674
Housing		358	466	287	215	251	251	287	430	251	322	215	251	3 581	3 746	3 918
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		13 280	17 265	10 624	7 968	9 296	9 296	10 624	15 937	9 296	11 952	7 968	9 296	132 805	139 556	146 823
Planning and development		3 503	4 553	2 802	2 102	2 452	2 452	2 802	4 203	2 452	3 152	2 102	2 452	35 026	36 448	38 175
Road transport		9 778	12 711	7 822	5 867	6 844	6 844	7 822	11 733	6 844	8 800	5 867	6 844	97 778	103 108	108 648
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		408 721	531 338	326 977	245 233	286 105	286 105	326 977	490 466	286 105	367 849	245 233	286 105	4 087 213	4 336 195	4 499 945
Energy sources		226 326	294 224	181 061	135 796	158 428	158 428	181 061	271 591	158 428	203 693	135 796	158 428	2 263 261	2 384 238	2 487 524
Water management		102 373	133 085	81 898	61 424	71 661	71 661	81 898	122 847	71 661	92 136	61 424	71 661	1 023 728	1 091 602	1 119 986
Waste water management		53 375	69 387	42 700	32 025	37 362	37 362	42 700	64 050	37 362	48 037	32 025	37 362	533 748	570 900	594 606
Waste management		26 648	34 642	21 318	15 989	18 653	18 653	21 318	31 977	18 653	23 983	15 989	18 653	266 476	289 455	297 829
Other		–	–	–	–	–	–	–	–	–	–	–	506 885	506 885	525 463	525 150
Total Revenue - Functional		509 140	661 882	407 312	305 484	356 398	356 398	407 312	610 968	356 398	458 226	305 484	863 283	5 598 284	5 930 789	6 159 319
Expenditure - Functional																
Governance and administration		62 253	80 929	49 802	37 352	43 577	43 577	49 802	74 704	43 577	56 028	37 352	43 577	622 531	655 157	693 115
Executive and council		18 293	23 781	14 634	10 976	12 805	12 805	14 634	21 951	12 805	16 464	10 976	12 805	182 929	192 701	203 725
Finance and administration		43 241	56 213	34 593	25 944	30 269	30 269	34 593	51 889	30 269	38 917	25 944	30 269	432 408	454 821	481 292
Internal audit		719	935	576	432	504	504	576	863	504	647	432	504	7 194	7 634	8 099
Community and public safety		36 380	47 294	29 104	21 828	25 466	25 466	29 104	43 656	25 466	32 742	21 828	25 466	363 802	391 994	415 051
Community and social services		6 695	8 704	5 356	4 017	4 687	4 687	5 356	8 034	4 687	6 026	4 017	4 687	66 953	76 645	80 119
Sport and recreation		10 322	13 419	8 258	6 193	7 226	7 226	8 258	12 387	7 226	9 290	6 193	7 226	103 224	109 331	115 646
Public safety		17 029	22 138	13 623	10 217	11 920	11 920	13 623	20 435	11 920	15 326	10 217	11 920	170 289	181 331	193 183
Housing		2 334	3 034	1 867	1 400	1 633	1 633	1 867	2 800	1 633	2 100	1 400	1 633	23 335	24 687	26 103
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		48 545	63 109	38 836	29 127	33 982	33 982	38 836	58 255	33 982	43 691	29 127	33 982	485 455	511 698	562 301
Planning and development		8 320	10 817	6 656	4 992	5 824	5 824	6 656	9 985	5 824	7 488	4 992	5 824	83 205	103 973	109 970
Road transport		39 658	51 555	31 726	23 795	27 760	27 760	31 726	47 589	27 760	35 692	23 795	27 760	396 576	401 652	445 901
Environmental protection		567	738	454	340	397	397	454	681	397	511	340	397	5 674	6 073	6 431
Trading services		361 339	469 740	289 071	216 803	252 937	252 937	289 071	433 606	252 937	325 205	216 803	252 937	3 613 386	3 833 221	3 943 657
Energy sources		219 284	285 069	175 427	131 570	153 499	153 499	175 427	263 141	153 499	197 356	131 570	153 499	2 192 839	2 358 729	2 434 783
Water management		75 289	97 876	60 231	45 173	52 702	52 702	60 231	90 347	52 702	67 760	45 173	52 702	752 889	791 917	810 273
Waste water management		38 192	49 649	30 553	22 915	26 734	26 734	30 553	45 830	26 734	34 373	22 915	26 734	381 918	389 820	398 933
Waste management		28 574	37 146	22 859	17 144	20 002	20 002	22 859	34 289	20 002	25 717	17 144	20 002	285 741	292 755	299 668
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional		508 517	661 073	406 814	305 110	355 962	355 962	406 814	610 221	355 962	457 666	305 110	355 962	5 085 174	5 392 070	5 614 124
Surplus/(Deficit) before assoc.		623	809	498	374	436	436	498	747	436	560	374	507 321	513 110	538 719	545 195
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	623	809	498	374	436	436	498	747	436	560	374	507 321	513 110	538 719	545 195

References

1. Surplus (Deficit) must reconcile with Budeted Financial Performance

NW373 Rustenburg - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE MAYOR		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - MUNICIPAL MANAGER		487	779	1 070	1 265	1 460	1 752	487	681	389	292	389	681	9 731	10 500	11 067
Vote 3 - CORPORATE SUPPORT SERVICES		50	80	110	130	150	180	50	70	40	30	40	70	1 000	1 600	1 360
Vote 4 - BUDGET AND TREASURY		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - PUBLIC SAFETY		590	944	1 298	1 534	1 770	2 124	590	826	472	354	472	826	11 800	11 944	12 063
Vote 6 - PLANNING AND HUMAN SETTLEMENT		450	720	990	1 170	1 350	1 620	450	630	360	270	360	630	9 000	9 527	9 555
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		33	52	72	85	98	117	33	46	26	20	26	46	650	8 900	9 110
Vote 8 - COMMUNITY DEVELOPMENT		1 520	2 431	3 343	3 951	4 559	5 470	1 520	2 127	1 216	912	1 216	2 127	30 390	64 726	63 536
Vote 9 - TECHNICAL AND INFRASTRUCTURE		11 627	18 603	25 579	30 230	34 881	41 857	11 627	16 278	9 302	6 976	9 302	16 278	232 540	270 006	275 876
Vote 10 - ROADS AND TRANSPORT		14 957	23 932	32 906	38 889	44 872	53 846	14 957	20 940	11 966	12 974	11 966	16 940	299 145	259 557	254 627
Vote 11 - MUNICIPAL ENTITY													–	–	–	–
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	**29 713**	**47 541**	**65 368**	**77 253**	**89 138**	**106 966**	**29 713**	**41 598**	**23 770**	**21 828**	**23 770**	**37 598**	**594 256**	**636 759**	**637 194**
Single-year expenditure *to be appropriated*																
Vote 1 - EXECUTIVE MAYOR													–	–	–	–
Vote 2 - MUNICIPAL MANAGER													–	–	–	–
Vote 3 - CORPORATE SUPPORT SERVICES													–	–	–	–
Vote 4 - BUDGET AND TREASURY													–	–	–	–
Vote 5 - PUBLIC SAFETY													–	–	–	–
Vote 6 - PLANNING AND HUMAN SETTLEMENT													–	–	–	–
Vote 7 - LOCAL ECONOMIC DEVELOPMENT													–	–	–	–
Vote 8 - COMMUNITY DEVELOPMENT													–	–	–	–
Vote 9 - TECHNICAL AND INFRASTRUCTURE													–	–	–	–
Vote 10 - ROADS AND TRANSPORT													–	–	–	–
Vote 11 - MUNICIPAL ENTITY													–	–	–	–
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	**29 713**	**47 541**	**65 368**	**77 253**	**89 138**	**106 966**	**29 713**	**41 598**	**23 770**	**21 828**	**23 770**	**37 598**	**594 256**	**636 759**	**637 194**

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

NW373 Rustenburg - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1															
Governance and administration		1 487	2 379	3 270	3 865	4 460	5 352	1 487	2 081	1 189	892	1 189	2 081	29 731	20 800	21 227
Executive and council		473	757	1 041	1 231	1 420	1 704	473	663	379	284	379	663	9 468	10 500	11 067
Finance and administration		1 000	1 600	2 200	2 600	3 000	3 600	1 000	1 400	800	600	800	1 400	20 000	10 300	10 160
Internal audit		13	21	29	34	40	47	13	18	11	8	11	18	264	–	
Community and public safety		810	1 295	1 781	2 105	2 429	2 914	810	1 133	648	486	648	1 133	16 190	40 734	40 2
Community and social services		40	64	88	104	120	144	40	56	32	24	32	56	800	24 730	24 0
Sport and recreation		30	47	65	77	89	106	30	41	24	18	24	41	590	1 060	1 1
Public safety		590	944	1 298	1 534	1 770	2 124	590	826	472	354	472	826	11 800	11 944	12 0
Housing		150	240	330	390	450	540	150	210	120	90	120	210	3 000	3 000	3 0
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Economic and environmental services		15 290	24 464	33 637	39 753	45 869	55 043	15 290	21 406	12 232	9 174	12 232	21 406	305 795	275 052	270 3
Planning and development		333	532	732	865	998	1 197	333	466	266	200	266	466	6 650	15 427	15 6
Road transport		14 957	23 932	32 906	38 889	44 872	53 846	14 957	20 940	11 966	8 974	11 966	20 940	299 145	259 557	254 6
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	69	
Trading services		12 127	19 403	26 679	31 530	36 381	43 657	12 127	16 978	9 702	7 276	9 702	16 978	242 540	300 173	305 3
Energy sources		1 315	2 104	2 893	3 419	3 945	4 734	1 315	1 841	1 052	789	1 052	1 841	26 300	49 600	50 7
Water management		7 587	12 139	16 691	19 726	22 761	27 313	7 587	10 622	6 070	4 552	6 070	10 622	151 740	154 326	157 9
Waste water management		2 725	4 360	5 995	7 085	8 175	9 810	2 725	3 815	2 180	1 635	2 180	3 815	54 500	66 080	67 2
Waste management		500	800	1 100	1 300	1 500	1 800	500	700	400	300	400	700	10 000	30 167	29 5
Other													–	–	–	
Total Capital Expenditure - Functional	2	29 713	47 541	65 368	77 253	89 138	106 966	29 713	41 598	23 770	17 828	23 770	41 598	594 256	636 759	637 194
Funded by:																
National Government		25 344	40 551	55 757	65 895	76 033	91 239	25 344	35 482	20 275	15 207	20 275	35 482	506 885	525 463	525 150
Provincial Government													–	–	730	
District Municipality													–	–	–	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	
Transfers recognised - capital		25 344	40 551	55 757	65 895	76 033	91 239	25 344	35 482	20 275	15 207	20 275	35 482	506 885	526 193	525 150
Borrowing							3 527	2 426	3 578	648	5 318	5 454	4 049	25 000	25 000	25 000
Internally generated funds			3 638	1 325		2 518	3 537	4 536	5 364	7 383	6 765	4 528	22 776	62 371	85 567	87 044
Total Capital Funding		25 344	44 189	57 083	65 895	78 551	98 304	32 307	44 424	28 306	27 289	30 257	62 307	594 256	636 759	637 194

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

check

ANNEXURE 41

AGENDA SPECIAL COUNCIL: 22 MAY 2020

NW373 Rustenburg - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source													1		
Property rates	30 485	30 896	31 237	31 425	31 524	31 548	31 585	31 966	32 425	33 633	33 963	41 511	392 199	399 700	427 052
Service charges - electricity revenue	160 325	160 985	161 254	161 985	163 985	160 237	161 699	161 985	160 852	162 259	160 370	177 840	1 953 777	2 080 156	2 222 694
Service charges - water revenue	35 363	35 986	36 125	35 370	36 963	38 963	37 590	38 399	40 370	41 254	43 526	70 260	490 168	498 969	535 912
Service charges - sanitation revenue	15 970	16 124	16 370	16 024	16 937	17 852	16 454	16 525	16 852	16 524	16 370	226 408	408 409	416 658	423 932
Service charges - refuse revenue	8 425	8 125	8 370	8 129	8 424	9 254	8 933	9 125	9 143	9 537	9 832	10 608	107 904	114 948	120 883
Rental of facilities and equipment	751	794	800	810	818	854	890	913	750	784	794	639	9 597	10 038	10 500
Interest earned - external investments	1 633	1 689	1 699	1 710	1 725	1 755	1 642	1 654	1 624	1 600	1 689	8 892	27 312	35 632	22 129
Interest earned - outstanding debtors	23 259	23 459	22 745	20 854	25 370	25 985	22 370	23 699	21 000	22 370	22 854	33 187	287 151	307 808	331 048
Dividends received												–	–	–	–
Fines, penalties and forfeits	945	950	974	990	1 137	1 152	985	1 242	1 137	1 185	1 100	1 131	12 931	13 526	14 148
Licences and permits	745	799	810	854	952	1 345	994	1 124	1 237	1 104	954	995	11 913	12 461	13 034
Agency services	8 454	8 658	8 925	8 125	8 725	8 658	8 537	8 636	8 137	8 024	8 124	7 845	100 849	110 488	120 340
Transfers and Subsidies - Operational	75 000	75 425	75 985	76 102	72 037	71 254	70 370	69 370	70 254	70 537	72 125	59 625	858 084	955 897	961 496
Other revenue	2 742	2 837	2 937	2 843	2 937	2 912	2 985	2 854	2 964	3 120	2 937	2 706	34 774	36 374	38 047
Cash Receipts by Source	364 098	366 729	368 232	365 221	371 534	371 771	365 033	367 491	366 745	371 929	374 637	641 647	4 695 067	4 992 655	5 241 214
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	41 237	40 237	41 237	39 537	40 125	40 237	40 454	44 254	41 237	40 237	43 699	54 395	506 885	526 193	525 150
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)												–			
Proceeds on Disposal of Fixed and Intangible Assets		2 366	2 369		2 370		2 537			2 342		2 051	14 035	14 680	15 356
Short term loans												–			
Borrowing long term/refinancing								25 000				–	25 000	25 000	25 000
Increase (decrease) in consumer deposits	236	242	237	148	175	198	195	198	194	199	185	189	2 398	2 508	2 624
Decrease (increase) in non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	405 572	409 574	412 074	404 907	414 204	412 207	408 219	436 943	408 175	414 707	418 521	698 282	5 243 385	5 561 037	5 809 343
Cash Payments by Type															
Employee related costs	64 124	64 370	64 985	63 369	65 964	62 370	64 370	62 852	62 370	62 479	64 790	62 139	764 181	813 279	864 075
Remuneration of councillors	5 214	5 203	5 224	5 254	5 237	5 837	5 137	5 399	5 124	5 237	5 725	5 717	64 306	67 779	71 439
Finance charges	4 004	3 012	3 024	4 124	4 454	3 537	4 741	4 370	4 478	5 933	4 945	6 823	53 444	50 979	47 567
Bulk purchases - Electricity	159 370	159 842	160 124	150 454	150 985	151 254	149 757	151 984	152 124	153 254	155 370	141 852	1 836 370	1 952 887	2 048 203
Bulk purchases - Water & Sewer	30 964	34 452	34 852	33 524	34 254	34 424	32 124	31 125	32 237	33 852	34 370	34 186	400 364	414 588	429 675
Other materials	952	964	985	1 100	1 000	854	974	1 142	1 184	989	1 125	1 033	12 304	12 883	13 472
Contracted services	47 852	47 985	49 524	48 524	49 852	49 524	57 524	58 963	58 524	58 937	59 985	58 112	645 307	707 900	752 596
Transfers and grants - other municipalities												–			
Transfers and grants - other	1 450	1 540	1 548	1 596	1 512	1 620	1 582	1 645	1 612	1 633	1 582	1 361	18 684	19 689	20 728
Other expenditure	14 259	14 459	14 745	14 854	15 370	3 985	12 370	17 699	24 537	16 370	17 854	20 495	186 996	195 925	208 097
Cash Payments by Type	328 189	331 828	335 012	322 798	328 628	313 405	328 580	335 179	342 189	338 683	345 747	331 717	3 981 956	4 235 909	4 455 853
Other Cash Flows/Payments by Type															
Capital assets	47 413	37 852	49 852	57 425	54 237	55 325	46 854	49 237	59 370	40 524	52 370	43 797	594 256	636 759	637 194
Repayment of borrowing				35 424				33 852				36 097	105 373	110 220	115 290
Other Cash Flows/Payments												–			
Total Cash Payments by Type	375 602	369 681	384 864	415 647	382 865	368 731	375 433	418 269	401 559	379 207	398 117	411 611	4 681 585	4 982 888	5 208 337
NET INCREASE/(DECREASE) IN CASH HELD	29 970	39 894	27 210	(10 741)	31 339	43 476	32 786	18 674	6 616	35 500	20 405	286 671	561 800	578 149	601 006
Cash/cash equivalents at the month/year begin:	230 634	260 604	300 498	327 708	316 967	348 306	391 782	424 568	443 242	449 858	485 359	505 763	230 634	792 434	1 370 583
Cash/cash equivalents at the month/year end:	260 604	300 498	327 708	316 967	348 306	391 782	424 568	443 242	449 858	485 359	505 763	792 434	792 434	1 370 583	1 971 588

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTREF it is now directly linked to A7.

NW373 Rustenburg - Supporting Table SA31 Aggregated entity budget

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R million		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates		51	55							
Service charges		110	128	199	211	211	211	208	219	231
Investment revenue		7	7	10	11	11	11	7	7	8
Transfers recognised - operational										
Other own revenue										
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfe										
Total Revenue (excluding capital transfers and contributions)		**168**	**189**	**209**	**222**	**222**	**222**	**215**	**227**	**239**
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment		17	17	37	37	37	37	38	38	38
Finance charges		19	17	14	10	10	10	11	6	
Materials and bulk purchases										
Transfers and grants										
Other expenditure		104	122	112	112	112	112	117	128	142
Total Expenditure		**141**	**156**	**162**	**159**	**159**	**159**	**165**	**172**	**180**
Surplus/(Deficit)		**27**	**34**	**47**	**63**	**63**	**63**	**50**	**55**	**59**
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - operational										
Borrowing										
Internally generated funds										
Total sources		–	–	–	–	–	–	–	–	–
Financial position										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										

NW373 Rustenburg - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand

References

1. Total agreement period from commencement until end

2. Annual value

NW373 Rustenburg - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework			Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Electricity Sales		1 803 828	2 105 675	2 134 556	2 232 745	2 335 452	2 442 883	2 555 255	2 672 797	2 795 746	2 924 350	3 058 870	3 199 578	30 261 735
Water Sales		456 412	619 817	589 168	616 269	644 618	674 270	705 286	737 730	771 665	807 162	844 291	883 129	8 349 816
Other		900	900	609 959	639 887	671 296	702 176	734 476	768 262	803 602	840 567	879 233	919 678	7 570 935
Total Operating Revenue Implication		2 261 140	2 726 392	3 333 682	3 488 902	3 651 365	3 819 328	3 995 017	4 178 788	4 371 012	4 572 079	4 782 395	5 002 385	46 182 486
Expenditure Obligation By Contract	2													
Eskom -		841 204	1 731 762	1 836 370	1 952 887	2 048 203	2 142 420	2 240 971	2 344 056	2 451 883	2 564 669	2 682 644	2 806 046	25 643 115
Magalies Water		31 451	36 124	37 750	39 826	41 977	43 908	45 928	48 040	50 250	52 562	54 980	57 509	540 306
Rand Water		313 588	344 411	363 354	382 975	402 124	420 622	439 970	460 209	481 378	503 522	526 684	550 911	
Kloof Water Works				1 234	1 302	1 372	1 435	1 501	1 570	1 643	1 718	1 797	1 880	15 453
Total Operating Expenditure Implication		1 186 244	2 112 298	2 238 708	2 376 990	2 493 676	2 608 385	2 728 371	2 853 876	2 985 154	3 122 471	3 266 105	3 416 346	31 388 623
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Parent Expenditure Implication		1 186 244	2 112 298	2 238 708	2 376 990	2 493 676	2 608 385	2 728 371	2 853 876	2 985 154	3 122 471	3 266 105	3 416 346	31 388 623
Entities:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Entity Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column

2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33)

3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

NW373 Rustenburg - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		1 240 882	721 851	332 513	27 430	32 430	32 430	128 240	232 130	235 431
Roads Infrastructure		251 703	370 889	223 021	3 010	8 010	8 010	30 000	55 000	55 000
Roads		152 362	189 445	14 021				30 000	55 000	55 000
Road Structures		99 341	181 444	209 000	3 010	8 010	8 010			
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	20 000	20 000
Drainage Collection								–	20 000	20 000
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		147 790	93 927	35 479	24 420	24 420	24 420	15 500	36 000	36 000
Power Plants		121 558	75 306	22 077	24 290	24 290	24 290	12 500	34 000	34 000
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares		26 232	18 621	13 402	130	130	130	3 000	2 000	2 000
Water Supply Infrastructure		182 125	93 124	65 700	–	–	–	68 740	90 963	94 255
Dams and Weirs										
Boreholes				20 700						
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		182 125	93 124	45 000				68 740	90 963	94 255
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		659 265	158 411	–	–	–	–	14 000	30 000	30 000
Pump Station										
Reticulation		659 265	158 411					14 000	30 000	30 000
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	5 500	8 314	–	–	–	–	167	176
Landfill Sites										
Waste Transfer Stations			5 500	8 314				–	167	176
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets		11 638	5 570	7 027	3 500	4 321	4 321	12 800	34 634	32 944
Community Facilities		518	5 570	7 027	3 500	4 010	4 010	12 800	33 934	32 144
Halls						510	510			
Centres								600	911	1 022
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations					2 500	2 500	2 500	–	1 000	1 000
Testing Stations								4 050	2 759	1 445
Museums										
Galleries										
Theatres										
Libraries		518	566	3 766	500	500	500	–	730	–
Cemeteries/Crematoria			3 000	2 171				400	23 000	23 000
Police					500	500	500	6 700	2 900	2 900
Parks								500	–	–
Public Open Space								300	1 581	1 666
Nature Reserves										
Public Ablution Facilities										
Markets			2 004					250	1 054	1 111
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares				1 090						
Sport and Recreation Facilities		11 120	–	–	–	311	311	–	700	800
Indoor Facilities						311	311			
Outdoor Facilities		11 120						–	700	800
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	60 967	17 404	17 404	17 404	11 676	3 396	3 420
Operational Buildings		–	–	60 967	17 404	17 404	17 404	11 676	3 396	3 420
Municipal Offices					13 500	13 500	13 500	–	2 060	3 420
Pay/Enquiry Points										
Building Plan Offices										
Workshops					319	319	319			
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares				60 967	3 585	3 585	3 585	11 676	1 336	
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		1 722	–	3 144	1 150	3 150	3 150	75	350	345
Computer Equipment		1 722		3 144	1 150	3 150	3 150	75	350	345
Furniture and Office Equipment		4 928	4 000	2 887	13	375	375	1 087	2 666	2 950
Furniture and Office Equipment		4 928	4 000	2 887	13	375	375	1 087	2 666	2 950
Machinery and Equipment		3 236	–	1 201	100	100	100	1 116	2 172	2 041
Machinery and Equipment		3 236		1 201	100	100	100	1 116	2 172	2 041
Transport Assets		–	–	123 000	17 410	17 410	17 410	600	20	30
Transport Assets				123 000	17 410	17 410	17 410	600	20	30
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	1 262 407	731 421	530 739	67 007	75 190	75 190	155 594	275 367	277 161

References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital e

check balance	-	-	-	-	0	0	-	-	-

NW373 Rustenburg - Supporting Table SA34b Consolidated capital expenditure on the renewal of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	309 650	524 321	561 828	561 828	419 769	334 265	333 892
Roads Infrastructure		–	–	70 906	194 257	264 506	264 506	269 145	184 557	179 627
Roads				70 906	59 288	105 537	105 537	110 645	22 526	22 526
Road Structures					134 969	158 969	158 969	158 500	162 030	157 100
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	37 500	38 000	19 000	19 000	10 800	13 600	14 750
Power Plants				37 500	17 000	17 000	17 000			
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares					21 000	2 000	2 000	10 800	13 600	14 750
Water Supply Infrastructure		–	–	117 234	192 027	211 527	211 527	83 000	63 363	63 652
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution				117 234	192 027	211 527	211 527	83 000	63 363	63 652
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	84 010	92 037	61 595	61 595	40 500	36 080	37 218
Pump Station										
Reticulation				84 010	92 037	61 595	61 595	40 500	36 080	37 218
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	8 000	5 200	5 200	16 324	36 665	38 645
Landfill Sites										
Waste Transfer Stations					5 000	5 000	5 000	10 000	30 000	31 620
Waste Processing Facilities										
Waste Drop-off Points					3 000	200	200	6 324	6 665	7 025
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	9 000	6 948	9 202	9 202	8 630	11 000	10 225
Community Facilities		–	–	9 000	6 353	8 606	8 606	8 400	11 000	10 225
Halls				5 000						
Centres						1 275	1 275	–	–	–
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations				1 500						
Testing Stations				2 500						

NW373 Rustenburg - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		37 244	84 429	203 504	184 849	184 849	184 849	149 853	161 158	169 805
Roads Infrastructure		7 363	5 080	25 899	25 357	25 357	25 357	18 103	21 619	23 165
Roads		7 363	5 080	25 899	25 357	25 357	25 357	18 103	21 619	23 165
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		10 670	6 626	62 931	60 400	60 400	60 400	44 187	47 717	51 374
Power Plants		6 541	3 095	62 000	60 000	60 000	60 000	44 187	47 717	51 374
HV Substations		4 128	3 531	931	400	400	400			
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		11 208	8 189	26 424	36 090	36 090	36 090	30 074	31 729	33 442
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		11 208	8 189	26 424	36 090	36 090	36 090	30 074	31 729	33 442
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		4 004	55 854	78 059	49 470	49 470	49 470	46 696	48 540	49 485
Pump Station										
Reticulation		4 004	55 854	78 059	49 470	49 470	49 470	46 696	48 540	49 485
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		4 000	8 679	10 191	13 533	13 533	13 533	10 794	11 553	12 339
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities		4 000	8 679	10 191	13 533	13 533	13 533	10 794	11 553	12 339
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		2 618	2 386	9 111	16 270	16 270	16 270	5 576	11 179	11 470
Community Facilities		2 618	2 386	8 800	15 941	15 941	15 941	5 401	10 875	11 150
Halls		517	390	361	6 882	6 882	6 882	3 242	8 696	9 165
Centres		277	275	–						
Crèches		564	437	–						
Clinics/Care Centres		371	298	–						
Fire/Ambulance Stations		156	215	264	279	279	279	81	85	90
Testing Stations				386	409	409	409	579	611	645
Museums		185		–						
Galleries		528		–						

Theatres		–		–						
Libraries		–		227	347	347	347	489	416	124
Cemeteries/Crematoria		–		–						
Police		20		173	176	176	176	355	376	398
Parks				413	437	437	437	655	691	728
Public Open Space		–	771	–						
Nature Reserves				–						
Public Ablution Facilities				–						
Markets				–						
Stalls				–						
Abattoirs				–						
Airports				–						
Taxi Ranks/Bus Terminals				–						
Capital Spares				6 975	7 411	7 411	7 411			
Sport and Recreation Facilities		–	–	311	329	329	329	175	304	320
Indoor Facilities				311	329	329	329	175	304	320
Outdoor Facilities										
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		729	–	22 818	878	878	878	–	–	–
Revenue Generating		729	–	22 818	878	878	878	–	–	–
Improved Property		729	–	22 818	878	878	878			
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		44 074	21 645	2 842	3 372	3 372	3 372	10 398	11 135	11 698
Operational Buildings		44 074	21 645	2 842	3 372	3 372	3 372	9 480	10 166	10 677
Municipal Offices		136	170	–	3 275	3 275	3 275	7 492	8 069	8 467
Pay/Enquiry Points		4 000	297	–						
Building Plan Offices		26	53	–						
Workshops				–						
Yards				–						
Stores		2 920	3 416	1 000						
Laboratories				–						
Training Centres			–	–						
Manufacturing Plant			3 707	–						
Depots		12 724	12 081	1 015						
Capital Spares		24 269	1 920	827	97	97	97	1 988	2 097	2 210
Housing		–	–	–	–	–	–	918	969	1 021
Staff Housing										
Social Housing										
Capital Spares								918	969	1 021
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	6 353	6 693	6 693	6 693	6 345	6 451	6 550
Computer Equipment				6 353	6 693	6 693	6 693	6 345	6 451	6 550
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	84 666	108 460	244 627	212 063	212 063	212 063	172 173	189 922	199 523
R&M as a % of PPE		*1.0%*	*1.2%*	*2.4%*	*1.9%*	*1.9%*	*1.9%*	*1.6%*	*1.7%*	*1.8%*
R&M as % Operating Expenditure		*2.1%*	*2.6%*	*5.1%*	*4.2%*	*4.1%*	*4.1%*	*3.3%*	*3.7%*	*3.7%*

References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1

check balance	84 666	108 460	244 627	212 063	212 063	212 063	172 173	189 922	199 523

NW373 Rustenburg - Supporting Table SA34d Consolidated Depreciation by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Depreciation by Asset Class/Sub-class										
Infrastructure		206 030	310 234	320 856	318 839	318 839	318 839	386 354	402 294	409 551
Roads Infrastructure		112 956	186 422	151 033	137 205	137 205	137 205	147 539	135 803	164 216
Roads		112 956	186 422	151 033	137 205	137 205	137 205	147 539	135 803	164 216
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		37 537	16 669	17 653	18 891	18 891	18 891	54 715	68 208	42 718
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors		37 537	15 912	16 851	17 828	17 828	17 828	53 828	67 272	41 732
MV Substations										
MV Switching Stations			757							
MV Networks										
LV Networks										
Capital Spares				802	1 063	1 063	1 063	887	936	986
Water Supply Infrastructure		14 099	30 713	50 806	54 753	54 753	54 753	71 720	81 814	81 912
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		14 099	30 713	50 806	54 753	54 753	54 753	71 720	81 814	81 912
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		28 308	48 013	70 269	72 149	72 149	72 149	74 927	76 956	79 058
Pump Station										
Reticulation		10 664	48 013	33 419	35 299	35 299	35 299	36 887	38 917	41 018
Waste Water Treatment Works		17 644	–	36 850	36 850	36 850	36 850	38 040	38 040	38 040
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		13 130	28 418	31 095	35 840	35 840	35 840	37 453	39 513	41 647
Landfill Sites		12 798	28 418	31 095	35 840	35 840	35 840	37 453	39 513	41 647
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares		332								
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		3 667	55 800	75 927	82 187	82 187	82 187	75 375	78 910	83 206
Community Facilities		3 667	26 059	33 112	45 853	45 853	45 853	40 520	42 137	44 448
Halls			7 189	7 613	8 054	8 054	8 054	7 985	8 425	8 880
Centres										
Crèches										
Clinics/Care Centres			1 080	1 144	1 210	1 210	1 210			
Fire/Ambulance Stations		3 667	4 654	4 928	5 214	5 214	5 214	5 449	5 748	6 059
Testing Stations				819	866	866	866	859	906	955
Museums										
Galleries										

Theatres									
Libraries		3 464	3 669	3 882	3 882	3 882	4 056	4 279	4 511
Cemeteries/Crematoria		40	42	45	45	45	47	49	52
Police		9 632	10 200	10 792	10 792	10 792	11 310	11 321	11 967
Parks			3 919	4 146	4 146	4 146	5 107	5 388	5 679
Public Open Space									
Nature Reserves				8 965	8 965	8 965			
Public Ablution Facilities									
Markets			778				860	907	956
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares				2 679	2 679	2 679	4 846	5 113	5 389
Sport and Recreation Facilities		–	29 742	42 816	36 333	36 333	36 333	34 856	36 773	38 759
Indoor Facilities				8 474	3 010	3 010	3 010			
Outdoor Facilities			29 742	34 342	33 323	33 323	33 323	34 856	36 773	38 759
Capital Spares									
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties		9 235	9 190	–	2 393	2 393	2 393	6 755	7 095	7 446
Revenue Generating		9 235	9 190	–	2 393	2 393	2 393	6 755	7 095	7 446
Improved Property		9 235	9 190		2 393	2 393	2 393	6 755	7 095	7 446
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		122 397	20 643	31 593	35 617	35 617	35 617	35 089	37 019	39 018
Operational Buildings		122 397	20 643	21 861	25 119	25 119	25 119	24 329	25 667	27 053
Municipal Offices		122 397	20 643	21 861	23 129	23 129	23 129	24 170	25 499	26 876
Pay/Enquiry Points					1 991	1 991	1 991	159	168	177
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	9 732	10 497	10 497	10 497	10 760	11 351	11 964
Staff Housing				9 732	10 497	10 497	10 497	10 760	11 351	11 964
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		78	25 199	738	781	781	781	551	580	610
Computer Equipment		78	25 199	738	781	781	781	551	580	610
Furniture and Office Equipment		10 592	–	9 488	5 374	5 374	5 374	1 219	1 286	1 355
Furniture and Office Equipment		10 592		9 488	5 374	5 374	5 374	1 219	1 286	1 355
Machinery and Equipment		3 009	–	6 686	–	–	–	–	–	–
Machinery and Equipment		3 009		6 686						
Transport Assets		7 135	1 602	1 696	3 785	3 785	3 785	1 875	1 978	2 085
Transport Assets		7 135	1 602	1 696	3 785	3 785	3 785	1 875	1 978	2 085
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	362 143	422 667	446 984	448 974	448 974	448 974	507 217	529 162	543 271

References
1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.

	Check	–	0	–	–	–	–	0	0	(0)

NW373 Rustenburg - Supporting Table SA34e Consolidated capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										

Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on upgrading of existing assets	1	–	–	–	–	–	–	–	–	–
Upgrading 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%*
Upgrading of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

References

1. Total Capital Expenditure on upgrading of existing assets (SA34e) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expend

	check balance	-	-	-	-	0	0	-	-	-

NW373 Rustenburg - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description	Ref	2020/21 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE MAYOR		–	–	–				
Vote 2 - MUNICIPAL MANAGER		9 731	10 500	11 067	11 576	12 109	12 666	13 248
Vote 3 - CORPORATE SUPPORT SERVICES		1 000	1 600	1 360	1 423	1 488	1 556	1 628
Vote 4 - BUDGET AND TREASURY		–	–	–	–	–	–	–
Vote 5 - PUBLIC SAFETY		11 800	11 944	12 063	12 618	13 198	13 805	14 440
Vote 6 - PLANNING AND HUMAN SETTLEMENT		9 000	9 527	9 555	9 995	10 455	10 936	11 439
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		650	8 900	9 110	9 529	9 968	10 426	10 906
Vote 8 - COMMUNITY DEVELOPMENT		30 390	64 726	63 536	66 459	69 516	72 714	76 059
Vote 9 - TECHNICAL AND INFRASTRUCTURE		232 540	270 006	275 876	288 566	301 840	315 725	330 248
Vote 10 - ROADS AND TRANSPORT		299 145	259 557	254 627	266 339	278 591	291 406	304 811
Vote 11 - MUNICIPAL ENTITY		–	–	–				
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		**594 256**	**636 759**	**637 194**	**666 505**	**697 164**	**729 234**	**762 779**
Future operational costs by vote	2							
Vote 1 - EXECUTIVE MAYOR		137 085	144 018	152 030	159 023	166 338	173 990	181 994
Vote 2 - MUNICIPAL MANAGER		92 029	97 029	101 967	106 658	111 564	116 696	122 064
Vote 3 - CORPORATE SUPPORT SERVICES		89 532	93 504	100 661	105 291	110 134	115 200	120 500
Vote 4 - BUDGET AND TREASURY		202 015	213 207	224 932	235 279	246 101	257 422	269 263
Vote 5 - PUBLIC SAFETY		293 640	311 034	330 609	345 817	361 725	378 364	395 769
Vote 6 - PLANNING AND HUMAN SETTLEMENT		65 494	68 496	72 597	75 937	79 430	83 084	86 906
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		28 596	46 716	49 357	51 627	54 002	56 486	59 084
Vote 8 - COMMUNITY DEVELOPMENT		510 527	536 668	556 578	582 180	608 961	636 973	666 273
Vote 9 - TECHNICAL AND INFRASTRUCTURE		3 110 271	3 314 450	3 408 497	3 565 288	3 729 291	3 900 839	4 080 277
Vote 10 - ROADS AND TRANSPORT		307 554	308 008	346 509	362 449	379 121	396 561	414 803
Vote 11 - MUNICIPAL ENTITY		248 431	258 942	270 388	282 826	295 836	309 444	323 678
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		5 085 174	5 392 070	5 614 124	5 872 374	6 142 503	6 425 058	6 720 611
Future revenue by source	3							
Property rates		402 199	420 700	440 052	460 295	481 468	503 616	526 782
Service charges - electricity revenue		2 134 777	2 232 976	2 335 693	2 443 135	2 555 519	2 673 073	2 796 035
Service charges - water revenue		589 168	616 269	644 618	674 270	705 286	737 730	771 665
Service charges - sanitation revenue		440 706	462 849	486 114	508 475	531 865	556 331	581 922
Service charges - refuse revenue		167 904	175 628	183 706	192 157	200 996	210 242	219 913
Rental of facilities and equipment		9 597	10 038	10 500	10 983	11 488	12 016	12 569
Other Revenue		1 346 049	1 485 819	1 532 391	1 602 881	1 676 613	1 753 737	1 834 409
List entity summary if applicable								
Total future revenue		5 090 399	5 404 280	5 633 075	5 892 196	6 163 237	6 446 746	6 743 296
Net Financial Implications		**589 031**	**624 550**	**618 244**	**646 683**	**676 430**	**707 546**	**740 093**

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))

2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))

3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

NW373 Rustenburg - Supporting Table SA36 Consolidated detailed capital budget

R thousand													2020/21 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:																
List all capital projects grouped by Function																
CEMETERIES	DEVELOPMENT OF BOITEKONG CEMETERY						*Community Facilities*	*Cemeteries/Crematoria*								
CORPORATE SUPPORT SERVICES	COMPUTERS(LAPTOPS AND DESKTOPS)						*Computer Equipment*	*Capital Spares*								
CORPORATE SUPPORT SERVICES	ICT INFRASTRUCTURE UPGRADE						*Information and Communication Infrastructur*	*Data Centres*								
ELECTRICAL ENGINEERING SERVICES	UPGRADE OF SUBSTATIONS (industries and voltaire)						*Electrical Infrastructure*	*HV Substations*								
LIBRARY AND INFORMATION SERVICES	Scanners: All Libraries						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Extension of Marikana & phatsima Libraries						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Steel Filing Cabinate: Main Library						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Airconditioners: Main Library Offices						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Carpet: East End Library						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Hi-Fi: East End Library						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Foding nose trolleys: All Libraries						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Storage Lockers: East-End Library						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Step Stool: 2 step: East-End Library						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Book Display Unit: Charora Info Hug						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Stripping Machine: Charora Info Hub						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Jolly Chairs: Chorora Info Hub						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Jolly Tables: Charora Info Hub						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Tables: News paper area Charora Info Hub						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Tables: Karlienpark Library Staff room						*Community Facilities*	*Libraries*								
LIBRARY AND INFORMATION SERVICES	Chairs: Karlienpark Library Staff room						*Community Facilities*	*Libraries*								
MECHANICAL ENGINEERING SERVICES	FLEET						*Transport Assets*	*Capital Spares*								
OFFICE OF COO	Neighbourhood Development						*Community Facilities*									
ROADS AND STORMWATER	RASIMONE ROADS & STORMWATER DRAINAGE (MIG)						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	MAUMONG ROADS & STORMWATER						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	MERITING - ROADS AND STORMWATER- WARD 18						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	PHATSIMA ROADS AND STORMWATER DRAINAGE PHASE 3						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	ROBEGA INTERNAL ROADS AND STORMWATER (MIG)						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	FREEDOM PARK ROADS & STORMWATER (MIG)						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	KANANA- UPGRADING & CONSTRUCTION OF INTERNAL ACCESS ROADS						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	TLASENG ROADS & STORMWATER DRAINAGE PHASE 3 (MIG)						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	CHANENG INTERNAL ROADS AND STORMWATER UPGRADING (MIG)						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	NELSON MANDELA DRIVE - TAXI RANK						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	IKEMELENG BULK ROADS CONSTRUCTION PHASE 3						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	TSITSING ROADS & STORMWATER DRAINAGE (MIG)						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	MARIKANA ROADS & STORMWATER DRAINAGE						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	MAFENYA INTERNAL ROADS & STORMWATER UPGRADING						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	WARD 5 ROADS & STORMWATER UPGRADING						*Roads Infrastructure*	*Roads*								
ROADS AND STORMWATER	WARD 6 ROADS & STORMWATER UPGRADING						*Roads Infrastructure*	*Roads*								
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF NON-MOTORISED TRANSPORT WALK WAYS AND BUS STOPS, CONTRACT B						*Roads Infrastructure*	*Roads*								
RUSTENBURG RAPID TRANSPORT	LAPTOPS						*Computer Equipment*	*Capital Spares*								
RUSTENBURG RAPID TRANSPORT	FURNITURE						*Furniture and Office Equipment*	*Capital Spares*								
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT STATIONS						*Roads Infrastructure*	*Taxi Ranks/Bus Terminals*								
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF RRT BUS DEPOT						*Roads Infrastructure*	*Depots*								
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT CBD NORTH, CONTRACT A						*Roads Infrastructure*	*Roads*								
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT CBD NORTH, CONTRACT B						*Roads Infrastructure*	*Roads*								
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT CBD NORTH, CONTRACT C						*Roads Infrastructure*	*Roads*								
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF NON-MOTORISED TRANSPORT WALK WAYS AND BUS STOPS, CONTRACT A						*Roads Infrastructure*	*Roads*								
RUSTENBURG RAPID TRANSPORT	Capital: Infrastructure - New Infrastructure Assets : AFC and APTMS						*Roads Infrastructure*	*Roads*								
RUSTENBURG RAPID TRANSPORT	Capital: Infrastructure - New Infrastructure Assets : Bus Layover						*Roads Infrastructure*	*Roads*								
SEWERAGE PURIFICATION	REPLACEMENT OF TLHABANE AC SEWER BULK LINE						*Sanitation Infrastructure*	*Reticulation*								
SEWERAGE PURIFICATION	UPGRADING OF THE BULK SEWER LINES TO THE WWTW (WESTERN AREA)						*Sanitation Infrastructure*	*Improved Property*								
SEWERAGE PURIFICATION	UPGRADING OF OUTFALL SEWER LINES TO RUSTENBURG WWTW						*Sanitation Infrastructure*	*Improved Property*								
SEWERAGE PURIFICATION	REFURBISHMENT OF SEWER TREATED WATER RETICULATION SYSTEM						*Sanitation Infrastructure*	*Improved Property*								
SPORT FACILITIES	Development of Boitekong Sports Facility						*Sport and Recreation Facilities*	*Outdoor Facilities*								
SPORT FACILITIES	Development of Tlhabane Sports Facility						*Sport and Recreation Facilities*	*Outdoor Facilities*								
STREET LIGHTING	KANANA HIGH MUST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
STREET LIGHTING	MOSENTHAL/IKAGENG HIGH MAST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
STREET LIGHTING	ROBEGA HIGH MAST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
STREET LIGHTING	THABANENG MAST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
STREET LIGHTING	LESUNG HIGH MAST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
STREET LIGHTING	MABITSE HIGH MAST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
STREET LIGHTING	MAUMONG HIGH MAST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
STREET LIGHTING	RASIMONE HIGH MAST LIGHTS						*Electrical Infrastructure*	*Capital Spares*								
WASTE MANAGEMENT	MARIKANA-CONSTRUCTION OF TRANSFER STATION						*Solid Waste Infrastructure*	*Waste Transfer Stations*								
WATER SERVICE	CONSTRUCTION OF BOSPOORT BULK WATER PIPELINE						*Water Supply Infrastructure*	*Reticulation*								
WATER SERVICE	UPGRADING AND EXTENSIONOF BOSPOORT WATER TREATMENT WORKS						*Water Supply Infrastructure*	*Reticulation*								
WATER SERVICE	REFURBISHMENT OF BULK LINE & TLHABANE WATER AC REPLACEMENT						*Water Supply Infrastructure*	*Reticulation*								
WATER SERVICE	Proteapark AC Water Pipe Replacement - Protea park						*Water Supply Infrastructure*	*Reticulation*								
WATER SERVICE	Construction of Syferbult Water Supply Infrastructure						*Water Supply Infrastructure*	*Reticulation*								
WATER SERVICE	Upgrade of Tierkloof Reservoir						*Water Supply Infrastructure*	*Reticulation*								

ANNEXURE

| | | |

| | | |

WATER SERVICES	UPGRADING OF WATER INFRASTRUCTURE - TIERKLOOF											7 500				
WATER SERVICES	Phatsima -AC Water pipe replacement											1 200				
WATER SERVICES	Bethanie/ Modikwe AC Water Replacements											1 200				
WATER SERVICES	Refurbishment of Bulk Line &Water AC replacement											10 000				
WATER SERVICES	WATER CONVERSATION and DEMAND MANAGEMENT											15 000				
WATER SERVICES	REPLACEMENT OF AC PIPES - PROTEA PARK											7 500				
WATER SERVICES	REPLACEMENT OF AC PIPES - RUSTENBURG NOORD											7 500				
WATER SERVICES	CONSTRUCTION of SYFERBULT WATER SUPPLY											-				
WATER SERVICES	UPGRADING of TIERKLOOF RESERVOIR											-				
WATER SERVICES	COMMISSIONING OF METERS - BODORP/ZINNIAVILLE AND OTHER											5 700				
WATER SERVICES	SMART CITY - PREPAID METER ROLLOUT (ALL WARDS)											1 000				
WATER SERVICES	Refurbishment of Bulk Line & Tlhabane Water AC replacement											14 841				
WATER SERVICES	Refurbishment of Bulk Line &Water AC replacement											5 000				
WATER SERVICES	Refurbishment of Bulk Line &Water AC replacement											5 000				
WATER SERVICES	Barseba - Borehole augmentation supply system											1 400				
WATER SERVICES	Bethanie - Borehole augmentation supply system											2 700				
WATER SERVICES	Modikwe - Borehole augmentation supply system											1 300				
WATER SERVICES	Nkaneng - Borehole augmentation supply system											3 050				
WATER SERVICES	Lekgalong - Borehole augmentation supply system											2 700				
WATER SERVICES	Boshoek - Borehole augmentation supply system											1 950				
WATER SERVICES	Vlakdrift - Borehole augmentation supply system											1 950				
WATER SERVICES	Rietvlei - Borehole augmentation supply system											2 800				
WATER SERVICES	Dinie Estate - Borehole augmentation supply system											2 850				
OFFICE OF THE MM	Capex - Fencing All Municipal Sites												13 500	-	-	
OFFICE OF THE MM	Risk management software - Risk												400	-	-	
OFFICE OF THE MM	New (NDG)												15 000	-	-	
INTERNAL AUDITING	Audit software - Acquisition												250	264	-	
INTERNAL AUDITING	Voice recorder - Audit												5	-	-	
OMM : Chief Operations Officer	Highback Operator Chairs with head support X 14													29	-	
OMM : Chief Operations Officer	Manager"s office blinds													-	-	
OMM : Chief Operations Officer	Lenovo All in One pc's x 4													75	-	
OMM : Chief Operations Officer	Switchboard X1													220	-	
OMM : Chief Operations Officer	Helpdesk Protective High Glass													50	-	
OMM : Chief Operations Officer	Upgrading of switchboards X 2													80	-	
OMM : Chief Operations Officer	Wood Cabinet for telephone accounts storage													8	-	
OMM : Chief Operations Officer	First Aid Kit													6	-	
OMM : Chief Operations Officer	Wall Clock X 3													-	-	
PROJECT MANAGEMENT UNIT	Marikana Main Road Upgrade													4 000	5 000	5 370
PROJECT MANAGEMENT UNIT	Construction of sidewalks from Marikana CBD to township													4 000	5 000	5 370
PROJECT MANAGEMENT UNIT	NEW													1 000	500	537
RCC	Upgrading of Freedom park RCC												2 500	-	-	
RCC	Upgrading of Rankelenyane RCC												2 000	-	-	
RCC	Upgrading of Boitekong RCC													-	-	
RCC	Upgrading of Rankelenyane RCC												500	-	-	
RCC	Furniture Freedom Park RCC												85	-	-	
IT	Capex : P.P.E > Computer Equip - Laptops												3	1 000	1 600	1 720
ACCOUNTING SERVICE	Software - Indingent Registration												5			
BILLING	Capex : P.P.E > Electronic Bill Presentment (Smart City)												500			
EMERGENCY AND DISASTER	Capex: PPE > New												5 000			
EMERGENCY AND DISASTER	Capex: PPE > New															
EMERGENCY AND DISASTER	Capex : P.P.E > Fire Engine Public Safety												2 500			
DPS: EMERGENCY & DISASTER	REFURBISHMENT OF FIRE STATIONS X 3													-	700	750
DPS: EMERGENCY & DISASTER	WATER TOWER AT MARIKANA FIRE HOUSE													-	1 000	1 075
DPS: EMERGENCY & DISASTER	OFFICE FURNITURE FIRE STATIONS													-	200	215
DPS: EMERGENCY & DISASTER	FRIDGE X 4													-	20	20
DPS: EMERGENCY & DISASTER	MICROWAVE X 4													-	3	3
DPS: EMERGENCY & DISASTER	COMPUTERS/LAPTOP													-	20	20
DPS: EMERGENCY & DISASTER	AIRCONDITIONERS													-	20	20
DPS: OFFICE OF THE DIRECTOR	FURNITURE AND FITTINGS													-	10	10
DPS: OFFICE OF THE DIRECTOR	FLOOR TILE													-	-	-
DPS: OFFICE OF THE DIRECTOR	BLINDS AND CURTAINS													-	-	-
DPS: OFFICE OF THE DIRECTOR	PROJECTOR X2													-	-	-
DPS: OFFICE OF THE DIRECTOR	CLEANING MACHINE WOOVER													-	50	30
DPS: OFFICE OF THE DIRECTOR	PATITIONING OF RECEPTION AREA AND REPAINTING OF WALL													-	60	120
DPS: TRAFFIC SERVICES	BLUE LIGHTS													-	180	190
DPS: TRAFFIC SERVICES	FRIDGE X 4													-	20	20
DPS: TRAFFIC SERVICES	MICROWAVE X 4													-	3	3
DPS: TRAFFIC SERVICES	PORTABLE TWO WAY RADIO													-	410	380
DPS: TRAFFIC SERVICES	FIREARMS													-	150	200
DPS: TRAFFIC SERVICES	ROAD BLOCK BUS (COMPLETE)													500	20	30
DPS: TRAFFIC SERVICES	OFFICE FURNITURE													-	200	200
DPS: TRAFFIC SERVICES	SPEED CAMERA EQUIPMENTS													200	200	200
DPS: TRAFFIC SERVICES	BULLETS PROOF VEST													200	100	100
DPS: TRAFFIC SERVICES	AIR CONDITIONER X10													-	120	150
DPS: TRAFFIC SERVICES	LAPTOPS/COMPUTERS													-	160	180
DPS: TRAFFIC SERVICES	PROJECTOR X2													-	10	10
DPS: TRAFFIC SERVICES	UPGRADING OF WEIGHBRIDGE													2 500	500	200
TRAFFIC	Capex : P.P.E > C.C.T.V Cameras - Smart City												-			

TRAFFIC	Capex : P.P.E > C.C.T.V Cameras														
TRAFFIC	Capex : P.P.E > Biometrics Systems												3 000		
DPS: LICENSING & TESTING	UPGRADING OF SECURITY SYSTEMS													500	500	350
DPS: LICENSING & TESTING	BACK-UP GENERATOR, DLTC MARIKANA AND ROBEGA													500	–	–
DPS: LICENSING & TESTING	REPAIR AND REBURSHIPMENT OF TESTING CENTRES													1 000	600	400
DPS: LICENSING & TESTING	UPGRADING OF VEHICLE TESTING STATION													1 000	1 000	–
DPS: LICENSING & TESTING	INSTALLATION OF COMPUTERISED LEARNERS LICENSES EQUIPMENTS													1 000	–	–
DPS: LICENSING & TESTING	STANDBY GENERATOR													50	53	56
DPS: LICENSING & TESTING	TESTING STATION													–	106	112
DPS: LICENSING & TESTING	UPGRADE MUNICIPAL POUND													–	95	100
DPS: LICENSING & TESTING	OFFICE FURNITURE													–	200	200
DPS: LICENSING & TESTING	FRIDGE X 4													–	20	20
DPS: LICENSING & TESTING	MICROWAVE X 4													–	3	3
DPS: LICENSING & TESTING	COMPUTERS/LAPTOP													–	50	20
DPS: LICENSING & TESTING	AIRCONDITIONERS													–	20	25
DPS: LICENSING & TESTING	WATERCOOLER													–	3	3
TESTING AND LICENSING	Standby generator - Public safety												500			
TESTING AND LICENSING	Speed law Enforcement Equipment															
TESTING AND LICENSING	Capex : P.P.E > Weigh Bridge												–			
DPS: LAW ENFORCEMENT UNIT	BIOMETRICS SYSTEM													4 200	2 400	
DPS: LAW ENFORCEMENT UNIT	FENCING/CCTV CAMERAS - ALL RESERVOIRS AND MUNICIPAL SITES													–	2 000	
DPS: LAW ENFORCEMENT UNIT	BLUE LIGHTS FOR SUPERVISORS													–	49	
DPS: LAW ENFORCEMENT UNIT	OFFICE FURNITURE													–	200	
DPS: LAW ENFORCEMENT UNIT	VIDEO CAMERAS													–	10	
DPS: LAW ENFORCEMENT UNIT	ARMOUR VEHICLE													–	–	
DPS: LAW ENFORCEMENT UNIT	LAPTOPS													–	120	
DPS: LAW ENFORCEMENT UNIT	PROJECTOR													–	10	
DPS: LAW ENFORCEMENT UNIT	BULLETS PROOF VEST													150	100	
DPS: LAW ENFORCEMENT UNIT	PORTABLE TWO WAY RADIO													–	250	
DPS: LAW ENFORCEMENT UNIT	RADIO REPEATER													–	–	
DPS: LAW ENFORCEMENT UNIT	CARPORTS													–	–	
DPS: LAW ENFORCEMENT UNIT	DRONE CAMERAS													–	–	
DPS: LAW ENFORCEMENT UNIT	DOUBLE CABS													–	–	
ESTATES	Capex : P.P.E > Land Acqusition												5 500	6 000	6 000	
BUILDING CONTROL	Filing Cabinets													–	527	
HOUSING	Capex : P.P.E > Replacement_ Stoves & Gysers												2 500	3 000	3 000	
LED : Enterprise / Smme Development	Rustenburg Flea Market and VIC - Maintenance													250	1 054	111
LED : Enterprise / Smme Development	SMME Training Centre													100	211	
LED : Enterprise / Smme Development	Showgrounds Maintenance and Upgrade													300	527	555
LED : Policy and Research	Outdoor Advertising Furniture													–	1 054	
LED : Rural Development	Tourism Signage Development													–	1 054	
LED	Waterval Industrial park - LED												1 000	–	5 000	
LED	Card printing machine - informal trading card												100	–	–	
LED	Construction of the Rustenburg Flea Market MIG												3 000	–	–	
LIBRARY SERVICES	Capex : P.P.E > Signage - Libraries												400	–	–	
LIBRARY SERVICES	Mobile library												–	–	730	
LIBRARY SERVICES	Office and specialised library furniture												400			
LIBRARY SERVICES	Installation of hygiene services												100			
DCD : Integrated Environmental Mgt	BioGas Equipment (Home-made)													–	69	
DCD : Civil Facilities Develop & Mgt	Capex : P.P.E > REVAMP of MPHENI													15 000	5 000	308
DCD : Civil Facilities Develop & Mgt	Capex : P.P.E > Revamp_Civic Centre													3 000	3 000	
DCD : Civil Facilities Develop & Mgt	Upgrade Parks & Nursery Buildings, Carpot and Lightings													500	–	
DCD : Civil Facilities Develop & Mgt	Public Toilets (Parks, Cemeteries & Taxi/Bus Ranks)													500	700	
DCD : Cemeteries	Upgrading of Monnakato Cemetery													–	9 000	
DCD : Cemeteries	Development of Lethabong Cemetery													–	5 000	7 000
DCD : Cemeteries	Upgrading of Phatsima Cemetery													–	9 000	
DCD : Cemeteries	Capex : P.P.E > Boitekong Cemetry												1 000	400	1 000	
DCD : Cemeteries	Fencing of Kremetart													200	–	
DCD : Cemeteries	Fencing Of Tlhabane Cemetery (Moraka street)													200	–	
PARKS	Capex : P.P.E > Brushcutters - Parks												300	100	300	
PARKS	Capex : P.P.E > Chainsaws												53	–	–	
PARKS	Capex : P.P.E > Lawn Mower												200	–	–	
PARKS	Capex : P.P.E > Pole Pruners												100	–	–	
PARKS	Capex : P.P.E > Machinery_Tree Pruners												100	–	–	
PARKS	Blower machines													60		
PARKS	Trailors for Machines													100		
SPORTS FACILITIES	Outdoor Gyms													–	700	800
SPORTS FACILITIES	Capex : P.P.E > Software_Structural Certificate												30	–	–	–
SPORTS FACILITIES	Capex : P.P.E > Comp Equip												21	–	–	–
SPORTS FACILITIES	Capex : P.P.E > Furn_Lockers												5	–	–	–
SPORTS FACILITIES	Capex : P.P.E > Furn & Equip												21	–	–	–
SPORTS FACILITIES	Capex : P.P.E > Machinery & Equip												42	–	–	–
SPORTS FACILITIES	Capex : P.P.E > Brush Cutters												32	30	–	–
SPORTS FACILITIES	Capex : P.P.E > Chain Saws												–	–	–	–
SPORTS FACILITIES	Capex : P.P.E > Ride On Lawn Mowers												42	200	–	–
SPORTS FACILITIES	Capex : P.P.E > Tractors Slashers												105	–	–	–
SWIMMING POOLS	Capex : P.P.E > Brush Cutters												21	–	–	–
SWIMMING POOLS	Capex : P.P.E > Acquisitions - Water Pump												60	–	–	–
SWIMMING POOLS	Motor & pumps													100	60	50

| | | |

ELECTRICAL	Refurbishment and Upgrading - Substation - Voltaire													10 000	10 000	10 000
ELECTRICAL	Upgrade - Substation - Motor City													–	3 000	3 000
ELECTRICAL	Upgrade - Substation - Geelhout park													–	3 000	3 000
ELECTRICAL	Upgrade - Substation - Park													–	3 000	3 000
ELECTRICAL	Alternative energy to informal settlements													2 000	3 000	3 000
ELECTRICAL	Electrification of Boitekong Ext 35													–	3 000	3 000
ELECTRICAL	Electrification of Boitekong Ext 1													–	3 000	3 000
ELECTRICAL	Electrification of Reutlwile Zinniaville View													–	3 000	3 000
STREET LIGHTING	Capex : P.P.E >Installation of Solar highmast in various areas with Rustenburg													500	–	–
STREET LIGHTING	Capex : P.P.E > Installation of High Mast Light in Robega												7 000			
STREET LIGHTING	NW373_315 - CAPEX: PPE > Installation of High in Marikana Phase 5												7 000			
STREET LIGHTING	Capex : P.P.E > installation of High Mast Light in Mosentha/ Ikageng												7 000			
MECHANICAL	Capex - Yellow Fleet												20 000			
MECHANICAL	Capex - White Fleet												100 000			
MECHANICAL	Furniture - Mechanical Engineering officials												10 000	–	–	–
MECHANICAL	Mobile Compressor 150L - One - New												100			
MECHANICAL	Complete toolbox - Electrical - One - New												22			
MECHANICAL	Complete toolbox - Fitters												18	–	–	
MECHANICAL	Complete toolbox - Mechanics - Four - New													–	–	
MECHANICAL	Complete toolbox - Welders												38			
MECHANICAL	Portapack Set - One - New												27			
MECHANICAL	Mobile Generator - One - New												15			
MECHANICAL	Mobile Welding Plant - One - New												20			
WATER SERVICES	Capex : P.P.E > Sewer_Outfall Sewers (Water Conservation and Demand Management)												37 448			
WATER SERVICES	Capex : P.P.E > Upgrade - Marikana Outfall Sewer												23 750			
WATER SERVICES	Capex : P.P.E > Replacement Of Ac Sewer Pipes - Rustenburg Noord												26 802			
WATER SERVICES	NW373_340 - PPEQ - Water/Acquisitions/Municipal Infrastructure/Water Distribution/Ward 11/Default/WATER SERVICE [TECHNICAL/												3 005			
WATER SERVICES	Capex : P.P.E > Construction_Bulk Water Pipeline - Bospoort												39 022	40 000	30 000	30 000
WATER SERVICES	Capex : P.P.E > Construction of Phatsima Water Supply and Yard connections													10 900	–	
WATER SERVICES	Bethanie, Modikoe, Berseba & Makolokwe Water reticulation													–	20 000	20 000
WATER SERVICES	Meriting Ward 4 and 5 Water Supply													–	10 000	10 000
WATER SERVICES	Rustenburg North - AC Water Pipes replacement													10 000	10 540	11 1
WATER SERVICES	Dinie Estates - Water supply Phase 2													7 840	8 263	8 7
WATER SERVICES	Maumong - Water supply Phase 3													10 000	10 540	11 1
WATER SERVICES	Lekgalong - Water supply Phase 5													15 000	15 810	16 6
WATER SERVICES	Makolokwe - Water supply Phase 2													15 000	15 810	16 6
WATER SERVICES	Water Conservation and Water Demand Management													15 000	5 363	5 6
WATER SERVICES	Meters - Bodorp/Zinniaville And													3 000	3 000	3 0
WATER SERVICES	SMART CITY - PREPAID METER ROLLOUT (ALL WARDS)													25 000	25 000	25 0
WATER SERVICES	Capex : P.P.E > Smart City - Prepaid Meters												50 000	–	–	
WATER SERVICES	Capex : P.P.E > Meters - Bodorp/Zinniaville And												12 000	–	–	
SANITATION	Capex : P.P.E > Upgrading Of The Monnakato Waste Water Treatment Works												800	–	–	
SANITATION	Capex : P.P.E > Upgrading - Western Bulk Sewer Lines												14 841	–	–	
SANITATION	Capex : P.P.E > Upgrading - Western Bulk Sewer Lines												14 841	15 000	15 000	15 0
SANITATION	Capex : P.P.E > Replacement Of Tlhabane Ac Sewer Bulk Line												22 685	5 000	–	
SANITATION	Capex : P.P.E > Upgrading & Extension Of The Bospoort Water Treatment Plant												38 869	500	–	
SANITATION	Capex : P.P.E >Lethabong Sewer Reticulation and Toilet Structures in Ward 27 & 28 Phase 3													14 000	–	
SANITATION	Lethabong Sewer Reticulation and Toilet Structures in Ward 27 & 28 Phase 4													–	30 000	30 0
SANITATION	Replacement Of Ac Sewer Pipes - Rustenburg Noord													10 000	10 540	11 1
SANITATION	Upgrade - Marikana Outfall Sewer													10 000	10 540	11 1
SANITATION	Sewer pumps - Two (replacement)												80			
SANITATION	Industrial Washing Machine - New												50			
Parent Capital expenditure													**858 690**	**788 360**	**594 256**	**636 759**	**637 194**
Entities:																	
List all capital projects grouped by Entity																	
Entity A																	
Water project A																	
Entity B																	
Electricity project B																	
Entity Capital expenditure													–	–	–	–	–
Total Capital expenditure													**858 690**	**788 360**	**594 256**	**636 759**	**637 194**

References

Must reconcile with Budgeted Capital Expenditure

Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by Function

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

Distinguish projects approved in terms of MFMA section 19(1)(b) and MRRR Regulation 13

Project Number consists of MSCOA Project Longcode and seq No (sample PC001002006002_00002)

check – 41 478 0 (0) 0

AGENDA: SPECIAL COUNCIL: 22 MAY 2020

NW373 Rustenburg - Supporting Table SA37 Consolidated projects delayed from previous financial year/s

R thousand												Previous target year to complete	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
Function	Project name	Project number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude		Original Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:																	
List all capital projects grouped by Function																	
CEMETERIES	DEVELOPMENT OF BOITEKONG CEMETERY											6 295	6 654	6 654	7 013	7 392	7 791
ROADS AND STORMWATER	DRAINAGE											–			–	–	–
ROADS AND STORMWATER	WARD 18											29 377	8 500	8 500	8 959	9 443	9 953
ROADS AND STORMWATER	FREEDOM PARK ROADS & STORMWATER											7 701	8 140	8 140	8 580	9 043	9 531
RUSTENBURG RAPID TRANSPORT	TRANSPORT WALK WAYS AND BUS STOPS,											3 000	8 000	8 000	8 432	8 887	9 367
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT STATIONS											63 000	52 000	52 000	54 808	57 768	60 887
WATER SERVICES	WATER CONSERVATION DEMAND											37 448	26 000	26 000	25 000	26 350	27 773
WATER SERVICES	MARIKANA OUTFLOW											23 750	30 000	30 000	10 000	10 540	11 109
WATER SERVICES	REPLACEMENT OF AC SEWER PIPES											26 802	36 840	36 840	–	–	–
RUSTENBURG RAPID TRANSPORT	AND BUS STOPS, CONTRACT B											26 000	33 000	33 000	8 000	8 432	8887
RUSTENBURG RAPID TRANSPORT	RRT Stations											79 000	43 000	43 000	18 000	18 972	19
RUSTENBURG RAPID TRANSPORT	RRT Bus Depot											16 000	11 000	11 000	18 000	18 972	19
RUSTENBURG RAPID TRANSPORT	INTELLIGENT TRANSPORT SYSTEMS											11 000	23 000	23 000	23 000	24 242	25
Entities:																	
List all capital projects grouped by Entity																	
Entity Name																	
Project name																	

References

List all projects with planned completion dates in current year that have been re-budgeted in the MTREF

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

ITEM 41

AGENDA: SPECIAL COUNCIL: 22 MAY 2020

NW373 Rustenburg - Supporting Table SA38 Consolidated detailed operational projects

R thousand												Prior year outcomes		2020/21 Medium
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21
Parent municipality:														
List all operational projects grouped by Function														
Contracted Services												310 325	246 900	582 544
Depreciation												433 464	448 974	507 217
Employee related costs												689 646	739 404	764 181
Councillors remuneration												56 614	64 593	64 306
Repairs and maintenance												256 627	249 176	12 304
Interest expense - External loans												63 176	63 877	31 [illegible]
Bulk purchase												2 008 835	2 153 163	2 23[illegible]
Other expenditure												259 475	393 196	26[illegible]
Debt impairment												438 436	390 638	59[illegible]
Transfers and Subsidies												255 935	433 588	18[illegible]
Parent Operational expenditure												4 772 532	5 183 508	5 085 [illegible]
Entities:														
List all Operational projects grouped by Entity														
Entity A														
Water project A														
Entity B														
Electricity project B														
Entity Operational expenditure												–	–	
Total Operational expenditure												4 772 532	5 183 508	5 085 [illegible]

References

Must reconcile with Budgeted Operating Expenditure

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

Project Number consists of MSCOA Project Longcode and seq No (sample PO001001002001002001002_00066)

check – –

ITEM 4

AGENDA: SPECIAL COUNCIL: 22 MAY 2020

Rustenburg Local Municipality

Contract Management Policy

First Draft

March 2020

TABLE OF CONTENTS

Preamble	**3**
Definitions	**3**
Abbreviations	**5**
1. Introduction	**5**
2. Contracts	**7**
3. Role players in contract management	**7**
4. Custodian of bid and contract documents	**8**
5. Role of project management and contract administration	**8**
6. Scope and objectives	**8**
7. Procedure when drafting contracts	**9**
8. Procedure after drafting contracts	**9**
9. Procedure for review or cancellation of contracts	**10**
10. Amendment of a contract	**10**
11. Variation of orders	**11**
12. Reporting to the Council	**11**
13. Reporting to the National Treasury	**11**
14. Procedure for performance management	**12**
15. Procedure for contract price escalation	**13**
16. General and special contract conditions	**13**
17. Conclusion	**13**
ANNEXURES	
A: Contract Price Escalation	**14**
B: General and Special Conditions of Contract	**16**
C: Registration of Contracts	**30**
D: Register of all municipal contracts	**31**
E: Register of all contracts above R500 000,00 for a period exceeding three months	**32**
F: Report to the Council on contract management	**33**

PREAMBLE

The Constitution of the Republic of South Africa, 1996, states in section 195(1):

"Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles –

(b) Efficient, economic and effective use of resources must be promoted.
(f) Public administration must be accountable."

Section 217(1) of the Constitution states:

"When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."

In addition, section 217(2)(1) of the Constitution states:

"Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –
(a) categories of preference in the allocation of contracts; and
(b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination."

The Rustenburg Local Municipality's SCM Policy provides guidelines on the acquisition of goods and services.

All transactions undertaken by the Rustenburg Local Municipality involves a contract, whether explicitly agreed upon in writing, or implicitly implied through actions. Properly managed contracts by all stakeholders involved can ensure that services are delivered within specifications as set and agreed upon during the acquisition of services (*inclusive of escalation clauses in the contracts, refer to GCC annexure B)*.

Good contract management by all stakeholders involved is essential for good financial management and will contribute to the effectiveness and efficiency of service delivery. A centralised strategic point of contract management will give strategic direction to all departments within the Rustenburg Local Municipality. This policy must be read in conjunction with the Rustenburg Local Municipality's SCM policy.

DEFINITIONS

In this Policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and the following definitions are assigned to the following terms:

TERMS	DEFINITIONS
the Act or MFMA	The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
Circular	Communications from National Treasury by means of circulars to enhance compliance and accountability to SCM Regulation and the MFMA of 2003
Contract Specialist/Champion/Administrator	The manager/director/administrator responsible for all day to day activities
Head of department	Any Director or Chief Financial Manager of the Municipal, including any Director reporting directly to the Municipal Manager
Contract	The agreement that results from the acceptance of a bid by the Rustenburg Local Municipality
Long-term contract	A contract with a duration exceeding one year
Contract management	The holistic term for all role players involved in an agreement
Constitution	The Constitution of the Republic of South Africa, 1996
Contract alteration	Changing technical writing or input errors to the original agreement of the contract without changing the scope of the contract
Contract amendment	Changing the scope, nature, duration, purpose or objective of the agreement or contract (in the context of circular 62 and section 113(3) of the MFMA)
Competitive bidding process	A competitive bidding process referred to in the SCM policy of the Rustenburg Local Municipality
Competitive bid	A bid in terms of the competitive bidding process
Two stage bidding	Two stage bidding process referred to in the SCM policy of the Rustenburg Local Municipality
Final award	In relation to bids or quotations submitted for a contract, the final decision on which bid or quote to accept
Formal written price quotation	Quotations referred to in the SCM policy of the Rustenburg Local Municipality
Fruitless and wasteful expenditure	Expenditure that was made in vain and would have been avoided if reasonable care been taken
Regulation	The Municipal Supply Chain Management

	Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003
Sole supplier	Goods and services procured in terms of section 110(2) of the MFMA
Supply Chain Management Code of Conduct	The National Treasury's Code of Conduct for Supply Chain Management Practitioners and other role players in the Rustenburg Local Municipality
Systems Act	The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended
Treasury guidelines	Any guidelines on Supply Chain Management issued by the Minister in terms of section 168 of the Act
Unsolicited bid	Bids as defined in terms of section 113(1)(2)(3) of the MFMA
Supply Chain Management	A systems approach to manage the entire flow of goods and services that will create and optimise value for customers in the form of products and services which specifically satisfy customer demands
Service provider	An accredited service provider of the Rustenburg Local Municipality, goods and services required by the Municipal from time to time
Guide for accounting officers	The supply chain management guide for accounting officers/authorities from the National Treasury, Republic of South Africa, 2004

ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
CIDB	Construction Industry Development Board Act, 2000 (Act 38 of 2000
MM	The official appointed by the Council as Municipal Manager and who will be the accounting officer of the Rustenburg Local Municipality as contemplated in the Act
GCC	General Conditions of Contract
GCFO	Group Chief Financial Officer of the Rustenburg Local Municipality
MFMA	Municipal Finance Management Act, 2003 (Act 56 of 2003)
MSA	Municipal Systems Act, 2000 (Act 32 of 2000)
NT	National Treasury
SCC	Special Conditions of Contract
SCM	Supply Chain Management

SDA	Service Delivery Agreement
SLA	Service Level Agreement
PPPFA	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)

1 INTRODUCTION

This policy framework provides a guide to contract management and a tool for effective contract management and it applies to all municipal employees and contractors that are involved in the management of supplier contracts.

This policy gives effect to the following legislation:

1.1 Section 217 of the Constitution, which states:

> "When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."

1.2 Section 195(1)(a) to (i) of the Constitution

1.3 Section 116(1), (2) and (3) of the MFMA, which states:

> "(1) A contract or agreement procured through the supply chain management system of a municipality or municipal entity must—
> (a) be in writing;
> (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for—
> (i) the termination of the contract or agreement in the case of non- or underperformance;
> (ii) dispute resolution mechanisms to settle disputes between the parties;
> (iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
> (iv) any other matters that may be prescribed.
>
> (2) The accounting officer of a municipality or municipal entity must—
> (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity 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 of the municipality or municipal entity—

(i) to assist the accounting officer in carrying out the duties set out in paragraphs *(a)* and *(b)*; and
(ii) to oversee the day-to-day management of the contract or agreement; and

(d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, 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 of the municipality or municipal entity may be amended by the parties, but only after—
(a) 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; and
(b) the local community—

(i) has been given reasonable notice of the intention to amend the contract or agreement; and
(ii) has been invited to submit representations to the municipality or Municipal entity."

2 CONTRACTS

2.1 Types of contracts

The bidding documents should clearly state the type of contract to be entered into and contain the appropriate contract provisions.

- The most common types of contracts provide for payments based on lump sum prices, unit prices, reimbursable cost plus fees, or combinations thereof.

- Reimbursable cost contracts should be acceptable only in special circumstances, such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy.

- Such contracts should include appropriate incentives to limit costs and may only be concluded subject to the approval of the accounting officer/authority.

- It is advisable that the reasons and formal approval for following the reimbursement route are recorded for auditing purposes.

2.2 Any other regulations pertaining to the Municipal's SCM Policy

This policy applies when a municipality or a municipal entity –

- procures goods or services;

- ❖ disposes of goods no longer needed; and
- ❖ selects service providers and suppliers to provide assistance in the provision of municipal services including circumstances where chapter 8 of the Municipal Systems Act applies.

3 ROLE PLAYERS IN CONTRACT MANAGEMENT

3.1 Contract Administration/SCM
3.2 Legal Services
3.3 Contract Management/Project Manager/User department
3.4 All officials of the Rustenburg Local Municipality

4 CUSTODIAN OF BID AND CONTRACT DOCUMENTS

4.1 All bid and contract documents will be kept by the SCM Division.

4.2 No Directorate will keep original bid documents and contracts in his/her office.

4.3 Directorates will, however, be allowed to keep copies of contracts and bid documents for assessment and contract performance management purposes.

5 ROLE OF PROJECT MANAGER AND CONTRACT ADMINISTRATION

Project manager/User department	Contract administration
Nominated by the head of the section to manage the specific project. Often described as reporting officer in terms of the supplier's performance management system. Responsible for – a) quality control, financial management and other technical expertise needed for the success of the project; b) facilitating the signing of contracts with service providers; and c) assessing the performance in line with the Suppliers Performance Monitoring System (SPMS).	Official from the SCM Division responsible for contract administration. Responsible for – a) the safekeeping of all contract-related documents; and b) advising the reporting officer/project manager on the following: i. Drafting of the Service Level Agreement (SLA) ii. Contract expiry date iii. Price adjustments iv. Reporting on performance of the supplier to the accounting officer and the Council

6 SCOPE AND OBJECTIVES

6.1 The objective of this policy/procedure is to set out the procedure that should be followed when drafting, monitoring, cancelling or renewing contracts or agreements procured through the Municipal's SCM.

6.2 This policy/procedure applies to all contracts entered into by the Municipality as a result of its SCM Policy.

6.3 This policy/procedure should be read and used in conjunction with the Municipal's SCM Policy.

7 PROCEDURE WHEN DRAFTING CONTRACTS

7.1 All contracts of the Rustenburg Local Municipality should be in writing and should at least include the following:

- ❖ Termination of the agreement in case of non-performance or underperformance
- ❖ Dispute resolution mechanisms to settle disputes between the parties
- ❖ Price of the goods or services to be delivered to the Municipality and how performance will be evaluated
- ❖ Penalties in case of non-performance or underperformance
- ❖ Duration of the contract
- ❖ A periodic review of the contract or agreement once every three years in the case of a contract or agreement lasting longer than three years

7.2 All contracts that have serious financial implications for the Municipality should be handed over to the Municipal's legal adviser for review before being signed by the accounting officer or delegated official.

7.2.1 The following are regarded as contracts that have serious financial implications:

- ❖ A contract value to the amount of R200 001,00 or more; and/or
- ❖ a contract for a period of 12 months and more.

8 PROCEDURE AFTER DRAFTING CONTRACTS

8.1 After the contract has been signed by the Municipal Manager, it should be entered the contract register that should be maintained by the contract administration officer.

8.2 The register should at least include the following information (See Annexure D):

- Date that the contact was signed
- Contract value
- Contract start and end date
- Authority number
- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract
- Review date, if it is a contract of more than three years
- Remarks/Comments
- Financial implications, e.g. increase in rent amount

8.3 The contract administration officer should update this register monthly with all contracts entered into by the Municipal during that month.

8.4 A separate register should be maintained for contracts above R500 000 in addition to the register mentioned in 8.1 above. The following information should be included in that register (See Annexure E):

- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract
- Payments made to date
- Penalties paid by the municipality or contractor
- Amendment to the contract
- Remarks from site meeting or contract steering committee meeting that have impact on the contract
- Progress report from the head of department that procured the goods or services
- Financial implications

8.5 The contract administration officer should update this additional register monthly with all the information affecting the contract, and comments from the head of department that procured the goods.

9 PROCEDURE FOR REVIEW OR CANCELLATION OF CONTRACTS

9.1 The head of SCM should inform the relevant head of department and/or municipal manager about the date of the review of the contract, at a reasonable period before the review date.

9.2 In case of non-performance or underperformance by the contractor, remedies as outlined in the contract should be used by the Municipal.

10 AMENDMENT OF A CONTRACT

A contract or agreement procured through the SCM policy of the municipality or municipal entity may be amended by the parties, but only after—

a) 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; and the local community—

(i) has been given reasonable notice of the intention to amend the contract or agreement; and

(ii) has been invited to submit representations to the municipality or municipal entity.

11 VARIATION OF ORDERS

11.1 In cases where the estimated value of the envisaged changes in purchase does not vary more than 15% of the total value of the original contract, the contractor may be instructed to deliver the goods or render the services as such. In cases of measurable quantities, the contractor may be approached to reduce the unit price, and such offers may be accepted, provided that there is no escalation in price.

11.2 The accounting officer will be delegated to approve variation orders as per point 11.1 above.

12 REPORTING TO THE COUNCIL

12.1 The head of the SCM Division, with the assistance of the contract administration officer, should prepare monthly reports for submission to the accounting officer on the state of all contracts entered into through the Municipal's SCM system.

This report is required by section 116(d) of the MFMA.

12.2 The following information should be contained in the report (See Annexure F):

- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract

- Payments made to date
- Penalties paid by the municipality or contractor
- Amendments to the contract
- Remarks from site meeting or contract steering committee meeting that have impact on the contract
- Progress report from the head of department that procured the goods or services
- Any delays that might have an impact on the completion of the contract

13 REPORTING TO THE NATIONAL TREASURY

13.1 The Group Chief Financial Officer is required to submit information in respect of each contract and advertised quotations from R30 000 to R200 000 (VAT inclusive) and tenders from R200 0000 and above, and must be signed by all parties to the National Treasury.

13.2 A report must be submitted each time a contract is awarded and signed by no later than 15 days after the end of each month.

13.3 Completed reports are to be emailed to the National Treasury at contracts@treasury.gov.za or by facsimile to 012 326 5445.

13.4 The following information should be contained in the report:

- Name of the municipality
- Contract reference number
- Contract signing date
- Contract description
- Name of contractor
- Percentage equity ownership by black persons (no franchise prior to elections) based on information provided in Municipal Bid Document (MBD) 6.1
- Percentage equity ownership by black women based on information provided in MBD 6.1
- Percentage equity ownership by white women based on information provided in MBD 6.1
- Outsourced/subcontracted businesses to small businesses as a percentage of the annual turnover based on information provided in MBD 6.3, if applicable
- Percentage local content of final product in relation to the bid price based on the information provided in MBD 6.4, if applicable
- Total contract price (A)
- Total price of lowest acceptable bid (price of bid scoring the highest points for price) (B)
- Premium paid to promote specified goals (C) (C=A-B)
- Percentage premium paid (C/B x 100)

14 PROCEDURE FOR PERFORMANCE MANAGEMENT

14.1 Key components of an effective performance approach:

- ❖ Establish appropriate key performance indicators that are aligned with contract objectives
- ❖ Set clear targets
- ❖ Define monitoring and reporting process

14.2 The following KPIs must be applicable:

Quality	Level of goods/services delivered
Outputs	Total output delivered by supplier to deliver contract
Productivity	Measured output produced/delivered per unit (services performed per day
Cost	Total cost incurred to deliver service/good
Savings	Total savings delivered by the supplier to deliver the contract
Responsiveness	Lead-time to respond to requests
Customer delivery	Percentage of orders delivered

15 PROCEDURE FOR CONTRACT PRICE ESCALATION

15.1 An appropriate contract adjustment formula must be specified in the bid documents if deemed necessary (Annexure A).

15.2 Escalation notification must be in writing and presented before implementation for approval.

16 GENERAL AND SPECIAL CONTRACT CONDITIONS

16.1 To strive towards uniformity, all contracts must be based on the General Conditions of Contract (GCC), issued by the National Treasury (Annexure B).

16.2 Any aspect not covered by the GCC should be dealt with in the Special Contract Conditions (SCC).

16.3 These conditions should form an integral part of the bidding documents.

16.4 Accounting officers/authorities should ensure that the prescripts of the PPPFA and the regulations pertaining thereto, are adhered to.

16.5 The basis for bid evaluation and selection should be clearly outlined in the instructions to bidders and/or in the specifications.

CONCLUSION

This policy is applicable to all Rustenburg Local Municipality officials and must be implemented from the date of approval.

Annexure A

Contract Price Escalation

1 Price adjustments due to escalation

1.1 The procedure requires a careful analysis of all related aspects that will influence the adjusted price, including the cost for the additional administrative work.

1.2 If the accounting officer/authority resolves to allow price escalation as part of the contract, this should be specified in the bid documents, including the formula and the time frames at which intervals such price adjustments should be considered.

1.3 The following formula is recommended if adjustments of prices are approved:

1.3.1 Pa = The new escalated price to be calculated
1.3.2 (1-V) Pt = 85% of the original bid price
1.3.3 D1, D2= Each factor of the bid price, e.g. labor, transport, clothing, footwear, etc.
1.3.4 The total of the various factors D1, D2…etc. must add up to 100%
1.3.5 R1t, R2t = index figure obtained from new index (depends on the number of factors used)
1.3.6 R1o, R2o= index figure at time of bidding
1.3.7 VPt = 15% of the original bid price. This portion of the bid price remains firm, i.e. it is not subject to any price escalations

2 Price adjustments due to the fluctuation in the Rate of Exchange (ROE)

2.1 Rate of exchange claims relate to the fluctuation of other currencies in relation to the South African rand. When the government advertises bids which might involve imported contents, whether wholly or partially, the ROE and future fluctuations are of vital importance, especially if it is a transversal contract for delivery over a specified period of more than one year.

2.2 The decision of who should take responsibility for any absorption of the fluctuation of a currency is similar to a decision of allocating risk. In this regard, there are two extreme possibilities:

- The supplier should bear all the risk and it is prescribed that the price will be fixed for the tenure of the contract, irrespective of the fluctuation of the currency. In such a case the supplier is free to arrange forward cover and/or to increase his/her price at bidding stage to cater for any fluctuation, thereby taking the risk of not being the successful bidder. Whatever route the supplier opts to follow, it will probably lead to an increase in price at the original bidding stage. This might lead to a situation at the commencement of the

contract where the government will be obliged to pay more for the product than the retail price to the general public.

- ❖ The government can absorb the risk and suppliers may bid firm prices, subject to ROE variation. In such cases the supplier(s) may apply for price increases/decreases when the currency fluctuates in relation to the agreed currency. The problem in this regard is that the prices are not always adjusted when the Rand appreciates. In such cases, it is of vital importance that the accounting officer/authority ensures that prices are adjusted to the benefit of the State.

2.3 The ideal would be to find a balanced approach between the above extremes, considering other contributing factors that will influence the final price. According to proposals by the World Bank, price increases based on ROE should not be allowed if the tenure of a contract is less than 18 months. Due to the recent fluctuations of the Rand, this might be a very long period when seen in the South African context and a period of twelve months may be more appropriate.

2.4 The local and imported contents of the products under consideration will also have a vital impact on determining prices. Another aspect that will also impact on the determination of prices will be the frequency of price adjustments. If the contract allows for a monthly adjustment of prices, the supplier hardly bears any risk in this regard. Prescribing that price adjustments will only be considered at prescribed intervals (say every three months), it will, in a sense, split the risk between the State and the supplier.

2.5 It is therefore suggested that the accounting officer/authority, after thorough analysis of relevant information, determine on a case-by-case basis the optimum route to be followed for each commodity. It should, however, be emphasized that price adjustments based on ROE fluctuations should only be allowed on the imported contents of the commodity and only meet the suppliers' additional costs of the imported content.

Annexure B

General and Special Conditions of Contract

GOVERNMENT PROCUREMENT

GENERAL CONDITIONS OF CONTRACT

NOTES

The purpose of this document is to –

(i) draw special attention to certain general conditions applicable to government bids, contracts and orders; and
(ii) ensure that clients are familiar with the rights and obligations of all parties involved in doing business with the government.

In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.

- The General Conditions of Contract (GCC) will form part of all bid documents and may not be amended.
- Special Conditions of Contract (SCC) relevant to a specific bid, should be compiled separately for every bid (if applicable) and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC will prevail.

TABLE OF CLAUSES

1. Definitions
2. Application
3. General
4. Standards
5. Use of contract documents and information; inspection
6. Patent rights
7. Performance security
8. Inspections, tests and analyses
9. Packing
10. Delivery and documents
11. Insurance
12. Transportation
13. Incidental services
14. Spare parts
15. Warranty

16. Payment
17. Prices
18. Contract amendments
19. Assignment
20. Subcontracts
21. Delays in the supplier's performance
22. Penalties
23. Termination for default
24. Anti-dumping and countervailing duties and rights
25. Force Majeure
26. Termination for insolvency
27. Settlement of disputes
28. Limitation of liability
29. Governing language
30. Applicable law
31. Notices
32. Taxes and duties

General Conditions of Contract

1. Definitions

The following terms will be interpreted as indicated:

1.1 "Closing time" means the date and hour specified in the bidding documents for the receipt of bids.

1.2 "Contract" means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

1.3 "Contract price" means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.

1.4 "Corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution.

1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidised by its government and encouraged to market its products internationally.

1.6 "Country of origin" means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a

commercially recognised new product results that is substantially different in basic characteristics or in purpose or utility from its components.

1.7 “Day” means calendar day.

1.8 “Delivery” means delivery in compliance of the conditions of the contract or order.

1.9 “Delivery ex stock” means immediate delivery directly from stock actually on hand.

1.10 “Delivery into consignee’s store or to his site” means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.

1.11 "Dumping" occurs when a private enterprise abroad markets its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.

1.12” Force majeure” means an event beyond the control of the supplier, not involving the supplier’s fault or negligence, and was not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

1.13 “Fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.

1.14 “GCC” means the General Conditions of Contract.

1.15 “Goods” means all the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.

1.16 “Imported content” means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry, as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.

1.17 “Local content” means that portion of the bidding price which is not included in the imported content, provided that local manufacture does take place.

1.18 “Manufacture” means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.

1.19 “Order” means an official written order issued for the supply of goods, works or the rendering of a service.

1.20 “Project site,” where applicable, means the place indicated in bidding documents.

1.21 “Purchaser” means the organisation purchasing the goods.

1.22 “Republic” means the Republic of South Africa.

1.23 “SCC” means the Special Conditions of Contract.

1.24 “Services” means those functional services supplementary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.

1.25 “Written” or “in writing” means handwritten in ink or any form of electronic or mechanical writing.

2. Application

2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.

2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.

2.3 Where such special conditions of contract conflict with these general conditions, the special conditions will apply.

3. General

3.1 Unless indicated otherwise in the bidding documents, the purchaser will not be liable for any expense incurred in the preparation and submission of a bid. Where applicable, a non-refundable fee for documents may be charged.

3.2 With certain exceptions, invitations to bid are only published in the Government Tender Bulletin. The Government Tender Bulletin may be obtained directly from the

Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from www.treasury.gov.za

4. Standards

4.1 The goods supplied will conform to the standards mentioned in the bidding documents and specifications.

5. Use of contract documents and information; inspection

5.1 The supplier will not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person will be made in confidence and will extend only so far as may be necessary for purposes of such performance.

5.2 The supplier will not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1, except for purposes of performing the contract.

5.3 Any document, other than the contract itself mentioned in GCC clause 5.1, will remain the property of the purchaser and will be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.

5.4 The supplier will permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

6. Patent rights

6.1 The supplier will indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.

7. Performance security

7.1 Within thirty (30) days of receipt of the notification of contract awarded, the successful bidder will furnish the purchaser with the performance security of the amount specified in the SCC.

7.2 The proceeds of the performance security will be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.

7.3 The performance security will be denominated in the currency of the contract, or in a freely convertible currency acceptable to the purchaser and will be in one of the following forms:

(a) a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser

(b) a cashier's or certified cheque

7.4 The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance obligations under the contract, including any warranty obligations, unless otherwise specified in the SCC.

8. Inspections, tests and analyses

8.1 All pre-bidding testing will be for the account of the bidder.

8.2 If it is a bid condition that supplies to be produced or services to be rendered should, at any stage during production or execution or on completion, be subject to inspection, the premises of the bidder or contractor will be open, at all reasonable hours, for inspection by a representative of the department or an organisation acting on behalf of the department.

8.3 If there are no inspections requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections will be carried out, the purchaser will make the necessary arrangements itself, including payment arrangements with the testing authority concerned.

8.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses will be defrayed by the purchaser.

8.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost regarding these inspections, tests or analyses will be defrayed by the supplier.

8.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.

8.7 Any contract supplies may be inspected on or after delivery, may be tested or analysed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies will be held at the cost and risk of the supplier who will, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do comply with the requirements of the contract. Failing such removal, the rejected supplies will be returned at the supplier's cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.

8.8 The provisions of clauses 8.4 to 8.7 will not prejudice the right of the purchaser to cancel the contract because a breach of the conditions thereof, or to act in terms of Clause 23 of the GCC.

9. Packing

9.1 The supplier will provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing will be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case size and weights will take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.

9.2 The packing, marking, and documentation within and outside the packages will comply strictly with such special requirements as will be expressly provided for in the contract, including additional requirements, if any, specified in the SCC, and in any subsequent instructions ordered by the purchaser.

10. Delivery and documents

10.1 Delivery of the goods will be made by the supplier in accordance with the terms specified in the contract. The details of shipping and/or other documents to be furnished by the supplier are specified in the SCC.

10.2 Documents to be submitted by the supplier are specified in the SCC.

11. Insurance

11.1 The goods supplied under the contract will be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the SCC.

12. Transportation

12.1 Should a price other than an all-inclusive delivered price be required, this will be specified in the SCC.

13. Incidental services

13.1 The supplier may be required to provide any or all of the following services, including additional services, if any, specified in the SCC:

(a) performance or supervision of on-site assembly and/or commissioning of the supplied goods;
(b) furnishing of tools required for assembly and/or maintenance of the supplied goods;
(c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
(d) performance or supervision or maintenance and/or repair of the supplied goods, for a period agreed upon by the parties, provided that this service will not relieve the supplier of any warranty obligations under this contract; and
(e) training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

13.2 Prices charged by the supplier for incidental services, if not included in the contract price for the goods, will be agreed upon in advance by the parties and will not exceed the prevailing rates charged to other parties by the supplier for similar services.

14. Spare parts

14.1 As specified in the SCC, the supplier may be required to provide any or all the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:

(a) Such spare parts as the purchaser may elect to purchase from the supplier, provided that this election will not relieve the supplier of any warranty obligations under the contract
(b) In the event of termination of production of the spare parts –
    (i) advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and
    (ii) following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

15. Warranty

15.1 The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract will have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission by the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.

15.2 This warranty will remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise in the SCC.

15.3 The purchaser will promptly notify the supplier in writing of any claims arising under this warranty.

15.4 Upon receipt of such notice, the supplier will, within the period specified in the SCC and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.

15.5 If the supplier, having been notified, fails to remedy the defect(s) within the period specified in the SCC, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.

16. Payment

16.1 The method and conditions of payment to be made to the supplier under this contract will be specified in the SCC.

16.2 The supplier will furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfilment of other obligations stipulated in the contract.

16.3 Payments will be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.

16.4 Payment will be made in Rand unless otherwise stipulated in the SCC.

17. Prices

17.1 Prices charged by the supplier for goods delivered and services performed under the contract will not vary from the prices quoted by the supplier in his bid, with the

exception of any price adjustments authorised in the SCC or in the purchaser's request for bid validity extension, as the case may be.

18. Contract amendments

18.1 No variation in or modification of the terms of the contract will be made except by a written amendment signed by the parties concerned.

19. Assignment

19.1 The supplier will not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

20. Subcontracts

20.1 The supplier will notify the purchaser in writing of all subcontracts awarded under these contracts if not already specified in the bid. Such notification, in the original bid or later, will not relieve the supplier from any liability or obligation under the contract.

21. Delays in the supplier's performance

21.1 Delivery of the goods and performance of services will be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.

21.2 If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier will promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser will evaluate the situation and may, at his discretion, extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension will be ratified by the parties by amendment of contract.

21.3 No provision in a contract will be deemed to prohibit the obtaining of supplies or services from a national department, provincial department or a local authority.

21.4 The right is reserved to procure small quantities or to have minor essential services executed if an emergency arises outside of the contract if the supplier's point of supply is not situated at or near the place where the supplies are required, or if the supplier's services are not readily available.

21.5 Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations will render the supplier liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

21.6 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser will, without cancelling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract, and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

22. Penalties

22.1 Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser will, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

23. Termination for default

23.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part –

(a) if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;
(b) if the supplier fails to perform any other obligation(s) under the contract; or
(c) if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

23.2 In the event that the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to those undelivered, and the supplier will be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier will continue performance of the contract to the extent not terminated.

24. Anti-dumping and countervailing duties and rights

24.1 When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidised import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference will be paid forthwith on demand by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor with regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

25. Force Majeure

25.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier will not be liable for forfeiture of its performance security, damages, or termination for default if, and to the extent that, his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

25.2 If a force majeure situation arises, the supplier will promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier will continue to perform its obligations under the contract as far as is reasonably practical, and will seek all reasonable alternative means for performance not prevented by the force majeure event.

26. Termination for insolvency

26.1 The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

27. Settlement of disputes

27.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties will make every effort to resolve such a dispute or difference amicably by mutual consultation.

27.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

27.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

27.4 Mediation proceedings will be conducted in accordance with the rules of procedure specified in the SCC.

27.5 Notwithstanding any reference to mediation and/or court proceedings herein,

(a) the parties will continue to perform their respective obligations under the contract unless they agree otherwise; and
(b) the purchaser will pay the supplier any monies due the supplier.

28. Limitation of liability

28.1 Except in cases of criminal negligence or wilful misconduct, and in the case of infringement pursuant to Clause 6,

(a) the supplier will not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion will not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and

(b) the aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, will not exceed the total contract price, provided that this limitation will not apply to the cost of repairing or replacing defective equipment.

29. Governing language

29.1 The contract will be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties will also be written in English (section 5 (1-8) of the Rustenburg Local Municipality Language Policy of 2012).

30. Applicable law

30.1 The contract will be interpreted in accordance with South African laws, unless otherwise specified in the SCC.

31. Notices

31.1 Every written acceptance of a bid will be posted to the supplier concerned by registered or certified mail and any other notice to him will be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting will be deemed to be proper service of such notice.

31.2 The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, will be reckoned from the date of posting of such notice.

32. Taxes and duties

32.1 A foreign supplier will be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.

32.2 A local supplier will be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.

32.3 No contract will be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid the department must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Service.

Annexure C

Registration of contracts

Annexures A to C are typical annexures applicable to all municipal contracts. Information required may vary in detail depending on the nature of the project.

IN THE ANNEXURES

ANNEXURE	TITLE
D	Register of all municipal contracts
E	Register of all contracts above R500 000,00 for a period exceeding three months
F	Report to the Council on contract management

ANNEXURE D

REGISTER OF ALL MUNICIPAL CONTRACTS

DATE	CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES	REVIEW DATE	REMARKS/ COMMENTS

ANNEXURE E

REGISTER OF ALL CONTRACTS ABOVE R500 000,00 FOR A PERIOD EXCEEDING THREE MONTHS

DATE	CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES PAID	PAYMENT MADE TO DATE	AMENDMENTS TO CONTRACT

ANNEXURE F

REPORT TO THE COUNCIL ON CONTRACT MANAGEMENT

CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES	PAYMENT MADE TO DATE	PENALTIES PAID	AMENDMENTS TO CONTRACT

Approved/Not Approved

RECOMMENDED BY:

_____ _____
Chief Financial Officer Date

SUPPORTED BY:

_____ _____
Municipal Manager Date

APPROVED BY:

_____ _____
Council Date

Policy Review

Document Control

Rustenburg Local Municipality

Draft

Expenditure Management Policy

Rustenburg Local Municipality
Expenditure management Policy

Table of Content

1. ABBREVIATIONS ……
2. DEFINITITONS……..
3. OBJECTIVE……..
4. EXPENDITURE MANAGEMENT……..
   4.1 Payments to creditors……..
   4.2 Retentions……..
   4.3 Petty Cash Payments.……..
   4.4 Third Party Payments……..
   4.5 Grant Expenditure……
   4.6 Capital Expenditure……..
   4.7 Withdrawals from Bank Account……..
   4.8 Travel & Subsistence……
   4.9 Reconciliations……..
5. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE……..
6. INTERNAL CONTROLS……
7. IMPLEMENTATION AND REVIEW OF POLICY……..

1. ABBREVIATIONS

CFO – Chief Financial Officer
CM – Council Minute/'s
IDP – Integrated Development Plan
MBRR – Municipal Budget Reporting Regulations
MFMA – Municipal Finance Management Act, Act No. 56 of 2003
MSA – Municipal Systems Act, Act No.32 of 2000
MSTA – Municipal Structures Act
MTREF – Medium term revenue and expenditure framework
SDBIP – Service delivery and budget implementation plan

2. DEFINITIONS

"Chief Financial Officer"

"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 the annual budget approved by a municipal council; and includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;
"Assets" means resources controlled by the Municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the Municipality.

"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;

"Chief Financial Officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act; who is administratively in charge of the budget and treasury office as per section 81(1) (2) of the MFMA;

"Councillor" means a member of 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" means the power to perform a function or duty which is given to office bearer, councillor or staff members either in terms of section 59 of the MSA or section 79 of the MFMA;

"Executive Mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the MSTA;

Expenditure management means all the procedures necessary to ensure that the payments of sums owed by the department are made in an efficient, effective and timely manner.

"Generally recognised accounting practice" means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;

"Financial statements" means statements consisting of at least –

a) Statement of financial position;
b) Statement of financial performance;
c) Cash-flow statement;
d) Any other statements that may be prescribed; and
e) Any notes to these statements;

"Financial year" means a twelve-month period commencing on 1st July and ending on 30th 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 the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170 of the MFMA;
b. Expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
c. Expenditure incurred by the municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
d. expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by the municipality which falls within the definition of "unauthorised expenditure";

"Local community" means the meaning assigned to it in section 1 of the MSA;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

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

“Long-term debt" means debt repayable over a period exceeding one year;

"Municipal council" means the council of the municipality referred to in section 18 of the Municipal Structures Act;

"Municipal entity" has the meaning assigned to it in section 1 of the MSA;

"Municipality" means the Mossel Bay Municipality;

"Municipal service" has the meaning assigned to it in section 1 of the MSA;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"Official" means –

a) An employee of the municipality or municipal entity;
b) A person seconded to the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
c) A person contracted by the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"Overspending" means -

a) 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, 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, causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"Previous 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 refer to as the 1st quarter;
b) 1 October to 31 December refer to as the 2nd quarter;
c) 1 January to 31 March refer to as the 3rd quarter
d) d) 1 April to 30 June refer to as the 4th quarter;

"Service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of the municipality, in terms of section 53(l) (c) (ii) of the MFMA, for implementing the municipality's delivery of municipal services;

"Unauthorised expenditure" means any expenditure incurred by a municipality otherwise than in accordance with sections 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 or a grant by the municipality otherwise than in accordance with the MFMA;

''Vote'' means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different directorates of the municipality; and which specifies the total amount that is appropriated for the purposes of the directorate concerned and includes:

• Municipal Manager;
• Corporate services;
• Financial services;
• Technical services;
• Community services; and
• Planning & Integrated services;

''Vote holder'' means the senior manager to which the vote is assigned.

3. OBJECTIVE

The objective of the Rustenburg Local Municipality Expenditure Policy is –

- to set out Standard Operating Procedures that the municipal officials need to adhere to;
- to promote accountability and compliance with MFMA Act 56 of 2006 on payments made by the municipality;
- ensure that the principles applied, as a result of this policy, will enhance and support a healthy working capital position for the Mossel Bay Municipality;
- set out a framework for Rustenburg Local Municipality to deal with:
    - All expenditure related transactions;
    - Unforeseen and unavoidable expenditure;
    - Unauthorised, Irregular and Fruitless and wasteful expenditure
    - To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes; and
- ensure that all monies due by the municipality is paid in full within the 30 days of date of invoice or statement; whichever is the latest as prescribed by the Municipal Finance Management Act, 2003 (Act No.53 of 2003)

4. EXPENDITURE MANAGEMENT

4.1 Payments to creditors

The Creditors' Office has a payment run on every 10th day of each month where all submitted requests for payments are processed;

The respective Directorates shall submit all requests for payment complete, properly certified, approved in line with the delegation of authority, supply chain policy & MFMA and accompanied by the relevant invoices and supporting documentation to the Creditors' Office at least 7 days before the payment run date.

Supporting documentation that must accompany the request for payments is as follows:

- an invoice made out to Rustenburg Local Municipality, with the supplier name, invoice date, invoice number, supplier VAT number, description of goods/services, contact details and supplier banking details;
- the suppliers' statement where there are outstanding amount due, a GRN certificate approved in line with the delegated authority, as well as the supplier tax clearance;
- confirmation that there's sufficient funds on the vote number written on the request for payment form (budget availability);

Invoices or statements submitted for payment to the Creditors' office by any Directorate shall be in such form as may be required by the CFO and must state the reference to the relevant vote to meet such payment.

Directors shall advise the CFO of the names of officials empowered to sign vouchers and authorise payment of accounts or refer to the Delegations of Authority document approved by Council.

When a Directorate authorises the payment of accounts the signatory certifies and authorises that:

a) All processes in terms of the Supply Chain Management Policy of the Municipality had been followed, according to the departments knowledge;
b) The goods and services have been received and rendered in good order and are under the control of the Municipality
c) The account has not previously been submitted for payment;
d) The invoice amount is not in contra to the contract amount;
e) Sufficient budgetary provisions exist;

Payments must only be made on the date(s)s and/or days indicated on the payment schedule approved by the CFO unless prior approval to effect payment on a different date is obtained from the Accounting Officer

No payments shall be affected prior the approval of the payment voucher by the CFO

The municipality must ensure that all payments are made within 30 days of receiving the invoice or from the invoice date.

The Accounting Officer has the powers to delay payments beyond 30 days on negotiation with the supplier with a reasonable motive to challenges that result in failure to pay within the stipulated period.

Once payment has been made, all payment voucher must be subsequently filed and stored in a secured room and only the delegated official must be in possession of the keys to the room.

4.2 Retentions

The respective Directorates shall submit all requests for payment complete, properly certified, approved in line with the delegation of authority, supply chain policy & MFMA and accompanied by the relevant invoices, completion certificate and other supporting documentation to the Creditors' Office at least 7 days before the payment run date.

Expenditure section must record retention on each payment made to projects that attract retention and maintain a retention register.

The retention for new projects is 10% of the contract value and Upgrading or Maintenance projects attract a 5% retention of the contract value.

At the end of the projects, 50% of the retention value is released and a practical completion certificate is submitted by the contractor with the claim.

Monthly reconciliations of the retention register, and the General Ledger must be prepared and signed off by the CFO as evidence of review.

4.3 Petty Cash Payments

Petty cash vouchers or receipts must be attached on a requisition form and the form must be signed as verification.

Upon Receiving original orders from procurement section, the invoices must be matched to the orders.
When the statement comes it must be matched to the invoices and reconciled.

Only officials duly delegated to authorise quotations and certify invoices for payments may authorise the request for petty cash and authorise the expenditure incurred via a petty cash transaction.

Each Senior Manager is only allowed disbursements from the petty cash not exceeding R250.00, or any other amount that the council may determine from time to time.

No request for petty cash transactions may be lodged for items that is held as inventory in the municipal stores.

A proper register as determined by the Head: Expenditure must be maintained; and

Supplement to the petty cash advance made must be done on a regular basis;

The following documentation must be submitted with supplement to the advances:

All signed schedules and vouchers supported by the relevant invoices and vote allocations; and

A proper reconciliation to match the supplementary amount.

The register must be balanced and reconciled on a weekly basis. The reconciliation must be signed by the employee compiling it, whilst the Section Manager: Expenditure must review and sign it off as correct.

A register of numbered vouchers must be kept by the petty cash clerk;

4.4 Third Party Payments

The salaries office compiles a spreadsheet with all relevant information of each employee and submits it to the Creditors office for allocation of payments.

The spreadsheet is then edited and verified for any errors, then captured on to the system.

4.5 Grant Expenditure

All projects financed through grant should be paid from the allocation. No payments will be allowed in respect of projects to be financed from external grants unless grant funding has been received.

Council may, however, approve payments before any funds have been received but only where funds have already been committed to in writing, by the relevant state department or other institution.

The relevant directorate must obtain approval for bridging finance, as referred to in the above paragraph.

4.6 Capital Expenditure

Spending on capital projects shall be incurred only when—

1(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2) of the MFMA;

(b) the project, including the total cost, has been approved by the council;

(c) the sources of funding have been considered, are available and have not been committed for other purposes.

(2) Before approving a capital project, the council must consider—

(a) the projected cost covering all financial years until the project is operational; and

b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

4.7 Withdrawals from Bank Account

Any withdrawal from a bank account; in the name of the Rustenburg Local Municipality, may only occur in terms of section 11 of the MFMA.

All withdrawals must comply with the Cash & Investment Policy of the Rustenburg Local Municipality and shall be signed or authorised by not fewer than two people as authorised by the Accounting Officer.'

The delegated authority to sign cheques or authorise electronic payments shall be in writing and kept on record and be reviewed regularly by the Accounting Officer. Copies of such letters of authority will be kept by the expenditure department.

4.8 Subsistence & Allowance

The municipality must ensure that when the travelling forms are received the correct vote numbers must be recorded on the documents and the correct amounts are recorded according to the day a person is travelling.

The fuel must be calculated according to the AA rates and every time the fuel price goes up the template must be changed according to the fuel price from the department of energy.

The following must be attached or confirmed upon submitting a S&T claim:

- That there is an attachment for the necessary trip an invitation or course dates or the reason and date for travelling
- The director has signed the form
- If the person sleeps over then the form must be signed by the municipal manager
- If the person is travelling with his private car then he must submit an invoice of the purchase price of the car.

Once signed then it must be taken to the salary department.

4.9 RECONCILLIATIONS

Reconciliation activities should be performed for before any payment is captured to confirm that the payment is for approved purchases and is being billed correctly.

Vendor invoices should be reviewed for accuracy by comparing charges to purchase orders.

Verification of goods and services purchased should be performed before any payment is recorded to confirm that they have been received.

Monthly reconciliations of operating ledgers should be performed to assure accuracy and timeliness of expenses.

5. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE

I before recommendation of a supplier is made to the relevant department, the supply chain unit must ensure that:

a) All supply chain processes are duly followed in order to avoid irregular expenditure;

b) The recommendation of the supplier is directed to the employee with the appropriate level of authority; and
c) The prices, calculations and any taxes are correct in terms of the quotation or tender received;

II. All money owed by the Municipality must be paid within thirty (30) days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
III. Payments will only be made directly to the person or institution to which a contract was awarded and from which the invoice is received for legally rendering the service to the Municipality.
IV. All Unauthorised, Irregular, Fruitless and Wasteful Expenditure will be dealt with in terms of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings promulgated in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003.

6. INTERNAL CONTROLS

This policy should apply across all expenditure related activities and other activities that affect expenditure management activities.

Authority to initiate payments or purchases is outlined in the Delegation of Authority document approved by the Municipal Manager 20th February 2019.

All procedures above are applicable to all municipal officials who may, at any given time, form part of an expenditure process and all payments may only be process once all related procedures are adhered to.

A proof list report run must be performed during the processing of payments to confirm information on the systems agrees to the information on the payment voucher.

A final system cash focus run is performed to verify that the proof list and payment voucher reports are done.
The cash focus reports are then printed for approval by the Expenditure Unit and Section Managers or by the Deputy CFO.
If the accounting officer becomes aware that the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided that the accounting officer has informed the council, the mayor or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.

The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of—
(a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
(b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
(c) the steps that have been taken—
(i) to recover or rectify such expenditure; and
(ii) to prevent a recurrence of such expenditure.

An updated Specimen of signatories together with the Delegations of Authority document must be kept available to all expenditure officials.

The petty cash requisition form details must include the vote to be debited before a cheque is made out for the incurring of the expense. The requisitioned amount should not exceed a maximum amount set by the CFO:

- Every petty cash requisition must be supported by proper supporting documentation such as cash sale slips or receipts etc. Therefore, if cash is advanced without supporting documents it should be based on an advance until the purchase is made and the supporting document is submitted within the prescribed time, e.g. a week.
- Each requisition/expense must be entered onto the petty cash register.

Segregation of duties

The Municipal Manager must implement processes and control procedures that segregate duties among employees and that include effective oversight of activities and transactions.

Officials with access to create purchase orders or enter accounts payable invoices are not allowed access to add or change records on the system, nor approve those purchase orders. A person independent of the purchase order creation must approve the purchase order.

However, users with access to create accounts receivable invoices have retained access to add or change customer records on the system.
Officials who create purchase orders may approve receipt of goods for those purchase orders. However, where a variation to the original purchase order occurs, it must be approved by a person independent of the variation to the order (subject to be a material variation).

Officials who enter or review accounts payable invoices must not approve payment of those invoices, and may not review or enter invoices and also approve invoices within the same user group. A person independent of the invoice review process must approve invoice payments.
The supporting documentation to invoices may only be signed off by authorised delegates who do not have access to create the accounts.
Journals may only be approved by a person independent of the creation of the journal.

7. IMPLEMENTATION AND REVIEW OF POLICY

This policy shall be implemented from the date of approval by Council and shall be reviewed on annual basis to ensure that it is in line with Rustenburg local Municipality's strategic objectives and legislation.

RUSTENBURG LOCAL MUNICIPALITY

INSURANCE POLICY AND PROCEDURES

INSURANCE POLICY
RUSTENBURG LOCAL MUNICIPALITY

ITEM 41

CONTENTS

PREAMBLE……2-2

1. PURPOSE OF THE POLICY……3-3
2. BACGROUND……3-3
3. OBJECTIVE OF THE POLICY……3-3
4. RELATIONSHIP WITH OTHER POLICIES……4-4
5. RECOVERY OF LOSS……4-4
6. LIMITS……4-4
7. PAYMENT OF EXCESSES (or losses below excess payable) BY EMPLOYEES….5-5
8. INSURANCE CLAIMS REJECTED BY INSURER (above excess)……5-5
9. FAILURE TO REPORT AN INCIDENT……5-5
10. RISK & INSURANCE PHILOSOPHY……5-5
11. RISK MANAGEMENT……5-6
12. LOSS CONTROL……6-6

PART 2

1. CLAIMS AND INSURANCE PROCEDURES……7-17

PREAMBLE

This INSURANCE MANUAL provides the Rustenburg Local Municipality with a concise,

comprehensible description of its treatment of risk. The contents should be read and adapted by all

charged with the responsibility of management. The information is both educational and practical and is presented in a form which will facilitate easy reference on a day to day basis.

The foundations of the Safety Programme are on the principle that Rustenburg Local Municipality should insure as little as possible. However, where Insurance is essential, it must be correctly and adequately arranged. In this way, Insurance is an effective system of financial protection, but by its very nature it is limited. Where risk is concerned, in its many forms, the Rustenburg Local Municipality requires protection of which Insurance is simply an integral part.

The protection programme referred to is based on the following broad principles :

- We must be constantly aware of the risks to which the Rustenburg Local Municipality is exposed.

- Such risks must be evaluated and measured for their likely incidence, degree of seriousness and potential costs in financial terms.

- If risks cannot be avoided or eliminated entirely, all reasonable steps must be taken to minimize and control them.

- Having concern for the assets and resources of the Rustenburg Local Municipality, decisions must be made concerning the extent to which it remains economical for us to absorb such risks ourselves, without recourse to Insurance.

- We must then decide what risks constitute a sufficiently serious exposure to justify the expenses of arranging Insurance; such cover may well be bought on a practical basis, provided it is adequate and correct.

This, in essence, is Rustenburg Local Municipality's basic approach to the treatment of risk and the purchase of Insurance. Provided the rules are followed and with department's co-operation, we remain confident that the insurance programme will work successfully.

Such co-operation is essential in assisting the Municipality's Brokers with the identification of risks on a continuing basis, but, above all, Management must strictly enforce the risk control measures which have been encouraged and introduced throughout the Municipality by the Risk Management Unit. Some of the biggest losses in industry and commerce today are attributable to seemly immaterial lapses in management control, housekeeping, maintenance and carelessness. Every member of staff should be encouraged to develop risk awareness and to co-operate in the overall efforts of the Rustenburg Local Municipality, to avoid the irretrievable wastage of loss.

1. PURPOSE OF THIS DOCUMENT

1.1 This document indicates the policy of Rustenburg Local Municipality (RLM) for insuring of municipal assets, and for insuring the municipality, its employees and Councilors against public liability claims and other losses.

2. Background

2.1 In terms of section 63 (1) of the Municipal Finance Management Act, the Municipal Manager is responsible for the safeguarding of municipal assets

2.2 It is the responsibility of the Accounting Officer or his/her delegates to ensure that all municipal assets are safeguarded against all risks that will result in loss. This implies that reasonable care need to be taken to prevent / minimize loss.

2.3 Insurance brokers active in the municipal environment over years prepared a standard for local authority insurance that takes all circumstances related to a municipality into account. There are however aspects in addition to this standard that the Council can decide on policy in order to reduce premium without an increase in risk or where the Council is prepared to accept risk because of a very slim probability that an event might occur.

2.4 Responsible financial management of any municipality requires that assets are properly managed. Municipalities have large numbers of assets, including equipment, plant and machinery. As trustees of public funds, the Council must ensure that municipal assets are adequately insured at all times. The insurance should in addition protect the municipality, Councilors and employees against public liability claims and other losses.

3. <u>OBJECTIVE OF THE INSURANCE POLICY</u>

3.1 The objective of this policy is to ensure that Rustenburg Municipality's assets, councilors and employees are insured adequately and economically at all times. Detailed procedures, to ensure that management and employees within the municipality understand their respective responsibilities and duties, are provided in the standard operating procedures.

3.2 This document indicates the policy of Rustenburg Local Municipality for insuring municipal assets, and for insuring the municipality, its employees and Councilors against public liability claims and other losses.

3.3 In general, the objective of this policy is to ensure sound and sustainable financial management within Rustenburg Local Municipality. Insurance brokers active in the municipal environment over years prepared a standard for local authority insurance that takes all circumstances related to a municipality into account.

3.4 Municipality have large numbers of assets, including PPE. As trustees of public funds, the Council must ensure that municipal assets are adequately insured at all times. The insurance should in addition protect the municipality, Councilors and employees against public liability claims and other losses.

4. RELATIONSHIP WITH OTHER POLICIES

4.1 This policy, once effective, needs to be read in conjunction with other relevant adopted policies of the municipality, including the following –

(a) Delegation of Powers (Delegations register) - Identifying the processes surrounding the establishment of delegated authority.

•GENERAL: General information and best practice for application in the municipality
•POLICY STATEMENT: A statement that reflects the specific policy adopted by the municipality, in line with best practice
•RESPONSIBILITIES: Allocation of key responsibility areas to give effect to the adopted policy
INSURANCE MANAGEMENT POLICY
•Actions to effectively implement the key responsibility areas indicated in the policy
STANDARD OPERATING PROCEDURES

(b) SCM Policy - Regulating all processes and procedures relating to acquisitions of goods and services.

(c) Asset Management Policy.

(d) Financial Asset Management Policy.

(e) Budget Policy - The processes to be followed during the budget process as well as pre-determined prioritization methodology.

4.2 This policy does not overrule the requirement to comply with other policies. The Chief Financial Officer (CFO) will provide guidance or adjust these police where an apparent conflict exists between this policy and other policies, legislation or regulations.

5. RECOVERY OF LOSS

5.1 All departments shall set up respective Loss Control Committee to investigate claims and co-ordinate decisions taken with the Insurance Claims Committee
5.2 The decisions based on the finding of the committee should fair, consistent and transparent. These findings should then be escalated to Human Resources department for disciplinary action and recovery of the loss where applicable.

6. LIMITS

On an annual basis the excess limits shall be assessed as part of the adjudication of the insurance quotations received from the Insurance Companies/Insurance Brokers.

7. PAYMENT OF EXCESSES (or losses below excess payable) BY EMPLOYEES

Where in the opinion of the relevant Director and the Municipal Manager an employee's negligence led to the damage to, or loss of, an asset, the excess payable may be claimed from the employee concerned in terms of the outcome of the Disciplinary Procedures.

8. **INSURANCE CLAIMS REJECTED BY INSURER (above excess**)
Where in the opinion of the relevant Director and the Municipal Manager an employee's negligence led to the damage to, or loss of, an asset, the total loss to the municipality may be claimed from the employee concerned in terms of the outcome of the Disciplinary Procedures.

9. FAILURE TO REPORT AN INCIDENT
Failure to report an incident to the insurance section within the timeframes indicated on the SOP, may result in disciplinary action taken against the employee responsible for the asset. The outcome of the disciplinary process will determine whether the employee will be personally held liable for the losses incurred.

13. RISK & INSURANCE PHILOSOPHY

13.1 To identify and eliminate or reduce, as far as practicable, the conditions and practices which cause insurable losses.
13.2 When risk cannot be eliminated or reduced to workable levels
13.3 To purchase Insurance that will provide indemnity for catastrophic losses;
13.3.1 To retain those risks not considered to be of major importance to the operating position or financial stability of Rustenburg Local Municipality.
13.4 To retain whatever portion of the risk for Rustenburg Local Municipality's account, provided it is economically viable.
13.5 To maximize the overall Insurance purchasing power of Rustenburg Local Municipality.
13.6 To develop throughout Rustenburg Local Municipality a positive attitude towards identifying and controlling loss and minimizing risk exposures through the implementation of Risk Management techniques.
13.7 To consider capital expenditure on risk improvement recommendations, but only where it is cost effective in the medium and long term to implement such improvements.
13.8 To purchase Insurance from reputable Insurers and to avoid the use of non-registered Insurers and captive markets.

14. RISK MANAGEMENT

7.1 In its simplest form, Risk Management means knowing all the time :

(a) what your risks are;
(b) what they mean in financial terms;
(c) what can reasonably be done to eliminate or reduce them;
(d) what financial resources you have to absorb them economically; and ultimately,
(e) what Insurance is necessary for the potential catastrophes which remain.

7.2 This approach should form the basis of Rustenburg Local Municipality's Protection programme.

Insurance must not be looked upon in isolation as the only real answer to risk. It is a financial system which, in itself, is incapable of making good some losses. Human life, loss of time, lost opportunities for profit, and loss of goodwill are but a few examples.

7.3 Consequently, Insurance is better bought last when all other Risk Management techniques have been adopted.

7.4 Risk Management must be a sound foundation to Rustenburg Local Municipality. Top management must be seen to identify themselves with its objectives. This is essential if others directly involved are to ensure that it works.

15. LOSS CONTROL

This is the practical application of Risk Management and its principal objectives are :

1. to give effect to the day to day application of Risk Management theory throughout your organization as an integral part of management practice;
2. to create and develop risk awareness among staff at all levels;
3. to educate all in the knowledge and practice of identifying and controlling risks on a continuing basis;
4. to achieve and maintain a high standard throughout of safety, security and good housekeeping so as to:-

   - minimize the incidence and impact of all losses (insured and self-insured);

   - control your Insurance costs;

   - generate increased efficiency, productivity and profitability;

   - promote a sense of pride and achievement in your operational standards.

CLAIMS AND INSURANCE PROCEDURES

SECTION: PAGE

(1) GENERAL PROCEDURE TO SUBMIT INSURANCE CLAIMS..... 8 - 9

(2) PROCEDURE TO SUBMIT DEPARTMENTAL CLAIMS..... 10 -10

(3) PROCEDURE TO SUBMIT PUBLIC LIABILITY CLAIMS..... 10 – 11

(4) PROCEDURE TO SUBMIT VEHICLE ACCIDENT CLAIMS..... 12 - 12

(5) PROCEDURE TO SUBMIT STATED BENEFIT CLAIMS..... 12 - 12

(6) PROCEDURE TO SUBMIT S.A.S.R.I.A. CLAIMS..... 12 - 13

(7) POLICY ON PERSONAL EFFECTS..... 13 - 14

(8) INFORMATION FOR STATISTICAL PURPOSES..... 14 - 14

(9) HOW TO COMPLETE DIFFERENT SCHEDULES..... 14 - 16

(10) INSURANCE CLAIMS EXPERIENCE..... 16 - 16

(11) HOW TO INSURE ASSETS..... 16 - 17

SECTION I

GENERAL PROCEDURE TO SUBMIT INSURANCE CLAIMS

RELEVANT CLAIM FORMS:-

(a) Annexure A: Property Loss – all property losses/damages/theft, Fire and Allied Perils, Business All Risks, Business Interruption, Money

(b) Annexure B: Motor Vehicle – Any damage to Council Vehicle and to third party

(c) Annexure C: Motor Theft;

(d) Annexure D: Fidelity;

(e) Annexure E: Public Liability : Claim From a Member of the Public;

(f) Annexure G: Stated Benefits / Personal Accident.

(g) Annexure H: SASRIA

The following must be adhered to before claims may be submitted :

1. Immediate notification of any claims or incidents likely to give rise to claims. Claims not notified within 30 days of occurrence may be rejected by the insurers for late notification.
2. Advice to the South African Police, where applicable, ie theft, vehicle accidents etc.
3. As soon as possible after the event, notify the police, supervisor and Insurance Section of any claim involving theft/damage of property and take all reasonable steps to discover the guilty party and to recover the property stolen or lost;
4. Non-admission of liability (whether liable or not) resulting from automobile accidents or any other cause.
5. Full information being provided as normally required by carriers in respect of transit claims, but the initial notification referred to above should not be delayed for any reason.
6. The duty to minimize damage losses and the need, therefore, to protect salvage and to act in principle "as if uninsured".
7. Following a potential claim, insurers have the right to examine the property damaged and this should not be disposed of. Once a claim has been settled, salvage generally becomes the property of the Insurers, and should continue to be protected until removed from the

   premises.

8. Where claims of magnitude arise, an assessor is normally appointed to investigate the cause of the loss and to assist in quantifying its effect. Where assessors are appointed, it will be done by Insurers following the notification procedure detailed in paragraph 1 above, but it is the responsibility of the Municipality’s Appointed Broker to maintain close liaison with the assessors and/or insurers at all times, so that the insured's interests are protected and claims settled as quickly as possible. Full co-operation with the assessors is essential..
9. In respect of vehicle accidents, the third party's name, address and vehicle registration number must be noted, together with names and addresses of independent witnesses, wherever possible.

ALWAYS BE VERY FRANK WHEN ANSWERING QUESTIONS IN THE CLAIM FORMS REGARDING LIABILITY OR BLAME FOR ACCIDENTS.

False or contrived statements serve only to complicate claims settlement procedures.

10. In the case of injuries arising from motor accidents, it must be noted on the Motor Vehicle Accident Form.
11. It is imperative that in respect of each and every loss or incident resulting in, or likely to result in a claim, an appropriate claim form be submitted without delay. These are available from the Annexures hereto.
12. Submission of claim forms to the Insurance Division is in addition to the initial notification referred to earlier and should be as soon as possible of occurrence of the loss or incident. Delays in notifying claims/losses or submitting supporting information will only serve to prejudice the Insured's rights of recovery in terms of the policy. Such delays should therefore be avoided at all costs.
13. ALL losses must be reported, regardless of whether these are insured or not, or fall within the deductible/excess.
14. It is important that all staff are made aware of the importance of reporting to management all incidents that may give rise to a claim.

SECTION I

1. PROCEDURES FOR CLAIM ADMINISTRATION GENERAL

1.1 All claims, however small they may be, are to be reported to the Insurance section, dealing with such claims on behalf of Council, within 48 hours of the date on which this accident/incident took place.
1.2 The Head of Department/Supervisor should be notified within 24 hours of the accident/incident.
1.3 Should negligence or recklessness be proved by the security and safety loss committee, the official should be personally held liable for losses incurred by the municipality.
1.4 The supply of false information is regarded as Insurance fraud and applicable disciplinary steps can be initiated by the Human Resource department.
1.5 Claims will be reported by the Insurance Section to the insurers as soon as practical (preferably within 7 days).
1.6 All claims will be entered in a claims register which is to be reconciled and reported to Council on a quarterly basis.

SECTION II

PROCEDURE TO SUBMIT DEPARTMENTAL CLAIMS : PROPERTY LOSS / DAMAGES

On the happening of the event, either damage to Municipal property or loss of Municipal

property:

1) These incidents must be reported to the SAPS within 48 hours and to the immediate supervisor and/or head of department.
2) Reports from the department involved should be submitted together with all relevant documentation to the insurance section.
3) Claims are forwarded with all relevant documentation (notice of claim form, claim form, affidavit, case number and any other proof that may be required) to the Insurers.
4) Damage to buildings (Civic and Housing units) should on discovery be immediately reported to the Building Maintenance section and the Insurance Section.
5) In the case of damage to rental units the Housing Section is responsible for the report to the Insurance section and the reporting to the SAPS in the case of malicious damage.
6) The Building Maintenance Section should ensure that the building is safeguarded. If not possible, Security should be appointed to avoid further loss to Council and its Insurers.
7) Building Maintenance should also ensure that three (3) quotes are forwarded to the Insurance section as soon as possible to enable quick repairs.

SECTION III

PROCEDURE TO SUBMIT PUBLIC LIABILITY CLAIMS

There have been instances where Third Party Claimants have inferred that the Municipal employees with whom they have discussed their claims, have intimated that the Municipality was responsible for the injury/damage which was the subject of their complaint and that the General Insurance Fund will meet their claims.

Please ensure that the following procedures are adopted as Municipal Employees are not authorized to commit the Municipality in any way:-

1) Do not admit any liability or leave the third party with the impression that the claim will be met.
2) Under no circumstances should words be used such as “have the motor car/radio/refrigerator or any other item repaired and send the account to the Chief Financial Officer”.
3) The Claimant should be informed that even if he assumes the Municipality is under a liability, he should where possible obtain at least three quotations, to affect the repairs.

   These quotations should be referred under cover of a written claim or complete a claim form, to the Chief Financial Officer: Budget and Treasury Office, Insurance Section

4) If the Claimant is referred as mentioned above, it must be made clear that this is for the purpose of enabling his/her claim to be investigated, in respect of both liability and quantum.
5) The Municipal Employee concerned must, as soon as possible, complete the Incident claim Form and register the incident with their department, and submit this to their Insurance Sections.

6) Where damage was caused by a municipal motor vehicle, the appropriate Motor Vehicle Accident Report, must be completed and submitted as above.

   (a) It is preferred that the driver call Rustenburg Traffic Department to the scene so that a formal Accident report can be done. If this is not possible, the accident must be reported to the nearest police station and obtain a police reference number.

7) The accident report must be completed immediately and handed to the Section/Unit Head and the insurance office.
8) The relevant department and/or claimant should be requested to submit a comprehensive report of the incident to the Insurance Section, which should be submitted together with all relevant documentation to the insurers.

9) The report should include the following information:

   a) Detailed description of incident
   b) Date of first knowledge of incident
   c) Could incident have been avoided
   d) Steps taken/to be taken to prevent future incidents
   e) Applicable legislation

10) Where appropriate, the foregoing provisions should also be adhered to when a vehicle is hired.
11) Drivers are reminded that the aforementioned procedure must be adhered to as any transgressions may result in disciplinary action.
12) Vehicle must be used in accordance with “Description of Use” as mentioned in the Fleet management Policy.

    Reminder: vehicle should not be used for social, domestic or pleasure purposes.

13) Claims not covered in terms of the Insurance Policy and claims that fall within excess (which are covered in terms of the policy) will be redirected (subsequent to confirmation from the insurance service provider) to the municipality’s legal department / legal representative(s) to express an opinion based on the relevant findings(s) and consultation with the claimant in determination of whether or not, or to what extend the municipality is liable for related damages as claimed by third parties, or not. The approval / rejection of the above mentioned by the Senior Manager: Financial Planning will be based on the expressed opinion received from municipality’s legal department / legal representatives.

SECTION IV

PROCEDURE TO SUBMIT VEHICLE ACCIDENT CLAIMS

1) The responsible official (driver of councils vehicle), have to report the incident to his/her supervisor, who will assist (If necessary) with the claim to the insurance section, providing the information below and any other information required to lodge the claim:
   a) vehicle(s) involved
   b) registration number(s)
   c) details of driver(s) of vehicle(s)
   d) residential/business addresses & telephone numbers
   e) passengers details
   f) copies of identity document(s) and driver's licence(s)
   g) witness report(s), police report and case number,
   h) description of damage to vehicle(s), date, time & location of scene of accident
2) Where personal injury has occurred, the accident scene should ideally be visited by the safety official of the municipality and all relevant information should then be gathered by the safety official. The safety official must immediately institute a claim in terms of the COID Act and provide the insurance section with details of the accident in order to forward together with all other relevant information to the Insurers.
3) Any information with respect to the scene of the accident that may be required by the Insurers must be supplied by the safety officer and/or the relevant department.

SECTION IV

PROCEDURE TO SUBMIT STATED BENEFIT AND PERSONAL ACCIDENT CLAIMS

(1) Claim form, must be accompanied by the following documents:

- Death Certificate.
- Identity document of the deceased.
- 12 months recent payslips .
- Accident Report
- Doctor's report

SECTION V

PROCEDURE TO SUBMIT S.A.S.R.I.A. CLAIMS

S.A.S.R.I.A. means: South African Special Risks Insurance Association.

The General Insurance Fund Policy does not cover loss or damage to property caused by

civil commotion, labour disturbances, riot, strike, lockout and public disorder.

Should a claim arise from one of the causes aforementioned, a claim can be made against S.A.S.R.I.A. , provided that the department has taken such cover.

The requirement and procedure is as follows:

(1) in the event of a S.A.S.R.I.A. claim, the department must complete a claim form, and forward same to Insurance Section;

(2) Insurance Section (Insurance Officer) to capture claim as cover type (S.A.S.R.I.A.) and forward the claim form to the Broker;

(3) the Broker to complete the necessary S.A.S.R.I.A. claim form and forward to S.A.S.R.I.A.

(4) the claim amount less the excess is paid to the Insurance Section;

(5) Insurance Section, (Insurance Officer), will credit the relevant Department and cancel the claim on the insurance system;

(6) should there be a shortfall or should the claim be repudiated by S.A.S.R.I.A. the department will bear the full cost of the claim; and

(7) Manager: Insurance, to review cover type S.A.S.R.I.A. on an annual basis.

SECTION VI

POLICY ON PERSONAL EFFECTS (SASRIA FOR COUNCILLORS)

1) The mayor and councilors houses up to the value of R1.5m (homeowners and householders combined) (VAT inclusive) can now be insured within the Municipality policy at a premium of R54.00 per annum/ R5.40 per month.
2) In the event that a mayor or councilor would request cover exceeding a limit of R1.5m, a separate Sasria coupon should be issued accordingly.
3) The cover for house contents is capped at a maximum of 30% of the value of the property not exceeding the combined limit of R 1.5m. Mayor and councilors insured under the Municipality policy should be noted accordingly including their risk addresses. An inventory list of all their household contents should also be completed in the event of a claim.
4) Rental of domestic property following a special risk loss is offered for free on condition that same is also offered for free under the underlying policy. However, should there be no free rental provisions in terms of the underlying policy, and there is a premium charged in this regard, premium will likewise be charged in respect of Sasria. The above facility is still available to mayor and councilors' during their term of office ONLY. Implementation of the above applies to all new business, renewals and endorsements. The above-mentioned changes are effective immediately.

SECTION VII

INFORMATION FOR STATISTICAL PURPOSES

1) Insurance Office compiles statistical reports every month, which will be distributed to all Departments for cognizance of new claims.
(2) Before renewal of insurance portfolio, annually, an insurance portfolio will be sent to all directorates representing insured items. This is to be reviewed by managers, adjusted and advised to the Insurance Section.
(3) It is the duty of every Unit to submit information to the Insurance Section on newly acquired assets for insurance purposes.

SECTION VIII

HOW TO COMPLETE DIFFERENT SCHEDULES

2. COMBINED SCHEDULE - CONTENTS

a) Once a year the estimates are calculated in terms of % rate determined by the Assets and InsuranceSection to ensure that assets are insured correctly as at day one average increasing all the contents.
b) the percentage gets updated into the system; and
c) combined schedule is run and sent to all departments to check the percentage used, and to certify that the insured amount is correct.

3. CERTIFICATION OF SCHEDULES

3.1 COMBINED AND HOUSEOWNER'S COMPREHENSIVE SCHEDULE

After the estimates have been calculated in terms of % rate determined by the Insurance Section,

Combined and Houseowner's comprehensive schedules are sent out to departments for them to:

a) Ensure that all buildings and contents appear on the listing.
b) Delete all items that are no longer in existence.
c) Ensure that assets are insured as at day one average.
d) Sign a certification letter to confirm that all the information contained in the schedules is correct.

The following can be used as guidelines when determining projected values

STRUCTURE & PROJECTION OF PROPERTY VALUES

(SUMS INSURED)

General Guidelines

1. STRUCTURE COMPONENTS

a) Current replacement costs of buildings (to include boundary walls, fences, private roadways, etc), plant/machinery, stocks (ie raw materials, work in progress, finished goods and stores but excluding any stock in transit and any stock specifically excluded in terms of the policy), or other assets.
b) Allowance for cost of demolition, clearance of site, etc.
c) Allowance for Public Authority Requirements during rebuilding.
d) Allowance for Architects and/or other Professional Fees during rebuilding.

2. PROJECTION PERIODS

(a) Bear in mind that a loss could occur on the last day of your insurance period.
(b) Add to this, the period over which demolition and rebuilding could take place. applicable to plant/machinery, project the values determined under 1 above to take into account escalation/inflation over:

(i) The period of Insurance

(ii) The demolition/rebuilding or replacement period following the period of insurance.

3. AVERAGE

In the event of under-insurance at date of loss or date of replacement, average could be

applied to any claim according to the degree of under-insurance, for example :

Total of values at risk at date of renewal R 1 000 000

Sum insured at date of loss R 800 000 (80%) Cost of rebuilding R 100 000

Insurance payment R 80 000 (80%)

Other policies are subject to average as detailed in the "Important Considerations".

4. MARKET VALUE CONDITIONS

If the basis of value is not on replacement value, then the sum insured should represent the estimated market value at the time of the loss.

3.2 SASRIA

In the combined and houseowner’s comprehensive schedules there is a column for SASRIA.

It is the opinion of Rustenburg Local Municipality that S.A.S.R.I.A. will be applied to all assets,

property and plant and machinery, as a form of risk transferal

4. MOTOR VEHICLE COMPREHENSIVE

Motor Vehicle Comprehensive Schedule is sent out once a year to fleet management

department for them to:

(a) Ensure that all vehicles appear on the listing, and that details are correct.

(b) Delete all vehicles that are no longer in existence.

(c) Ensure that vehicles are insured at replacement values and coded correctly.

(d) Sign a certified letter to confirm that all the information in the Schedules is correct.

SECTION VIIII

INSURANCE CLAIMS EXPERIENCE

(1) The Insurance Section compiles statistical reports monthly. This report shows the number of claims received by the Insurance Section for a period of 12 months and the total value of those claims, (paid and outstanding).

(2) This report/schedule is sent to Department Heads twice a year.

(3) Premiums charged to the departments are based on yearly claims experience. The increase in the number of claims result in the increase in the premiums charged.

(4) Department Heads are required to examine the Claims Summary Report and review their risks management.

SECTION X

HOW TO INSURE ASSETS

(a) It is the duty of every department to notify the Insurance Section of any newly acquired assets, as they need to be insured. The following details must be given:-

- Description of Asset
- Purchase Date
- Purchase Price
- Asset Barcode number

In the instance of a vehicle:

- Copy of registration document
- Purchase value
- Purchase date
- Asset Barcode Number
- Fleet number

(b) Should the asset fall within the deductible on the insurance portfolio, the asset will not be insured and the relevant department will bear the full risk of replacement in the event of theft or damage and should budget accordingly.

DECLARATIONS

Declarations are required as follows :

POLICY INFORMATION REQUIRED FREQUENCY

ASSETS Replacement value of all assets Annual

MOTOR Schedule of vehicles owned operated leased or hired Annual

BUSINESS INTERRUPTION Actual Revenue Annual

RUSTENBURG LOCAL MUNICIPALITY

INSURANCE CLAIMS AND LOSS CONTROL COMMITTEE POLICY

RUSTENBURG LOCAL MUNICIPALITY

INSURANCE CLAIMS & LOSS CONTROL COMMITTEE POLICY

INDEX

CHAPTER 1: COMMITTEE COMPOSITION

1.1 CUSTODIAN OF THE COMMITTEE

1.2 MEMBERS AND REPRESENTATION

1.3 ROLES AND RESPONSIBILITIES

1.4 QUORUM RULES

1.5 MEETING SCHEDULES

1.6 AGENDAS, MINUTES & RECORDING OF MEETINGS

CHAPTER 2: PROCEDURE

2.1 PURPOSE OF THE COMMITTEE

CHAPTER 3: RECEIPT OF CLAIMS TO SERVE BEFORE COMMITTEE

3.1 SUBMISSION OF CLAIMS

3.2 CLAIMS ASSESSMENT

3.3 PAYMENT OF CLAIMS

3.4 NO OR PARTIAL PAYMENT OF CLAIMS

CHAPTER 4: LOSS CONTROL

4.1 RECEIPT OF LOSS CONTROL MATTERS FOR CONSIDERATION

CHAPTER 5: CLAIMS REGISTER

CHAPTER 6 : COMPLAINTS AND DISPUTES

6.1 FILING OF COMPLAINTS AND DISPUTES

6.2 PROCEDURE FOR DEALING WITH COMPLAINTS AND DISPUTES

6.3 DISPUTES

PURPOSE

The purpose of implementing an Insurance Claims & loss control committee policy into the Municipality is to increase the safety and security of the Municipal assets, which helps reduce the frequency and possibly the severity of claims and ultimately lower insurance costs.

To provide for a written description of the Insurance Claims & Loss Control Committee (the "Committee") procedures established for Rustenburg Local Municipality.

This document is an overview of the individual procedures which support the Insurance Claims & Loss Control Committee and contains guidelines for Good Practice for claims and loss management within Rustenburg Municipality.

WHEREAS the municipality does from time to time receive claims from the public relating to possible damages caused in incidents occurring in the service delivery activities of the municipality;

AND WHEREAS from time to time the municipality has to deal with losses occurring within the organization pertaining to its employees, official equipment, vehicles and municipal property as a whole as well as private property of employees;

AND WHEREAS it is the purpose of the Insurance Claims & Loss Control Committee to evaluate and settle property loss/damage and/or liability claims in amounts less than the excess amount for which the Municipality is liable in terms of its insurance policy;

NOW BE IT ENACTED by the Council of the Rustenburg Local Municipality, as follows:-

CHAPTER 1

COMMITTEE COMPOSITION

1.1 CUSTODIANS OF THE COMMITTEES

(a) The Insurance claims Committee shall fall under the custodianship of the Chief Financial Officer of the Municipality.

(b) Members of the Committee shall be appointed, in writing, by the Municipal Manager or his/her authorized representative.

(c) The office of the CFO shall appoint a secretary for the Committee, the duty of whom it shall be to distribute Agendas for meetings of the Committee as well as record and minute meetings of the Committee.

(d) This Policy as well as the appointment of members of the Committee shall be reviewed annually by the Municipal Manager or his/her authorized representative.

(e) The CFO may delegate any of his/her duties under this policy to a senior official within the Budget and Treasury Office.

(c) All records required and generated by the procedures and working of the Committee shall be maintained and located in the Records Section of the Municipality.

(d) The Chairperson shall also be the technical mentor and coach of the Committee by providing guidance in terms of regulatory requirements, technical resources and references etc.

(e) Members: Complete the functions and tasks necessary to fulfil the goals and objectives of the Committee.

(f) All departments shall set up respective Loss Control Committee to investigate claims and co-ordinate decisions taken with the Insurance Claims Committee

1.2 MEMBERS AND REPRESENTATION

1.2.1. Representatives of Insurance Claims Committee be people of authority who can act on claims under questioning.

(a) The Committee membership shall comprise of the following standard members :-

Chairperson:	Chief Risk Officer
Deputy Chairperson:	Deputy CFO
Secretary:	CFO Secretariat
B.T.O. Officials:	Assets & Insurance Manager, Accountant Insurance & Finance Clerk Insurance
Legal Services:	Unit Manager
Occupational Health and Safety:	Unit Manager
Internal Audit:	Unit Manager
Disaster Management:	Unit Manager
Mechanical Workshop:	Unit Manager
Law Enforcement:	Unit Manager/Security Manager
Traffic:	Unit Manager/Senior Superintendent

(b) Departmental Units shall be represented by the relevant Manager of that Unit in meetings of the Committee whenever a claim or loss arising from the activities of such a Unit is tabled before the Committee.

(c) Unit Managers may delegate a representative to attend meetings of the Committee on his/her behalf but only with the consent of the Chairperson of the Committee and further provided that such a representative shall be fully conversed and familiar with all relevant facts pertaining to the claim or loss

he/she shall be presenting before the Committee on behalf of the Unit.

1.3 ROLES AND RESPONSIBILITIES RESPONSIBILITY OF LOSS CONTROL COMMITTEES

(a) To discuss the circumstances of all claims;
(b) To determine if negligence was the cause;
(c) To initiate disciplinary procedures if necessary;
(d) To establish preventative steps to prevent similar situation and or occurrences;
(e) To ensure that the claim forms were completed and signed duly and that it was submitted to the insurance office;
(f) To inform security manager in writing about all thefts and losses where a security company was on duty, within 72 hours;

To implement recommendations to the insurance claims committee.

1.4 ROLE AND RESPONSIBILITY OF INSURANCE CLAIMS COMMITTEE

(a) The committee has to evaluate and investigate claims and where necessary, make sure that the relevant department takes disciplinary action

(b) The Insurance Claims Committee has the right to reject any claim, which was not considered by the respective Loss Control Committee.

(c) The Chairperson shall ensure the meeting agenda is completed and that assignments and commitments have been achieved and further that all records are sent to the Records Section for safekeeping.

(d) All records required and generated by the procedures and working of the Committee shall be maintained and located in the Records Section of the Municipality.

(e) The Chairperson shall also be the technical mentor and coach of the Committee by providing guidance in terms of regulatory requirements, technical resources and references etc.

(f) Members: Complete the functions and tasks necessary to fulfil the goals and objectives of the Committee.

1.4 QUORUM RULES

(a) A minimum 75% (6) of the membership plus the Manager(s) whose claims are being assessed are required to be present in order to hold a meeting and take a vote.

(b) Resolutions and process directions are passed by a majority vote.

1.5 MEETING SCHEDULES

The Committee will meet as claims arise but at least Monthly. The Insurance claims committee shall have meetings every first Friday of the month and Loss control committee shall have a meeting a week prior to the Insurance claims committee meeting.

1.6 AGENDAS MINUTES AND RECORDING OF MEETINGS

(a) The secretary of the Committee shall be responsible for compilation and distribution of Agendas for Committee meetings at least 3 days prior to a meeting.

(b) Agendas shall contain all relevant information as stipulated in this policy regarding a specific claim and/or loss including a written report from the relevant unit Manager to whose Unit the claim or loss relates.

(c) The secretary shall capture all resolutions of the meeting during the meeting and then record same in written Minutes of the meeting to be distributed to all attendees of a specific Committee Meeting.

(d) The secretary shall ensure that an attendance register is signed at all meetings of the Committee and also record any apologies accordingly.

CHAPTER 2

PROCEDURE

2.1 PURPOSE OF THE COMMITTEE

(a) The purpose of the Committee is to consider and settle or repudiate claims for damages caused to the property of members of public arising against the Municipality from time to time as well as consider and settle internal loss

control issues as they arise.

(b) The Committee shall have the authority to deal with claims as described in sub-clause 2.1(a) on the merit of each individual claim, for claims which falls within the excess amount of the Municipality's liability under its public liability insurance policy.

(c) The Committee shall focus on the following goals and functions in order to meet the purpose identified:

(i) Review, consider and discuss all claims and losses received;

(ii) Settle, repudiate or refer back for further information all claims tabled before the Committee which falls within its mandate;

(iii) Attend meetings arranged for purposes of discussion and finalisation

(iv) Seek advice from any Third Party in considering and finalising claims before the Committee as the Committee may deem necessary.

CHAPTER 3

RECEIPT OF CLAIMS TO SERVE BEFORE THE COMMITTEE

3.1 SUBMISSION OF CLAIMS

(a) Claims against the Municipality have to be submitted at the office of the Manager of the Unit allegedly responsible for the damage which gave rise to the claim.

(b) Potential claimants have to contact the office of the relevant Unit Manager where the necessary claim form can be obtained and again submitted with the required information and documentation required as indicated on the form.

(c) Claimants shall claim from their own insurance companies first before recourse is sought against the Municipality. No claimant shall refuse to claim for damages against their own insurance company. In all instances the claimant shall disclose the name and telephone number of their insurance company.

(d) Claims for consideration by the Committee have to be lodged with the Municipality within 1 calendar month of the date of the incident causing the alleged damage. Claims lodged outside this cut-off period shall not be considered by the Claims and Loss Control Committee of the Municipality.

(e) All claims lodged with the municipality shall contain the following information and be accompanied by the following relevant documentation:- (i) Completed claim form;

(ii) Sworn affidavit by the claimant on the circumstances how, date, time and place where the incident allegedly causing the damage occurred;

(iii) SAPS MR Number showing the incident has been reported with SAPS;

(iv) In the event of a motor vehcile accident, a detailed traffic accident report complete with sketches;

(v) 3x quotations for repairing of the damage allegedly caused;

(vi) Colour photographs of the scene of the incident as well as the damaged property (where damage is caused to mag-wheels and tyres the municipality reserves the right to inspect such mag-wheels and tyres);

(vii) A certified copy of the claimants ID;

(viii) A certified copy of the damaged motor vehicle's registration/licensing documents;

(ix) A copy of the claimants municipal services account for the month directly preceding the incident. In the event of the claimant being a tenant not receiving a municipal account, a copy of his/her rental agreement including a letter from the landlord confirming that the tenant's municipal services are paid to date;

(x) A letter from the claimant's insurance company indicating that a claim has been lodged with the insurer for the damage to the claimant's property, further indicating what the excess amount payable on the claim is.

3.2 CLAIMS ASSESSMENT

(a) Although all claims received shall be reviewed by the Committee, the Municipality is not obliged to honour any claim.

(b) Claims received shall be considered on merit of each individual claim.

Negligence on the part of the claimant shall result in discounting of the claim in the discretion of the committee.

(c) In all instances where alleged damage is caused to a claimant's property, the Municipality shall only consider payment of the claimant excess payable under his/her own insurance policy where the Committee is of the opinion that the claim has merit and warrants remuneration.

(d) Claims received shall within a period of 5 working days from date of receipt of such a claim, be submitted to the office of the Accountant Insurance and Investments by the relevant Unit Manager receiving the claim. Claims thus submitted shall contain all relevant information requested on the claim form and shall be accompanied by a written report of the relevant Unit Manager regarding the merit of the claim from the Unit's perspective.

(e) On receipt of a claim from the Unit Manager, the Accountant Insurance and Investments shall acknowledge receipt of the claim and arrange for the claim to be lodged with the Records Section so that a file number can be allocated to the claim.

(f) Complete claims shall be forwarded to the Secretary of the Claims and Loss Control Committee who in turns shall compile an Agenda for the Committee and secure a date for the next meeting to consider claims.

(g) Claims have to be finalised within 30 working days following the date of receipt of a complete claim.

(h) Where the municipal rates and services account of the claimant is in arrears for more than 60 days, the claimant claim shall be repudiated by the Committee.

(i) Where the municipal rates and services account of the claimant is in arrears for 30 days, the claimant shall be allowed the opportunity to settle his/her municipal account and on submission of proof of such payment the claims shall be further considered by the Committee.

3.3 PAYMENT OF CLAIMS

(a) Claims deserving of payment in accordance with the Committee's resolution shall be limited to payment of the lowest quotation amount or the claimant's excess payment under his/her policy, whichever is the lesser amount.

(b) Where the Committee resolves to honour a claim against the Municipality, the payment shall be made ex gratia and in full and final settlement of the claimants claim.

(c) Costs for car rental and tow in services shall not be considered.

3.4 NO OR PARTIAL PAYMENT OF CLAIMS

(a) If the claim is denied, the Committee states and minutes explicitly to the claimant the reasons on which denial of the claim is based.

(b) If the amount offered is different from the amount claimed, the Committee explains the reason for this to the claimant.

(c) When the municipality is not responsible (by virtue of common law of delict principles) for meeting all or any part of the claim, the Committee notifies the claimant of this fact and explains why.

CHAPTER 4: LOSS CONTROL

4.1 RECEIPT OF LOSS CONTROL MATTERS FOR CONSIDERATION

(a) Incidents of internal loss control to be considered by the Committee shall be submitted to the office of the appointed Secretary of the Claims and Loss Control Committee for inclusion in the Agenda of the Committee.

(b) Incidents so submitted shall consist of a comprehensive written report by the relevant Unit Manager, which report shall contain information on the nature of the loss, how it occurred, what remedial steps have been taken to prevent future occurrences, disciplinary action taken if any, value of the loss and how the damage caused will be compensated. The said report shall also contain a recommendation to the Committee on how the incident has to be dealt with.

(c) When a loss control issue serves before the Committee, the relevant unit Manager shall avail himself/herself to ensure attendance of such a meeting of the Committee.

(d) Resolutions taken on loss control issues shall be final and binding and executed

accordingly by the unit Manager.

CHAPTER 5: CLAIMS REGISTER

(a) A claims register shall be opened and kept on all claims received and considered by the Committee. This register shall contain the date of the claim, the claimants name and ID number as well as the amount of the claim and whether the claim was paid out or not.

(b) Claims are documented in order to be able to address questions that may arise concerning the handling and payment of a claim.

CHAPTER 6: COMPLAINTS AND DISPUTES

6.1 FILING OF COMPLAINTS AND DISPUTES

(a) When a claimant files a complaint against the findings of the Committee, the Committee:-

(i) acknowledges receipt of the complaint within a reasonable period of time;

(ii) provides the claimant with explanations on how his/her complaint will be handled and the procedures to be followed

(iii) processes the complaint promptly and fairly

(iv) provides a final response in writing within a reasonable period of time.

6.2 PROCEDURE FOR DEALING WITH COMPLAINTS AND DISPUTES

(a) Once a complaint has been received and acknowledged, the letter of complaint together with the resolution of the Committee taken with regard to the claim on which a complaint has been received has to be tabled before the earliest next sitting of the Committee for consideration.

(b) Complaints and disputes so received shall be duly considered by the Committee, where after the Committee shall resolve on the matter and a final response on the complaint be forwarded to the claimant in writing.

6.3 DISPUTES

(a) If the claimant is dissatisfied with the final response from the Committee, the claimant shall be informed to forward his/her dispute in writing to the CFO and Manager Legal Services, who will then assess the matter and take a final decision regarding that claim or dispute and inform the claimant accordingly in writing.

(b) A claimant not satisfied by this outcome may lodge an appeal with the Municipality's Appeal Dispute Committee

RUSTENBURG

LOCAL MUNICIPALITY

PETTY CASH POLICY

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	INTRODUCTION	1
2.	REGULATORY FRAMEWORK	1
3.	OBJECTIVES DEFINITIONS	1
4.	DEFINITIONS	1
5.	RESPONSIBILITY AND ACCOUNTABILITY	2
6.	PETTY CASH POLICY	2
7.	REQUEST FOR REIMBURSEMENT AND COMPLETION OF CASH PURCHASE	3
8.	DOCUMENTATION CONTROL	3
9.	RECONCILIATION	4
10.	OUT-OF-POCKET PAYMENTS	4

INTRODUCTION

Section 62(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Therefore, the Rustenburg Local Municipality adopts the following petty cash policy

POLICY STATEMENT

1 Petty cash are funds to be used for small incidental purchases. Procedures have been established to encourage an effective administration and internal control of cash handling operations throughout the Rustenburg Local Municipality

2. REGULATORY FRAMEWORK

Legislation – Municipal Finance Management Act 56 of 2003

3. OBJECTIVES

The aim of the policy is to ensure that the petty cash funds of the municipality are managed and controlled effectively, efficiently, economically and transparent in accordance with the procurement processes of the municipality and the prescribed legislation.

4. DEFINITIONS

Accounting Officer: means the municipal officials referred to in section 60 of the MFMA (2003) and include a person acting as the accounting officer.

Chief Financial Officer: The person designated in terms of section 80(2) (a) of Act 56 of 2003 (MFMA), and includes any person acting in that position or to whom authority is delegated.

Petty Cash Float: The total sum of Petty Cash which has been granted to a Petty Cash Officer

Petty Cash Officer: An employee, made responsible for the day-to-day operating of the Petty Cash Float.

Reconciliation: Is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.

5. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are: Accounting Officer (Municipal Manager)-

1. The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

2. The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure:
   a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;

   (b) that the municipality has and maintains a management, accounting and information system which:

      (i) recognises expenditure when it is incurred; and

      (ii) accounts for payments made by the municipality;

   (c) that payments by the municipality are made directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed.

6. PETTY CASH POLICY

6.1 General Policy

a) The use of a petty cash float (a float may not exceed R10 000.00) is strictly confined to individual cash purchases of up to a maximum of R500.00 inclusive of VAT, unless authorized, to exceed the prescribed amount, by the Chief Financial Officer;

b) The expenditure regarding petty cash purchases shall not be deliberately split into more than one transaction to avoid the said limit;

6.2 A petty cash float is not to be used for any of the following:

a) the cashing of cheques;

b) loans to any person whatsoever;

c) payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason, unless authorized by the Chief Financial Officer;

d) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;

e) no approved store items may be purchased by means of a petty cash transaction;

f) no fixed assets may be purchased by means of a petty cash transaction; and

g) any purchase violating the true meaning of petty cash transactions, or petty cash purchases from a trading creditor that does exist on the financial system will be regarded as a deviation from the accepted accounting practices in the use of Petty Cash. Unless authorised by the Chief Financial Officer, deviations will be regarded as serious offences and will lead to disciplinary action;

h) Other cash floats may also be established for the purpose of providing change for a cash register, or any purpose approved by the Chief Financial Officer. Use of such floats is restricted to the purpose for which they were established and does not form part of the scope of this policy;

i) The Internal Audit section may conduct internal audits to evaluate compliance with this policy.

6.3 Request for reimbursement and Completing a Cash Purchase Claim Form

a) Request for Petty Cash reimbursement must be authorised (signing on the receipt / invoice) by a delegated official, Head of Department or Manager as approved by Council, on the receipt.

b) The recipient must sign the Petty Cash voucher as proof of receipt and to verify that the amount is correct.

c) Petty cash claim forms are available from the designated petty cash official responsible for the petty cash in a department/section;

d) The Cash Purchase Claim must be completed as follows:

(i) description and cost of the goods/services purchased;

(ii) purchaser's signature;

(iii) correct vote number with an adequate budget to be charged; and

(iv) signature of the Officer in Charge of Petty Cash;

e) Original receipts and other valid documentation as required must be attached as proof of payment, with the signature of an appropriate financial delegate on this documentation. The receipt and invoice must be in a formal business format. Receipts must set forth the complete description of the purchase. When a vendor’s printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid;

f) A financial delegate cannot authorise a cash purchase claim where she or he is the purchaser.

g) The official signatory must ensure that funds are available on the budget, prior to submitting claims.

6.4 Documentation control

a) All documentation (Petty Cash voucher and receipts), applicable for the period between replenishments, must be kept in the lockable cash box which will always be kept in a locked, fire- and thief resistant safe.

b) With replenishment, the above documentation together will be reconciliation sheet must be attached to the payment voucher.

c) The locked petty cash box must be kept in a secure place when not in use and should be removed and returned by the responsible staff member only. At no stage should staff other than the responsible administrative/clerical staff member have access to the petty cash box;

d) Under no circumstance are keys to be left in the lock to the petty cash box, cabinet or safe;

e) If the responsible Petty Cash Officer is either going on leave or is leaving the Municipality's employment, the Petty Cash Officer must perform a reconciliation and a Summary Claim Cover Page compiled, before possession of Petty Cash, can be handed over. The Summary Claim Cover Page must be signed by both the Petty Cash Officer and the recipient, in order to verify that the amount in cash, correspond with the balance on the Summary Claim Cover Page; and

f) When the Petty Cash is returned to the Petty Cash official, the same processes must be followed.

6.5 Reconciliation

a) A request for replenishment must be supported by a reconciliation sheet compiled by the Petty Cash official.

b) The above sheet must be signed by the Petty Cash official and authorised by the Accountant / Manager / Section 56 Appointments or Municipal Manager

c) Such reconciliation must be done at least once a month.

d) A year-end reconciliation and replenishment must be done, at 30 June.

6.6 Out-of-Pocket Payments

a) Where a staff member has made a purchase from own funds and seeks reimbursement from the petty cash, supporting documentation must be provided to substantiate the claim;
b) The responsibility to ensure that the purchase will be in accordance with all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s); and

c) The recording-, documentation- and authorization requirements must be stated.

Recommended by:

Date:

(Municipal Manager: Mr Victor Makona)

Approved by:

Date:

(Speaker: Mrs SK Mabale Huma)

Resolution Number Date:

RUSTENBURG

LOCAL MUNICIPALITY

PREFERENTIAL PROCUREMENT POLICY

TABLE OF CONTENTS

PART 1: PREAMBLE 3

PART 2: FOREWORD 4

PART 3: PURPOSE AND OBJECTIVES 5

PART 4: LEGISLATIVE FRAMEWORK 5

PART 5: PRINCIPLE 7

PART 6: POLICY STATEMENTS 8

PART 7: PREFERENCE TARGETS IDENTIFIED 10

PART 8: IMPLEMENTATION 13

PART 9: DEFINITIONS 14

PART 1: PREAMBLE

1. The Constitution of the Republic of South Africa, 1996 in section 217 requires an organ of state to contract for goods or services in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective and to grant preferences within a framework prescribed by National Legislation.
2. A National Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) [PPPFA] was promulgated in response to the Constitutional provision and allow for an organ of state to develop a preferential procurement policy and to implement such policy within the PPPFA framework.

From the preamble from the Constitution:

We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to

- Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;
- Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;
- Improve the quality of life of all citizens and free the potential of each person; and
- Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.

From Chapter 7 of the Constitution:

152. Objects of local government 1.

The objects of local government are –

a. to provide democratic and accountable government for local communities;

b. to ensure the provision of services to communities in a sustainable manner;

c. to promote social and economic development;

d. to promote a safe and healthy environment; and

e. to encourage the involvement of communities and community organisations in the matters of local government.

3. A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

153. Developmental duties of municipalities A municipality must a. structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and b. participate in national and provincial development programmes.

PART 2: FOREWORD

The policy of RUSTENBURG Municipality – in respect of Preferential Procurement is that:

2.1. State expenditure is recognised as an instrument of government policy to achieve economic, socio-economic and development objectives.

2.2. Procurement can be applied as an instrument of secondary redistribution to alter primary income distribution and as a means to address historic imbalances by means of creating employment and business opportunities for historically disadvantaged groups in the South African society.

2.3. Preferential Procurement is recognised as a valid instrument for such social reform.

2.4. It is recognised that preferential procurement cannot be applied without cost and that such cost should be subject to the Municipal Budget and the prioritisation processes applicable to all Municipal expenditure.

2.5. Ultimately, preferential procurement could go some way to providing a springboard to encourage redistribution and reducing economic concentration, which in turn would foster competition and promote effective and appropriate resource allocation.

2.6. The RUSTENBURG Municipality Preferential Procurement Policy will be reviewed regularly.

2.7. This Policy marks the beginning of a long term path the RUSTENBURG Municipality intends to walk with the citizens of RUSTENBURG and that this Policy represents the first phase of implementation. With the increase in maturity of the RUSTENBURG Municipality as well as its suppliers, it is further accepted that this Policy will also mature to the extent that visible socio- and economic benefits can be experienced by all citizens living in RUSTENBURG.

PART 3: PURPOSE AND OBJECTIVES

3. The broad purpose of the Preferential Procurement Policy is to:

3.1. Validate RUSTENBURG Municipality's commitment to Preferential Procurement.
3.2. Ensure effective and efficient application of resources.
3.3. Promote accountability, transparency and fairness.
3.4. Create opportunities for local small, medium and micro enterprises.
3.5 Enhance quality of services.
3.6 Stimulate socio-economic development.
3.7 Eliminate and counter corruption.
3.8 Contribute towards reduction of unemployment, especially within the RUSTENBURG Municipal Area.
3.9 Broadening the tax base within the RUSTENBURG Municipal Area.
3.10 Encourage linkages between small and large enterprises.
3.11 Promote skills transfer and training of the historically disadvantaged.
3.12 Protect local industry against unfair competition.

PART 4: LEGISLATIVE FRAMEWORK

Constitution, 1996 (Act 108 of 1996)

4.1. Section 217(1) of the Constitution, 1996 (Act 108 of 1996) provides that when contracting for goods and services, organs of state must do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective.

4.2 Section 217(2) and (3) of the Constitution allows organs of state to grant preferences when procuring for goods and services within a Framework prescribed by National legislation.

Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) – [MFMA] and related SCM Treasury Regulations, 2005 [SCM TR]

4.3. The MFMA aims to regulate financial management and Supply Chain Management [SCM] of local government to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively.

4.4. Sections 110 – 119 of the MFMA deals with SCM requirements and must be read together with the SCM TR's 1 – 52 issued in terms of section 168 of the MFMA through GG 27636 effective form 30 May 2005. Both these sets of prescripts support the application of the PPPFA. Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) – [PPPFA]

4.5. The PPPFA, 2000 took effect on 3 February 2000. The main thrust of the PPPFA, 2000 is that an organ of state must determine its preferential procurement policy and implement such within the preferential procurement framework, the latter which is commonly called the '80/20 of 90/10 principle'.

4.6. The National Treasury, in consultation with the Department of Trade and Industry, reviewed the Regulations issued in terms of the PPPFA, in 2001, and issued new Regulations that become effective on 7 December 2011

PART 5: PRINCIPLES

5.1. The principles that underpin this policy are as follows:

5.1.1 Sound commercial principles will underlie all transactions. There will be no compromise on quality, service delivery or any other commercial aspects related to the delivery of business objectives.

5.1.2 All preferential procurement processes will be transparent and subjected to audit in accordance with sound business principles and practices.

5.1.3 RUSTENBURG Municipality will only conduct business with service providers that comply with legal requirements (registered with SARS; municipal taxes are not in arrears for more than three months; not on the restricted suppliers or tender defaulters lists; suppliers not deemed as in the service of the State, etc.)

5.2. The Policy is founded upon the following core principles:

5.2.1. Value for money Price alone is often not a reliable indicator and will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements. Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

5.2.2. Open and effective competition All procurement laws, policies, practices and procedures must be readily accessible to all parties involved in the procurement process. The procurement process must be open and transparent and reasons must be provided for decisions in terms of current legislation.

5.2.3. Ethics and fair dealing All procurement officials must comply with the municipal ethical standards to promote mutual trust and respect and an environment where business can be conducted in a fair and reasonable manner. The following is regarded as an acceptable ethical behaviour:

- Open, honest and co-operative business relations.
- Confidentiality of commercial information.

- Avoidance of conflict of interest or a perception of bias.
- Disclosure of conflict of interest as soon as they arise.
- Fair dealing and impartiality in the conduct of tender evaluations.
- Avoidance of combative or collusive practices.

5.2.4. Accountability and reporting Procurement officials and other officials involved in SCM must be answerable for their decisions and actions to the public.

5.2.5. Equity RUSTENBURG Municipality will at all times strive to enhance the development of SMME's and B-BBEE enterprises to allow them to contribute meaningfully in the economy of the RUSTENBURG Municipal Area.

PART 6: POLICY STATEMENTS

6.1 Application

6.1.1. This Policy will apply to all active industry sectors in the RUSTENBURG Municipal Area. It is accepted that through the population of reliable data, trends will be evident which will continuously require a review of the Policy to ensure its relevance of all active industry sectors.

6.1.2. This Policy must be read with the RUSTENBURG Municipality's SCM Policy

6.1.3. Construction tenders will also have to adhere to the requirements of the CIDB.

6.2. Targeting

6.2.1. Targeting will be regarded as a specific goal identified by RUSTENBURG Municipality and will be reflected in Part 7 to this Policy.

6.2.2. These targets will be determined prior to the invitation of tenders and reflected as special conditions.

6.3. Payment cycles

6.3.1. The payment of invoices is dependent on timely invoicing, approval of invoices and on the payment administration. Responsible officials must process approved invoices within 30 days of receiving the invoice, unless otherwise provided for in the contract.

6.3.2. Reasons for not approving an invoice must be communicated to the tenderer prior to the lapsing of the said 30 days.

6.3.3. Officials must endeavour to, where feasible, process invoices of SMME's within 7-15 days in order to promote their cash flow position.

PART 7. PREFERENCE TARGETS IDENTIFIED

7.1 Considering all the data available this Policy for the 2020/21 financial years will strive to achieve the following targets linked to its identified opportunities listed in paragraph 7.1 above:

POLICY OBJECTIVE	TARGET
Improve the local economic market	• Make 50% appointments to local businesses through Formal Quotations for appointments below R200,000
Improve the local economic market	• Obtain 40% quotations from local businesses for appointments below R30,000
Employment of local semi-& unskilled workers	• Identify 20% of SCM tenders that are labour intensive to include specific conditions of a practical content of local semi-& unskilled workers from LED database / Indigent list.

Methodology to achieve targets in the short term is to include specific conditions in the SCM documents for Formal Quotations and Bids similar to the following two examples:

Example No1:

"SPECIFIC CONDITIONS: TOTAL MAINTENANCE OF PARKS AND P.O.S WITH MANUAL MACHINES AS WELL AS ALL FLOWERBEDS AND YOUNG TREES IN THE MUNICIPAL AREA:

The intention of the municipality is to promote development of all enterprises. Suitably qualified contractors will be expected to spend at least 80% of the value of the work on local people to ensure that local economic development is promoted. For this purpose, the municipal area is divided into 5 smaller areas. For each area the service provider will be required to appoint a supervisor, and a team of at least 6 people." Monitoring will be based on the following methods by the End user dept.

1. Local Municipal accounts / Affidavits with ID numbers certified
2. Training and skills development certificates issued

Example No 2:

TENDER DATA: SPECIAL CONDITIONS RELEVANT TO PROJECT.

The following Conditions shall be adopted as per the Municipal PPPFA Policy

SPECIAL CONDITIONS OF TENDER	**Comply Y/N**	**Ref in proposal**
A. CONDITIONS APPLICABLE TO THE PROMOTION OF MUNICIPAL LOCAL AND SOCIO-ECONOMIC DEVELOPMENT		
The full portion budgeted for unskilled labour will be executed by unskilled, unemployed labourers who are beneficiaries of this project. The service provider must provide evidence of the identity and addresses of these labourers within 14 days after award of the contract. Minimum prescribed wages must be paid. In the event that this condition cannot be adhered to the contractor must obtain prior approval from the Municipality.``		
All materials procured for this project MUST be sourced from local suppliers In the event that this condition cannot be adhered to the contractor must obtain prior approval from the Municipality.		
Use a local EME sub-contractor in for all manual labour in regards to excavations, filling and compaction of cable trenches, pole-holes' road crossings etc. Suppliers must submit sub-contracting agreement with the tender proposal, together with an indication of the payment arrangements. In the event that this condition cannot be adhered to the contractor must obtain prior approval from the Municipality.		
Suppliers must submit sub-contracting agreement with the tender proposal, together with an indication of the payment arrangements		

B. CONDITIONS APPLICABLE AFTER CLOSING OF TENDER BUT BEFORE A SELECTED SERVICE PROVIDER IS ANNOUNCED		
Any additional information upon request must be submitted in writing within 48 hours of receipt.		
C. CONDITIONS APPLICABLE AFTER AWARDING OF THE TENDER		
The service provider must provide the Municipality with a completed list of local labourers to be used, within 14 days after final award of the tender for approval by the Municipality. The aforesaid list must be updated and submitted together with the service providers progress report and invoice, inclusive of the following details: a) Salary / wages spent on local employees versus total wages / salary budget at site b) Number of local employees employed versus per total workforce at site c) Payments made to the subcontractor and his performance Any amendments prior approval from the Municipality. The service provider must provide local labourers with basic on-the-job training and provide them with a reference letter after completion of their services.		

PART 8: IMPLEMENTATION

8.1. This Policy is effective from 1 July 2020.

8.2. It is the responsibility of the Office of the CFO and various Line Department Managers to bring the content of this Policy to the attention of all parties concerned.

8.3. This Policy marks the beginning of a long term path the RUSTENBURG Municipality intends to walk with the citizens of RUSTENBURG and that this Policy represents the first phase of implementation. With the increase in maturity of the RUSTENBURG Municipality as well as its suppliers, it is further accepted that this Policy will also mature to the extent that visible socio- and economic benefits can be experienced by all citizens living in RUSTENBURG.

8.4. In order to achieve the above, the following immediate implementation steps are required:

By 30 June 2020: a. Increased capacity in the Office of the CFO and the SCM Unit. b. Identification and appointment of a PPPFA Champion.

PART 9: DEFINITIONS

The words in this policy shall bear a meaning as prescribed and/or ascribed by applicable legislation, and in the event of a conflict, the meaning attached thereto by National Legislation shall prevail.

9.1. "Act" means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

9.2. "Black people" as defined in the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003), is a generic term which means Africans, Coloured and Indians.

9.3. "B-BBEE" means broad-based black economic empowerment defined as the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to

- Increasing the number of black people that manage, own and control enterprises and productive assets;
- Facilitating ownership and management of enterprises and productive assets by communities, workers' cooperatives and other collective enterprises;
- Human resource and skills development;
- Achieving equitable representation in all occupational categories and levels in the workforce;
- Preferential procurement; and
- Investment in enterprises that are owned or managed by black people.

9.4 "B-BBEE status level of contributor" means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

9.5 "Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003);

9.6. "Collusion" means an intentional and unlawful agreement by two or more companies/firms which is intended or calculated to misrepresent facts or defraud with

the sole purpose of influencing the procurement process thereby prejudicing the interests of the service provider;

9.7. "Companies and Shares" shall be read so as to include Close Corporations and members' interests' mutatis mutandis;

9.8. "Comparative price" means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;

9.9 Consortium or Joint Venture" means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;

9.10 "Contract" means the agreement that results from the acceptance of a tender by an organ of state;

9.11 "CFO" means Chief Financial Officer

9.12 "Disability" means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being;

9.13 "Executive Management Committee" shall mean a committee comprising the Agency's Heads of Divisions and any other Manager so invited.

9.14 "Firm price" is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, 'levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;

9.15 "Individual" an individual shall mean a natural person;

9.16 "Indigent" any person who appears on the Municipality's indigent register as of 1 July of the year under consideration;

9.17 "Local Labour" means South African residents who permanently resides in the RUSTENBURG Municipal area;

9.18 "Local Business" means an enterprise which has its sole office or head office located within the RUSTENBURG Municipal area;

9.19 "Local Content" means local manufacturing as contemplated in PPPFA Regulations 2011, Regulation 1;

9.20 "Local economic development' means local and socio-economic development as contemplated in section 152 of the Constitution, 1998;

9.21 “Management” in relation to an enterprise or business, means an activity inclusive of control and performed on a daily basis, by any person who is a principal executive officer of the company, by whatever name that person may be designated, and whether or not that person is a director;

9.22 “Non-firm prices” means all prices other than “firm” prices;

9.23 “Person” includes reference to a juristic person;

9.24 “Rand value” means the total estimated value of a contract in Rand denomination which is calculated at the time of tender invitations and includes all applicable taxes and excise duties;

9.25 “Sub-Contracting” means the primary contractor’s assigning or leasing or making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract;

9.26 “Nominated Sub-contractor” means contractors accredited on the Municipal database for construction related work as contemplated in the CIDB.

9.27 “Tender” means a written offer or bid in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services or goods;

9.28 “Tender format/strategy” means the special conditions describing the tender strategy approach in order to achieve identified targets.

9.29 “Trust” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and

9.30 “Trustee” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

ASSET MANAGEMENT POLICY & PROCEDURES MANUAL

RUSTENBURG

LOCAL MUNICIPALITY

TABLE OF CONTENTS

ASSET MANAGEMENT POLICY

Chapter 1

General Introduction

Part 1 Introduction

Part 1.2 Objectives

Chapter 2 Roles & Responsibilities

Part 2 Role of the Municipal Manager (MM)\(AO)

Part 2.1 Roles and responsibility officers below Municipal Manager

Part 2.1.1 The Chief Financial Officer (CFO)

Part 2.1.2 Unit Head Financial Management Services

Part 2.1.3 Asset Management Section

Part 2.1.4 Departments Heads /Directors

Part 2.1.5 Asset Controllers

Part 2.1.6 Public Safety

Part 2.1.7 Loss Control Committee

Part 2.1.8 Internal Audit

Part 2.1.9 Asset/s User/s (Users)

Chapter 3 Policies

Part 3	Life Cycle and Asset
Part 3.1	Planning Policies
Part 3.1.1	Financial Planning
Part 3.1.2	Pre-Acquisition Planning
Part 3.1.3	Approval to Acquire Property, Plant and Equipment
Part 3.1.4	Capital Project Funding Planning
Part 3.1.5	Replacement Planning
Part 3.2.	Acquisition of Property, Plant and Equipment
Part 3.2.1	Physical Receipting and Management
Part 3.2.2	Date of Acquisition
Part 3.2.3	Donations
Part 3.2.4	Physical Assets identified not to be recorded in the Assets Register
Part 4	Transfer of Property, Plant and Equipment
Part 4.1	Permanent Transfer to another Functional Head
Part 4.2	Relocation or Re-assignment of Property, Plant and Equipment
Part 5	Write-off of Assets
Part 6	Format of Asset Register
Part 7	Asset Forms
Part 8	Classification of Assets
Part 9	Land and Buildings
Part 10	Infrastructure Assets
Part 11	Other Assets
Part 12	Intangible Assets

Part 13	Investment Property
Part 14	Assets Treated as Inventory
Part 15	Recognition of Heritage Assets
Part 16	Identification of assets
Part 17	Procedure in case of Lost, Theft, Destruction or Impairment of Assets
Part 18	Capitalisation Criteria: Material Value
Part 19	Capitalisation Criteria: Intangible Items
Part 20	Capitalisation Criteria: Reinstatement, Maintenance and other Expense
Part 21	Maintenance Plans
Part 22	General Maintenance of Assets
Part 23	Useful Life of Assets
Part 24	Residual Values
Part 25	Depreciation of Assets
Part 26	Impairment Losses
Part 27	Renewal of Assets
Part 28	Replacement of Assets
Part 29	Transfer of Assets
Part 30	Exchange of Assets
Part 31	Disposal of Assets
Part 32	Selling of Assets
Part 33	Physical Control
Part 33.1	Physical Control and Verification
Part 33.2	Insurance of Assets
Part 33.3	Safekeeping of Assets

ASSET MANAGEMENT PROCEDURES

Chapter 4

Asset Management Procedures

4.1 Preamble

4.2 Definitions

4.3 Procedures

4.3.1 Maintenance

4.3.1.1 Directives and Procedures – Asset Management

4.3.1.2 Asset Register

4.3.1.3 Control Environment

4.3.2 Increase of Assets

4.3.2.1 Budget Process

4.3.2.2 Purchase Process

4.3.2.3 Take on of New Assets

4.3.2.4 Processing in the Asset Register

4.3.3 Transfer of Assets

4.3.3.1 Internal and External Transfers/Movements of Assets

4.3.3.2 Assets going for Repairs

4.3.3.3 Transfer between the departments and within the Departments

4.3.3.4 Processing in the Asset Register

4.3.4 Decrease of Assets

4.3.4.1 Write-offs of Assets

4.3.4.2 Auctions / Disposal

4.3.4.3 Disposal of Specialised and/or High Valued Items not achieving set reserve or minimum prices on Auction.

4.3.4.4 Estrangement Information

4.3.4.5 Processing in the Asset Register

4.3.4.6 Archiving a Write-off Asset

4.3.4.7 Missing/Lost Assets

4.3.4.8 Archiving a Write-off Asset

4.3.4.9 Missing/Lost Assets

4.3.5 Verification of Assets

4.3.5.1 Introduction

4.3.5.2 Routine verification

4.3.5.3 Quality Evaluation

4.3.5.4 Processing in the Asset Register

4.3.6 Miscellaneous procedures

4.3.6.1 Non-RLM Assets

4.3.6.2 Assets not previously Marked

4.3.6.3 Overhead Reconciliation

4.3.6.4 Bar code labels falling from moveable assets and/or removed on purpose.

4.3.6.5 Audit Trail

4.3.6.6 Answering of Audit Enquiries.

4.3.6.7 Notify Departments and sections of differences between theoretical and physical information

4.3.6.8 Depreciation of Assets

4.3.6.9 Maintenance

4.3.6.10 Exit Clearance Certificate

4.4 Maintenance of the Asset Register

4.4.1 Information to be included in the asset register

4.4.2 Marking of Assets

Chapter 5

Tables Containing GRAP Asset Groups included in the Assets Register.

5.1 **Expected Useful Lives**

Chapter 6 Documentation – Standard (ASSET FORMS)

RLM 001 Single Transfer of Movable Assets

RLM 002 Mass Transfer of moveable Asset

RLM 003 Monthly Assets Certificate

RLM 004 Employee Clearance Certificate

RLM 005 Assets Handed-in at Central Stores

RLM 006 Appointment of Asset Controllers

RLM 007 Donation Receive Form

Asset Management Policy

CHAPTER 1 --- General Introduction

Part 1 – Preamble

New legislation such as the Municipal Finance Management Act (MFMA), That brought changes of compiling the financial statements including the size and complexity of the Rustenburg Local Municipality's (hereafter named RLM) operations, highlights the critical importance management:

The municipal council of Rustenburg Local Municipality wishes to adopt a policy to guide the Municipal Manager in the management of the municipality's assets.

The Municipal Manager as custodian of municipal funds and assets is responsible for the implementation of the management policy which regulates the acquisition, safeguarding and maintenance of all assets.

The Department Heads (Functional Heads) acquiring assets on behalf of RLM must ensure that only assets necessary for the efficient, effective and economical delivery of intended service delivery are procured. Those assets that require periodical maintenance must be properly maintained, to ensure that intended benefit to be derived from assets procured is realised. Assets no longer needed to deliver services, must be declared for further transfer to areas where needed or to be disposed of in the appropriate manner.

Individuals entrusted with RLM's assets have to properly utilize such assets to ensure that the intended benefit to be derived is realised. Adequate security measures to safeguard the RLM assets must be adhered to; to ensure that lose or theft of assets is minimized.

Assets acquisitions, movements, transfer and disposals policies and procedures must be adhered to at all times to ensure that the assets recorded in the Assets Register and funding sources are correctly identified and recorded appropriately. Disciplined assets management from the individual asset user up to top management must ensure that this is achieved.

This policy is applicable to all Departments and Strategic Executive Directors up to the Municipal manager's level.

PART 1.2 - OBJECTIVES

The objective of this Asset Management Policy is to ensure that the municipality:

- has consistence application of asset management principles;
- implement accrual accounting;
- complies with the MFMA and other related legislation;
- correctly accounts for assets under the GRAP accounting framework;
- safeguards and controls the assets of the municipality
- and optimise asset usage

Other objectives is:

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

CHAPTER 2 ---- ROLES AND RESPONSIBILITIES

PART 2 - ROLE OF THE MUNICIPAL MANAGER (MM)

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

The Municipal Manager must ensure that:

a) The Municipality has and maintains a policy and internal control systems that accounts for the assets of the Municipality;
b) The Municipality's assets are valued in accordance with standards of generally recognised accounting practice;
c) That the Municipality has and maintains a system of internal control of assets including the assets register; and
d) Departmental Heads and their staff comply with this policy.
e) Asset management policy is reviewed annually.

PART 2.1 – ROLES AND RESPONSIBILITIES OF OFFICERS BELOW THE MUNICIPAL MANAGER

PART 2.1.1 - THE CHIEF FINANCIAL OFFICER (CFO)

- The CFO shall be the asset registrar of the municipality in terms of (section 79 of the MFMA), and shall ensure that a complete, accurate and up-to-date computerised asset register is maintained.
- The CFO shall be responsible to supply respective Directorates with a copy of the assets, as scheduled in the asset count programme.
- Shall submit a report to council on all lost assets and include all explanations of the responsible Directorates.
- Shall ensure that all assets of the municipality are covered in terms of the insurance policy of the municipality.
- Shall compile an asset count programme to ensure that all asset s are physically verified during a financial year.

The CFO must ensure that:

a) Appropriate systems of financial management and internal control are established and carried out diligently;
b) The financial and other resources of the municipality are utilized effectively, efficiently , economically and transparently;
c) Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
d) The systems, processes and registers are required to substantiate the financial values of the municipalities' assets are maintained to the standards sufficient to satisfy the requirements of the Auditor –General;
e) Financial process are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions;
f) The municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
g) The senior managers and senior Management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets'
h) The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring that these activities are performed. The CFO shall delegate his/her authority to the Unit Head: Financial Management Services.

It shall still be responsibility of the CFO to report on all asset items to council.

PART 2.1.2 – UNIT HEAD: FINANACIAL MANAGEMENT SERVICES

Since the CFO has delegated the necessary authority to the Unit Head: Financial management services to ensure effective and efficient implementation of this policy, in terms of the MFMA.

The Unit Head: Financial Management Services shall keep an asset Register of the Municipality in which all property, plant and equipment and other material assets owned or leased by the Municipality' together with their appropriate carrying amounts.

He/she shall co-ordinate the submission of all integrated council items for the CFO to report in the council.

PART 2.1.3 ASSET MANAGEMENT SECTION (AMS)

The Unit Head: Financial Management unit discharges his/her responsibility through Asset Management Section(AMS). The section consists of officials that operate at the corporate level. The Asset Management Officials are Specialized team responsible for the centralized overall asset accounting management. The officials in this office are not accountable for the physical assets dedicated to the Departmental Head's.

Some critical duties of AMS include the following tasks:

a) Perform asset accounting in the Asset Register and programmed test asset verification to ensure that assets in the Asset Register and physical assets reflect a true reflection of RLM assets.
b) To ensure that the asset information serving in the council is correct identified in the Asset Register, to enable decision taken on such asset items to be affected timeously.
c) Provide continuous support to Asset Controllers.

PART 2.1.4 – DEPARTMENTAL HEADS / DIRECTORS

- The directors shall be responsible and accountable for all assets under their control.
- The directors must nominate officials (Asset Controllers) who shall safeguard the assets on their behalf; but they shall remain accountable for ensuring that these activities are performed.
- Directors are responsible to safeguard all assets against damage or loss.
- They are responsible to take disciplinary action against official who misappropriate the assets of the municipality.
- To ensure that all information, regarding assets, are submitted to the CFO who will ensure that assets are covered in terms of the council's insurance policy.

Department heads / Directors must ensure that:

a) The appropriate physical asset management and control (including asset internal control processes) are established and carried out for asset in their area of responsibility.
b) The municipality asset resources assigned to them are utilized effectively. Efficiently, economically and transparently.
c) Any unauthorized, irregular, fruitless or wasteful utilization, and losses resulting from criminal or negligent conduct, are prevented.
d) Their asset management controls can provide an accurate, reliable and up to date account of assets under their control.
e) They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives.
f) They must advise the CFO timeously and adequately of any change to the status or value of any assets under their control.
g) They forward assets items relating to the absence of any asset including asset demolished, destroyed or damaged or any other event materially affected assets values to the:

i. **Asset Management Section** (AMS) for assistance with the accurate asset information contained in the register.
ii. **Loss Control**, where losses case has been opened; and
iii. **Internal Audit**, where verification of the validity of the extent of diminished/appreciated assets values confirmation is applicable.
iv. **Public Safety,** to determine if proper security was in place for control at entrances to **buildings.**

PART 2.1.5 – ASSET CONTROLLERS

An Asset controller is responsible:

a) To act as the asset representative for the Directorate and to assist the Director to execute his/her responsibilities in respect of the assets under his or her control.
b) To report any assets purchased, sold, demolished, destroyed, relocated, or damaged or any other event, which materially affecting the value of an asset to the Asset Management Section (AMS) in the prescribed format on a monthly basis.
c) To verify all assets on the asset register in co-operation with the Asset Management Section or approved contractor as scheduled in the asset count programme as compiled by the Chief Financial Officer.

d) To ensure the inventory list as provided by the Asset Management Section (AMS) are displayed at the back of the door to all the offices under his or her control.
e) To ensure that consumable items not recorded in the asset register as determined by the Asset Management Section, be kept and maintained.
f) To submit a full report containing all relevant information to the Chief Financial Officer in respect of all assets that could not be traced.
g) To hand, all obsolete assets and asset that were replaced, in at the central stores and to provide such information to the Asset Management Section
h) To motivate and ensure that all personnel in the relevant Directorate take full responsibility of assets under their control and to sign a **Monthly Asset Accountability Statemen**t regarding the status of their assets for submission to the Asset Controller.
i) To receive all signed **Monthly Asset Accountability Statement** from employees in the Directorate and then prepare a consolidated Accountability Statement for the Directorate and signed by the Director for submission to the Chief Financial officer.

PART 2.1.6 PUBLIC SAFETY

Although the different asset users are primarily responsible for the safeguarding of the assets entrusted to them, the Public Safety Department is overall responsible for the safeguarding of assets, especially entrance control at buildings where a large concentration of RLM'S assets are being accommodated**.**

Public Safety is also responsible for the investigations of thefts, in order to identify weaknesses in the internal control. Asset Management Section and Asset Controllers should meet monthly or as deemed necessary with the Public Safety Department to discuss the weaknesses in the internal control systems as well as discussing the type of assets, which are frequently involved in theft/loss incidences and the tightening of identified weaknesses in the internal controls.

Public Safety must address the following:

a) Standardization of access control in the RLM.
b) Integrated approach towards losses.
c) Effective Control loss management and commitment.
d) Standing orders to officers.
e) Availing the access/exit security personnel to be trained on asset control documentation to be produced by persons possessing assets at the access/exit points

PART 2.1.7 – LOSS CONTROL COMMITTEE

Departmental Heads and their asset controllers must forward details of asset/s loss/es or damage/s to the Loss Control Committee for further investigation. The result Loss Control Committee comments must be included in Insurance items to serve in the Insurance Claims Committee.

PART 2.1.8 – INTERNAL AUDIT

Internal auditors are charged with ensuring that municipal processes and associated controls are functioning as intended. They also can determine if a process of the municipality could be improved and could save the municipal money or could become more efficient. Ensuring that resources of the municipality are used effectively is a major role of internal auditors.

PART 2.1.9 ASSET/S USER/S (USERS)

a) Each user is responsible for the assets under their control, allocated to/used by them in the performance of their duties.
b) Each user must sign the asset inventory list containing the bar-coded assets allocated to them**.** These lists must be visibly displayed for audit purposes, preferably at the back of the doors. The asset Controllers and the Asset Management Section must keep copies of the movable asset lists.
c) Asset users are prohibited to move/transfer assets from the location recorded in the asset register without proper authorisation of form.
d) Each user must take all reasonable precautions to prevent their assets against losses and/or damages.
e) Each user must maintain or take steps to maintain their assets for their useful life. Users must check and verify their physical assets against their assets lists regularly and ensure that changes in physical assets in their possession are updated in their assets lists.
f) Any damage to assets must be immediately reported to superiors as well as their responsible asset controllers who will advise appropriate steps to be taken in relevant incidents.
g) The asset users must avail asset under their control at any time, at the request of the RLM or the Asset Management Section or External Audit or Internal Audit Unit for verification purpose.
h) In the event such asset being missing stolen or lost, the responsible user shall accordingly report the incident to the SAPS. The reported case information will be source document used to report missing/stolen/lost assets to their superiors, as well as

to their responsible asset controllers who will take further appropriate action in the relevant incidents.

i) Should it be found that users were not properly utilizing/maintaining/securing assets under their control/stewardship leading to asset/s damages/losses such user's Departmental Head must recover the replacement costs of such assets from the relevant user.

j) On resignation the user must complete the EXIT Clearance Certificate form and have it signed by all the parties concerned, to ensure that all assets are left in good working condition.

CHAPTER 3 – POLICIES

PART 3 – LIFE CYCLE ON ASSET

An asset life-cycle covers all phases of an asset's life starting with planning, through acquisition, operation, maintenance and disposal.

PART 3.1 – Planning policies

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

PART 3.1.1 – FINANCING PLANNING

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

PART 3.1.2 – pre-acquisition planning

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

a) The project cost over the financial years including initial set-up costs;
b) The future operational cost and revenue on the project, including tax and tariff implications;
c) The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
d) The physical and financial stewardship of that assets throughout all stages in its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;

e) The inclusion of this capital project in the IDP and future budgets; and
f) Alternative to this capital purchase.

PART – 3.1.3 APPROVAL TO THE ACQUIRE PROPERTY AND EQUIPMENT

Money can only be spent on a capital asset/project if:

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

PART 3.1.4 – CAPITAL PROJECTS FUNDING PLANNING

Within the municipality's ongoing financial, legislative or administrative capacity, the CFO will establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the IDP.

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

PART 3.1.5 – REPLACEMENT PLANNING

a) Property, Plant and Equipment are to be replaced when:
    i. They have reached the end of their useful life or economic life(i.e when the asset is fully depreciated); and the cost of maintaining such asset outweighs the economic benefit;
    ii. They have been lost, stolen, damaged beyond repair, or
    iii. They have been determined as obsolete, provide there is a continuing need for the service providing such an asset.
b) The future usefulness of an asset should be assessed continuously especially when the asset is fully depreciated. If it is fount that there is no evidence of any continuing need, the asset should not be replaced, and if still in good working condition; the asset could be transferred to where the need for such asset can still be identified.
c) The asset will only be replaced if:
    i. It has reached the end of its economic life.
    ii. It was lost, stolen or non-repairable.
    iii. It has become unserviceable.
    iv. It is not economical to continue using the asset when a replacement would ultimate bring economic saving benefit.

v. It has been superseded by a later or more technologically superior model and;
vi. The is a continuing need for the service provided by the asset in question or economic benefit.

PART 3.2 – ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment acquisition phase take effect through outright purchase or development/construction. Such Property, plant and Equipment acquisition must only be funded out of capital budget votes in line with IDP and not THROUGH OPERATIONAL BUDGET.

PART 3.2.1 – PHYSICAL RECEIPTING AND MANGEMENT

The Departmental Head or his/her nominee must:

a) Ensure that purchasing of property, plant and equipment complies with all RLM'S policies and procedures.
b) Ensure that all movable assets received into their stewardship are appropriately identified and safeguarded or prevented from inappropriate usage or loss. This will include appropriate control over the physical access to these assets and regular stock takes to ensure any losses do not occur. Any known losses should be immediately reported to the CFO.

PART 3.2.2 THE DATE OF ACQUISITION

The date of acquisition of property, plant and equipment is deemed to be time when legal title and control passes to the municipality.

PART 3.2.3 DONATED ASSETS

The CFO must be informed about any donation to RLM and memorandum must be written and submitted to AMS.

Where an item of property, plant Equipment is acquired at no cost, or for a nominal cost, it will be valued at fair value as at the date of acquisition and included in the asset register if the fair value is greater than the recognition threshold.

Where the value of the asset is known, such value shall be included in the register in line with recognition criteria. It shall be the responsibility of the Departmental head or his nominee to notify the CFO and AMS of such assets for capitalisation purposes.

The Municipal Manager or his/her delegated official shall authorise all assets donated through inter RLM council donations, or public, individuals, private enterprises, Provincial or National Government, to the municipality prior to capitalisation.

PART 3.2.4 – PHYSICAL ASSETS IDENTIFIED NOT TO BE IN THE ASSET REGISTER.

The Director or his/her nominee may authorise the found assets submitted by the asset controller for inclusion in the assets register.

The asset controller shall submit form in respect of the found assets to the AMS for inclusion in the appropriate register.

PART 4 – TRANSFER OF PROPERTY PLANT AND EQUIPMENT

PART 4.1 – PERMANENT TRANSFER TO ANOTHER DEPARTMENT

a) The Departmental Head retains managerial accountability and control for a particular asset unless;
    i. Another Departmental Head agrees in writing to accept responsibility for that asset, and
    ii. The CFO or his/her nominee endorses transfer in the mass transfer form.
    iii. The Budget and Treasury Office appropriately amends the Asset Register for all approved transfers.
    iv. The new Departmental Head assumes all the accountabilities of the previous Departmental HEAD.

PART 4.2 – RELOCATION OR RE-ASSIGNNMENT OF PROPERTY OR EQUIPMENT.

The Departmental Head must ensure that the asset is appropriately safeguarded for loss, damage, or misuse whenever it is located. Safeguarding includes ensuring reasonable physical restrictions.

The Departmental Head must advice the CFO whenever an asset is permanently relocated or re-assigned from the location.

The departmental Head must advice the CFO whenever an asset is temporarily relocated or re-assigned from the location. In this case, the Departmental Head must advice the CFO when this asset is returned.

PART 5 – WRITE-OFF OF ASSET

An asset, even though fully depreciated shall be written off on the recommendation of the Departmental Head controlling or using the asset concerned, and with the approval of the RLM council.

The only reason for writing off assets, other than the sale of such assets during the process of alienation, shall be the loss, theft, destruction, material impairment, or decommissioning of the asset to be in question.

Departmental Heads shall report to the CFO on 31October and 30April of each financial year on any assets which such Departmental Head wishes to have written-off, stating in full the reason for such recommendation. The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the council on the asset to be written off. Amongst the reason for the write-off by the Departmental Head should indicate the following that:

- The useful life of the asset has been expired;
- The asset has been destroyed;
- The asset is out dated;
- The asset has no further useful life;
- The asset does not exist anymore;
- The asset has been sold;
- The SCMP has been adhered to.

The normal disposal written-off assets are through auction but the RLM council may decide on any other method as deemed fit in line with RLM's supply chain management policy. Writing-off of assets not fully depreciated should be avoided since there is direct financial implication on operating revenue. Preferably, fully depreciated assets may be written off. In every instance where a **not** fully depreciated asset is written-off, the CFO shall effect such accounting adjustments in terms of appropriate accounting standards.

PART 6 – FORMAT OF THE ASSET REGISTER

The asset register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and generally accepted municipal accounting practice (GAMAP) and any other accounting requirements which may be prescribed.

The asset register shall reflect the following information:

ACQUISITION

- Transaction Date

- Amount
- Supplier / Contractor
- Reference (invoice/contract/payment/order number)

IDENTIFICATION & LOCATION

- Category
- Asset number
- Serial Number
- Identifier
- Description
- Location

ACCOUNTABILITY

- Department
- Custodian
- Restrictions
- Ownership
- Licence
- Transfers

PERFORMANCE

- Capacity
- Performance measures
- Condition assessment
- Useful life
- Residual value

Disposal

- Date
- Amount
- Capacity
- Condition
- Remaining useful life
- Residual value
- Reason

ACCOUNTING

- Historical Cost
- Funding Sources
- Useful life
- Remaining useful life
- Residual value
- Depreciation method
- Impairment
- Revaluation
- Depreciation
- Accumulated depreciation
- Carrying amount
- Disposal

An asset shall be capitalised, that is, recorded in the asset register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until is available for use, where after it shall be appropriately capitalised as an asset.

An asset shall remain in the asset register for as long as it is in physical existence. The fact that an asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

PART 7 – ASSET FORMS

The following are compulsory standard forms to be used throughout the RLM. These forms must be completed before any purchase, transfer or disposal of assets or the commencement of any project involving the capital budget.

No.	Form names and short description	Form no.	Reference
1)	**Single transfer of movable assets** (To be used for all temporary or permanent movement or transfer of assets.)	**RLM 001**	**Chapter 6**
2)	**Mass transfer of movable assets** (To be used for all temporary or permanent ovement or transfer of assets.)	**RLM 002**	**Chapter 6**
3)	**Monthly Asset Certificate** (To be submitted by Directors on monthly basis)	**RLM 003**	**Chapter 6**
4)	**Employee Clearance Certificate** (To be signed when **employee leaves service** of RLM)	**RLM 004**	**Chapter 6**
5)	**Asset handed-in at central stores**	**RLM 005**	**Chapter 6**

	(To be used in respect of all broken, damaged, missing as well as eventually obsolete/redundant assets,)		
6)	**Appointment of asset controller** (Must be completed for all appointments of asset controllers.)	**RLM 006**	**Chapter 6**
7)	**Donation Received Form**	**RLM 007**	**Chapter 6**

PART 8 – CLASSIFICATION OFASSETS

In compliance with the requirements of the National Treasury, the municipality should follow the various standards of GRAP relating to the assets. An item is recognised in statement of financial position as an asset if it satisfies the definition of and criteria for recognition of assets. The first step in the recognition is to establish whether the item meets the definition of asset. Secondly, the nature of the asset should be determined, and thereafter the recognition criterion is applied. Assets are classified into the following categories reporting purposes.

1) Property, Plant and Equipment (GRAP 17)
   - Land (not held as investment assets)
   - Infrastructure assets (assets which are part of a network of a similar assets)
   - Community assets (resources contributing to the general well-being of the community)
   - Heritage assets (Cultural significant resources)
   - Other assets (ordinary operational resources)
2) Intangible Assets (GRAP 102)
   - Intangible Assets (asset without physical substance held for ordinary operational resources)
   - Are not held for capital gain
3) INVESTMENT PROPERTY (GRAP 16)
   - Investment assets (resources held for capital or operational gain)

When accounting for current assets (that is of capital nature), the municipality should follow the various standards of GRAP relating to these assets) Current Assets (with a capital nature) are classified into the following categories for financial reporting purposes:

4) LAND INVENTORIES (GRAP 12)

- Land Inventories (land or buildings owned or acquired with the intention of selling such property in the ordinary course of business)

To facilitate the practical management of infrastructure assets and Asset Register data, infrastructure assets have been further classified. The recommended classification for all assets are provided in **APPENDIX B.**

The CFO shall ensure that classifications specified by National Treasury, GRAP, and those adopted by the municipality are adhered to.

PART 9 – LAND AND BUILDINGS

- Land and Building comprises any land and buildings held (by the lessee under a finance lease) by the RLM to be used in the production or supply of goods or for administrative purpose and/or to provide services to the community. These assets include building assets such as offices, staff housing, aquariums, cemeteries, clinics, hospitals, game reserves, museums, parks and recreational assets such as tennis courts, swimming pools, golf courses, outdoor sports facilities etc. Land held for currently undetermined future use, should be included in PPE. In this class there is no intention of developing or selling the property in normal course of business

  Land and building shall be treated using the cost less depreciation model. Land shall initially be accounted for at cost price, or fair value in case where cost price is not known, and shall not be depreciated. Land on which infrastructure and/or buildings are located shall be listed separately in the land register and not with the infrastructure or building assets.

Land and Buildings shall be recorded under the following main categories:(in **APPENDIX B of Statement of Financial Position)**;

- Land
- Buildings

PART 10 – INFRASTRUCTURE ASSETS

- Infrastructure Assets comprised assets used for the delivery of infrastructure based services. These assets are typically including electricity, sanitation, roads and storm water, and water assets.
- The infrastructure Asset Register shall ensure complete representation of all infrastructure asset types. The level of detail of componentisation shall be defined to a level that balances the cost of collecting and maintaining the data with the benefits

of minimising the risks of the municipality. An improvement plan stipulating the level of detail and the timing of improvements shall be prepared.

- Infrastructure assets are being valued at cost less accumulated depreciation and accumulated impairment. If cost can however not be established, then infrastructure assets will be valued at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for the assets where there is no active and liquid market. Depreciation shall be charged against such assets over their expected useful lives. The remaining useful life and residual value of, and the depreciation methods applied to infrastructure should be reviewed annually, but cost related to such reviews should be measured against benefits derived to ensure value for money.

Infrastructure Assets shall be recorded under the following main categories:(in

APPENDIX B of Statement of Financial Position);

- Electricity Network;
- Roads and Storm water;
- Water and Sanitation

PART 11 – OTHER ASSETS

- Other Assets of RLM include a variety of assets that are of indirect benefit to the communities they serve. These assets include office equipment, furniture and fittings, bins and containers, emergency equipment, motor vehicles, plant and equipment.
- Other asset is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives. Other assets are not revalued.

Other Assets shall be recorded under the following main categories:(in

APPENDIX B of Statement of Financial Position);

- Bins and Containers
- Emergency Equipment
- Furniture and Fixtures
- Motor Vehicles
- Office Equipment
- Plant and Equipment

- Specialised Vehicles
- Other Assets

PART 12- INTENGIBLE ASSETS

Intangible Assets will be purchased, or will be internally developed, by the municipality and includes, but are not limited to, computer software, license fees, website development cost and valuation roll.

Intangible asset is stated at cost less accumulated amortisation and accumulated impairment losses. Such asset is amortised over the best estimate of useful life of the intangible asset.

The CFO, in consultation with Directors, shall ensure that all intangible assets are recorded in terms of the municipality's policies.

It is the responsibility of the Head of Information Technology to ensure that all licensed computer software other than operating software is accounted for.

PART 13 – INVESTMENT PROPERTY

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the Municipality's Statement of Financial Position.

Investment asset shall comprise land or buildings (or parts of buildings) or both held by the municipality, as the owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the asset register in the same manner as another asset.

If RLM Council resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.
The CFO shall ensure that investment assets are recorded in an Investment Property register.

PART – 14 ASSETS TREATED AS INVENTORY

Inventory Property comprises any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the Municipality's statement of position.
Such inventories shall, however, be recorded in the asset register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.

PART 15 RECOGNITION OF HERITAGE ASSET IN THE ASSET REGISTER

If no original cost or fair values are available in the case of one or more or all heritage assets, the CFO may, if it is believed that the determination of fair value for the assets in question will be laborious or expensive undertaking, record such assets in the asset register without an indication of the cost or fair value concerned.
For balance sheet purpose, the existence of such heritage assets shall be disclosed by means of an appropriate note.

PART 16 – IDENTIFICATION OF ASSETS

An asset identification system is a means to uniquely identify each asset in the municipality in order to ensure that each asset can be accounted for on an individual basis. Movable assets are identified using a barcode system by attaching a barcode to each item. Immovable assets shall be identified by means of an accurate description of their physical location.

In exercising this responsibility, every Director/Departmental Head shall adhered to all written directives issued by the Municipal Manager to the Department in question, or general to all Departments, regard the control of or safekeeping of the RLM assets.
As far as practicable, all movable asset shall be bar-coded or uniquely marked.
Directors shall ensure that all the assets under their control are correctly identified.
Directors must ensure that all movable assets are bar-coded.
Immovable assets must be identified using naming and numbering conventions that enables easy location of the assets in the field

PART 17 – PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF ASSETS.

Directors shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the Department in question is promptly reported in writing to the CFO and in case of suspected theft or malicious damage, also to the South African Police Services.

Directors must ensure that directives are adhered to.

- Claims to be reported to the CFO within 48 hours from the date of loss.
- Claims reported later than 48 hours from the date of loss must be accompanied by clear valid reason for late notification.
- Submitted claims must be comprehensive and must have all relevant documents relating to the claim such as a throughout description of the loss, date of loss, sketch of accident driver details, vehicle details, SAPS case details, cover sheet on the relevant person who submitted the claim and contact details. All supporting documents to be submitted with claim, claim form to be signed.

PART 18 – CAPITALIZATION OF CRITERIA: MATERIAL VALUE

- Buildings, Infrastructure, all fixtures and other tangible and non-tangible assets of a non-consumable nature of which the value is R1 000.00 or more, and the normal expected life of which is one year or more will be treated as fixed assets and be capitalised as such; and
- All tangible property with a value of more than R1 000.00 will be funded from a capital budget and included in the fixed asset register.

PART 19 – CAPITALIZATION OF CRITERIA: INTANGIBLE ITEMS

No intangible items shall be recognised as an asset, except that the CFO, acting in strict compliance with the criteria set out in IAS 38 (dealing with research and development expenses) may recommend to the RLM council that specific development cost be recognised as assets.

PART 20 – CAPITALIZATION OF CRITERIA: REISNTATEMENT, MAINTENANCE AND OTHER EXPENSES.

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

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

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

PART 21 – CAPITALIZATION OF CRITERIA: MAINTENANCE PLANS.

Directors shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000-00 or more is promptly prepared and submitted to the Municipal Manager for approval. The maintenance plans contemplated in this part are subject to budgetary provision in terms of the normal budget process.

Maintenance plan shall be submitted to council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

Directors controlling or using the infrastructure asset in question, shall annually report to the to the Municipal Manager of the extent which the relevant maintenance plan has been complied with, and of the likely effect which any no-compliance my have on the useful operating life of the asset concerned.

The maintenance plans contemplated in this part are subjected to the budgetary provision in terms of the normal budget process.

PART 22 – GENERAL MAINTENANCE OF ASSETS

Directors shall be directly responsible for ensuring that all assets other than infrastructure assets are properly maintained and in a manner, which will ensure that such assets attain their useful life.

PART 23 – USEFUL LIFE OF ASSETS

National Treasury published its Local Government Asset Management Guideline in August 2008 that includes directives for useful lives of assets., but municipalities are allowed to use their judgement based on operational experience and in consultation with specialists where necessary in determining the useful lives for particular classes of assets. The calculation of useful life is based on a particular level of planned maintenance.

The remaining useful life of assets shall be reviewed annually. Changes emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3.

During annual physical verification the condition of each asset must be reviewed to determine the validity of its remaining useful live as reflected on the asset register. All items identified as being impaired (with remaining useful lives shorter than anticipated as per the assets register) must be reported to the Chief Financial Officer who will implement steps to ensure that the impairments are incorporated in the assets register and reported on as required by the standards of GRAP.

The CFO shall ensure that remaining useful lives, and changes thereof, are properly recorded and accounted for in the Asset Register and general ledger.

PART 24 – RESIDUAL VALUE OF ASSETS

Residual value should be determined upon the initial recognition (capture) of assets. However, this will only be applicable to assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. In practice, the residual value of an asset is often insignificant and therefore immaterial in the calculation of the depreciable amount.

During annual physical verification the condition of each asset must be reviewed to determine the validity of its remaining residual values as reflected on the asset register.

The CFO shall ensure that residual values, and changes thereof, are properly recorded and accounted for in the Asset Register and general ledger.

PART 25 - DEPRECIATION OF ASSETS

All assets, except land, shall be depreciated over their reasonable useful lives. The residual value and the useful life of an asset shall be reviewed at each reporting date. The depreciation method applied must be reviewed at each reporting date.

Reasonable budgetary provisions shall be made annually for the depreciation of all applicable assets controlled or used during the ensuring financial year.

It is the municipality's current accounting policy to determine depreciation on assets other than land as calculated on cost, using the straight-line method, to depreciate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or begin when the asset is used or consumed. Depreciation of the asset should begin when the asset is ready to be used, i.e. the asset in the location or condition necessary for it to be able to operate in the manner it is intended by management. Depreciation of an asset ceases when the asset is derecognised. Therefore, depreciate does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under certain methods of depreciation the depreciation charge can be zero while there is no production.

In the case of intangible assets while being included as an asset, the procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of the assets.

Directors must ensure that a budgetary provision is made for the depreciation of the assets under their control in ensuing financial year.

Directors must determine the reasonable useful life of the asset classifications under their control. Deviations from the standards of useful life must be motivated in writing to the Asset Management Committee for approval.

In case of an asset which is not listed in he asset classification list, Directors shall determine a useful operating life, in consultation with the CFO, and shall be guided in determining such useful life by the likely pattern in which the asset's benefits or service potential will be consumed.

The CFO shall ensure that depreciation shall be up to date on a monthly basis and be reconciled between the Asset Register and the General Ledger.

The CFO shall ensure that the residual value, useful life and depreciation method of an asset shall be reviewed at each reporting time.

PART 26 – IMPAIRMENT LOSSES

Asset shall be reviewed annually for impairment. Impairment of asset shall be recognised as an expense. The reversal of previous impairment losses recognised as an expense is recognised as an income.

The CFO shall ensure that impairment losses, or reversals therefore, are properly recorded an accounted for in the Asset Register and the General Ledger.

PART 27 RENEWAL OF ASSETS

Asset renewal is restoration of the service potential of the asset. Asset renewal is required to sustain service from infrastructure beyond the initial or original life of the asset. If the service provided by the asset is still required at the end of its useful life, the asset must be renewed. However, if the service is no longer required, the asset should not be renewed. Asset renewal projection are generally based on forecast renewal by replacement, refurbishment, rehabilitation or reconstruction of assets to maintain desired service levels.

Asset renewal shall be capitalised against the asset and the expected life of the asset adjusted to reflect the new asset life.

Directors shall ensure that renewals expenditure are correctly budgeted for in the capital budget and expensed against this budget.

Directors must ensure that renewals expenditure data are correctly captured against the assets and the expected lives adjusted.

PART 28 – REPLACEMENT OF ASSET

Assets that are replaced shall be written off at their carrying value. The replacement asset shall be accounted for as a separate new asset. All cost incurred to replace the asset shall be capitalised against the new asset. The SCMP will be applied.

Directors shall ensure that replacement expenditure are correctly budgeted for in the budget and expensed against this budget.

PART 29 – TRANSFER OF ASSET

The transfer of assets shall be controlled by the transfer processes in the policy and the Asset Register shall be updated accordingly.

The processes must be followed and apply to all transfer of assets from:

- One Department to another Department;
- One location to another within the same department;

- One building to another; and
- One entity to another.

Directors must ensure that all asset transfer information is passed to the Asset Office.

The CFO shall ensure that a process is in place to capture and record asset transfer data.

Staff of the Municipality, except for duly authorised staff , shall not move rented assets, such as photocopy machines.

No person shall transfer any IT equipment without the knowledge and written consent of the Head: Information Technology.

Directors must immediately report to the asset and insurance office any damages cause to asset and will be held responsible to investigate the cause or nature of such damage.

PART 30 – EXCHANGE OF ASSETS

The SCMP will be applied when assets are exchanged. The cost of assets acquired in exchanged for another asset shall be 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 equivalents transferred.

An item of PPE may be acquired in exchange for a similar fair value or may be sold in exchange for an equity interest in a similar asset. No gain or loss recognised in both cases.

The Asset Management Committee shall approve all asset exchange in consultation with the relevant Directors.

PART 31 – DISPOSAL OF ASSET

The MFMA (Section 14 and 90) and the Municipal Supply Chain Management Regulation no. 27636 have specific requirements regarding the disposal of asset. Specifically;

- A municipality may not ...” permanently dispose of asset needed to provide the minimum level of basic municipal service”
- Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable , transparent, competitive and consistent with the municipality’s supply chain management policy.

Directors shall report in writing to the Asset Management Committee on the 28 February and 31 July of each financial year on all assets which they wish to disposal and the proposed method of disposal.
When deciding on a particular disposal method and consideration of the following, the SCMP on disposal of assets must be applied:

- The nature of the asset
- The potential market value
- Other intrinsic value of the asset
- Its location Its volume
- Its trade in price

- Its ability to support wider Government programmes;
- Environmental Considerations
- Market Conditions
- The asset's life

Appropriate means of disposal may include:

- Public Auction
- Public tender
- Transfer to another institution
- Sale to another institution
- Letting to another institution
- Trade-in
- Controlled dumping (for items that have low or are unhygienic)

The CFO shall consolidate the requests received from the various departments, and shall promptly report the consolidated information to the Asset Management Committee or to council, recommending the process of disposal to be adopted.

The Council shall delegate to the Asset Management Committee the authority to approve the alienation of any asset.

The Council shall ensure that the alienation of any asset takes place in compliance with Section 14 of the Municipal Finance Management Act,2004. The Act states that the municipality may not alienate any other asset required to provide a minimum level of service. The municipality may alienate any other asset, provided the municipality has

considered the fair value and the economic and community value to be received in exchange for the asset.

Donation may be considered as a method of alienation, but such request must be motivated to the Asset Management Committee for approval.

Asset that are hazardous or need to be destroyed must be identified for tenders or quotations by professional disposal agencies.

Scrapping of assets that cannot be alienated otherwise may be considered as a method of alienation, but request must be motivated to the Asset Management Committee.

Once the assets are alienated, the CFO shall write-off the relevant assets in the Asset Register.
The letting of immovable property must be done at market-related tariffs, unless the relevant treasury approves otherwise. No municipal property may be let free of charge without the prior approval of the council.

PART 32 – SELLING OF ASSETS

Selling of assets refers to the public sale of municipal assets approved for disposal.

The selling of assets must be within the parameters laid down in the SCMP. Further all assets earmarked for sale is sold by public auction or tender and the following steps shall be followed:

- A notice of the intention of the municipality to sell the asset shall be published in a local newspaper;

- In the case of public auction, the municipality shall appoint an independent auctioneer to conduct the auction; and
- In the case of a tender, the prescribed tender procedures of the municipality shall be followed.

Assets earmarked for sale shall be classified as Asset Held-for-Sale in terms of part 14 of this policy and shall not attract any further depreciation. Sold assets shall be written-off in the Asset Register.

A request for asset to be sold must be submitted to the Asset Management Committee for approval. The request must be accompanied by the a list of assets to be sold and the reasons for sale as described in part 30 above.

The council or Asset Management Committee may approve the engagement of auctioneers either on a quotation basis or by tender depending on the goods to be alienated.

Bidders are afforded the opportunity to make an offer on identifiable items. Bids are compared and the highest bidder is awarded the bid.

Once the assets are sold, the CFO shall write-off the relevant assets in the Assets Register.

If the proceeds of sale are less than the carrying value recorded in the asset register, such difference shall be recognised as loss for the department or vote concerned in the Statement of Financial Performance. If the proceeds of the sale, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain for the carrying value of the department or vote concerned in the Statement of Financial Performance.

Transfer of assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

PART 33 – PHYSCICAL CONTROL

PART 33.1 PHYSICAL CONTROL / VERIFICATION

All movable assets shall be actively controlled, including an annual verification process.

Movable asset shall have a visible bar code or unique asset marking.

Annual verification of movable assets shall be conducted under the direction of asset office. This procedure will enable the municipality to identify the discrepancies and the dispositions and properly investigate and record the transactions.

Procedure should be established to adequately identify assets owned by others or subject to reclamation by donors.

The Budget and Treasury Office shall co-ordinate and control regularly physical checks, and all discrepancies are to be reported immediately to council.

Register shall be kept for all assets allocated to staff members. The individuals are responsible and accountable for the assets under their control. These registers shall be updated when assets are moved to different locations or allocated to a different staff member to facilitate control and physical verification.

Where a change in person in direct control of equipment takes place, a handing-over certificate shall be completed and signed by both parties concerned and a copy of this certificate must be forwarded to Budget and Treasury Office. If surpluses or deficiencies are found, the certificates shall be dealt as with stock-taking reports.

If for any reason the person from whom the asset is being taken over is not available, the asset controller should assist the person taking over with the checking of the equipment and the certification of any discrepancies.

In case of failure to comply with the requirements of a handing-over certificate, the person taking over shall be liable for any shortages, unless it can be established that the shortages existed prior to their taking over.

Any losses of and damage to equipment, excluding discrepancies at the stock-taking of losses resulting from normal handling or reasonable wear and tear, shall be reported to Council.

Independent checks from asset records shall be conducted to ensure that the assets physically exist, especially those that could be disposed of without a noticeable effect on operations.

Annual physical verification of assets shall be performed to identify items which are damaged, not in use or are obsolete due to changed circumstances, to ensure that they are appropriately repaired, written off or disposed off.

All newly acquired assets shall be delivered to / received by the procurement section where the assets will be bar-coded before dispatch to the persons who will be custodians of the assets. Where this is not practicable, the acquired assets must be delivered to the section issuing the requisition and that section must notify the Asset section so that bar-coding or asset marking can be arranged.

PART 33.2 INSURANCE OF ASSETS

Assets that are material in value and substance shall be insured at least against destruction, fire and theft. All Directors insure that all assets are insured in terms of the policy

Movable assets shall be insured from date of delivery. Directors shall insure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve (assuming such reserve to be allowed), the CFO shall annually determine the premiums payable by the

Departments or vote after having received a list of the assets and insurable values of all relevant assets from the Directors concerned.

The municipal manager shall recommend to the RLM Council, after consulting with the CFO, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

PART 33.3 – SAFEKEEPING OF ASSETS

Directors are, in terms of the employment contract, directly responsible for the physical safekeeping of any asset controlled or used by the department in question.
Asset safekeeping is the protection of assets from damage, theft, and safety risks.
Directors must ensure that safekeeping directives are adhered to.
Malicious damage, theft, and break-ins must be reported to the CFO within 48 hours of its occurrence or awareness. The CFO will inform the Insurance Claims Committee of such occurrence.
The Municipal Manager must report the criminal activities to the South African Police Services.

ASSET MANAGEMENT PROCEDURES

CHAPTER 4 - ASSET MANAGEMENT PROCEDURES

4.1 Introduction

The asset of the Rustenburg Local Municipality (RLM) are used and utilised by and on behalf of millions of people within the boundaries by the employees.

Section 77 and 78 of the MFMA, makes it clear that the top management must assist the accounting officer in managing and co-ordinating the financial administration of the municipality. Further they must ensure that the assets of the municipality are managed effectively, efficiently and economically and that are safeguarded and maintained to the necessary extent.

A manual of tasks is only significant if the task performer knows exactly where he/she fits into the larger picture, both organisationally and in the line of responsibilities.

The RLM decides to install an Asset Management System with bar code facilities, where certain movable assets are physically a marked with aluminium bar code labels, to fulfil the requirements of GRAP , which is required by new legislation.

This manual is an explanation of which, how, when and where tasks have to be performed regarding asset control and to give guidance to the performer of tasks on what is expected of him/her.

The Asset Management Manual has to be evaluated continually for sufficiency by the task performers and their seniors. Suggestions to improve the manual have to be canalised from the Department Asset Representatives, hereafter referred to as Asset Controllers. From the above mentioned, it is clear that this manual has to be revised formally at least annually by the Asset Management Section.

In order to utilise each person's creativity and innovation during the performance of this tasks to the maximum, only important tasks and a general description of what they involve, have been included in the manual. However, it is obvious that the manual has to be updated with important task improvements following from creative and innovative thoughts.

Please keep in mind that the main task of asset management revolves around discipline in respect of acquisitions, movement, maintenance and stocking as well as proper accounting.

A completely updated manual of tasks has to be available at all times for auditing and evaluation.

4.2 DEFINATIONS

Assets are items of intangible Assets, Investment Property or Property Plant and Equipment defined in this policy

An asset is defined in GRAP 17 as tangible of property, plant and equipment held by the Municipality for use in the production or supply of goods or services, for rental to others, or for administration purposes, and which is expected to be used during more than one reporting period (financial year).

An asset is thus either movable or fixed/immovable, under the control of the Municipality, and from which the Municipality reasonably expects to drive economic benefits, or reasonably expects to use in the delivery of service, over a period extending beyond one financial year.

To be recognised as an asset, an asset must meet the criteria referred to in parts 16, 17 and 18 below.

An asset held under a finance lease, shall be recognised as a municipal asset, since the Municipality has control over the leased assets.

Accounting officer means the Municipal Manager appointed is in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no.117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal System Act 2000 (Act. No 32 of 2000)

Chief Financial Officer (CFO) Means an officer of the municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

Carrying Amount is the amount at which an asset is recognised after deducting any accumulated depreciation (or amortisation) and accumulated impairment losses thereon.

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

Cost is the amount of cash or cash equivalents paid or the value of the other consideration given to acquire an asset at the time of its acquisition or construction, or , where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other standards of GRAP.

Historical Cost, the amount of cost to be recognised for, as an asset and carried forward until the related revenues is recognised.

Critical Assets are assets identified as having a high risk profile in terms of occupational health and safety standards and the consequences of failure could result in service delivery needs not being met and human health and safety as well as the environment being negatively affected.

Depreciable Amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair Value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

GRAP are standards of generally recognised accounting practice.

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

Infrastructure Assets are defined as any asset that is part of a network of similar assets. Example are roads, water reticulation schemes, sewerage purification, and truck mains, transport terminals and car parks.

Intangible Assets are defined as identifiable non-monetary assets without physical substance.

Investment Properties are defined as properties (Land or Buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for purpose of resale in future years.

Land and Buildings are defined as a class of **PPE** when the land and buildings are held for purpose such as administration and provision of services. Land and Buildings therefore exclude Investment properties and Land Inventories.

MFMA refers to the Government: Municipal Finance Management Act(Act no.56of 2003).

Other Assets are defined as assets utilised in normal operations. Examples are plant and equipment, motor vehicles, furniture and fittings.

Property Plant and Equipment (**PPE)** is tangible assets that:

- Are held by municipality for use in the production or supply of goods or service, for rental to others, or administration purposes, and
- Are expected to be used during more than one period.

Recoverable Amount is the higher of the cash-generating asset's net selling price and its value in use.
Recoverable service is the higher of non- cash generating asset's net selling fair value less cost to sell and its value in use.
Residual Value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal. If the asset were already of the age and in the condition expected at the end of its useful life.
Useful Life:

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

Asset Controller (AC) The official delegated to control and administers the safe keeping of assets. It can be per Department, Unit or Section (number of rooms).

Consumable (minor value items)

- Items with smaller values which normally would be seen as disposable, even if the usability can be longer than a year. These items do not carry a value in the subsidiary register but are included for control purposes.
- Items on the list approved by the Directors but cannot be included in the asset register. (not bar-coded)

- **RLM - Rustenburg** Local Municipality

Small Tools, Small mechanical implements, held in hand, used for working upon something like spanners, screwdrivers.

Sub-Asset, An asset which does not have its own label and which forms part of a next higher assembly, such as an upgrade to pc or a CD writer.

Toolbox is a function available in the asset system that allows for control over the contents of toolboxes and other items that cannot be labelled, for example, cameras or other technical tools. It is not always a tangible toolbox but just a word used to group un-mark able assets together. The "toolbox" is therefore the asset in the assets register and not the items recorded in the toolbox, which will not be labelled. It will therefore only have one value for total toolbox. The first digit of the toolbox will always be a "T" followed by a number.

Unique asset number is a number, consist of five characters assigned t a specific movable asset and that appears on the bar code labels that is permanently affixed to the door frame of that room. **N.B: PLEASE DO NOT OVER PAINT**

4.3 PROCEDURES

4.3.1 MAINTENANCE

4.3.1.1 Directives and Procedures – Asset Management

a) Ensure that this manual is kept up to date and is compiled with at all times to effectively, efficiently and economically manage the assets. (Departments inputs for improvement of the manual should be passed on to **AMS** via the asset controllers.
b) The manual should, in spite of the periodical updating, be reviewed formally once a year. Any necessary adjustments should be made and forwarded to the relevant parties. However, it is still the responsibility of the asset controllers to ensure that they have the latest version of the manual.
c) The manual shall be disseminated to all relevant stakeholders within the RLM.
d) The CFO or his/her nominee shall determine the training needs of various stakeholders with respect to the manual and arrange for appropriate training.
e) Non-compliance to this Asset Management Policy and Procedures shall be reported to the appropriate level of management for appropriate application of the RLM's disciplinary procedures.

4.3.1.2 Asset Register

a) All the assets of the RLM are recorded in the asset register.
b) They will be two mayor types of assets recorded.
    i. Fixed or immovable asset register like buildings, roads, electricity, sewerage and water networks.
    ii. Movable assets like cabinets, chairs, computers, desks, etc.
c) It shall be the responsibility of the AMS to maintain, reconcile and update the asset register on a monthly basis in order to ensure that fair value of the RLM'S asset register is reflected.
d) Individual asset types determined from time to time must be reflected in the Asset Register.
e) As Directors are responsible for all assets under their control, they must provide the CFO with Asset Accountability Statement as per form "RLM 102" .

4.3.1.3 Control Environment

a) Ensure that standard documentation for the nomination of asset controllers for asset control **(RLM 101)** is properly completed for each Department.
b) Ensure that each asset location is provided with **Movable Asset List from the System (Asset Register)** of all the asset dedicated to those locations. (Rooms, etc). The list should be updated when the asset situation changes in the location.
c) There must be floor plan for each building on which the rooms are clearly marked and numbered.
d) No alterations to or painting of buildings can commence, without liaison with the Asset Controllers to verify the room numbers and to make sure that the bar codes at the doors are not damaged and control must be exercised to ensure that the unique asset/s and room identification (bar codes) are **NOT PAINTED OVER.**

4.3.2 INCREASE OF ASSETS

4.3.2.1 BUDGET PROCESS

a) It is expected from each person in the asset control process to have an overall knowledge of the RLM'S budget process.
b) Help line management of each Department with the preparation of their capital budget. **The following criteria should be met and indicated.**

i. The intended asset has to be capitalised in accordance with the detail directives.
ii. The classification of each movable asset budgeted for, should be indicated.

(In case where there is no existing classification, or there is any uncertainty regarding the classification of an asset, the matter should be discussed with the AMS to obtain clarification on the matter).

iii. In case where the new asset is the replacement of an existing asset, the unique asset number of the asset that is going to be replaced has to be indicated to enable AMS to link the old and the new assets.
iv. Remember that the asset to be replaced must first be written off, before the new asset can be bought.

c) The following will assist in distinguishing capital and maintenance expenditure.
   - Capital
     i. Acquiring a new asset.
     ii. Replacing an existing asset.
     iii. Enhancing an existing asset so that a useful life is expanded e.g rebuilding specific vehicles.
     iv. Normal cost of asset built from scratch

It is important to note that property, plant and equipment shall be capitalized at cost. The cost of an asset shall include all expenses necessary in bringing it to its working or its intended use and include purchase price, import duties, non-refundable purchase taxes, site preparation costs, delivery and handling costs as well as professional fees.

   - Maintenance
     i. Restoring an asset so that it can continue to be used for its intended purpose.
     ii. Maintaining an asset so that it can be used for the period for which it was intended.

d) Ensure that all budgeted movable assets are properly broken down in the Department budget documents. This means amongst others that no movable assets can be budgeted for by means of the budget of any projects, e.g the construction of a building of roads.
e) Scrutinize the summarized capital budget set up by the Finance Department and ensure that:
   i. All movable budgeted for are in the asset register;
   ii. Classification of assets according to the capital budget agrees to the classification used in the asset register.
   iii. Unique asset numbers of all assets to be replaced are indicated against the new budgeted assets.

4.3.2.2 Purchase Process

a) It is expected of each person in the asset control to have an overall knowledge of the RLM's purchase process.
b) Ensure that new assets are only bought in accordance with the approved form in triplicate attached, should be reviewed and signed by the Asset Controllers to ensure that the items were budgeted for and that all the information on the form is correct. Asset Controller must keep one copy.

Please note

i. The new type of desks consists of many different items, which are bought as line items. The desk will eventually only has one bar code and the other items will be taken up as sub-assets.
ii. When you buy a PA system with slide, cables and Micro phones etc, it must be in three to four line items although the supplier provides them as a package deal. There are many similar cases.

c) All assets must be bought a direct order placed at procurement. A copy of form for movable assets or for immovable assets must be completed and also be sent to the Asset Management Section. More than one type of asset can be included in 1 form as long as the same vote number is used.
d) The Asset Controller will verify the information given and will return one signed copy to the relevant official, which will serve as authority to proceed with the purchase.
e) The Department can then send the requisition together with the signed copy of form or the procurement office. The normal process will continue via the Procurement.
f) It is important to keep in mind that the Procurement will in no circumstances issue an order for any capital item to be purchased, unless they are supplied with an authorised form from the asset controller. The staff at procurement will also in circumstances entered into arguments/discussions about what is an asset or not, but will refer all queries to the Asset Management Section if they are of the opinion that goods to be purchased, can be classified as assets.
g) In respect of insurance claims, the form must also be completed in fourfold for the assets that are claimed from the RLM insurer to be replaced due to any insured risks, when the insurance claim is reported.

i. One copy must be sent to AMS.
ii. One coy must be forwarded with the requisition to the buyers/procurement office.

iii. One copy must remain with the AC's file.

h) Ensure that new assets received meet the specifications according to the purchase requisitions. Asset Controllers inspect all new assets received in their Departments/Units to ensure they are according to the purchase documents.
i) Collect information of new additions in a file and supply the AMS with the information in order for them to update or process additions in the asset register.
j) **No** purchasing of assets should be financed through the **Operational budget.** Should such purchase takes place, this will immediately be reported to the CFO and appropriation action will be taken against the Department not followed the procedures.
k) **No** assets should be bought from **petty cash**.

4.3.2.3 **Take on of New Assets**

Asset Management Section can only correct all new purchases, if the correct information is supplied to them, so please insure that all asset purchases
forms reach the AMS at least on or before the **30th of each month**.

a) Obtain the file with all appropriate source documents – Asset forms from the ACs.
b) The following tasks should be performed by the various parties:
    i. Inspect the asset received and ensure they agree with the information on the source documents.
    ii. Mark the new assets, if applicable with a bar code label and record the room and toolbox number and other information for asset additions in the appropriate document.
        - Assets which can be for practical reasons not be marked with a bar code label or do not need to be marked, must still be recorded in the asset register (Toolbox).
    iii. Add the new asset to the movable assets list at the back of the door of the room with the date and signature.
    iv. Use the information on the forms as received from the Asset Controllers to update the Asset register.

c) Any asset which is not possible to be marked with a bar coded label should be described in detail in the control register. The applicable bar code should be pasted against the description in the asset register.

4.3.2.4 Processing in the Asset Register

a) At the end of each month the phoenix report of all new asset purchase must be drawn and downloaded in to an excel spread sheet.
b) Reconciliation must be done between the phoenix, Promise and information records received from Asset Controllers. Add the bar code number, serial number, locations, asset types department code and classifications.
c) After completion of reconciliation of new assets, uploading the excel file into the Asset management system and run the monthly depreciation for the month.
d) **In respect of the immovable assets**, Recon will be done on the monthly basis for all additions but the assets/projects will be capitalized or update the register annually once asset/projects are completed.

4.3.3 TRANSFER OF ASSETS

a) Absolutely no transfer of assets may take place without proper documentation being appropriately filled in and authorised.
b) The security staff controlling the entrances to the buildings must record details of the assets in a register, which must be signed by the person removing the asset.

4.3.3.1 Internal and External Transfer/movement of Assets

a) It shall be the responsibility of the transferor and the transferee in conjunction with the Asset Controller/s, to notify the Asset Management Section of such asset movements. Use the forms “RLM 003” (Internal transfers to the RLM locations) or “RLM 203” (External transfer to non RLM locations) to enable the adjustments to be processed in the asset register.

4.3.3.2 Assets going for repairs

a) To control assets that go for repairs, a room number per repairer/supplier must be created within the same Department; else depreciation ceases for as long as the assets is at the repairer/supplier. Use the repairer/suppliers name as the name of the occupant. Use the asset transfer procedure to move the asset.
b) In this way, the original room location is still available when the asset is returned. Yet, the physical Location Report will tell you which assets are at which Repairer/Supplier.
c) Asset sent for repair should be transferred on the system to a new location “awaiting repair” by using the correct documentation (form “RLM 003”).
d) The release from RLM premises form “RLM 203” should also be completed.

e) A list of the assets that are under the “await repair” location on the asset register should be requested monthly and followed up.
f) Explanations should be obtained for any items in the “await repair” section for longer than one month.

4.3.3.3 **Transfer between the and within the Departments**

a) Obtain the required approvals.
b) Fill in form **.**
c) Take the forms to the asset controller and get the necessary authorisation to transfer the asset/s.
d) The asset controller will keep one copy, one copy goes to the AMS file, and one copy must accompany the asset and shall kept with the transferred asset and be submitted to the asset controller where the asset will be kept.
e) The respective asset controller must amend the movable asset list from where the asset was removed as well as where it was placed together with their signature and date.

4.3.3.4 Processing in the Asset Register

a) For control over completeness, record all forms received from Departments in a control register.

i. Update the asset register with the information on form.
ii. Ensure that all forms input is completely and accurately recorded in the Asset Register.
iii. Print new movable asset list for the rooms affected by the transfer of the assets and distribute them to the Asset Controllers involved, who shall replace the movable assets lists at the back of the doors of the rooms affected.

4.3.4 DECREASE OF ASSETS

4.3.4.1 Write-off of assets

a) Assets can be write-off when they are missing, obsolete, redundant or stolen. Assets that are missing or stolen must be transferred to the appropriate room numbers for missing or stolen assets. Remember that Department must obtain approval from the RLM Council, for an asset to be written-off and the item number of the resolution must be quoted.

b) An asset is redundant if it is uneconomical to repair or irreparable or has become useless to that Department.

c) Departments that have identified the obsolete or redundant assets that are no longer required for a service delivery, must be communicated to other departments through RLM communication office to enable other departments that have a need to utilise such assets, to notify the relevant Department of their need.

d) Should other departments require such assets, the assets identified cannot be regarded as obsolete/redundant, but must be transferred to the Department in need of such assets.

e) The responsible asset controller must check the reason for the write-offs are completed on the form in triplicate, for all assets to be written-off.

f) Application to write-off assets must be done monthly. The relevant forms must be in good time be submitted. To the Asset Management Section for comments and to check the details.

g) The internal Audit Department must verify the obsolete/redundant assets to be written off. This must be done before the item with details as per item is sent to the department's Portfolio Committee for approval.

h) The write-offs in any financial year, items (hardcopy and in electronic format) by the Departments, after approval by their portfolios, shall reach the AMS not later than 15th April of each year, to enable the year-end processing to be completed timeously. Losses occurring after the 15th April but before end of the Financial Year must be reported to the Chief Financial Officer immediately.

i) In respect of insurance claims the Departments must also complete form in triplicate for all assets claimed, to be written off and hand one copy to the Insurance office when the claim is submitted and one copy to the Asset Management Office for comments and to submit an item to RLM council.

j) When write-off approval is granted, it is the responsibility of the Department to advice Asset Management Section that approval was granted and to attach the resolution.

k) Only after approval for write off is granted, the obsolete/redundant assets must be taken to stores, only if they have storage space, for safekeeping until the asset can be sold on

auction. A copy of complete form for the for the transfer of movable assets, together with the RLM council resolution must be handed to the Asset Management Section as well as to the stores.

4.3.4.2 Auctions/ Disposals

a) Tenders for conducting auctions or for disposal of redundant vehicles, equipment and material (either separately or collectively), on an as and when required basis, will from time be approved by the Tender and Procurement Committee.

b) Auction must be held annually before to dispose obsolete/redundant assets.

c) The Supply Chain Management must arrange to dispose all the redundant assets after approval by the RLM Council and only after the correct procedures were followed with the auctioneers, which RLM Council has appointed.

d) The Supply Chain and Stores must determine the auction dates in conjunction with the appointed auctioneer.

e) The auctioneer must carry out the following:-

i. The details of the auction must be advertised in the local newspapers two weeks prior to the auction date.
ii. The items must be arranged on the premises where the auction will be conducted.
iii. Lot numbers must be allocated and an auction roll must be complied.
iv. The conditions of sale must be read out prior to the commencement of the auction, in the presence of all potential buyers.
v. Collection of all monies generated during the auction before the assets/goods are removed.

f) The auctioneer conducting the auction, must carry out the following:

i. The total income of the auction must within 5 working days, be paid to the RLM.
ii. A statement of total income (Including VAT) of the auction, commission and VAT on commission must be supplied within 5 working days of the auction.

iii. The auctioneer must commit and bind himself by means of surety, for all the money collected at the auctions and must provide this to the Chief Financial Officer prior to the commencement of the auction.
iv. The buyers must remove all the auctioned items sold, within three (3) days working days after the auction.

v. The relevant official of the Chief Financial Officer' office(Supply Chain Management) must submit a summary of the income and expenditure of the auction to the Internal Audit Unit.
vi. Asset not sold at the auction must be reported to the RLM Council together with the recommendations on how to dispose them.
vii. The Asset Management Section must be advised of the sale prices, within seven days after the auction.
viii. Asset Management Section will only finally thereafter remove the asset/s from the assets register.

4.3.4.3 Disposal of Specialised and / or High Valued Items not achieving set Reserve or minimum prices on auctions.

a) In case where the specialised vehicle or high valued obsolete or redundant items does not achieved a pre determined reserve price on an auction, the following procedure must be followed:

i. Withdraw the item from auction.
ii. Invite quotations for the item by advertising in local and national news paper.
iii. Obtain more than three written quotations from institutions or Companies, which deals with or utilizes similar equipment or vehicles.
iv. Obtain approval from the Council.
v. Sell the items on the highest bidder.
vi. If less than three quotations where obtained, a written motivation should be placed on file for audit purposes indicating the steps taken to ensure that the item was disposed of at the highest attainable price.

4.3.4.4 Estrangement Information

a) The required information has to be completed by Departments before the assets can be dedicated to Sections (i.e. stores, auction) on standard form in triplicate and one copy be forwarded to Asset Management Section.
    i. The obsolete/redundant assets can only be sent to the stores, after approval by RLM Council and after form has been completed in fourfold.
    ii. In case where the missing assets have been reported to public safety department, form has to be completed in triplicate as soon as the case has been closed.

4.3.4.5 Processing in the Asset Register

a) For control over completeness, record all forms received from departments in control register.

    i. Appropriate disposal codes must be created.
    ii. The assets register can only be updated with the information on forms “” and the item, after approval by RLM Council.
    iii. The write-offs shall be performed in conjunction with the Budget and Financial Management Services to ensure that the source of funding, depreciation, etc. of all write-offs is correctly adjusted and appropriately accounted for.
    iv. The asset register and control register should be followed up on a monthly basis to ensure that there are no outstanding issues for more than two months.

4.3.4.6 Archiving a Written-off Assets

a) The information pertaining to assets written off according to the asset register should be once archived once a year (at the end of the financial year book year) to ensure that the information is not lost but can be retrieved at any stage.

4.3.4.7 Missing / Lost Assets

a) Missing assets report to AMS by relevant Asset Controllers are transferred to the section code “awaiting missing assets”. These assets will remain the responsibility of the relevant Department until approved written off is obtained and removed from the assets register. These assets can only be written off once a formal investigation conducted by the Public Safety Department and Internal Audit has been completed and RLM Council has approved their recommendation to write off the assets.

b) Form must be completed in triplicate and one copy together with the report from Public Safety Department submitted to Asset Management Section. The same procedures will apply as for other write offs.

4.3.5 Verification of Assets

4.3.5.1 Introduction

a) Assets will annually verified by the Asset Management Section in conjunction with the various Departments, by doing stocktaking (or verification) and quality evaluation. The former involves the scanning of the bar labels affixed to assets and room entrances and the recording (downloading) of such stock, in the assets register as well as verifying unmarking assets to the Consumer Items list – form.

b) Important information that has to be considered during the stocktaking is as follows:

   i. The stocktaking of the bar-coded assets are done with handed held terminals and scanners. Changes to the standard programmes are only performed under the direct supervision and control of the Asset Management Section.
   ii. If the scanner cannot read any bar code label, Asset Management Section has to verify the replacing of the label and to update the assets register with the change.

c) Verification have to be performed systematically per asset section and room in accordance with the frequency and procedures explained in the verification plan.
d) The occupants of the various buildings should well in advance be notified of the inspection processes and arrangements must be made that all the rooms be unlocked and where possible the occupants be present. Please also make sure that the assets are in the rooms where they should be. This will ensure saving time.
e) The verification dates have to be determined in such a way that all assets of the relevant Departments are verified once every financial year before 30 June.

4.3.5.2 Routine Verifications

a) Routine verifications should be conducted once or twice a year depending on the risk involved.

b) The person in charge of the verification must do the following**:**

i. Ensure that bar coded assets have been scanned and that all assets and items be compared to the movable assets list at the back of the door, before the room is left. This will decrease later follow up work.
ii. Ensure that assets scanned or verified are in good working condition. Any uncertainty regarding the quality or working condition of an asset should be recorded for later follow up.

c) Assets should be evaluated in terms of their **:-**

i. Financial performance: Are the assets operating costs / benefits similar to those for other comparable assets?
ii. Functionality : Are the assets functions fully utilised or are more advanced upgraded asset functions needed or are there new assets at a cost effective price rendering the current asset not worthy to keep?
iii. Physical condition : Is the assets adequately maintained?
iv. Utilisation : How intensively is the asset used?

d) As soon as the verification process is completed, the following standard reports have to be requested and followed up.

i. <u>Assets on the movable assets list which have not been found during the verification process.</u> Investigate why the items are not located where it should be according to the asset register.
If it was found as part of the scanning in the same building it can be automatically transferred with the approval of the Asset Controller.
Assets that cannot be found after investigation should be reported to the Public Safety Department and be written off in the asset register according to the procedures in this manual.

ii. <u>Assets that have been inspected, but do not belong in the room according to the asset register. Corrections must be done and update the asset register immediately. The reason why the assets register was not updated during the movement of the assets must also be obtained.</u>

4.3.5.3 Quality Evaluation

a) Obtain the standard quality control report for all assets which quality has been evaluated more than two years ago, as well as other assets as required and ensure that the assets register's details per individuals assets are correct.

i. In cases where the details are correct, the quality of the asset has to be evaluated. The bar code has to be scanned.
ii. In case where some details where some of the details are incorrect, an adjustment must be done in the asset register for correction.

4.3.5.4 Processing in the Asset Register

a) After completion of scanning the assets, AMS should download all the information to the Asset Register. Comparison between the information per hand held terminal will automatically be system and exception reports should be printed for follow up.

b) The assets register should be updated with any information revealed during the verification by using the appropriate forms.

4.3.6 Miscellaneous Procedures

4.3.6.1 Non – RLM Assets

a) Ensure that all assets in use on premises of the RLM, which are not RLM property, are properly recorded in a control register, as these assets cannot be labelled.
b) These assets can be the private property of an employee temporary hired by the RLM or belong to the Contractor.
c) The RML will not be held responsible if private property is damaged, lost or stolen on any RLM location.

4.3.6.2 Assets not previously marked

a) All unmarked RLM assets discovered and which do not represent new purchases in the relevant financial year have to be reported to the Asset Management Section. An investigation has to be done to find asset documentation that will assist in allocating correct information relating to such unmarked assets.
b) Take the unmarked assets up in the assets register at zero value, in accordance with the guidelines for initial take-on.

4.3.6.3 Overhead Reconciliation

a) Monthly: Reconcile the asset additions and write-offs in the main ledger with those in the asset register and rectify the reconciling items.
b) Annually : Summarise the additions and write-offs reconciliations, between the assets register and main ledger of the various departments on 30th June and ensure that the assets register and main ledger reconcile in total.

4.3.6.4 Bar code labels falling from movable assets and / or removed on Purpose.

a) As soon as the user notices that a bar code came loose or is missing on one of his/her has to report it immediately to the relevant Asset Controller.
b) The asset controller has to determine if the bar code has been removed on purpose or not.
c) If it has been removed on purpose, the asset controller has to determine whom the guilty party is, in order for the departmental head to take disciplinary action against the offender.
d) In both aforementioned cases (falling off and purposeful removal of bar code, the Asset Controller has to supply the existing asset number of the asset from which the bar code is missing, to the Asset Management to reorder the same unique bar-code replacement.

4.3.6.5 Audit Trail

a) The audit trail is the trail that can be traced back to determine the initial amount of a recorded asset.
b) Any change that has been made to the fields of any assets can be determined by means of the audit trail.
c) Any change that has been made by to the user definable fields can be determined by means of the audit trail.
d) The aforementioned reports should be requested monthly and be signed by Asset Management Section for accuracy.

4.3.6.6 Answering of audit enquiries

a) Audit queries with regard to differences between the physical existence of assets and theoretical information on the assets register have to be answered within three days after receipt of the enquiries.

4.3.6.7 Notify the Departments of non-verified assets information after asset count (Differences Between asset register and physical information)

a) As soon as the routine inspection has been done, the scanned information has to be uploaded into the system.
b) The reports on which the difference between the physical and asset register appear, have to be requested and the differences followed up.

c) Any differences which cannot be resolved, have to be brought to the attention of asset management section in a written report in which motivation for the differences are given and decisions to adjust the asset records in the appropriate manner, following correct procedures.

4.3.6.8 Depreciation of Assets

a) The Chief Financial officer shall apply the classes of assets to be depreciated and method of depreciation to be used as determined by GRAP. The straight-line method of depreciation will be used.

4.3.6.9 Maintenance

a) The operation or maintenance phase is where the asset is used for its intended purpose. This phase may be punctuated by periodic refurbishment or mayor repair, requiring the asset to be taken out of services for period of time.
b) The Asset Controller must however put measures in place to maintain the asset over its useful life.

4.3.6.10 Exit Clearance Certificate

a) The respective Asset Controllers to sign the clearance certificate regarding verification of assets, when an assets users leave the services of the RLM.

4.4 Maintenance of the Asset Register

4.4.1 Information to be Included in the Asset Register

ACQUISTION	IDENTIFICATION & LOCATION	ACCOUNTING	PERFOMANCE	DISPOSAL	ACCOUNTING
- Date - Amount - Supplier	- Asset Classification - Asset number	- Department - Custodian - Restrictions	- Capacity - Performance measures - Condition	- Date - Amount - Capacity	- Cost - Funding - Useful life

- Reference	- Bar-code - Description - Location	- Ownership	assessment - Useful lives - Residual values	- Condition - Remaining useful life - Residual value - Reason	- Remaining useful life - Residual value - Depreciation Method - Impairment - Depreciation - Accumulated depreciation - Book value - Disposal

4.4.2 Marking of Assets

a) The label must be applied on a side from which the asset is used.
b) The label is applied on top right hand side of the asset.
c) Avoid side, which could be moved against the wall or other assets.
d) Avoid labelling on top of surfaces where damage could occur.
e) Label major part of asset not on replaceable drawer or door
f) A scanner must able to read the label with ease; avoid positions where the natural hand scan motion is impaired.

CHAPTER 5

ANNEXURE A

5.1 EXPECTED USEFUL LIVES AND RESIDUAL VALUES

Category	Life
Bins and containers	10
Buildings	8 - 80
Emergency equipment	3 - 5
Furniture and fixtures	5 - 15
Heritage assets	Indefinite
Infrastructure Electricity	5 - 50
Infrastructure Roads and Transport	5 - 100
Infrastructure Sewerage	10 - 70
Infrastructure Water	5 - 70
Intangible assets	3
Investment Property	7 - 40
Land	Indefinite
Land Inventory	Indefinite
Motor vehicles	5 - 15
Office equipment	3 - 7
Other-Library	7
Plant and machinery	2 - 15
Specialised vehicle	7 - 10

Rustenburg Local Municipality

COST CONTAINMENT POLICY

Table of Contents

1. Temporary Appointments, Contractual Appointments, Unemployed Graduates and Experiential Learners 4
2. Travel claims 5
3. Essential Vehicle User Scheme 5
4. Acting Allowances 5
5. Overtime 6
6. Catering, Refreshments & Entertainment 7
7. Attendance of Conferences, Seminars & Workshops 8
8. Municipal Workshops, Retreats, Strategic Sessions and Internal training 9
9. Projects /Programme Launches 9
10. Use of Consultants 9
11. Telephone Costs (Landlines) 11
12. Uniforms and Clothing 12
13. Travel and Subsistence 12
14. Vehicles Used For Political Office-Bearers 13
15. General Measures To Be Implemented 14
16. Vehicle Used For Political Office-Bearers 14
17. Implementation Date Of The Cost Containment Policy 14
18. Monitoring And Evaluation 14
19. Rustenburg Local Municipality Draft Cost Containment Strategy 16
20. COST SAVING COMMITTEE 17
21. AREAS FOR COST CONTAINMENT 17

PREAMBLE

Cost containment is the business practice of maintaining expense levels to prevent unnecessary spending or thoughtfully reducing expenses to improve profitability without long-term damage to the company. Cutting expenses in ways that decrease quality or reduce marketing efforts to bring in new business can lead to a company's demise and are not examples of a cost-containment strategy.

The following measures must be implemented, consistently with immediate effect to ensure the containment of costs: -

1. **Temporary Appointments, Contractual Appointments, Unemployed Graduates and Experiential Learners**

Measure

- Directors must ensure compliance with all the relevant policies and procedures, as it relates to employment contracts, for the aforementioned employment categories.

Controls

- Directors must ensure that the employment contracts for the aforementioned categories are in line with the applicable HR policies, and must in conjunction with the Administration, Monitoring and Evaluation Directorate (AME), ensure compliance.

- The Administration, Monitoring and Evaluation Directorate must confirm if such proposed appointments are in line with the Municipal Systems Amendment Act (5 July 2011)

- The relevant recruitment notifications must be endorsed by the Budget & Treasury Section for budget availability, after HR has confirmed compliance with the applicable HR policies.

2. Travel claims

Measure

- Ensure effective control over travel claims.

Controls

- Directors must implement systems in their respective Directorates to ensure cost-effective and time efficient travelling.
- Travelling must be pre-authorised by the appropriate delegated official, before such costs are incurred, whilst the said official must ensure that kilometres claimed are indeed justifiable.
- The respective Directors should exercise control over the distances travelled.

3. Essential Vehicle User Scheme

Measure

- Limit expenditure under the scheme and apply the applicable policies and procedures consistently.

Controls

- Policy guidelines must be formulated by the Administration, Monitoring and Evaluation Directorate relating to the type of vehicles to be purchased by qualifying employees, requiring vehicles for the execution of their duties.

4. Acting Allowances

Measure

Acting allowances must be paid in accordance with the applicable HR policies, South African Local Government Bargaining Council (SALGBC Collective Agreements) and any applicable legislation.

Controls

- Acting appointments should only be cascaded to two levels below the acting position, to curb unnecessary costs.

- Acting **must** only be permitted in positions on the approved organogram, in line with Municipal Systems Amendment Act (5 July 2011).

- Acting **must** only be permitted in funded vacant positions.

- Prior to an employee being assigned to act, the request must firstly be forwarded to the Budget and Treasury Section to confirm budget availability.
- Acting for extended periods **must** be discouraged, unless **motivated** to the Municipal Manager, based on operational reasons. This will ensure that the municipality is not exposed to unnecessary litigation.

5. Overtime

Measure

- Overtime must be undertaken in compliance with all relevant policies, SALGBC Collective Agreements and applicable legislation (e.g. Basic Conditions of Employment Act).

Controls

- Overtime should only be approved where the necessary budget provision exists, after a need analysis has been undertaken by the relevant Directorate.

- Authority to work overtime in excess of 40 hours per month, must be obtained from the Municipal Manager **prior** to the overtime being worked, as this is in contravention of Section 10 of the Basic Conditions of Employment Act (BCEA).

- The Director **must** ensure that overtime worked in excess of 40 hours, was authorised **by the Municipal Manager prior** to the actual overtime being worked.

- The core working hours of the employees to be changed to a shift system, where applicable, to obviate the need for overtime.

- The regulations issued by the Department of Labour, relating to annual salary thresholds within which overtime may be paid, must be adhered to.

- The Administration, Monitoring and Evaluation Directorate must ensure that an Overtime Policy is developed and approved by Council, and such policy **must be** in line with the applicable legislation and regulations.

6. Catering, Refreshments & Entertainment

RLM relates to expenses for catering and events, states the following: -

i. C**onstitutional institutions** may not incur catering expenses for **internal meetings**, i.e. for meetings attended only by **persons in its employ**, unless approved by the accounting officer.

ii. C**onstitutional institutions** may not incur expenses on **alcoholic beverages,** except for instances where alcohol is to be served at functions relating to: -

a. State banquets;

b. The promotion of South Africa and any of its goods or services;

or

c. The hosting of foreign dignitaries.

iii. The Accounting officers must ensure that team building exercises and social functions, including year-end functions, **are not financed from the budgets of their respective establishments or by any suppliers or sponsors.**

In implementing the aforementioned instruction, the following control measures are applicable as it relates to catering and entertainment: -

Control Measures

- Apart from tea, coffee and muffins, **no catering and refreshments** will be provided at Council workshops, retreats, strategic sessions, internal training sessions, official meetings (Standing Committees and other Council committees), Council meetings and Management meetings.

- At the discretion of the Municipal Manager, catering and refreshments **may** only be provided at meetings with overseas visitors and other spheres of government (Provincial/National), after budget availability has been confirmed by the Budget and Treasury Section.

7. Attendance of Conferences, Seminars & Workshops

Measures and Controls

- Conferences, seminars and workshops **may** be attended by Officials and Councillors, but only when absolutely necessary.

- The Director concerned must submit a motivation to the Municipal Manager, outlining the absolute necessity for attendance.
- The total size of municipal delegations attending conferences, seminars and workshops outside the Municipality, **must** be restricted to two delegates.

- The Director concerned must submit a motivation to the Municipal Manager, if the number of required attendees exceeds two delegates from the Municipality.

- Budget availability must be confirmed by the Budget & Treasury Section, in the first instance.

- In the event of training being provided at no cost to the Municipality, the size of the municipal delegation may be increased, subject to approval by the Municipal
- Manager.

8. Municipal Workshops, Retreats, Strategic Sessions and Internal training

Controls

- Only local municipal venues may be utilised to host municipal workshops, retreats, strategic sessions and internal training.

- The Director concerned must submit a motivation to the Municipal Manager, in the event of local municipal venues not being available.

- Alternative facilities at other government institutions must then be sourced, where such sessions cannot be held in-house.

- The necessary proof must be provided to the Municipal Manager, where local municipal venues or facilities at other government institutions are not available.

- Budget availability must be confirmed by the Budget & Treasury Section in the first instance, prior to the Municipal Manager approving the use of external venues.

9. Projects /Programme Launches

Controls

- The number of projects/programme launches must be minimised, so as to limit the associated costs to the Municipality.

- When different projects/programmes are launched in a particular ward, it must be organised as one launch and not as different launches for each and every project.

10. Use of Consultants

RLM relates to expenses for the use of consultants, states the following: -

i. C**onstitutional institutions** may only contract in consultants after a gap analysis has confirmed that the constitutional institution concerned does not have the requisite skills or resources in its fulltime employ to perform the assignment in question. Based on a business case, the appointment of consultants may only be approved by the accounting officer.

ii. Consultants may only be remunerated at the rates: -

a. Determined in the "Guideline for fees", issued by the South African Institute of Chartered Accountants (SAICA);

b. Set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA), or

c. Prescribed by the body regulating the profession of the consultant.

iii. Hotel accommodation and related costs in respect of consultants may not exceed the amount of R1300 per night per person (including dinner, breakfast and parking). National Treasury may periodically review this amount. Air Travel must be restricted to economy class and claims for kilometres may not exceed the rates approved by the Automobile Association of South Africa (AA SA).

iv. All contracts of consultants must include penalty clauses for poor performance and in this regard, accounting officers must invoke such clauses where deemed necessary.

v. Accounting officers must develop consultancy reduction plans by 31 March of each year for implementation in the ensuing financial year. The first consultancy reduction plan required in terms of Treasury instruction 01 of 2013/2014 must be developed before 31 March 2014 for implementation in the 2014/2015 financial year.

In implementing the aforementioned instruction, the following control measures are applicable as it relates to the use of consultants.

Measure

- The use of consultants **must** be reviewed and curtailed.

Controls

- ❖ All pending appointments of consultants to be reviewed and no consultant services to be procured unless the Municipal Manager, based on a motivation from the Director concerned, endorses the procurement process.

- ❖ Directors must review the utilisation of consultants in their respective Directorates to determine if their continued services are still required.

- ❖ Requests for extension of consultants' contracts of appointment must be motivated in writing to the Municipal Manager, and he may in turn instruct the Director to table an item via the Bid Committee system to make recommendations in this regard.

- ❖ Any SLA or contract signed with consultants, must include

(i) penalty clauses for poor performance,

(ii) clauses that deal with skills transfer,

(iii) period of the contract must be clearly stated, amongst other pertinent clauses.

- ❖ Directorates who deal with Consultants must ensure compliance with the NT instruction, as it relates to disbursements for travelling and accommodation for consultants.

- ❖ The Municipal Manager **must** give instructions to all Directorates to develop a consultancy reduction plan, indicating how the Directorates intend to comply with the National Treasury instruction.

11. Telephone Costs (Landlines)

Measure

- ❖ The Council's policy relating to payment for private calls must be fully enforced by all Directorates.

Controls

- The cost of private calls must be recovered by all Directorates by providing a schedule on a monthly basis to the Finance Directorate (Payroll Office), so that the necessary deductions can be made from the affected municipal employees' salaries.

12. Uniforms and Clothing

Controls

- A Uniforms Policy **must** be drafted stipulating the guidelines, including type of uniforms, shoes and frequency of issue, etc in line with the working environment of the respective employees.

- A monthly reconciliation of uniforms purchased and issued to staff members must also be performed by the respective Directorates.

13. Travel and Subsistence

RLM relates to travel and subsistence expenses, the following control measures must be implemented: -

Control measures

- Only economy class tickets to be purchased for employees and Councillors, where the flying time of the flight is five (5) hours or less.

- The Municipal Manager may approve the purchase of business class tickets for employees with disabilities or for those with special needs, where the flying time is five (5) hours or less.

- Purchasing of air tickets for first class travel is not permitted, under any circumstances.

- Domestic hotel accommodation linked to travel and subsistence may not exceed R1 300 per night per person (including dinner, breakfast and parking). National Treasury may periodically review this amount.

- The amount of R1300 quoted above may be exceeded with approval of the Municipal Manager in instances:

  (i) such as peak holiday periods, and

  (ii) (ii) when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local / international guests in the country or in that particular geographical area.

- Hiring of Vehicles for travelling **must** be undertaken in terms of the Council approved policy as it relates to vehicle groupings that can be hired per the level of employees / Councillors.

- Sharing of the mode of transport when Employees / Councillors travel to the same destination.

- Overnight accommodation **must** be limited to instances where the distance by road exceeds 500 kilometres to and from the destination (return journey).

- When a vehicle is hired, it must be shared between the Employees/Councillors attending the same workshop, conference, seminar, etc. (one vehicle to be hired per occasion).

- Flight bookings must be made timeously, to prevent unnecessary overnight stay costs.

14. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

1) The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed R700 000 or 70% of the total annual remuneration package for different grades, whichever is greater.
2) The procurement of vehicles must be undertaken using the national government transversal contract mechanism.
3) If any other procurement process is used, the cost may not exceed the threshold set out in sub-regulation (1)
4) Before deciding on other procurement process as contemplated in sub-regulation (3), the Chief Financial Officer must provide the council with information relating to the following criterial which must be considered:

   a) Status of the current vehicles
   b) Affordability

c) Extent of service delivery backlogs
d) Terrain for effective usage of vehicle; and
e) Any other policy of council

14. GENERAL MEASURES TO BE IMPLEMENTED

- In order to curb petrol expenditure, the municipality's vehicle tracking system should be utilised by the Directorates to monitor usage in order to curb abuse of municipal vehicles and excessive petrol consumption.

15. VEHICLE USED FOR POLITICAL OFFICE-BEARERS

1) The threshold limits for vehicles purchases relating to official use by political office bearers may not exceed R700 000.00 or 70% of the total annual remuneration package of different grades, whichever is greater.
2) The procurement of vehicles must be undertaken

15. IMPLEMENTATION DATE OF THE COST CONTAINMENT POLICY

The Cost Containment Policy (CCP) will be approved by Council on 2018; and is thus effective as from this date.

16. MONITORING AND EVALUATION

Directors are required to report on a quarterly basis regarding the respective status of implementation of the Cost Containment Policy (CCP) for their respective Directorates.

The required reporting framework will be developed by the Director:

Administration, Monitoring and Evaluation and will be made available to all Directors. The Directors **must** report on the implementation of the CCP, to the Portfolio Committees and the Mayoral Committee on a quarterly basis.

Rustenburg Local Municipality Draft Cost Containment Strategy

1. INTRODUCTION

In the current economic world, it is crucial for the organization to develop a strategy to minimize cost and achieve the desired results of the organization at the end. Improved accountability and transparency can be realized through a more proactive and regular reporting of both cost containment activities and the results generated. The issues for concentration could be; security cost, cost of hiring equipment, catering cost, use of council vehicles, energy management. Consultation with employees and also obtaining input from all affected stakeholders (business, ratepayers, etc) can be beneficial to cost containment plan. Although some of the many cost saving measures have been implemented over years, it will assist to revisit them with the intention to improve. Proper planning also may assist the municipality to contain cost.

2. COST SAVING COMMITTEE

2.1 Each business unit must create a cost saving committee or cost saving must be a standing item on the agenda of monthly meeting of each business unit.

2.2 Increase accountability and evaluation of all cost saving planning measures must be communicated to all staff members.

2.3 Staff should be encouraged to come up with ideas and if the idea is implemented and cost saving is being realized the employee who came up with the idea be formally recognized in the form of an incentive.

2.4 A suggestion box must be placed in all major council offices for staff and the public to post their ideas on the box or an e-mail address be created where any staff member or member of the public can send their ideas.

2.5 Advertising of best and most successful initiative in municipal website and through corporate communicate can be effective communication tool.

3 AREAS FOR COST CONTAINMENT

3.1 Facilities

3.1.1 As far as possible encourages the use of council facilities for community meetings and staff meetings. This will mean a reduction in cost of hiring venues for meetings.

3.1.2 A study be undertaken to compare cost of hiring marquees versus cost of purchasing marquees in the long run.

3.1.3 List of available council facilities for meetings be provided on council website for staff to know and book the facility with the responsible person.

3.1.4 Cease all non-essential and non-routine maintenance unless there are health and safety issues concerns.

3.2 Security Cost

3.2.1 Fully utilize internal security staff to secure council property and fill all vacant positions for the unit to be effective.

3.2.2 Review the need for security personnel in council facilities during the day and at night. In some facilities an alarm system can be at night (at low cost) and a security guard during the day.

3.3 Cost of Hiring Plant and Equipment

3.3.1 Council spent lot of money hiring plant/equipment and sound system.

3.3.2 Fleet must develop a register of items that are hired to monitor cost and identify those items that are hired on a regular basis. A plan be developed to acquire these items within 5 years.

3.3.3 Review cost of hiring compared to cost of purchasing and owning the equipment in the long term.

3.4 Catering Cost

3.4.1 Minimize catering for meetings and consider providing light meal where possible with the intention to reduce cost.

3.4.2 All catering requests to be submitted to Deputy Municipal Managers for consideration and approval, subject to availability of funds.

3.4.3 The Chief Financial Officer submits to the Strategic Management Committee a list for consideration of which meetings should be permitted to have catering services.

3.5 Use of Council Vehicles

3.5.1 All employees who enjoy the benefit of taking council vehicle home after work must submit a motivation to Strategic Management Committee for review of the need for such benefit.

3.5.2 All new requests for employee to take council vehicle home after work must be submitted to Strategic Management Committee with a detailed motivation for consideration and approval.

3.5.3 A vehicle replacement programme must be developed to ensure that ageing fleet that is not cost effective to repair is replaced on time.

3.5.4 Employees that cause damage to council vehicle must be investigated and if found negligent disciplinary action must be taken and cost of repair be recovered from the employee.

3.5.5 Fleet must keep a register of repairs to vehicles and where cost to repair are more than the net book value step to auction the vehicle in terms of council policy must be taken.

3.6 Energy Management

3.6.1 Install motion lights or timers in all council buildings.

3.6.2 Install individual lights switches in each office instead of central controlled lights.

3.6.3 Encourage staff to turn off electric equipment in offices when not in use or after work.

Rustenburg Local Municipality

Draft

Expenditure Management Policy

Rustenburg Local Municipality
Expenditure management Policy

Table of Content

1. ABBREVIATIONS ……
2. DEFINITITONS……..
3. OBJECTIVE……..
4. EXPENDITURE MANAGEMENT…….
   4.1 Payments to creditors…….
   4.2 Retentions……..
   4.3 Petty Cash Payments.…….
   4.4 Third Party Payments…….
   4.5 Grant Expenditure……
   4.6 Capital Expenditure…….
   4.7 Withdrawals from Bank Account……..
   4.8 Travel & Subsistence…….
   4.9 Reconciliations……..
5. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE……..
6. INTERNAL CONTROLS…….
7. IMPLEMENTATION AND REVIEW OF POLICY……..

1. ABBREVIATIONS

CFO – Chief Financial Officer
CM – Council Minute/'s
IDP – Integrated Development Plan
MBRR – Municipal Budget Reporting Regulations
MFMA – Municipal Finance Management Act, Act No. 56 of 2003
MSA – Municipal Systems Act, Act No.32 of 2000
MSTA – Municipal Structures Act
MTREF – Medium term revenue and expenditure framework
SDBIP – Service delivery and budget implementation plan

2. DEFINITIONS

"Chief Financial Officer"

"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 the annual budget approved by a municipal council; and includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;
"Assets" means resources controlled by the Municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the Municipality.

"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;

"Chief Financial Officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act; who is administratively in charge of the budget and treasury office as per section 81(1) (2) of the MFMA;

"Councillor" means a member of 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" means the power to perform a function or duty which is given to office bearer, councillor or staff members either in terms of section 59 of the MSA or section 79 of the MFMA;

"Executive Mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the MSTA;

Expenditure management means all the procedures necessary to ensure that the payments of sums owed by the department are made in an efficient, effective and timely manner.

"Generally recognised accounting practice" means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;

"Financial statements" means statements consisting of at least –

a) Statement of financial position;
b) Statement of financial performance;
c) Cash-flow statement;
d) Any other statements that may be prescribed; and
e) Any notes to these statements;

"Financial year" means a twelve-month period commencing on 1st July and ending on 30th 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 the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170 of the MFMA;
b. Expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
c. Expenditure incurred by the municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
d. expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by the municipality which falls within the definition of "unauthorised expenditure";

"Local community" means the meaning assigned to it in section 1 of the MSA;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

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

“Long-term debt" means debt repayable over a period exceeding one year;

"Municipal council" means the council of the municipality referred to in section 18 of the Municipal Structures Act;

"Municipal entity" has the meaning assigned to it in section 1 of the MSA;

"Municipality" means the Mossel Bay Municipality;

"Municipal service" has the meaning assigned to it in section 1 of the MSA;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"Official" means –

a) An employee of the municipality or municipal entity;
b) A person seconded to the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
c) A person contracted by the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"Overspending" means -

a) 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, 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, causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"Previous 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 refer to as the 1st quarter;
b) 1 October to 31 December refer to as the 2nd quarter;
c) 1 January to 31 March refer to as the 3rd quarter
d) d) 1 April to 30 June refer to as the 4th quarter;

"Service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of the municipality, in terms of section 53(l) (c) (ii) of the MFMA, for implementing the municipality's delivery of municipal services;

"Unauthorised expenditure" means any expenditure incurred by a municipality otherwise than in accordance with sections 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 or a grant by the municipality otherwise than in accordance with the MFMA;

''Vote'' means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different directorates of the municipality; and which specifies the total amount that is appropriated for the purposes of the directorate concerned and includes:

• Municipal Manager;
• Corporate services;
• Financial services;
• Technical services;
• Community services; and
• Planning & Integrated services;

''Vote holder'' means the senior manager to which the vote is assigned.

3. OBJECTIVE

The objective of the Rustenburg Local Municipality Expenditure Policy is –

- to set out Standard Operating Procedures that the municipal officials need to adhere to;
- to promote accountability and compliance with MFMA Act 56 of 2006 on payments made by the municipality;
- ensure that the principles applied, as a result of this policy, will enhance and support a healthy working capital position for the Mossel Bay Municipality;
- set out a framework for Rustenburg Local Municipality to deal with:
    - All expenditure related transactions;
    - Unforeseen and unavoidable expenditure;
    - Unauthorised, Irregular and Fruitless and wasteful expenditure
    - To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes; and
- ensure that all monies due by the municipality is paid in full within the 30 days of date of invoice or statement; whichever is the latest as prescribed by the Municipal Finance Management Act, 2003 (Act No.53 of 2003)

4. EXPENDITURE MANAGEMENT

4.1 Payments to creditors

The Creditors' Office has a payment run on every 10th day of each month where all submitted requests for payments are processed;

The respective Directorates shall submit all requests for payment complete, properly certified, approved in line with the delegation of authority, supply chain policy & MFMA and accompanied by the relevant invoices and supporting documentation to the Creditors' Office at least 7 days before the payment run date.

Supporting documentation that must accompany the request for payments is as follows:

- an invoice made out to Rustenburg Local Municipality, with the supplier name, invoice date, invoice number, supplier VAT number, description of goods/services, contact details and supplier banking details;
- the suppliers' statement where there are outstanding amount due, a GRN certificate approved in line with the delegated authority, as well as the supplier tax clearance;
- confirmation that there's sufficient funds on the vote number written on the request for payment form (budget availability);

Invoices or statements submitted for payment to the Creditors' office by any Directorate shall be in such form as may be required by the CFO and must state the reference to the relevant vote to meet such payment.

Directors shall advise the CFO of the names of officials empowered to sign vouchers and authorise payment of accounts or refer to the Delegations of Authority document approved by Council.

When a Directorate authorises the payment of accounts the signatory certifies and authorises that:

a) All processes in terms of the Supply Chain Management Policy of the Municipality had been followed, according to the departments knowledge;
b) The goods and services have been received and rendered in good order and are under the control of the Municipality
c) The account has not previously been submitted for payment;
d) The invoice amount is not in contra to the contract amount;
e) Sufficient budgetary provisions exist;

Payments must only be made on the date(s)s and/or days indicated on the payment schedule approved by the CFO unless prior approval to effect payment on a different date is obtained from the Accounting Officer

No payments shall be affected prior the approval of the payment voucher by the CFO

The municipality must ensure that all payments are made within 30 days of receiving the invoice or from the invoice date.

The Accounting Officer has the powers to delay payments beyond 30 days on negotiation with the supplier with a reasonable motive to challenges that result in failure to pay within the stipulated period.

Once payment has been made, all payment voucher must be subsequently filed and stored in a secured room and only the delegated official must be in possession of the keys to the room.

4.2 Retentions

The respective Directorates shall submit all requests for payment complete, properly certified, approved in line with the delegation of authority, supply chain policy & MFMA and accompanied by the relevant invoices, completion certificate and other supporting documentation to the Creditors' Office at least 7 days before the payment run date.

Expenditure section must record retention on each payment made to projects that attract retention and maintain a retention register.

The retention for new projects is 10% of the contract value and Upgrading or Maintenance projects attract a 5% retention of the contract value.

At the end of the projects, 50% of the retention value is released and a practical completion certificate is submitted by the contractor with the claim.

Monthly reconciliations of the retention register, and the General Ledger must be prepared and signed off by the CFO as evidence of review.

4.3 Petty Cash Payments

Petty cash vouchers or receipts must be attached on a requisition form and the form must be signed as verification.

Upon Receiving original orders from procurement section, the invoices must be matched to the orders.
When the statement comes it must be matched to the invoices and reconciled.

Only officials duly delegated to authorise quotations and certify invoices for payments may authorise the request for petty cash and authorise the expenditure incurred via a petty cash transaction.

Each Senior Manager is only allowed disbursements from the petty cash not exceeding R250.00, or any other amount that the council may determine from time to time.

No request for petty cash transactions may be lodged for items that is held as inventory in the municipal stores.

A proper register as determined by the Head: Expenditure must be maintained; and

Supplement to the petty cash advance made must be done on a regular basis;

The following documentation must be submitted with supplement to the advances:

All signed schedules and vouchers supported by the relevant invoices and vote allocations; and

A proper reconciliation to match the supplementary amount.

The register must be balanced and reconciled on a weekly basis. The reconciliation must be signed by the employee compiling it, whilst the Section Manager: Expenditure must review and sign it off as correct.

A register of numbered vouchers must be kept by the petty cash clerk;

4.4 Third Party Payments

The salaries office compiles a spreadsheet with all relevant information of each employee and submits it to the Creditors office for allocation of payments.

The spreadsheet is then edited and verified for any errors, then captured on to the system.

4.5 Grant Expenditure

All projects financed through grant should be paid from the allocation. No payments will be allowed in respect of projects to be financed from external grants unless grant funding has been received.

Council may, however, approve payments before any funds have been received but only where funds have already been committed to in writing, by the relevant state department or other institution.

The relevant directorate must obtain approval for bridging finance, as referred to in the above paragraph.

4.6 Capital Expenditure

Spending on capital projects shall be incurred only when—

1(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2) of the MFMA;

(b) the project, including the total cost, has been approved by the council;

(c) the sources of funding have been considered, are available and have not been committed for other purposes.

(2) Before approving a capital project, the council must consider—

(a) the projected cost covering all financial years until the project is operational; and

b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

4.7 Withdrawals from Bank Account

Any withdrawal from a bank account; in the name of the Rustenburg Local Municipality, may only occur in terms of section 11 of the MFMA.

All withdrawals must comply with the Cash & Investment Policy of the Rustenburg Local Municipality and shall be signed or authorised by not fewer than two people as authorised by the Accounting Officer.'

The delegated authority to sign cheques or authorise electronic payments shall be in writing and kept on record and be reviewed regularly by the Accounting Officer. Copies of such letters of authority will be kept by the expenditure department.

4.8 Subsistence & Allowance

The municipality must ensure that when the travelling forms are received the correct vote numbers must be recorded on the documents and the correct amounts are recorded according to the day a person is travelling.

The fuel must be calculated according to the AA rates and every time the fuel price goes up the template must be changed according to the fuel price from the department of energy.

The following must be attached or confirmed upon submitting a S&T claim:

- That there is an attachment for the necessary trip an invitation or course dates or the reason and date for travelling
- The director has signed the form
- If the person sleeps over then the form must be signed by the municipal manager
- If the person is travelling with his private car then he must submit an invoice of the purchase price of the car.

Once signed then it must be taken to the salary department.

4.9 RECONCILLIATIONS

Reconciliation activities should be performed for before any payment is captured to confirm that the payment is for approved purchases and is being billed correctly.

Vendor invoices should be reviewed for accuracy by comparing charges to purchase orders.

Verification of goods and services purchased should be performed before any payment is recorded to confirm that they have been received.

Monthly reconciliations of operating ledgers should be performed to assure accuracy and timeliness of expenses.

5. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE

I before recommendation of a supplier is made to the relevant department, the supply chain unit must ensure that:

a) All supply chain processes are duly followed in order to avoid irregular expenditure;

b) The recommendation of the supplier is directed to the employee with the appropriate level of authority; and
c) The prices, calculations and any taxes are correct in terms of the quotation or tender received;

II. All money owed by the Municipality must be paid within thirty (30) days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
III. Payments will only be made directly to the person or institution to which a contract was awarded and from which the invoice is received for legally rendering the service to the Municipality.
IV. All Unauthorised, Irregular, Fruitless and Wasteful Expenditure will be dealt with in terms of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings promulgated in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003.

6. INTERNAL CONTROLS

This policy should apply across all expenditure related activities and other activities that affect expenditure management activities.

Authority to initiate payments or purchases is outlined in the Delegation of Authority document approved by the Municipal Manager 20th February 2019.

All procedures above are applicable to all municipal officials who may, at any given time, form part of an expenditure process and all payments may only be process once all related procedures are adhered to.

A proof list report run must be performed during the processing of payments to confirm information on the systems agrees to the information on the payment voucher.

A final system cash focus run is performed to verify that the proof list and payment voucher reports are done.
The cash focus reports are then printed for approval by the Expenditure Unit and Section Managers or by the Deputy CFO.
If the accounting officer becomes aware that the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided that the accounting officer has informed the council, the mayor or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.

The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of—
(a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
(b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
(c) the steps that have been taken—
(i) to recover or rectify such expenditure; and
(ii) to prevent a recurrence of such expenditure.

An updated Specimen of signatories together with the Delegations of Authority document must be kept available to all expenditure officials.

The petty cash requisition form details must include the vote to be debited before a cheque is made out for the incurring of the expense. The requisitioned amount should not exceed a maximum amount set by the CFO:

- Every petty cash requisition must be supported by proper supporting documentation such as cash sale slips or receipts etc. Therefore, if cash is advanced without supporting documents it should be based on an advance until the purchase is made and the supporting document is submitted within the prescribed time, e.g. a week.
- Each requisition/expense must be entered onto the petty cash register.

Segregation of duties

The Municipal Manager must implement processes and control procedures that segregate duties among employees and that include effective oversight of activities and transactions.

Officials with access to create purchase orders or enter accounts payable invoices are not allowed access to add or change records on the system, nor approve those purchase orders. A person independent of the purchase order creation must approve the purchase order.

However, users with access to create accounts receivable invoices have retained access to add or change customer records on the system.
Officials who create purchase orders may approve receipt of goods for those purchase orders. However, where a variation to the original purchase order occurs, it must be approved by a person independent of the variation to the order (subject to be a material variation).

Officials who enter or review accounts payable invoices must not approve payment of those invoices, and may not review or enter invoices and also approve invoices within the same user group. A person independent of the invoice review process must approve invoice payments.
The supporting documentation to invoices may only be signed off by authorised delegates who do not have access to create the accounts.
Journals may only be approved by a person independent of the creation of the journal.

7. IMPLEMENTATION AND REVIEW OF POLICY

This policy shall be implemented from the date of approval by Council and shall be reviewed on annual basis to ensure that it is in line with Rustenburg local Municipality's strategic objectives and legislation.

MUNICIPALITY

INVENTORY MANAGEMENT POLICY

INDEX

		Page No.
1.	Definitions	3
2.	Objective	5
3.	Scope	5
4.	Legal Framework	5
5.	Inventory Procedure	7
6.	Inventory Records	11
7.	Reporting	12
8.	Policy Adoption	13

ANNEXURES

Annexure A: Summary of Inventory Procedures	14
Annexure B: Handing Over Certificate	19
Annexure C: Inventory Count Certificate	20
Annexure D: Purchasing Requisition Form	22
Annexure E: Stock Issue Note	23
Annexure F: Bin cards	25

1. DEFINITIONS

1.1 In this Policy, unless the context indicates otherwise, the following definitions are applied:-

"Accounting Officer"	means the Municipal Manager for the Municipality as contemplated in section 60 of the Local Government: Municipal Finance Management Act, 56 of 2003
"CFO"	means the Chief Financial Officer designated in terms of section 80(2) (a) of the Local Government: Municipal Finance Management Act,56 of 2003
''Cost''	shall comprise costs of purchase, costs conversion and other costs incurred in bringing the inventories to their present location and condition
"*Delegated authority*"	means the official who is given the authority for relevant functions in terms of the municipality's written delegations;
‘***'Good received note''***	means a document which is used to acknowledge the receipt of goods in good condition and correct quantities
"***Inventories***"	are assets: In the form of material or supplies to be consumed in the production process, In the form of materials or supplies to be consumed or distributed in the rendering of services Held for sale or distribution in the ordinary course of operations, or In the process of production for sale or distribution

"Logistics & Materials Manager"	shall mean the person appointed as Logistics & Materials Manager under section 4.1 below.
"Municipality"	shall mean the Rustenburg Local Municipality;
"Net Realisable''	Is the estimated selling price in the ordinary course of operations less the estimated costs of completion and estimated costs necessary to make the sale exchange or distribution.
"Obsolete inventory"	means items that have expired, are redundant or damaged;
"Re-order level"	means the level of inventory at which inventory is re-ordered;
"*Requisition form*"	means a written request to the Inventory Supervisor to supply specified inventory;
"Responsible manager"	means the official responsible for the budget of an organizational unit in the municipality, directorate or institution;
"Store"	means a place where inventory is stored and reserved for future use, or a source from which supplies may be drawn;
" Store man"	means the official responsible for the requisition, receipt, issue, recording,safeguarding of inventory and cost-effective and efficient management of inventory.
''Stock issue note''	means a document which is used to authorize the removal or issue of stock items from stores.

2. OBJECTIVE OF THE POLICY

2.1 The policy aims to achieve the following objectives which are to:-

a) Provide guidelines that employees of the Municipality must follow in the management and control of inventory, including safeguarding and disposal of inventory.

b) Procure inventory in line with the established procurement principles contained in the Municipality's Supply Chain Management Policy.

c) Eliminate any potential misuse of inventory and possible theft.

3. SCOPE

3.1 This policy applies to Rustenburg Local Municipality's inventory received by the Storeman and issued to users.

3.2 This policy specifically excludes:

a) Pharmaceutical inventory, livestock and face value forms; and

b) Equipment and other assets not defined as inventory;

4. LEGAL FRAMEWORK

4.1 In terms of the MFMA, the Accounting Officer for a municipality must:

a) Be responsible for the effective, efficient, economical and transparent use of the resources of the municipality as per section 62 (1)(a);

b) Take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and other losses as per section 62(1)(d);

c) Be responsible for the management, including the safeguarding and the maintenance of the assets, and for the management of the liabilities, of the municipality as per section 63 (1)(a) and (b).

4.2 **In terms of the following paragraph of GRAP 12:**

.14 Inventories shall be recognized as an asset if, and only if,

a) it is probable that future economic benefits or service potential associated with the item will flow to the entity ,and

b) the cost of the inventories can be measured reliably

MEASUREMENT AT RECOGNITION

.15 Inventories that qualify for recognition as assets shall initially be measured at cost

.16 Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition

MEASUREMENT AFTER RECOGNITION

.17 Inventories shall be measured at the lower of cost and net realization value, except where paragraph .18 applies

.18 Inventories shall be measures at the lower of cost and current replacement cost where they are held for:

a) distribution at no charge or for a nominal charge ,or

b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

RECOGNITION AS AN EXPENSE

.44 When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed, or related service is rendered. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write –down of inventories ,arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

.45 Some inventories may be allocated to other assets accounts, for example, inventory used as a component of self-constructed property, plant or equipment. Inventories allocated to other assets in this way are recognized as an expense during the useful life of that asset

5 INVENTORY PROCEDURES

5.1 The procedures for inventory must be followed to ensure that:

a) Inventory is safeguarded at all times;

b) There are accurate records of quantities on hand at all times;

c) Optimum inventory levels are maintained to meet the needs of users;

d) Only authorised issues of inventory are made to users; and

e) Items placed in store are secured and only used for the purpose for which they were purchased.

5.2 Appointment of Responsible Officials

5.2.1 The CFO must appoint, in writing, officials to perform the duties of a Storeman in terms of this Policy.

5.2.2 Adequate segregation of duties between the requisition, receipt, recording, storage and safekeeping of inventory and the management and control thereof must be maintained to avoid the potential occurrence of errors and fraud.

5.3 Ordering of Inventory

5.3.1 Each department must set its own Inventory reorder levels for all items in consultation with the CFO, the inventory levels must indicate the minimum and maximum inventory that can be maintained.

5.3.2 Due diligence and care shall be exercised in identifying low value and high value items of inventory

5.3.3 Minimum inventory level of high value items shall be ordered, any maximum order shall be based on specific requirement/need in order to avoid large amount of cash tied up on inventory.

5.3.4 A reorder listing should be printed by Storeman and reviewed weekly by the Logistics Manager

5.3.5 The Storeman must use the listing as a primary source of information to complete the purchasing requisition form, attached hereto as Annexure C.

5.3.6 The purchasing requisition form must be completed in duplicate, with one copy kept in the requisition book and an original copy forwarded to the procurement section.

5.3.7 A copy of the purchase order form will then be forwarded by the procurement department to the receiving department, for the receiving storeman to match with goods delivery note once goods are delivered.

5.3.8 Orders must thereafter be filed in date sequence.

5.3.9 This file must form the basis for follow up of orders and for matching goods that are delivered to inventory department.

5.3.10 The orders file should be reviewed weekly by the Logistics Manager and any orders, which have not been delivered as per the agreement with the buyer, must be followed up immediately.

5.4 Receipt of Inventory

5.4.1 The quantity and quality of the inventory received from suppliers must be according to specifications and information on the order form.

5.4.2 The Storeman must compare the delivery note to the purchase order before accepting the goods.

5.4.3 The invoice or delivery note must match the supplier name and order number.

5.4.4 The Storeman must prepare the Goods Received Note to record all the inventory items ordered and in good condition

5.4.5 The Storeman must ensure that:

a) All delivery notes are signed by him/her and the driver

b) All incorrect delivery items are rejected and clearly identified on both copies of the delivery note; and

c) The supplier signs all amendments

5.4.6 The inventory received must be transferred to the secured store by the general worker with the signed Goods Received Note,

5.4.7 The inventories must be stored in their respective sections once they have been received as detailed in 5.5

5.4.7 The inventory record/register/database or system must be updated on the day the goods are received, by the stores Clerk

5.5 Storage of Inventory

5.5.1 Inventory must be stored in a secured, exclusive use area, under lock and key, furthermore the inventory must be insured in terms of the Risk Management Policy of the municipality.

5.5.2 The area must be used exclusively for the storage of inventory, with limited authorised access only.

5.5.3 Inventory must be positioned to facilitate efficient handling and checking.

5.5.4 All items must be stored separately, with proper segregation.

5.5.5 Inventory must be clearly labeled for easy identification. Inventory tag/bin cards or inventory labels may be used to identify each item and to aid in the physical verification of the items.

Details on bin cards should include the following:

a) Order number;
b) Quantity received;
c) Date of receipt;
d) Quantity issued;
e) Date of issue;
f) Maximum stock level;
g) Re-order level;
h) Re-order quantity;
i) Closing stock; and
j) Any other relevant information.

5.5.6 Where possible, all items of the same type and reference must be stored together as per the description on the inventory records.

5.5.7 Items with limited shelf life must be rotated on a first in first out basis, in accordance with paragraph .35 of GRAP, to reduce the occurrence of expired or obsolete stocks.

5.5.8 Due diligence and care must be exercised to prevent damage of, or deterioration of inventory.

5.5.9 Due regard must be given to any safety standards which may apply to the storage of certain inventories.

5.5.10 Steps must be taken to ensure safe custody of items, including precautions against loss or theft.

5.5.11 The Storeman or Delegated Official responsible for the custody and care of inventory must ensure that in his/her absence, such items, where applicable, are securely stored.

5.5.12 The responsibility for the custody of the storeroom keys must be allocated by the delegated authority to an official who is accountable for its use.

5.5.13 No unauthorised persons/officials shall obtain entry to premises, buildings or containers where inventory is kept, unless accompanied by the responsible official.

5.5.14 Whenever a change in the Storeman occurs, an inventory count must be conducted.

5.5.15 An independent official shall be nominated in writing by the delegated authority to assist the official handing and taking over with the checking of the inventory and any discrepancies.

5.5.16 Should the above not be complied with, the official taking over shall be liable for any discrepancies.

5.5.17 A handing-over certificate, attached here to as Annexure A, must be completed by the handing and taking over officials and a copy retained for record purposes.

5.5.18 The following fire protection precautions must be adhered to:

a) Inventories of an inflammable or dangerous nature shall be stored and handled in such a manner that persons or property are not endangered and in compliance with the requirements of any local authority;

b) The area must be clearly signposted; and

c) Fire extinguishing equipment must be placed in the area where inventories are held and must be serviced regularly.

5.6 Issue of Inventory

5.6.1 Only the Storeman is authorised to issue inventory from the storeroom.

5.6.2 Inventory must only be issued in terms of the approved requisition form of the Municipality.

5.6.3 All requisition forms must be ruled off immediately below the last item to prevent items being added once the requisition is authorised by the responsibility manager.

5.6.4 The Storeman must prepare the Stock Issue Note once stock items to be issued have been picked up from the shelves

5.6.5 The official receiving the inventory must acknowledge the receipt of stock items requested, by signing the Stock Issue Note prepared by the Storeman.

5.6.6 Inventories must be issued and used for official purposes only.

5.7 Obsolete inventory

5.7.1 The preparatory work for the disposal of obsolete inventory must be undertaken by the Storeman and verified by the Logistics Manager.

5.7.2 The Accounting Officer or delegated authority must convene a Disposal Committee for the disposal of obsolete inventory.

5.7.3 The Disposal Committee should consist of at least three officials, one of whom must act as the chairperson.

5.7.4 The delegated authority may approve the write-off of inventory, if satisfied that: -

a) The inventory has expired and is redundant;

b) The inventory is of a specialised nature and has become outdated due to the introduction of upgraded and more effective products;

c) The inventory cannot be used for the purpose for which it was originally intended; or

d) The inventory has been damaged and is rendered useless.

5.7.5 All disposed of items must be updated in the inventory records/register/database for the purposes of proper management and control.

5.8 Inventory count

5.8.1 Items may be subject to an inventory count on a monthly basis.

5.8.2 Where the quantity of inventory is too large for the count to be completed on a single occasion, inventory counts may be carried out on a rotational basis with a full inventory count at the end of each financial year.

5.8.3 All approved Municipal procedures and processes must be complied with during the inventory count.

5.8.4 The Storeman must document in *Annexure B* and report to the CFO after investigating any discrepancies between the inventory records/register/database, bin/tag cards or inventory labels and the physical inventory.

5.8.5 The CFO must submit a report with the findings to the Accounting Officer, in order to have the matter reported to the Executive Committee of the Municipality for the write-off of any inventories losses, or the write –up of surpluses.

5.8.6 The appropriate disciplinary action must be instituted when applicable.

5.8.7 The inventory record, register, database or system must be updated accordingly.

6 INVENTORY RECORDS

6.1. An inventory record/register/database must be maintained for all inventory items, either manually and / or electronically.

6.2 All relevant information must be included for the proper management and control of all inventory items. It is recommended that details include but are not limited to:

a) Order number/date;

b) Item description;

c) Quantity and value of stock on hand;

d) Quantity and value of stock received;

e) Quantity and value of stock issued;
f) Re-order level;
g) Optimum inventory level;
h) Quantity and value of obsolete stock; and
i) Opening/closing balance.

6.3 An inventory register/database must be printed monthly and the hard copy filed in a chronological order to maintain a proper audit trail.

7. REPORTING

7.1 A report must be submitted at least quarterly to the Chief Financial Officer and/or the Responsibility Manager detailing the following:

a) Any inventory shortages or surpluses and the reasons for such;
b) Any inventory deficits proposed to be written-off; and
c) Any obsolete inventory items.

7.2 Inventories purchased during the financial year must be disclosed at cost in the disclosure notes of the Annual Financial Statements of the Municipality.

7.3 In terms of GRAP the financial statements shall disclose:

a) the accounting policies adopted in measuring inventories, including the cost formula used,
b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity,
c) the carrying amount of inventories carried at fair value less costs to sell,
d) the amount of inventories recognized as an expense during the period,
e) the amount of any write-down of inventories recognized as an expense in the period in accordance with paragraph .43,
f) the amount of any reversal of any write-down that is recognized as a reduction in the amount of inventories recognized as an expense in the period in accordance with paragraph .43,
g) the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph .43,and
h) the carrying amount of inventories pledged as security for liabilities.

8 POLICY ADOPTION

This policy has been considered and approved by the Council of **Rustenburg Local Municipality** on this day…… of …… 2014

ANNEXURE A:

PROCEDURES FOR ORDERING, RECEIPT, MAINTENANCE, ISSUING AND DISPOSAL OF STOCK

NO.	PROCEDURE	FREQUENCY
1.	**Ordering of Stores:**	
1.1	Stores reorder levels must be set for all items by the CFO which will be as follows: • Reorder Level • Maximum Level • Minimum Level	On-going

NO.	PROCEDURE	FREQUENCY
	• Emergency Level	
1.2	A reorder listing should be printed weekly and reviewed by the Logistics & Materials Manager before the requisition is filled in.	On-going
1.3	The Storeman: • Must use the listing as a primary source of information to complete the purchase requisition; and • Physical inspection of stock on shelves shall be conducted before the requisition is filled in • Should also consult the Water Technical Departments about inventory required for planned maintenance.	On-going On going
1.4	The purchase requisition must be completed in duplicate, with one copy kept in the requisition book and an original copy forwarded to the buying section.	On going
1.5	A copy of the purchase order form will then be forwarded by the buying section to the stores section.	On going
1.6	The order must be matched to the requisition copy to verify that the correct quantities and correct items have been ordered.	On going
1.7	Orders must thereafter be filed in date sequence.	On going On going
1.8	This file must form the basis for follow up of orders and for matching goods that are delivered to stores	
1.9	The orders file should be reviewed weekly by the Logistics & Materials Manager and any orders, which have not been delivered as per the agreement with the buyer, must be followed up immediately.	
2.	**Receipt of Stock:**	
2.1	Goods will be delivered to the receiving area where the documentation will be recorded and then forwarded to the Storeman.	On going
2.2	The receiving official must match the delivery note to the	On going

NO.	PROCEDURE	FREQUENCY
	purchase order, and fill out a pre-numbered goods received slip.	
2.3	The Stores Controller / Store-man must compare the delivery note to the relevant order before accepting the goods.	On going
2.4	The goods received Slip must be signed by the Stores Controller / Store-man as proof of acceptance of the goods.	On going
2.5	A computerised Goods Received Note or Stores Issue Requisition which reflects full particulars of receipts and issues must be maintained by the Stores Controller / Store-man and updated immediately when goods are received or issued.	On going
2.6	Goods that are unused after the completion of the work or the fulfillment of the purpose for which they were issued, must be returned to the store and must be included in stock.	Periodically
2.7	Goods Returned Note shall be filled in if stock is returned by the department to the warehouse. The Goods Returned Note shall be prepared by the Responsible Official and signed by the Responsible Manager	Periodically
2.8	The Storeman shall acknowledge the receipt of goods from the department by signing the Goods Returned Note	Periodically
3.	**Maintenance of Stores:**	
3.1.	Inventory and equipment belonging to the Council must be clearly marked/ bar-coded as such, to indicate ownership.	On going
3.2	Inventory belonging to the Council shall be kept in a place approved of by the CFO, subject to the conditions he or she determines.	On going
3.3	No section shall carry inventory in excess of its normal requirements, as may be determined by the CFO.	On going
3.4	The CFO shall ensure that at least once every financial year, stock-taking of all stores of the Council takes place as follows:	Annually
3.4.1	The financial year-end stock take will take place on the last	

NO.	PROCEDURE	FREQUENCY
	day of the financial year or as close to that date as possible.	
3.4.2	All Heads of Sections and the Council's external auditors must be notified of the date of the annual year end stock take.	Annually
3.4.3	Stores must be closed at noon the day before stock take. A notice to this effect must be prominently displayed on the stores notice board.	Annually
3.4.4	In the case of an emergency, stock items may only be issued on the explicit authority of the Logistics & Materials Manager.	Annually
3.4.5	Prior to stock take, the Logistics & Materials Manager must ensure that all transactions up to the date of stock take, have been recorded. All goods received notes, requisition issues and goods returned notes should be captured onto the stores computer system.	Annually
3.4.6	An official delegated the responsibility, shall make available stock take listing sheets to auditors for recording the physical count figures.	Annually
3.4.7	Stock items must be counted in an orderly fashion from one end to the other, using the two count method by a store-man and by persons not dealing with stock on a regular basis.	Annually
3.4.8	Stock that has been drawn for use at a later date should be included in the stock-count and not expensed. Consumables should also be included in the stock-count and not expensed.	Annually
3.4.9	After each item is counted, they must be marked with a sticker to indicate that they have been counted.	Annually
3.4.10	After each item is counted, the total must be entered onto the stock sheets.	Annually
3.4.11	Stock sheets must be signed by counters and checkers.	Annually
3.4.12	On completion of the count, all stock sheets must be handed to the Logistics & Materials Manager.	Annually
3.4.13		

NO.	PROCEDURE	FREQUENCY
3.4.14	Physical count figures will be verified to the computerised listing. The Stock Controller should not be involved in any aspect of this verification.	Annually
3.4.15	Should any discrepancies arise, a recount of the product is done, and the requisition entries are re-checked.	Annually
3.5.16	All write-offs of obsolete or damaged stock should be authorised by the CFO.	Annually
3.5.17	The Logistics & Materials Manager shall submit a report stating the quantity and value of any surplus or shortage of stores revealed by the stock-take, together with the possible reasons for this.	Annually
3.6	The CFO shall then report such surpluses and shortfalls to the Council for further steps to be taken, if necessary. A thorough internal control system must be established by the CFO to ensure that when a change of officials responsible for stores and equipment takes place, accountability with regard to losses and deficits can be clearly established.	Annually
4.	**Issue of Stock:**	
4.1	Only the Storemen are authorized to issue goods from the General stores.	On going
4.2	Goods should only be issued in terms of a properly authorised requisition form.	On going
4.3	Specimen signatures of all persons authorized to sign requisitions shall be supplied to the Logistics & Materials Manager.	On going
4.4	If the signature is not of an authorised official, the requisition should be sent back to the respective section.	On going
4.5	The Responsible Manager must verify that the correct vote is entered on the requisition for the type of goods requested and that there is sufficient budget provision against the vote.	On going
4.6	A Stock Issue Note must then be completed in duplicate. Control of the issue book is the responsibility of the	On going

NO.	PROCEDURE	FREQUENCY
	Storeman	
4.7	The Storeman and recipient of goods must agree that the goods requisitioned, agree to the goods drawn from stores, which is consistent with the Stock Issue Note.	On going
4.8	The recipient must sign the issues note/book as evidence that the goods stated on the issue note, have been received.	On going
4.9	Once the stores have been issued, the requisition is captured into the computer system and updated by the data capture clerk.	On going
4.10	The issue note and the requisition must be filed in sequential order.	On going
5.	**Disposal of Goods:**	
5.1	The CFO must furnish the Council with a list of goods to be disposed of, together with the reasons for their disposal.	Periodically
5.2	The goods disposed of in the instance referred to above may only be handed over to the purchaser on full payment of the purchase price, or when other satisfactory arrangements for payment have been made with the CFO.	Periodically
5.3	Stores may be disposed of by public auction provided that the approval of Council is obtained.	Periodically

ANNEXURE B

HANDING-OVER CERTIFICATE

I certify that this is a true statement of inventory as per stock report attached hereto and that inventory has been duly accounted for.

Signature of official handing over inventory: _____
Designation : _____
Date : _____

I certify that this is a true statement of inventory as per stock report attached hereto and that l inventory has been duly accounted for

Signature of official taking over inventory: _____
Designation : _____
Date : _____

ANNEXURE C

Reference: _____

Enquiries: _____

Date: _____

FINANCIAL DEPARTMENT

Attention: Chief Financial Officer

QUARTERLY INVENTORY COUNT FOR THE PERIOD: _____

This is to certify that the quarterly inventory count has been undertaken from store number .....to.....for .....items.
(Number)

The under-mentioned discrepancies were found:

1. SURPLUS INVENTORY

	DESCRIPTION OF ITEM	**QUANTITY**	**VALUE**
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

The following factors gave rise to the surplus items:

_____

_____

_____

_____

ANNEXURE C (CONT.)

2. DEFICIT INVENTORY

	DESCRIPTION OF ITEM	QUANTITY	VALUE
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Total value of issues for the period under review R _____

The following factors gave rise to the deficit items:

_____

_____

_____

_____

We certify that an inventory count of items was undertaken by:

1. Name: _____ Rank: _____ Signature: _____
2. Name: _____ Rank: _____ Signature: _____
3. Name: _____ Rank: _____ Signature: _____

_____ _____

HEAD OF DEPARTMENT **DATE**

STOCK REQUISITION FORM

VOTE NO: _____ **ANNEXURE D**

RESPONSIBLE OFFICIAL: _____ CONTACT NO: _____ DEPARTMENT: _____

STOCK ITEM NUMBER	STOCK DESCRIPTION	QUANTITY REQUESTED	PRICE PER UNIT	TOTAL
TOTAL VALUE OF STOCK REQUESTED				0.00

APPROVED BY

DEPARTMENT MANAGER: _____

DATE: _____

SIGNATURE:_____

ANNEXURE E

STOCK ISSUE FORM

VOTE NO _____

REQUESTOR _____ CONTACT NO: _____ DEPARTMENT _____

STOCK ITEM NUMBER	DESCRIPTION	QUANTITY ISSUED	PRICE PER UNIT	TOTAL COST

ISSUED BY : _____ **RECEIVED BY : _____**

DATE : _____ **DATE : _____**

SIGNATURE : _____ **SIGNATURE : _____**

BIN CARDS **ANNEXURE F**

ANNEXURE G

ITEM 41

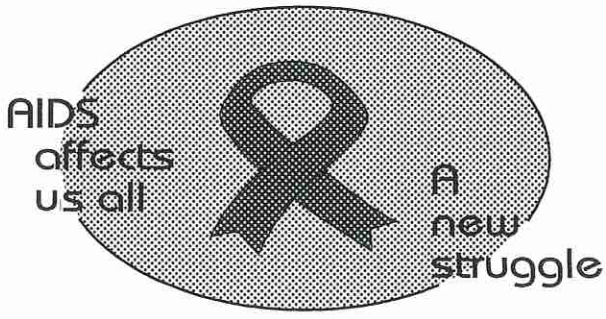
NORTH WEST
NOORDWES

EXTRAORDINARY
PROVINCIAL GAZETTE

BUITENGEWONE
PROVINSIALE KOERANT

Vol. 257 | 10 APRIL 2014 | No. 7265

We all have the power to prevent AIDS



AIDS
HELPLINE
0800 012 322
DEPARTMENT OF HEALTH

Prevention is the cure

N.B. The Government Printing Works will not be held responsible for the quality of "Hard Copies" or "Electronic Files" submitted for publication purposes

9771682453002 07265

IMPORTANT NOTICE

The Government Printing Works will not be held responsible for faxed documents not received due to errors on the fax machine or faxes received which are unclear or incomplete. Please be advised that an "OK" slip, received from a fax machine, will not be accepted as proof that documents were received by the GPW for printing. If documents are faxed to the GPW it will be the sender's responsibility to phone and confirm that the documents were received in good order.

Furthermore the Government Printing Works will also not be held responsible for cancellations and amendments which have not been done on original documents received from clients.

CONTENTS • INHOUD

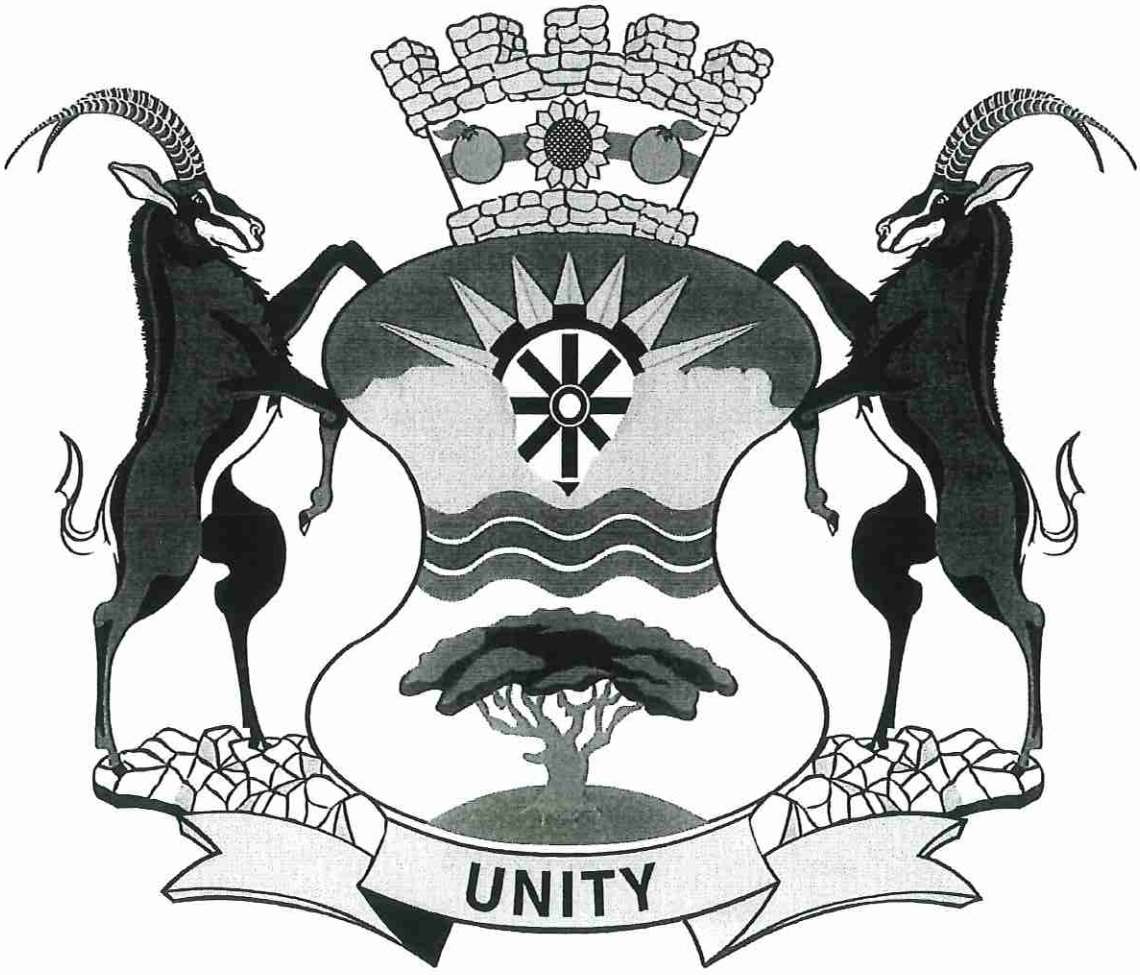
No.		*Page No.*	*Gazette No.*
	LOCAL AUTHORITY NOTICES		
39	Local Government: Municipal Systems Act (32/2000): Rustenburg Local Municipality: Tariff By-law	3	7265
40	do.: do.: Property Rates By-law	14	7265
41	do.: do.: Credit Control and Debt Collection By-law	25	7265

BUITENGEWONE PROVINSIALE KOERANT, 10 APRIL 2014 No. 7265 3

LOCAL AUTHORITY NOTICES

LOCAL AUTHORITY NOTICE 39

RUSTENBURG LOCAL MUNICIPALITY



TARIFF BY-LAW

(As approved by Council on 25 February 2014, Item number 12)

This gazette is also available free online at www.gpwonline.co.za

PREAMBLE

(1) In terms of the provisions of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), and section 75A(1) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), the Rustenburg Local Municipality (hereinafter referred to as "the Municipality"), is entitled to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality.

(2) In terms of the provisions of section 74(1) of the Systems Act and the provisions of section 62(1)(f)(i) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA"), the Municipality has adopted a Tariff Policy on the levying of fees, charges or tariffs on municipal services provided by the Municipality itself or by way of service delivery agreements.

(3) This Tariff Policy adopted by the Municipality reflects the principles referred to in terms of the provisions of section 74(2) of the Systems Act and addresses the matter referred to in terms of the provisions of section 74(3) of the same Act, as well as a schedule containing the municipal tariffs of the Municipality pertaining to the municipal services as set out in the Tariff Policy (also referred to as the "Tariff Schedule").

(4) The municipal tariffs as set out in the Tariff Schedule of municipal tariffs annexed to the tariff policy must undergo annual revision and must be tabled together with the Multi-Year Annual Tabled Budget to the council of the Municipality for consideration and approval thereof, subject to public participation and comments obtained annually before the 31st of March of each year in terms of the provisions of section 17(3)(a)(ii) read with the provisions of section 22 of the MFMA.

(5) The adopted municipal tariffs apply to the Multi-Year Annual Budget in respect of a specific year during which the income is based on such adopted

This gazette is also available free online at www.gpwonline.co.za

municipal tariffs, read with the general tariff principles contained in the tariff policy.

(7) The Municipality adopted a Tariff Policy and a Tariff Schedule as referred to above and this by-law is adopted by the Municipality in terms of the provisions of section 75(1) of the Systems Act in order to give effect to the implementation and enforcement of the Tariff Policy.

This gazette is also available free online at www.gpwonline.co.za

RUSTENBURG LOCAL MUNICIPALITY

TARIFF BY-LAW

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	5
2.	THE TARIFF POLICY ADOPTED BY THE MUNICIPALITY	5
3.	OBJECTIVE OF THE BY-LAW	5
4.	TITLE AND APPLICATION OF THE BY-LAW	6
5.	RESPONSIBLE AUTHORITY	6
6.	COMMENCEMENT AND VALIDITY	6
7.	ENFORCEMENT AND COMPLIANCE WITH THIS BY-LAW	6
8.	POWERS OF THE MUNICIPALITY IN TERMS OF THE SYSTEMS ACT OR THIS BY-LAW	6
9.	OBSERVING FUNDAMENTAL RIGHTS	7
10.	NON LIABILITY OF THE MUNICIPALITY	7
11.	CODE OF ETHICS	8
12.	AUTHENTICATION OF DOCUMENTS	8
13.	PRIMA FACIE EVIDENCE	8
14.	PROVISION OF INFORMATION	9
15.	FALSE STATEMENTS OR INFORMATION	9
16.	OFFENCES	9
17.	PENALTY	10
18.	AVAILABILITY OF THE BY-LAW	11

This gazette is also available free online at www.gpwonline.co.za

CONTENTS

1. DEFINITIONS

The words and expressions used in this by-law shall have the respective meanings assigned to them in the Tariff Policy of the Municipality, and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the Systems Act will have the meaning assigned thereto by the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this by-law.

2. THE TARIFF POLICY ADOPTED BY THE MUNICIPALITY

This Municipality has prepared and adopted a policy, known as the Tariff Policy of the Municipality (also referred to as "the policy"), as contemplated in terms of the provisions of section 74(1) of the Systems Act. The policy comprehensively and in detail deals with and regulates the matters as prescribed in the provisions of sections 74(2), 74(3) and 75(2) of the Systems Act and therefore it is not necessary for this by-law to restate and repeat same. Therefore and without repeating the contents of the policy, the contents of the policy are hereby incorporated into this by-law by reference and *mutatis mutandis* assigned the status of a by-law in as far as it is required for its implementation, enforcement and to be given effect to, as referred to in terms of the provisions of section 75(1) of the Systems Act.

3. OBJECTIVE OF THE BY-LAW

The objective of this by-law is to give effect to the implementation and enforcement of the policy of the Municipality as required in terms of the provisions of section 75(1) of the Systems Act.

This gazette is also available free online at www.gpwonline.co.za

4. TITLE AND APPLICATION OF THE BY-LAW

(1) This by-law is known as the Tariff By-Law of the Municipality.

(2) This by-law revokes all previous by-laws, decisions and/or *ad hoc* clauses within any other by-law, regarding the subject matter of this by-law.

5. RESPONSIBLE AUTHORITY

The responsible authority for the adoption, publication and implementation of this by-law is the Municipality and where applicable the municipal council of the Municipality.

6. COMMENCEMENT AND VALIDITY

This by-law shall come into full force and effect upon publication hereof in accordance with the provisions of section 13 of the Systems Act.

7 ENFORCEMENT AND COMPLIANCE WITH THIS BY-LAW

The Municipality shall enforce compliance with this by-law.

8 POWERS OF THE MUNICIPALITY IN TERMS OF THE SYSTEMS ACT OR THIS BY-LAW

Where the Municipality executes any actions or conducts functions in terms of this by-law the Municipality may in addition to any rights and powers given to the Municipality in terms of the Systems Act or this by-law:

(1) access any premises and/or execute work on and/or inspect any premises;

This gazette is also available free online at www.gpwonline.co.za

(2) question a person present on any premises in respect of any matter which may be relevant to the work or inspection;

(3) question a person whom the Municipality believes may have information relevant to the work or inspection;

(4) inspect any document that a person is required to maintain in terms of any law or may be relevant to any work or inspection;

(5) copy any document referred to in sub-section (4) above, or if necessary remove the document in order to copy it;

(6) take photos or make audio-visual recordings of anything or any person, process, action or condition on or regarding any premises;

(7) do whatsoever is necessary for the execution of work or the conducting of an inspection including removing any object or item from the premises, such as to enable the Municipality to do what is required to give effect to and/or enforce the provisions of this by-law.

9 OBSERVING FUNDAMENTAL RIGHTS

The Municipality must, when exercising any right in terms of this by-law, do so with strict regard for decency and orderliness and with regard for each person's human rights including the right to dignity, freedom, security and privacy.

10 NON LIABILITY OF THE MUNICIPALITY

This gazette is also available free online at www.gpwonline.co.za

Neither the Municipality nor any employee, official, person, body, organisation or corporation acting on behalf of the Municipality shall be liable for any loss or damages of whatsoever nature howsoever arising whether, direct or consequential, suffered or sustained by any person as a result of or arising from the Municipality enforcing, imposing, giving effect to or taking any act or omission in respect of any matter in terms of this by-law.

11 CODE OF ETHICS

(1) All the officials of the Municipality shall embrace the spirit of Batho Pele and treat all rate payers, owners, consumers, customers and debtors with dignity and respect at all times.

(2) Employees of the Municipality shall execute their duties in terms of this policy in an honest and transparent manner whilst protecting the confidentiality of information of rate payers, owners, consumers, customers and debtors in accordance with the provisions of the Promotion of Access to Information Act, Act 2 of 2000.

12 AUTHENTICATION OF DOCUMENTS

Any document requiring authentication by the Municipality shall be sufficiently authenticated if signed by the Municipal Manager, or by a person duly authorised to do so, on behalf of the Municipality, by resolution of the Municipality and shall constitute *prime facie* proof of the authenticity, existence and contents of the document.

13 PRIMA FACIE EVIDENCE

This gazette is also available free online at www.gpwonline.co.za

In legal proceedings by, or on behalf of the Municipality, a certificate reflecting any information required in terms of this by-law included in such a certificate and which is signed by the Municipal Manager, or by a person dully authorised to do so, on behalf of the Municipality, by resolution of the Municipality, shall subject to the provisions of section 3 of the Law of Evidence Amendment Act, Act 45 of 1988, upon its mere production constitute *prima facie* evidence of the contents of the certificate.

14 PROVISION OF INFORMATION

A rate payer, owner, consumer, customer and debtor or person within the municipal area the Municipality must provide the Municipality with accurate information requested by the Municipality that is reasonably required by the Municipality for the implementation or enforcement of this by-law.

15 FALSE STATEMENTS OR INFORMATION

No person shall make a false statement or furnish false information to the Municipality or falsify a document issued in terms of this by-law.

16 OFFENCES

(1) It is an offence for any person to:

(a) unlawfully and intentionally or negligently interfere with any actions taken by the Municipality in terms of this by-law;

(b) contravene or fail to comply with any provision of this by-law in as much as this by-law places an obligation or duty on such a person to comply with this by-law;

(c) contravene or fail to comply with a condition or prohibition imposed in terms of this by-law;

This gazette is also available free online at www.gpwonline.co.za

(d) contravene or fail to comply with any conditions imposed upon the granting of any application, consent, approval, concession, exemption, rebate or authority in terms of this by-law;

(e) fail to provide information or provide false or misleading information reasonably requested by the Municipality;

(f) fail or refuse to give access required by the Municipality in terms of the provision of this by-law;

(g) fail to comply with the terms of a notice served upon him/her in terms of this by-law;

(h) fail or refuse to provide the Municipality with a document or information that the Municipality is entitled to in terms of this by-law;

(i) disclose any information relating to the financial or business affairs of any person which information was acquired in the performance of any function or exercise of any power in terms of this by-law;

(j) fail to comply with any lawful instruction given in terms of this by-law; or

(k) obstruct or hinder the Municipality in the execution of the Municipality's duties under this by-law.

(2) Any alleged offence committed in terms of sub-section (1) above, may be referred to the South African Police Services by the Municipality for investigation with a view to possible prosecution.

17 PENALTY

A person who contravenes or fail to comply with a provision of this by-law, or commit an offence as set out in this by-law shall be liable on conviction to a fine or imprisonment, or in the case of any continued offence to a further fine or imprisonment for every day during the continuance of such offence.

This gazette is also available free online at www.gpwonline.co.za

18 AVAILABILITY OF BY-LAW

A copy of this by-law shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the Systems Act and a copy of this by-law shall be available for inspection at the offices of the Municipality at all reasonable times and shall also be available from the Municipality against payment of an amount as determined by the Council.

This gazette is also available free online at www.gpwonline.co.za

LOCAL AUTHORITY NOTICE 40

RUSTENBURG LOCAL MUNICIPALITY

PROPERTY RATES BY-LAW

(As approved by Council on 25 February 2014, Item number 12)

PREAMBLE

(1) The Constitution of the Republic of South Africa, 1996 (hereafter referred to as "the constitution), and the Local Government: Municipal Property Rates Act, Act 6 of 2004 (hereinafter referred to as "the MPRA"), empowers the Rustenburg Local Municipality (hereinafter referred to as "the Municipality") to impose rates on property.

(2) In terms of section 4(1)(c) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereafter "the Systems Act"), the Municipality may, inter alia, levy rates on property to finance operational expenditure of the Municipality.

(3) In terms of section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, the Municipal Manager of the Municipality, appointed in terms of section 54A of Systems Act must, in his capacity as the accounting officer of the Municipality, ensure that the Municipality has and implements a rates policy and further gives effect to such policy by adopting a by-law in terms of the provisions of section 6(1) of the MPRA.

(4) The Municipality has adopted a rates policy and accordingly this by-law is adopted in order to give effect to the implementation of the Rates Policy of the Municipality as envisaged in terms of the provisions of section 6(1) of the MPRA.

This gazette is also available free online at www.gpwonline.co.za

THE RUSTENBURG LOCAL MUNICIPALITY:

RATES BY-LAW

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	5
2.	THE RATES POLICY ADOPTED BY THE MUNICIPALITY	5
3.	OBJECTIVE OF THE BY-LAW	5
4.	TITLE AND APPLICATION OF THE BY-LAW	6
5.	RESPONSIBLE AUTHORITY	6
6.	COMMENCEMENT AND VALIDITY	6
7.	ENFORCEMENT AND COMPLIANCE WITH THIS BY-LAW	6
8.	POWERS OF THE MUNICIPALITY IN TERMS OF THE MPRA OR THIS BY-LAW	6
9.	OBSERVING FUNDAMENTAL RIGHTS	8
10.	NON LIABILITY OF THE MUNICIPALITY	8
11.	CODE OF ETHICS	8
12.	AUTHENTICATION OF DOCUMENTS	9
13.	PRIMA FACIE EVIDENCE	9
14.	PROVISION OF INFORMATION	10
15.	FALSE STATEMENTS OR INFORMATION	10
16.	OFFENCES	10
17.	PENALTY	11
18.	AVAILABILITY OF THE BY-LAW	12

This gazette is also available free online at www.gpwonline.co.za

CONTENTS

1. DEFINITIONS

The words and expressions used in this by-law shall have the respective meanings assigned to them in the Rates Policy of the Municipality, and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MPRA will have the meaning assigned thereto by the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this by-law.

2. THE RATES POLICY ADOPTED BY THE MUNICIPALITY

This Municipality has prepared and adopted a policy, known as the Rates Policy of the Municipality (also referred to as "the policy"), as contemplated in terms of the provisions of section 3(1) of the MPRA. The policy comprehensively and in detail deals with and regulates the matters as prescribed in the provisions of sections 3(3), 3(4), 3(5) and 6(2) of the MPRA and therefore it is not necessary for this by-law to restate and repeat same. Therefore and without repeating the contents of the policy, the contents of the policy are hereby incorporated into this by-law by reference and *mutatis mutandis* assigned the status of a by-law in as far as it is required for its implementation, enforcement and to be given effect to, as referred to in terms of the provisions of section 6(1) of the MPRA.

3. OBJECTIVE OF THE BY-LAW

This gazette is also available free online at www.gpwonline.co.za

The objective of this by-law is to give effect to the implementation and enforcement of the policy of the Municipality as required in terms of the provisions of section 6(1) of the MPRA.

4. TITLE AND APPLICATIONOF THE BY-LAW

(1) This by-law is known as the Rates By-Law of the Municipality.

(2) This by-law revokes all previous by-laws, decisions and/or *ad hoc* clauses within any other by-law, regarding the subject matter of this by-law.

5. RESPONSIBLE AUTHORITY

The responsible authority for the adoption, publication and implementation of this by-law is the Municipality and where applicable the municipal council of the Municipality.

6. COMMENCEMENT AND VALIDITY

This by-law shall come into full force and effect upon publication hereof in accordance with the provisions of section 13 of the Systems Act.

7. ENFORCEMENT AND COMPLIANCE WITH THIS BY-LAW

The Municipality shall enforce compliance with this by-law.

8. POWERS OF THE MUNICIPALITY IN TERMS OF THE MPRA OR THIS BY-LAW

This gazette is also available free online at www.gpwonline.co.za

(1) Where the Municipality executes any actions or conducts any inspection in terms of this by-law the Municipality may in addition to any rights and powers given to the Municipality in terms of the MPRA or this by-law:

(a) access any premises and/or execute work on and/or inspect any premises;

(b) question a person present on any premises in respect of any matter which may be relevant to the work or inspection;

(c) question a person whom the Municipality believes may have information relevant to the work or inspection;

(d) inspect any document that a person is required to maintain in terms of any law or may be relevant to any work or inspection;

(e) copy any document referred to in sub-section (d) above, or if necessary remove the document in order to copy it;

(f) take samples of any substance that is relevant to the work or inspection;

(g) monitor and take readings or make measurements;

(h) take photos or make audio-visual recordings of anything or any person, process, action or condition on or regarding any premises;

(i) do whatsoever is necessary for the execution of work or the conducting of an inspection including removing any object or item from the premises, such as to enable the Municipality to do what is required to give effect to and/or enforce the provisions of this by-law;

(j) remove or rectify any unlawful connection, works, material, acts or behaviour.

This gazette is also available free online at www.gpwonline.co.za

(2) Where the Municipality removes anything other than a substance referred to in sub-section (1)(f) above, from premises being worked upon or inspected must:

(a) issue a receipt for anything removed from the premises to the owner or any person in control of the premises;

(b) return the object removed as soon as practically possible after achieving the purpose for which it was removed.

9. OBSERVING FUNDAMENTAL RIGHTS

The Municipality must, when exercising any right in terms of this by-law, do so with strict regard for decency and orderliness and with regard for each person's human rights including the right to dignity, freedom, security and privacy.

10. NON LIABILITY OF THE MUNICIPALITY

Neither the Municipality nor any employee, official, person, body, organisation or corporation acting on behalf of the Municipality shall be liable for any loss or damages of whatsoever nature howsoever arising whether, direct or consequential, suffered or sustained by any person as a result of, or arising from the Municipality enforcing, imposing, giving effect to or taking any act or omission in respect of any matter in terms of this this by-law.

11. CODE OF ETHICS

This gazette is also available free online at www.gpwonline.co.za

(1) All the officials of the Municipality shall embrace the spirit of Batho Pele and treat all rate payers, owners, consumers, customers and debtors with dignity and respect at all times.

(2) Employees of the Municipality shall execute their duties in terms of this policy in an honest and transparent manner whilst protecting the confidentiality of information of rate payers, owners, consumers, customers and debtors in accordance with the provisions of the Promotion of Access to Information Act, Act 2 of 2000.

12. AUTHENTICATION OF DOCUMENTS

Any document requiring authentication by the Municipality shall be sufficiently authenticated if signed by the Municipal Manager, or by a person duly authorised to do so, on behalf of the Municipality, by resolution of the Municipality and shall constitute *prime facie* proof of the authenticity, existence and contents of the document.

13. PRIMA FACIE EVIDENCE

In legal proceedings by, or on behalf of the Municipality, a certificate reflecting any information required in terms of this by-law included in such a certificate and which is signed by the Municipal Manager, or by a person dully authorised to do so, on behalf of the Municipality, by resolution of the Municipality, shall subject to the provisions of section 3 of the Law of Evidence Amendment Act, Act 45 of 1988, upon its mere production constitute *prima facie* evidence of the contents of the certificate.

This gazette is also available free online at **www.gpwonline.co.za**

14. PROVISION OF INFORMATION

A rate payer, owner, consumer, customer and debtor or person within the municipal area the Municipality must provide the Municipality with accurate information requested by the Municipality that is reasonably required by the Municipality for the implementation or enforcement of this by-law.

15. FALSE STATEMENTS OR INFORMATION

No person shall make a false statement or furnish false information to the Municipality or falsify a document issued in terms of this by-law.

16. OFFENCES

(1) It is an offence for any person to:

(a) unlawfully and intentionally or negligently interfere with any actions taken by the Municipality in terms of this by-law;

(b) contravene or fail to comply with any provision of this by-law in as much as this by-law places an obligation or duty on such a person to comply with this by-law;

(c) contravene or fail to comply with a condition or prohibition imposed in terms of this by-law;

(d) contravene or fail to comply with any conditions imposed upon the granting of any application, consent, approval, concession, exemption, rebate or authority in terms of this by-law;

This gazette is also available free online at www.gpwonline.co.za

(e) fail to provide information or provide false or misleading information reasonably requested by the Municipality;

(f) fail or refuse to give access required by the Municipality in terms of the provision of this by-law;

(g) fail to comply with the terms of a notice served upon him/her in terms of this by-law;

(h) fail or refuse to provide the Municipality with a document or information that the Municipality is entitled to in terms of this by-law;

(i) disclose any information relating to the financial or business affairs of any person which information was acquired in the performance of any function or exercise of any power in terms of this by-law;

(j) fail to comply with any lawful instruction given in terms of this by-law; or

(k) obstruct or hinder the Municipality in the execution of the Municipality's duties under this by-law.

(2) Any alleged offence committed in terms of sub-section (1) above, may be referred to the South African Police Services by the Municipality for investigation with a view to possible prosecution.

17. PENALTY

A person who contravenes or fail to comply with a provision of this by-law, or commit an offence as set out in this by-law shall be liable on conviction to a fine or imprisonment, or in the case of any continued offence to a further fine or imprisonment for every day during the continuance of such offence.

This gazette is also available free online at www.gpwonline.co.za

18. AVAILABILITY OF BY-LAW

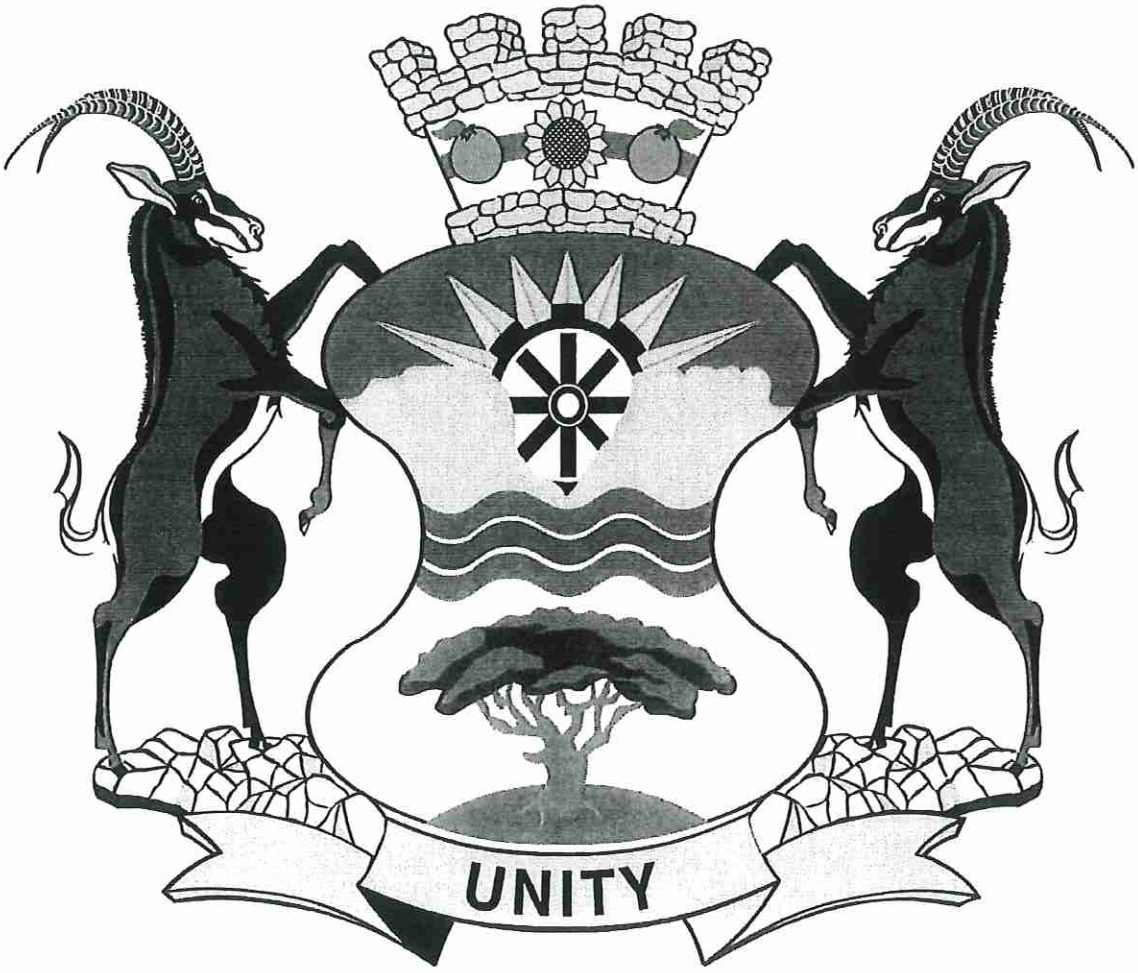
A copy of this by-law shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the Systems Act and a copy of this by-law shall be available for inspection at the offices of the Municipality at all reasonable times and shall also be available from the Municipality against payment of an amount as determined by the Council.

This gazette is also available free online at www.gpwonline.co.za

BUITENGEWONE PROVINSIALE KOERANT, 10 APRIL 2014 No. 7265 25

LOCAL AUTHORITY NOTICE 41

RUSTENBURG LOCAL MUNICIPALITY



CREDIT CONTROL & DEBT COLLECTION BY-LAW

(As approved by Council on 25 February 2014, Item number 12)

This gazette is also available free online at www.gpwonline.co.za

PREAMBLE

(1) In order to comply with and execute the provisions of sections 95, 96 and 97 of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), the Rustenburg Local Municipality (hereinafter referred to as "the Municipality") has adopted a Credit Control & Debt Collection Policy (also hereafter referred to as "the Policy".

(2) In terms of section 62(1)(f)(iii) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, the Municipal Manager of the Municipality, appointed in terms of section 54A of Systems Act must, in his capacity as the accounting officer of the Municipality, ensure that the Municipality has and implements a credit control and debt collection policy and further gives effect to such policy by adopting a by-law in terms of the provisions of section 98(1) of the Systems Act.

(3) In terms of the provisions of section 98(1) of the Systems Act the Municipality must adopt a by-law in order to give effect to the implementation and enforcement of the policy.

(4) Therefore this by-law is adopted in order to give effect to the implementation and enforcement of the policy and to provide for ancillary matters and procedures related to credit control and debt collection.

This gazette is also available free online at www.gpwonline.co.za

BUITENGEWONE PROVINSIALE KOERANT, 10 APRIL 2014 No. 7265 27

THE RUSTENBURG LOCAL MUNICIPALITY:

CREDIT CONTROL & DEBT COLLECTION BY-LAW

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	5
2.	THE CREDIT CONTROL & DEBT COLLECTION POLICY ADOPTED BY THE MUNICIPALITY	5
3.	OBJECTIVE OF THE BY-LAW	5
4.	TITLE AND APPLICATION OF THE BY-LAW	6
5.	RESPONSIBLE AUTHORITY	6
6.	COMMENCEMENT AND VALIDITY	6
7.	ENFORCEMENT AND COMPLIANCE WITH THIS BY-LAW	6
8.	POWERS OF THE MUNICIPALITY IN TERMS OF THE SYSTEMS ACT OR THIS BY-LAW	6
9.	OBSERVING FUNDAMENTAL RIGHTS	8
10.	NON LIABILITY OF THE MUNICIPALITY	8
11.	CODE OF ETHICS	8
12.	AUTHENTICATION OF DOCUMENTS	9
13.	PRIMA FACIE EVIDENCE	9
14.	PROVISION OF INFORMATION	9
15.	FALSE STATEMENTS OR INFORMATION	9
16.	OFFENCES	
17.	PENALTY	
18.	AVAILABILITY OF THE BY-LAW	

This gazette is also available free online at www.gpwonline.co.za

CONTENTS

1. DEFINITIONS

The words and expressions used in this by-law shall have the respective meanings assigned to them in the Credit Control & Debt Collection Policy of the Municipality, and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the Systems Act will have the meaning assigned thereto by the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this by-law.

2. THE CREDIT CONTROL & DEBT COLLECTION POLICY ADOPTED BY THE MUNICIPALITY

This Municipality has prepared and adopted a policy, known as the Credit Control & Debt Collection Policy of the Municipality (also referred to as "the policy"), as contemplated in terms of the provisions of section 96(b) of the Systems Act. The policy comprehensively and in detail deals with and regulates the matters as prescribed in the provisions of sections 97 and 98(2) of the Systems Act and therefore it is not necessary for this by-law to restate and repeat same. Therefore and without repeating the contents of the policy, the contents of the policy are hereby incorporated into this by-law by reference and *mutatis mutandis* assigned the status of a by-law in as far as it is required for its implementation, enforcement and to be given effect to, as referred to in terms of the provisions of section 98(1) of the Systems Act.

3. OBJECTIVE OF THE BY-LAW

The objective of this by-law is to give effect to the implementation and enforcement of the policy of the Municipality as required in terms of the provisions of section 98(1) of the Systems Act.

This gazette is also available free online at www.gpwonline.co.za

4. TITLE AND APPLICATION OF THE BY-LAW

(1) This by-law is known as the Credit Control & Debt Collection By-Law of the Municipality.

(2) This by-law revokes all previous by-laws, decisions and/or *ad hoc* clauses within any other by-law, regarding the subject matter of this by-law.

5. RESPONSIBLE AUTHORITY

The responsible authority for the adoption, publication and implementation of this by-law is the Municipality and where applicable the municipal council of the Municipality.

6. COMMENCEMENT AND VALIDITY

This by-law shall come into full force and effect upon publication hereof in accordance with the provisions of section 13 of the Systems Act.

7 ENFORCEMENT AND COMPLIANCE WITH THIS BY-LAW

The Municipality shall enforce compliance with this by-law.

8 POWERS OF THE MUNICIPALITY IN TERMS OF THE SYSTEMS ACT OR THIS BY-LAW

(1) Where the Municipality executes any actions or conducts functions in terms of this by-law the Municipality may in addition to any rights and powers given to the Municipality in terms of the Systems Act or this by-law:

This gazette is also available free online at www.gpwonline.co.za

(a) access any premises and/or execute work on and/or inspect any premises;

(b) question a person present on any premises in respect of any matter which may be relevant to the work or inspection;

(c) question a person whom the Municipality believes may have information relevant to the work or inspection;

(d) inspect any document that a person is required to maintain in terms of any law or may be relevant to any work or inspection;

(e) copy any document referred to in sub-section (d) above, or if necessary remove the document in order to copy it;

(f) take samples of any substance that is relevant to the work or inspection;

(g) monitor and take readings or make measurements;

(h) take photos or make audio-visual recordings of anything or any person, process, action or condition on or regarding any premises;

(i) do whatsoever is necessary for the execution of work or the conducting of an inspection including removing any object or item from the premises, such as to enable the Municipality to do what is required to give effect to and/or enforce the provisions of this by-law;

(j) remove or rectify any unlawful connection, works, material, acts or behaviour.

(2) Where the Municipality removes anything other than a substance referred to in sub-section (1)(f) above, from premises being worked upon or inspected must:

(a) issue a receipt for anything removed from the premises to the owner or any person in control of the premises;

(b) return the object removed as soon as practically possible after achieving the purpose for which it was removed.

This gazette is also available free online at www.gpwonline.co.za

9 OBSERVING FUNDAMENTAL RIGHTS

The Municipality must, when exercising any right in terms of this by-law, do so with strict regard for decency and orderliness and with regard for each person's human rights including the right to dignity, freedom, security and privacy.

10 NON LIABILITY OF THE MUNICIPALITY

Neither the Municipality nor any employee, official, person, body, organisation or corporation acting on behalf of the Municipality shall be liable for any loss or damages of whatsoever nature howsoever arising whether, direct or consequential, suffered or sustained by any person as a result of or arising from the Municipality enforcing, imposing, giving effect to or taking any act or omission in terms of any matter regarding this by-law.

11 CODE OF ETHICS

(1) All the officials of the Municipality shall embrace the spirit of Batho Pele and treat all rate payers, owners, consumers, customers and debtors with dignity and respect at all times.

(2) Employees of the Municipality shall execute their duties in terms of this policy in an honest and transparent manner whilst protecting the confidentiality of information of owners, consumers, customers and debtors in accordance with the provisions of the Promotion of Access to Information Act, Act 2 of 2000.

12 AUTHENTICATION OF DOCUMENTS

This gazette is also available free online at www.gpwonline.co.za

Any document requiring authentication by the Municipality shall be sufficiently authenticated if signed by the Municipal Manager, or by a person duly authorised to do so, on behalf of the Municipality, by resolution of the Municipality and shall constitute *prime facie* proof of the authenticity, existence and contents of the document.

13 PRIMA FACIE EVIDENCE

In legal proceedings by, or on behalf of the Municipality, a certificate reflecting any information required in terms of this by-law included in such a certificate and which is signed by the Municipal Manager, or by a person dully authorised to do so, on behalf of the Municipality, by resolution of the Municipality, shall subject to the provisions of section 3 of the Law of Evidence Amendment Act, Act 45 of 1988, upon its mere production constitute *prima facie* evidence of the contents of the certificate.

14 PROVISION OF INFORMATION

An owner, consumer, customer and debtor or person within the municipal area the Municipality must provide the Municipality with accurate information requested by the Municipality that is reasonably required by the Municipality for the implementation or enforcement of this by-law.

15 FALSE STATEMENTS OR INFORMATION

No person shall make a false statement or furnish false information to the Municipality or falsify a document issued in terms of this by-law.

16 OFFENCES

This gazette is also available free online at www.gpwonline.co.za

(1) It is an offence for any person to:

(a) unlawfully and intentionally or negligently interfere with any actions taken by the Municipality in terms of this by-law;

(b) contravene or fail to comply with any provision of this by-law in as much as this by-law places an obligation or duty on such a person to comply with this by-law;

(c) contravene or fail to comply with a condition or prohibition imposed in terms of this by-law;

(d) contravene or fail to comply with any conditions imposed upon the granting of any application, consent, approval, concession, exemption, rebate or authority in terms of this by-law;

(e) fail to provide information or provide false or misleading information reasonably requested by the Municipality;

(f) fail or refuse to give access required by the Municipality in terms of the provision of this by-law;

(g) fail to comply with the terms of a notice served upon him/her in terms of this by-law;

(h) fail or refuse to provide the Municipality with a document or information that the Municipality is entitled to in terms of this by-law;

(i) disclose any information relating to the financial or business affairs of any person which information was acquired in the performance of any function or exercise of any power in terms of this by-law;

(j) fail to comply with any lawful instruction given in terms of this by-law; or

(k) obstruct or hinder the Municipality in the execution of the Municipality's duties under this by-law.

(2) Any alleged offence committed in terms of sub-section (1) above, may be referred to the South African Police Services by the Municipality for investigation with a view to possible prosecution.

This gazette is also available free online at www.gpwonline.co.za

17 PENALTY

A person who contravenes or fail to comply with a provision of this by-law, or commit an offence as set out in this by-law shall be liable on conviction to a fine or imprisonment, or in the case of any continued offence to a further fine or imprisonment for every day during the continuance of such offence.

18 AVAILABILITY OF BY-LAW

A copy of this by-law shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the Systems Act and a copy of this by-law shall be available for inspection at the offices of the Municipality at all reasonable times and shall also be available from the Municipality against payment of an amount as determined by the Council.

This gazette is also available free online at www.gpwonline.co.za

NOTICE – CHANGE OF TELEPHONE NUMBERS: GOVERNMENT PRINTING WORKS

As the mandated government security printer, providing world class security products and services, Government Printing Works has adopted some of the highly innovative technologies to best serve its customers and stakeholders. In line with this task, Government Printing Works has implemented a new telephony system to ensure most effective communication and accessibility. As a result of this development, our telephone numbers will change with effect from 3 February 2014, starting with the Pretoria offices.

The new numbers are as follows:

- Switchboard : 012 748 6001/6002
- Advertising : 012 748 6205/6206/6207/6208/6209/6210/6211/6212
- Publications Enquiries : 012 748 6052/6053/6058 GeneralEnquiries@gpw.gov.za

  Maps : 012 748 6061/6065 BookShop@gpw.gov.za

  Debtors : 012 748 6060/6056/6064 PublicationsDebtors@gpw.gov.za

  Subscription : 012 748 6054/6055/6057 Subscriptions@gpw.gov.za
- SCM : 012 748 6380/6373/6218
- Debtors : 012 748 6236/6242
- Creditors : 012 748 6246/6274

Please consult our website at www.gpwonline.co.za for more contact details.

The numbers for our provincial offices in Polokwane, East London and Mmabatho will not change at this stage.

Printed by and obtainable from the Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001.
Tel: 748 6052, 748 6053, 748 6058
Also available at the **North-West Province,** Private Bag X2036, Mmabatho, 8681. Tel. (0140) 81-0121
Gedruk deur en verkrygbaar by die Staatsdrukker, Bosmanstraat, Privaat Sak X85, Pretoria, 0001.
Tel. Tel: 748 6052, 748 6053, 748 6058
Ook verkrygbaar by die **Noordwes-provinsie,** Privaat Sak X2036, Mmabatho, 8681. Tel. (0140) 81-0121

This gazette is also available free online at **www.gpwonline.co.za**

RUSTENBURG LOCAL MUNICIPALITY

DRAFT FRAMEWORK FOR ACCELERATING ECONOMIC EMPOWERMENT AND TRANSFORMATION

Table of Contents

1. INTRODUCTION 3

1.1 Economic Empowerment 3

2. PURPOSE OF THIS FRAMEWORK 4

3. BACKGROUND 4

4. POLICY SUPPORT 5

5. EMPOWERMENT STRATEGIES 6

6. UNBUNDLING STRATEGIES 7

7. SUPPORT TARGET GROUPS 8

8. EPWP CONSTRUCTION CONTRACTOR DEVELOPMENT/INCUBATOR PROGRAMMES 8

9. CPG's AND SUB-CONTRACTING 9

10. JOINT VENTURE AND CONSORTIUM 10

11. Designated Sub-Contracting & Contractor/Supplier Development for Categories/Programmes with monopolistic and/or under-represented Service Providers 10

12. Sectorial Incubation Programmes 11

13. Skilled and unskilled labour (Demarcated within Wards) 11

14. Co-operatives 11

15. Suggested measures to support and grow SMME's in particular Youth, Women, disabled 11

16. AREAS OF IMPROVEMENT 12

17. PARTNERSHIP AGREEMENTS 12

18. WAY FORWARD 12

1. INTRODUCTION

The Constitution of the Republic of South Africa Chapter 7 Clause 152, mandates a municipality (Local Government) interlia to:

a) ensure the provision of services to communities in a sustainable manner;
b) promote social and economic development; and
c) encourage the involvement of communities and community organisations in the matters of local government.

Services can only be sustainably provided if there is a balance of the environmental, social and economic well-being of the communities. It is therefore imperative for the municipality to facilitate and ignite economic development of its communities through policies, supply chain management, job opportunities, infrastructure development and other developmental initiatives.

Clause 153 of the Constitution states that "*the municipality must participate in national and provincial development programmes"*. This includes all programmes including economic empowerment programmes that the National and Provincial Government might initiate. The objective of this clause is to ensure seamless and an integrated approach to social and economic development in the Local Government space. The Municipal Systems Act requirement of an Integrated Development Plan (IDP) further enhances the spirit of developmental integration within the municipal environment. It therefore means the activities of the various spheres of government and state organs should be integrate spatially, economically and the impact or benefits to the community must be understood by all. Ideally, the economic empowerment initiatives by each organ of state must be harmonised with the initiatives of other organs of state.

1.1 Economic Empowerment

Various legislations encourages the municipality directly or impliedly to support, prioritise and grow **black owned SMMEs** particularly those owned by **the Youth, Women, disabled people** and ensure their effective participation in the economic mainstreams. In Rustenburg Local Municipality, a proposed number of developmental initiatives will be undertaken in the 2017/2018 financial year with a key focus on the following initiativel.

Development initiatives;

- Development of sectors of an industry, e.g. Small business, women owned business and local industry development.
- Development of sub-contractors to Prime Contractors.
- Development of management capacity of small businesses
- Local Economic Development
- Job Creation
- Poverty Alleviation
- Community-based developments

In these form/methods SMME's can be brought into the mainstream through Contractor participation Goals (CPG), joint venture, consortiums, EPWP programme and sectorial incubation programmes.

The empowerment initiative must operate within the auspices of;

- Section 217 of the Constitution
- Municipal Finance Management Act
- Preferential Procurement Policy Framework
- Broad-Based Black Economic Empowerment Act
- BEE Codes of Good Practice, Codes of good Practice and Scorecard.

2. PURPOSE OF THIS FRAMEWORK

The purpose of this framework document is to provide guidance to municipal officials and other state organs operating within the Rustenburg Local Municipal environment on how to effectively, fairly and transparently contribute to the economic empowerment of communities through developmental initiatives.

The framework seeks to provide channels of communication and reporting, forms of community economic empowerment, activity integration, ways of accessing opportunities, targeted groups and areas for potential partnerships or joint ventures.

3. BACKGROUND

The level of unemployment in Rustenburg Local Municipality is relatively high with most youth being unemployed. The National and Provincial governments have all highlighted poverty as a challenge that needs to be eradicated through job creation and small business enterprise development. Infrastructure development is one fundamental pillar identified to boost economic growth.

In the past three years, there has been growing concern about lack of tangible economic empowerment of communities within Rustenburg Local Municipality. Of major concern is that residents are not economically benefitting from infrastructure development projects that are being undertaken in their wards.

The municipality has a number of initiatives that seek to create opportunities for the local people and includes EPWP programs. However, these programs have not found their footprint in a structured manner in most infrastructure projects due to lack of knowledge and guidance on how this could be done. This document seeks to provide simplified

guidelines for dealing and ensuring economic empowerment of local communities through projects executed by the municipality

Through this initiative the municipality prioritises job creation, small business support and community empowerment as one of economic development thrust in the next five years. The high rate of unemployment within the municipality is worrying especially the youth, disabled and women.

The following challenges were identified within Rustenburg Local Municipal Area (EMA) as;

- Need for Poverty alleviation
- Rate of Service delivery
- Availability of Skills and competencies
- Barriers to entry
- Capacity limitations
- Collusion
- Slow pace of economic transformation

4. POLICY SUPPORT

Economic Empowerment/Transformation is part of a broader Transformation Framework that needs to be adopted by the Municipality.

This framework is in line with PPPFA Regulations gazette on 20 January 2017.

A new SCM Procurement Bill is also being prepared currently and this may also impact on the proposals in this presentation.

The five elements of the BBBEE are to be taken into account when driving the empowerment initiative, these being;

- Ownership.
- Management Control.
- Skills Development.
- Enterprise and Supplier Development.
- Socio-Economic Development

5. EMPOWERMENT STRATEGIES

The empowerment strategies shall be curved within the following broad principles:

a) Every project with a contract value above R30 million shall set aside 30% of the project for CPG. This will be stipulates as a condition of tender as outlined in clause 5.4 of this document.

b) Projects that are between R5million and R30million must stipulate that 30% of the project value will be allocated to sub-contractors. This will not be a condition of tender but a requirement and if companies fail to meet this requirement penalties will be incurred.

c) Subcontractors or service providers shall be selected from the Wards where the service or project is being undertaken. If the project is traversing a number of Wards, opportunities shall be granted to all subcontractors in the benefiting Wards at the beginning of the project irrespective of the project timelines.

d) In cases where there are no suitable contractors to do the job in a Ward, the main contractor or service provider shall select sub-contractors from the relevant Wards under the emerging contractor program to be implemented by the municipality or any such database of service providers kept by the municipality. However, should there be no subcontractors from the relevant wards, sub-contractors will be selected from boundaries within Rustenburg Local Municipality.

e) The main contractor/service provider is expected to provide training to the subcontractors. The training and coaching shall enable the subcontractor to apply for higher CIDB grading after the completion of the project or register with the appropriate professional or monitoring body.

f) Nominated Subcontractors

The municipality may provide nominated subcontractors to the main contractor or service provider at the tender stage who shall take full professional responsibility for the workmanship quality of the subcontractors he/she chooses. The subcontractor shall be selected from a database created for small ward contractors and service providers and/or Emerging Contractors database

g) Database

The Supply Chain Management Unit shall keep a database for ward-based contractors or service providers and shall be renewed once a year through adverts in the local media, notice boards of municipal offices and internet. The Ward Councillors maybe be alerted of advert so that they can disseminate the information about the tenders to the communities. Other State Organs may use this database.

h) Integration

The planned and actual economic empowerment of communities of all organs or state or role players working within the Rustenburg Local Municipality shall report to the Supply Chain Management Unit for integration and information sharing thereof

i) Communication

All communication regarding community empowerment initiatives shall be done through the municipality through the LED Office in partnership with SCM where upon he/she shall act swiftly to assist the third party. Communication by any Organ of State to individual community members or individual groups shall be avoided.

6. UNBUNDLING STRATEGIES

Unbundling of programs or projects afford a wide range of participation opportunities to the full spectrum of targeted groups or enterprises. This can range, from those operating as labour only contractors to those operating as prime contractors or suppliers.

The use of Targeted Procurement enables contracts to be unbundled in a number of ways, viz.:

- by procuring works or services in the smallest practicable quantities
- by obligating prime contractors or service providers to engage targeted enterprises in the performance of their contracts in terms of resource specifications
- by requiring joint venture formation between large businesses and targeted enterprises (known as Structured Joint Venture); and
- by providing third party management support to enterprises which are not capable of operating as prime contractors (known as Development Contracts);
- by encouraging venture capital providers to assist small business enterprise;
- by requiring manufacturers to have some of their components of their products manufactured and procured from small business enterprise from within Rustenburg Local.

7. SUPPORT TARGET GROUPS

Having initiatives that support and sustain entities that are owned by PPG's in particular Youth, Women, disabled, Military Veterans etc.

The proposed SCM Policy states that Rustenburg Local Municipality can implement a procurement process which incorporates;

(a) categories of preference in the allocation of contracts; and

(b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination

These programmes and initiatives include, amongst other things, the following;

– EPWP Construction Contractor Incubator/Development Program

– CPG's with area/ward based panels of contractors

– Joint Ventures and Consortiums

– Designated Sub-Contracting & Contractor/Supplier Development for Categories/Programmes with monopolistic and/or under-represented Service Providers

– Skilled and unskilled labour (Demarcated within Wards)

– Sectorial Incubation Programmes

– Co-operatives

8. EPWP CONSTRUCTION CONTRACTOR DEVELOPMENT/INCUBATOR PROGRAMMES

- Expressions of interest to register service providers for 36 months. This shall be done on a yearly basis
- Aim is to target labour intensive programmes
- Categories EPWP services e.g. bricklayers, construction, sidewalks etc.

In line with the Council approved EPWP Policy, and targets in the Performance Plans of Directors, Line Departments are to identify projects that are labour intensive that will form part of EPWP Contractor Development Programme.

The other spheres of government or State Organs operating in the municipality may also use the database of EPWP contractors or service providers developed and managed by the Municipality.

Unbundling of big projects and identifying opportunities and areas/ scope of works that can be carried out by emerging contractors and excising those from the main assignment shall be the norm.

The EPWP policy needs to be refreshed in order to address the current gaps as per 5.4

9. CPG's AND SUB-CONTRACTING

The revised regulations require organs of state to identify tenders, where it is feasible, to sub-contract a minimum of 30% of the value of the contract for contracts above R30 million.

The tenderer must sub-contract a minimum of 30% of the value of the contract to-

(a) an EME or QSE;
(b) an EME or QSE which is at least 51% owned by black people;
(c) an EME or QSE which is at least 51% owned by black people who are youth;
(d) an EME or QSE which is at least 51% owned by black people who are women;
(e) an EME or QSE which is at least 51% owned by black people with disabilities;
(f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
(g) a cooperative which is at least 51% owned by black people;
(h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
(i) more than one of the categories referred to in paragraphs (a) to (h).

Any bidder not meeting this requirement will be considered non-responsive & accordingly the bid will be disqualified

The municipality should be the one informing main contractors which CPG's are to be utilised through consultation with relevant stakeholders. The following tools are to be utilised;

- Accredited database for various categories of services
- Accredited service providers within demarcated wards

This registration of these service providers will assist in identifying service providers that are currently undertaking work with Rustenburg Local Municipality and those that have been given opportunities within the financial year.

10. JOINT VENTURE AND CONSORTIUM

Joint venture is “an association of firms of which at least one of the partners is an emerging partner for which purpose they combine their expertise, property, capital, efforts, skills and knowledge to execute a contract”. For South African emerging contractors this must entail empowerment through capacity building based on democratic, participatory, and development strategies.

Joint venture agreements that must clearly define;

- Shareholding %.
- Terms and conditions
- Skills transfer
- Allocation and or distribution as per the scope of work

11. Designated Sub-Contracting & Contractor/Supplier Development for Categories/Programmes with monopolistic and/or under-represented Service Providers

Where there are areas/programs/sectors with monopolistic and/or under or poor representation the following shall be established

- incubation programs with panels of designated subcontractors

The designated sub-contractors on the panel are contracted directly to Rustenburg Local Municipality through an Incubation programme. This will be applicable in the following instances

- Sole or limited service providers

  Accredited sectorial service providers e.g Muvo cards only supplied by Standard Bank, Nashua photocopies supplied only by Kopano, Mercedes sole supplier of parts for buses, Soft-drinks only supplied by ABI

12. Sectorial Incubation Programmes

The sectorial incubation programme is to counter monopolistic practices in particular sectorial areas.

- This programme must be undertaken over 36 months
- Accredited register of service providers
- Skills transfer programme

It will be incumbent upon the municipality or organs of state to ensure that the (would be) designated sub-contractors meet the industry norms and conventions and are compliant with the applicable prescripts.

Under no circumstances will the prescribed and applicable standards be compromised on the altar of this programme.

13. Skilled and unskilled labour (Demarcated within Wards)

Consultation must take place within each Ward before the start of a project to identify Skilled and unskilled labour to be utilised for the project through;

- Register of unemployed persons in each area

Ward structures in consultation with Project Managers to facilitate process on a rotational basis. The Tender document shall be specify that 100% unskilled labour and 50 % skilled labour shall be sourced from the Local Community

14. Co-operatives

Procedures will be put in place to deal with Co-operatives and to identify further projects.

- Co-op will be appointed through an expression of interest in the following sectors;
- Grass cutting
- Cleaning of municipal buildings
- Cleaning of streams / storm water

15. Suggested measures to support and grow SMME's in particular Youth, Women, disabled

- Availability of credit facilities & financing
- The need for technical & managerial training especially through mentorship
- Allocating projects exclusively to the target groups to aid the transit of emerging to fully fledged contractors

- Monitoring contractors to ensure that only responsible target groups are selected
- Having more targeted projects

16. AREAS OF IMPROVEMENT

- Simplification in bid submission requirements
- Broadening of participation base of small suppliers
- Waiving of bid requirements
- Contractor registration / prequalification systems
- Procurement documentation
- Monitoring & reporting on empowerment initiatives
- Quality management & assurance
- Dispute mechanisms

17. PARTNERSHIP AGREEMENTS

In order for all the above empowerment initiative to work it requires partnership between Supply Chain Management, Business Support, (LED) Skills development and respective Line Departments through undertaking the following;

- Identification of Project that must have CPG's as part of their empowerment initiatives
- Analysis of their spend areas to identify programmes/projects that must have designated sub-contracting as part of their empowerment initiatives.
- Compulsory specifications for Skills Development and other Socio-Economic objectives are utilised where applicable.

18. WAY FORWARD

This methodology requires a measurable component to enable the amount of participation by the target group to be quantified. Therefore the municipality must provide;

- A level playing field for all tenderers, socio-economic deliverables and related specifications must be clearly and precisely defined.
- The key elements associated with socio-economic objects must accordingly:
  - Define what constitutes each target group;
  - Set goals (targets), measurable in monetary terms, which can be met by engaging the target groups in the pursuit of predetermined socio-economic / development objectives;

  - Provide for the measurement of key indicators to ensure that goals may be quantified and audited during the performance of the contract; and
  - Set out of the manner in which goals can be achieved, as well as what and how penalties will be applied in the event that a contractor fails to meet his contractual obligations.

- Unit Directors to ensure that they have EPWP Policy related targets in their IPP's and those of relevant staff
- To review budget, identify and unpack their projects (current, soon to be awarded and to be advertised) to incorporate the dimensions of Empowerment as outlined
- To submit all Specifications with Empowerment methodology failing which items will be returned.
- To Report to SCM on the planned Empowerment initiatives for projects (current, soon to be awarded and to be advertised)
- Stakeholder engagement, internal and external

Current standards available as SANAS documents to address socio-economic objectives

1) **Targeting of affirmable business enterprise**
2) **Structured Joint Venture (Affirmable Partners)**
3) **Structured Joint Venture (Targeted Partners)**
4) **Targeting of local resources**
5) **Engagement of targeted labour**
6) **Targeting of affirmable professional service providers**

RUSTENBURG LOCAL MUNICIPALITY

DRAFT FRAMEWORK FOR ACCELERATING ECONOMIC EMPOWERMENT AND TRANSFORMATION

Table of Contents

1. INTRODUCTION 3

1.1 Economic Empowerment 3

2. PURPOSE OF THIS FRAMEWORK 4

3. BACKGROUND 4

4. POLICY SUPPORT 5

5. EMPOWERMENT STRATEGIES 6

6. UNBUNDLING STRATEGIES 7

7. SUPPORT TARGET GROUPS 8

8. EPWP CONSTRUCTION CONTRACTOR DEVELOPMENT/INCUBATOR PROGRAMMES 8

9. CPG's AND SUB-CONTRACTING 9

10. JOINT VENTURE AND CONSORTIUM 10

11. Designated Sub-Contracting & Contractor/Supplier Development for Categories/Programmes with monopolistic and/or under-represented Service Providers 10

12. Sectorial Incubation Programmes 11

13. Skilled and unskilled labour (Demarcated within Wards) 11

14. Co-operatives 11

15. Suggested measures to support and grow SMME's in particular Youth, Women, disabled 11

16. AREAS OF IMPROVEMENT 12

17. PARTNERSHIP AGREEMENTS 12

18. WAY FORWARD 12

1. INTRODUCTION

The Constitution of the Republic of South Africa Chapter 7 Clause 152, mandates a municipality (Local Government) interlia to:

a) ensure the provision of services to communities in a sustainable manner;
b) promote social and economic development; and
c) encourage the involvement of communities and community organisations in the matters of local government.

Services can only be sustainably provided if there is a balance of the environmental, social and economic well-being of the communities. It is therefore imperative for the municipality to facilitate and ignite economic development of its communities through policies, supply chain management, job opportunities, infrastructure development and other developmental initiatives.

Clause 153 of the Constitution states that "*the municipality must participate in national and provincial development programmes"*. This includes all programmes including economic empowerment programmes that the National and Provincial Government might initiate. The objective of this clause is to ensure seamless and an integrated approach to social and economic development in the Local Government space. The Municipal Systems Act requirement of an Integrated Development Plan (IDP) further enhances the spirit of developmental integration within the municipal environment. It therefore means the activities of the various spheres of government and state organs should be integrate spatially, economically and the impact or benefits to the community must be understood by all. Ideally, the economic empowerment initiatives by each organ of state must be harmonised with the initiatives of other organs of state.

1.1 Economic Empowerment

Various legislations encourages the municipality directly or impliedly to support, prioritise and grow **black owned SMMEs** particularly those owned by **the Youth, Women, disabled people** and ensure their effective participation in the economic mainstreams. In Rustenburg Local Municipality, a proposed number of developmental initiatives will be undertaken in the 2017/2018 financial year with a key focus on the following initiativel.

Development initiatives;

- Development of sectors of an industry, e.g. Small business, women owned business and local industry development.
- Development of sub-contractors to Prime Contractors.
- Development of management capacity of small businesses
- Local Economic Development
- Job Creation
- Poverty Alleviation
- Community-based developments

In these form/methods SMME's can be brought into the mainstream through Contractor participation Goals (CPG), joint venture, consortiums, EPWP programme and sectorial incubation programmes.

The empowerment initiative must operate within the auspices of;

- Section 217 of the Constitution
- Municipal Finance Management Act
- Preferential Procurement Policy Framework
- Broad-Based Black Economic Empowerment Act
- BEE Codes of Good Practice, Codes of good Practice and Scorecard.

2. PURPOSE OF THIS FRAMEWORK

The purpose of this framework document is to provide guidance to municipal officials and other state organs operating within the Rustenburg Local Municipal environment on how to effectively, fairly and transparently contribute to the economic empowerment of communities through developmental initiatives.

The framework seeks to provide channels of communication and reporting, forms of community economic empowerment, activity integration, ways of accessing opportunities, targeted groups and areas for potential partnerships or joint ventures.

3. BACKGROUND

The level of unemployment in Rustenburg Local Municipality is relatively high with most youth being unemployed. The National and Provincial governments have all highlighted poverty as a challenge that needs to be eradicated through job creation and small business enterprise development. Infrastructure development is one fundamental pillar identified to boost economic growth.

In the past three years, there has been growing concern about lack of tangible economic empowerment of communities within Rustenburg Local Municipality. Of major concern is that residents are not economically benefitting from infrastructure development projects that are being undertaken in their wards.

The municipality has a number of initiatives that seek to create opportunities for the local people and includes EPWP programs. However, these programs have not found their footprint in a structured manner in most infrastructure projects due to lack of knowledge and guidance on how this could be done. This document seeks to provide simplified

guidelines for dealing and ensuring economic empowerment of local communities through projects executed by the municipality

Through this initiative the municipality prioritises job creation, small business support and community empowerment as one of economic development thrust in the next five years. The high rate of unemployment within the municipality is worrying especially the youth, disabled and women.

The following challenges were identified within Rustenburg Local Municipal Area (EMA) as;

- Need for Poverty alleviation
- Rate of Service delivery
- Availability of Skills and competencies
- Barriers to entry
- Capacity limitations
- Collusion
- Slow pace of economic transformation

4. POLICY SUPPORT

Economic Empowerment/Transformation is part of a broader Transformation Framework that needs to be adopted by the Municipality.

This framework is in line with PPPFA Regulations gazette on 20 January 2017.

A new SCM Procurement Bill is also being prepared currently and this may also impact on the proposals in this presentation.

The five elements of the BBBEE are to be taken into account when driving the empowerment initiative, these being;

- Ownership.
- Management Control.
- Skills Development.
- Enterprise and Supplier Development.
- Socio-Economic Development

5. EMPOWERMENT STRATEGIES

The empowerment strategies shall be curved within the following broad principles:

a) Every project with a contract value above R30 million shall set aside 30% of the project for CPG. This will be stipulates as a condition of tender as outlined in clause 5.4 of this document.

b) Projects that are between R5million and R30million must stipulate that 30% of the project value will be allocated to sub-contractors. This will not be a condition of tender but a requirement and if companies fail to meet this requirement penalties will be incurred.

c) Subcontractors or service providers shall be selected from the Wards where the service or project is being undertaken. If the project is traversing a number of Wards, opportunities shall be granted to all subcontractors in the benefiting Wards at the beginning of the project irrespective of the project timelines.

d) In cases where there are no suitable contractors to do the job in a Ward, the main contractor or service provider shall select sub-contractors from the relevant Wards under the emerging contractor program to be implemented by the municipality or any such database of service providers kept by the municipality. However, should there be no subcontractors from the relevant wards, sub-contractors will be selected from boundaries within Rustenburg Local Municipality.

e) The main contractor/service provider is expected to provide training to the subcontractors. The training and coaching shall enable the subcontractor to apply for higher CIDB grading after the completion of the project or register with the appropriate professional or monitoring body.

f) Nominated Subcontractors

The municipality may provide nominated subcontractors to the main contractor or service provider at the tender stage who shall take full professional responsibility for the workmanship quality of the subcontractors he/she chooses. The subcontractor shall be selected from a database created for small ward contractors and service providers and/or Emerging Contractors database

g) Database

The Supply Chain Management Unit shall keep a database for ward-based contractors or service providers and shall be renewed once a year through adverts in the local media, notice boards of municipal offices and internet. The Ward Councillors maybe be alerted of advert so that they can disseminate the information about the tenders to the communities. Other State Organs may use this database.

h) Integration

The planned and actual economic empowerment of communities of all organs or state or role players working within the Rustenburg Local Municipality shall report to the Supply Chain Management Unit for integration and information sharing thereof

i) Communication

All communication regarding community empowerment initiatives shall be done through the municipality through the LED Office in partnership with SCM where upon he/she shall act swiftly to assist the third party. Communication by any Organ of State to individual community members or individual groups shall be avoided.

6. UNBUNDLING STRATEGIES

Unbundling of programs or projects afford a wide range of participation opportunities to the full spectrum of targeted groups or enterprises. This can range, from those operating as labour only contractors to those operating as prime contractors or suppliers.

The use of Targeted Procurement enables contracts to be unbundled in a number of ways, viz.:

- by procuring works or services in the smallest practicable quantities
- by obligating prime contractors or service providers to engage targeted enterprises in the performance of their contracts in terms of resource specifications
- by requiring joint venture formation between large businesses and targeted enterprises (known as Structured Joint Venture); and
- by providing third party management support to enterprises which are not capable of operating as prime contractors (known as Development Contracts);
- by encouraging venture capital providers to assist small business enterprise;
- by requiring manufacturers to have some of their components of their products manufactured and procured from small business enterprise from within Rustenburg Local.

7. SUPPORT TARGET GROUPS

Having initiatives that support and sustain entities that are owned by PPG's in particular Youth, Women, disabled, Military Veterans etc.

The proposed SCM Policy states that Rustenburg Local Municipality can implement a procurement process which incorporates;

(a) categories of preference in the allocation of contracts; and

(b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination

These programmes and initiatives include, amongst other things, the following;

– EPWP Construction Contractor Incubator/Development Program

– CPG's with area/ward based panels of contractors

– Joint Ventures and Consortiums

– Designated Sub-Contracting & Contractor/Supplier Development for Categories/Programmes with monopolistic and/or under-represented Service Providers

– Skilled and unskilled labour (Demarcated within Wards)

– Sectorial Incubation Programmes

– Co-operatives

8. EPWP CONSTRUCTION CONTRACTOR DEVELOPMENT/INCUBATOR PROGRAMMES

- Expressions of interest to register service providers for 36 months. This shall be done on a yearly basis
- Aim is to target labour intensive programmes
- Categories EPWP services e.g. bricklayers, construction, sidewalks etc.

In line with the Council approved EPWP Policy, and targets in the Performance Plans of Directors, Line Departments are to identify projects that are labour intensive that will form part of EPWP Contractor Development Programme.

The other spheres of government or State Organs operating in the municipality may also use the database of EPWP contractors or service providers developed and managed by the Municipality.

Unbundling of big projects and identifying opportunities and areas/ scope of works that can be carried out by emerging contractors and excising those from the main assignment shall be the norm.

The EPWP policy needs to be refreshed in order to address the current gaps as per 5.4

9. CPG's AND SUB-CONTRACTING

The revised regulations require organs of state to identify tenders, where it is feasible, to sub-contract a minimum of 30% of the value of the contract for contracts above R30 million.

The tenderer must sub-contract a minimum of 30% of the value of the contract to-

(a) an EME or QSE;
(b) an EME or QSE which is at least 51% owned by black people;
(c) an EME or QSE which is at least 51% owned by black people who are youth;
(d) an EME or QSE which is at least 51% owned by black people who are women;
(e) an EME or QSE which is at least 51% owned by black people with disabilities;
(f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
(g) a cooperative which is at least 51% owned by black people;
(h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
(i) more than one of the categories referred to in paragraphs (a) to (h).

Any bidder not meeting this requirement will be considered non-responsive & accordingly the bid will be disqualified

The municipality should be the one informing main contractors which CPG's are to be utilised through consultation with relevant stakeholders. The following tools are to be utilised;

- Accredited database for various categories of services
- Accredited service providers within demarcated wards

This registration of these service providers will assist in identifying service providers that are currently undertaking work with Rustenburg Local Municipality and those that have been given opportunities within the financial year.

10. JOINT VENTURE AND CONSORTIUM

Joint venture is “an association of firms of which at least one of the partners is an emerging partner for which purpose they combine their expertise, property, capital, efforts, skills and knowledge to execute a contract”. For South African emerging contractors this must entail empowerment through capacity building based on democratic, participatory, and development strategies.

Joint venture agreements that must clearly define;

- Shareholding %.
- Terms and conditions
- Skills transfer
- Allocation and or distribution as per the scope of work

11. Designated Sub-Contracting & Contractor/Supplier Development for Categories/Programmes with monopolistic and/or under-represented Service Providers

Where there are areas/programs/sectors with monopolistic and/or under or poor representation the following shall be established

- incubation programs with panels of designated subcontractors

The designated sub-contractors on the panel are contracted directly to Rustenburg Local Municipality through an Incubation programme. This will be applicable in the following instances

- Sole or limited service providers

  Accredited sectorial service providers e.g Muvo cards only supplied by Standard Bank, Nashua photocopies supplied only by Kopano, Mercedes sole supplier of parts for buses, Soft-drinks only supplied by ABI

12. Sectorial Incubation Programmes

The sectorial incubation programme is to counter monopolistic practices in particular sectorial areas.

- This programme must be undertaken over 36 months
- Accredited register of service providers
- Skills transfer programme

It will be incumbent upon the municipality or organs of state to ensure that the (would be) designated sub-contractors meet the industry norms and conventions and are compliant with the applicable prescripts.

Under no circumstances will the prescribed and applicable standards be compromised on the altar of this programme.

13. Skilled and unskilled labour (Demarcated within Wards)

Consultation must take place within each Ward before the start of a project to identify Skilled and unskilled labour to be utilised for the project through;

- Register of unemployed persons in each area

Ward structures in consultation with Project Managers to facilitate process on a rotational basis. The Tender document shall be specify that 100% unskilled labour and 50 % skilled labour shall be sourced from the Local Community

14. Co-operatives

Procedures will be put in place to deal with Co-operatives and to identify further projects.

- Co-op will be appointed through an expression of interest in the following sectors;
- Grass cutting
- Cleaning of municipal buildings
- Cleaning of streams / storm water

15. Suggested measures to support and grow SMME's in particular Youth, Women, disabled

- Availability of credit facilities & financing
- The need for technical & managerial training especially through mentorship
- Allocating projects exclusively to the target groups to aid the transit of emerging to fully fledged contractors

- Monitoring contractors to ensure that only responsible target groups are selected
- Having more targeted projects

16. AREAS OF IMPROVEMENT

- Simplification in bid submission requirements
- Broadening of participation base of small suppliers
- Waiving of bid requirements
- Contractor registration / prequalification systems
- Procurement documentation
- Monitoring & reporting on empowerment initiatives
- Quality management & assurance
- Dispute mechanisms

17. PARTNERSHIP AGREEMENTS

In order for all the above empowerment initiative to work it requires partnership between Supply Chain Management, Business Support, (LED) Skills development and respective Line Departments through undertaking the following;

- Identification of Project that must have CPG's as part of their empowerment initiatives
- Analysis of their spend areas to identify programmes/projects that must have designated sub-contracting as part of their empowerment initiatives.
- Compulsory specifications for Skills Development and other Socio-Economic objectives are utilised where applicable.

18. WAY FORWARD

This methodology requires a measurable component to enable the amount of participation by the target group to be quantified. Therefore the municipality must provide;

- A level playing field for all tenderers, socio-economic deliverables and related specifications must be clearly and precisely defined.
- The key elements associated with socio-economic objects must accordingly:
  - Define what constitutes each target group;
  - Set goals (targets), measurable in monetary terms, which can be met by engaging the target groups in the pursuit of predetermined socio-economic / development objectives;

  - Provide for the measurement of key indicators to ensure that goals may be quantified and audited during the performance of the contract; and
  - Set out of the manner in which goals can be achieved, as well as what and how penalties will be applied in the event that a contractor fails to meet his contractual obligations.

- Unit Directors to ensure that they have EPWP Policy related targets in their IPP's and those of relevant staff
- To review budget, identify and unpack their projects (current, soon to be awarded and to be advertised) to incorporate the dimensions of Empowerment as outlined
- To submit all Specifications with Empowerment methodology failing which items will be returned.
- To Report to SCM on the planned Empowerment initiatives for projects (current, soon to be awarded and to be advertised)
- Stakeholder engagement, internal and external

Current standards available as SANAS documents to address socio-economic objectives

1) **Targeting of affirmable business enterprise**
2) **Structured Joint Venture (Affirmable Partners)**
3) **Structured Joint Venture (Targeted Partners)**
4) **Targeting of local resources**
5) **Engagement of targeted labour**
6) **Targeting of affirmable professional service providers**

RUSTENBURG LOCAL MUNICIPALITY

BORROWING FRAMEWORK POLICY AND GUIDELINES

Table of Contents

1. Purpose 3

2. Problem Statement 3

Guidelines and Procedures 4

5. Specific factors that must be considered when borrowing 5

6. Types of Borrowings 6

7. Hedging 8

8. Credit Rating 9

9. Refinancing 9

10. Security 9

11. Security 10

12. Provision for Redemption of Borrowings 10

13. Non-Repayment of Borrowings 10

14 Borrowing for Investment Purposes not Permitted 11

15. Other Borrowing Practices 11

16. Reporting and Monitoring Requirements 11

17. Internal Controls 11

18. National Treasury and Reporting Requirements 12

1. Purpose

(a) To establish a framework and guidelines for the borrowing of funds.

(b) To ensure compliance with statutory requirements and National Treasury borrowing regulations.

(c) To ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorised borrowings.

(d) To outline the appropriate actions of a prudent person standard in the context of managing overall debt.

(e) To maintain debt within specified limits and ensure adequate provision for the payment of debt and debt repayment **to** be sustainable.

2. Problem Statement

The Guidelines and Procedures have been written in compliance with relevant legislation, they offer certainty to the debt capital markets thereby ensuring a level of confidence in our municipal fiscal affairs. Consequently, the Municipality has access to a range of funding instruments for the provision of municipal infrastructure. Rustenburg Local Municipality ("Municipality"), in general, seeks to minimise its dependence on borrowings in order to curtail future revenue committed to debt servicing and redemption charges.

The Chief Financial Officer prudently manages interest rate, liquidity and credit risk exposures thereby obtaining the lowest possible interest rate for the Municipality's debt. The debt is taken on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by legislation. They also take into consideration the issues of the time value of money and to optimise the use of the term of the loan**.**

3. Legislation

The relevant legislation and regulations in terms of which borrowing decisions are governed are as follows:

- **Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) (See Annexure A)**
- **Constitution of the Republic of South Africa Act 108 of 1996 (See Annexure B)**

- **Municipal Regulations on Debt Disclosure (Local Government: Municipal Finance Management Act, Chapter 6) Government Gazette no. 29966, 15 June 2007) effective from 01 July 2007 for a municipality or municipal entity (See Annexure C).**
- **Municipal Finance Management Act No. 56 of 2003 Circular No.71 (See Annexure D)**

Guidelines and Procedures

4. General Approach to Borrowing

4.1.1 The Municipality may incur long term debt for the purpose of:

(a) Capital expenditure on infrastructure, property, plant or equipment to be used for the purpose of achieving the objectives of local government or

(b) Re-financing existing long-term debt as permitted.

4.1.2 The Municipality will, in general, seek to minimise its dependence on borrowings in order to reduce future revenue committed to debt servicing and redemption charges.

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

4.1.2 The Municipality shall maintain the Gearing Ratio to be below 45% and Debt service cost to be between 6% and 8%, in line with the MFMA Circular No.71

4.1.2 The fixing of debt repayments is a crucial consideration in meeting the legal requirements of the Municipality, that of annually producing a balanced budget.

4.1.2 Whilst the period for each loan debt may vary from time to time according to the needs of the Municipality in conjunction with various Lenders, presently the typical debt repayment period for loans is between five to twenty years, closely matching the underlying asset lives serviced by the loans.

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

4.1.2 There are from time to time various options offered from Financial Institutions which need to be treated on their merits and which could result in slightly lower interest rates being offered.

4.1.2 The Municipality's external borrowings have been mainly sourced from financial institutions amongst others commercial banks and development finance institutions.

4.1.2 Any official involved in the securing of loans by the Municipality must, when interacting with a prospective Lenders or when preparing documentation for consideration by a prospective Investors disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor.

4.1.2 Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

4.1.2 The prospective lenders must be furnished with the following:

(a) Audited annual financial statements for the preceding three financial years

(b) The approved annual budget

(c) The Integrated Development Plan

(d) Repayment schedules pertaining to existing long term debt

4.1.2 The Municipal Finance Management Act provides that the Municipality may not guarantee any debt of any entity except on the following conditions:

(a) The guarantee must be within limits specified in the municipality's approved budget

(b) The entity is a Municipal entity under its sole control and such guarantee is authorised by the council

4.1.2 Any guaranteed debt must be reflected in the approved business plan of the entity and must be authorised by the Municipality in the same manner and subject to the same conditions applicable to any other borrowings.

4.1.2 Neither the National nor Provincial Government may guarantee the debt of any Municipality.

4.1.2 All loans must be in the name of the Municipality

5. Specific factors that must be considered when borrowing

Surplus funds and external long term debt are used to meet the objectives of the Integrated Development Plan (IDP) which include the service delivery programme, economic and social development and other demands of the changing and growing city.

5.1 The factors to be considered when borrowing are:

(a) Revenue generating ability of asset

(b) Type and extent of benefits to be obtained from the borrowing

(c) Length of time the benefits will be received

(d) Beneficiaries of the acquisition or development

(e) Impact of interest and redemption payments on both current and forecasted income

(f) Current and future capacity of the property tax base to pay for borrowings and the rate of growth of the property tax base

(g) Likely movements in interest rates for variable rate borrowings

(h) Other current and projected sources of funds

i) Competing demands for funds

(i) j) Timing of money market interest rate movements and the long term rates on the interest rate curve

5.2 After taking **a, b, c, d** above into account, the borrowing requirement will be determined by:

5.2.1 Obtaining the total capital budget value – as per IDP and MTERF.

5.2.1 Determining internal funding – the municipality from time to time, will use its surplus funds from operations to fund its capital programmes in order to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail

5.2.1 Obtaining the figure for grants to be received – as allocated per national and provincial treasuries

5.2.1 Identifying cash shortages to be financed by external borrowings, after taking into account 5.2.2, and 5.2.3 above.

6. Types of Borrowings

Foreign borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

6.1 Short Term Borrowings

(a) The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.

(b) In terms of the Municipal Finance Management Act, incur short term debt only if the Chief Financial Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by Municipality, or is necessary due to an emergency that could not reasonably have been foreseen and cannot await Council approval.

(c) The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt.

(d) Examples of short-term debt are bank overdrafts and commercial paper bills

6.2 Long Term Borrowings

A Municipality may incur long-term debt only in accordance with and subject to any applicable provisions of MFMA, including section 19, and only for the purpose of–

(a) Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4) ; or

(b) Re-financing existing long-term debt subject to subsection (5).

Examples of long-term debt are as follows:

6.2.1 Annuity

(a) The loan amount, interest rate and repayment period offered by the financial institution are either fixed or variable.

(b) The calculation of the instalment payable on an annuity basis is simple and straightforward: the instalment of the loan can be repaid usually in equal six monthly instalments over the term of the loan.

6.2.1 Structured Finance Loans

(a) Structured finance is a service that generally involves highly complex financial transactions offered by many large financial institutions for companies with very unique financing needs.

(b) (It must be appreciated that before entering into any structured finance contract the Municipality, being a Statutory body, will carefully scrutinise all aspects of the structured finance loan agreement including seeking legal advice both from the Head: Legal and, where necessary, from Senior Legal Counsell to ensure that the Municipality is not participating in a structure which the South African Revenue Service may deem it to be one which leads to tax evasion.

(c) The Municipality will always adopt a prudent and carefully evaluated approach before entering into structured finance loan agreements

(d) The Municipality has not entered into any structured loan agreements recently, and in view of the tax implications under the present tax regime it is unlikely that it will enter into structured loan agreements in the near future. The loan amount, interest rate and repayment period offered by the financial institution are either fixed or variable. The calculation of the instalment payable on an annuity basis is simple and straightforward: the instalment of the loan can be repaid usually in equal six monthly instalments over the term of the loan.

6.2.1 Bonds

(e) A bond is an instrument used by Government, State-Owned Entity and Corporates to raise loan capital on the open market.

(f) Bond holders have the right to interest, usually paid on a semi-annual basis, and the repayment of the capital amount on maturity. The most critical variable factor in determining bond rates is the expected long term trend in inflation, in order to provide a return that equals inflation plus a risk premium.

(g) The higher the risk attached to a borrower, the higher will be the risk yield investors will demand.

(h) During its tenure, a bond will trade on the bond market at prevailing interest levels with bond prices inversely related to movements in interest rates.

7. Hedging

(a) Where the interest rate offered by the financial institution is on a variable basis, an Interest Rate Swap (IRS) may be taken out.

(b) An IRS agreement will need to be signed with the party agreeing to accept the variable rate and offer the fixed rate to the Municipality.

(c) An Interest Rate Swap Agreement must comply with the terms set out by the International Swap Dealers Association (ISDA).

8. Credit Rating

The Municipality has a Long-Term and Short-Term National Scale rating, which is reviewed on an annual basis. Currently the credit rating is being provided by Global Credit Rating (GCR).

9. Refinancing

(a) Section 46 of the Municipal Finance Management Act provides that the Municipality may refinance existing long term debt, if such refinancing is in accordance with the prescribed framework.

(b) The Municipality may borrow money for the purpose of re-financing existing long-term debt, provided that:

i. The existing long-term debt was lawfully incurred

ii. The re-financing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed

iii. The net present value of projected future payments (including principal and interest payments) after re-financing is less that the net present value of projected future payments before re-financing

iv. The discount rate used in projecting net present value referred to in the above paragraph and any assumptions in connection with the calculations must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

(c) No loans will be prematurely redeemed unless there is a financial benefit to the Municipality.

10. Security

(a) The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral.

(b) The Municipality may cede as security any category of revenue or rights of future revenue.

(c) Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

11. Security

(a) Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the Mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt.

(b) At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered:

i. The Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

ii. (ii) Invite the Public, the National Treasury and Provincial Treasury to submit written comments or representations to the council in respect of the proposed debt.

(c) A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of:

i. The essential repayment terms, including the anticipated debt repayment schedule; and

ii. (ii) The anticipated total cost in connection with such debt over the repayment period.

12. Provision for Redemption of Borrowings

(a) The Municipality may set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet repayment on the maturity date of the loan.

(b) Such sinking funds may also be invested directly with the Lender’s Bank.

(c) The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

(d) Use can also be made of guaranteed endowment policies to facilitate the payment on maturity date.

13. Non-Repayment of Borrowings

(a) The Municipality must honour all its borrowings obligations timeously as the failure to effect prompt payment will adversely affect the raising of future borrowings at favourable costs: failure even by one day, and even if only through

administrative oversight, will have severe repercussions, and may jeopardise the Municipality's favourable credit rating.

(b) In addition to the timeous repayment of the borrowings, the Municipality must adhere to the financial covenants stipulated in the loan agreements and the under mentioned are some examples of typical financial covenant requirements:

i. furnish the Lender with audited annual financial statements timeously

ii. long term credit rating not to decline below investment grade

iii. reporting of material changes in financial position of the Municipality

iv. Collection rates must not be less than a specified rate

v. Gearing, debt coverage and cost coverage ratios

14 Borrowing for Investment Purposes not Permitted

While in the past some Municipalities borrowed funds with the sole purpose of investing to earn a return their motive was clearly speculative and the cost of debt almost always more expensive than the return that the Municipality could derive by investing in permitted investments, consequently, as a principle, eThekwini Municipality does not borrow for investment purposes.

15. Other Borrowing Practices

Depending on economic conditions such as the shape of the interest yield curve, the Municipality may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve.

16. Reporting and Monitoring Requirements

Regular reporting mechanisms are in place in order to assess the performance of the borrowing portfolio and to ensure that the borrowings comply with policy objectives, guidelines, applicable laws and regulations.

17. Internal Controls

(a) The internal control procedure involves Internal Audit and Performance Management, and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis.

(b) In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.

(c) Controls deemed most important include:

(i) Control of collusion, separation of duties.

(ii) Custodial safekeeping of loan agreements and contracts.
(iii) Clear delegation of duties.
(iv) Checking and verification by senior officials of all transactions.
(v) Documentation of transactions and repayments.
(vi) Code of ethics and standards.
(vii) Procedure manuals.

(ii) Electronic Funds Transfer limits and a detailed procedure manual for the system.

18. National Treasury and Reporting Requirements

(a) Of the numerous returns submitted by the Municipality to National Treasury, one such report deals with the Municipality's external interest paid each month.

(b) Another return, prepared on a quarterly basis, requires the Municipality to itemise all its external borrowings for the quarter ended.

ANNEXURE A

LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003

CHAPTER 6 : DEBT

SHORT-TERM DEBT

45 (1) A municipality may incur short-term debt only in accordance with and subject to the provisions of this Act. A municipality may incur short-term debt only when necessary to bridge -

(a) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or

(b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

A municipality may incur short term debt only if -

1) a resolution of the municipal council, signed by the mayor , has approved the debt agreement : and

2) the accounting officer has signed the agreement or other document which creates or acknowledges the debt .

(3) For the purpose of subsection (2) (a.) a municipal council may -

1) approve a short term debt individually ; or

2) approve an agreement with a lender for a short-term credit facility to be accessed as and when required , including a line of credit or bank overdraft facility , provided that -

(i) the credit limit must be specified in the resolution of the council ;

(ii) the terms of agreement , including the credit limit , may be changed only by a resolution of the council ; and

(iii) if the council approves a credit facility that is limited to emergency use , the accounting office must notify the council in writing as soon as practical of the amount , duration and any debt incurred in terms of such a credit facility , as well as options for repaying such debt.

(4) A municipality -

1) must pay off short-term debt within the financial year ; and

2) may not renew or refinance short-term debt , whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

(a) No lender may wilfully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection (4)(a).

2) if a lender wilfully extends credit to a municipality in contravention of paragraph (a), the municipality is not bound to repay the loan or interest on the loan .

(6) Subsection (5)(b) does not apply if the lender -

(a) relied in good faith on written representations of the municipality as to the purpose of the borrowing; and

did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term debt.

LONG-TERM DEBT

(1) A municipality may incur long-term debt only in accordance with and subject to

any applicable provisions of this Act, including section 19, and only for the purpose of–

(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4) ; or

(b) re-financing existing long-term debt subject to subsection (5).

2) A municipality may incur long-term debt only if –

(a) a resolution of the municipal council, signed by the mayor , has approved the debt agreement ; and

the accounting officer has signed the agreement or other document which creates or acknowledges the debt .

(3) A municipality may incur long-term debt only if the accounting officer of the municipality-

1) has in accordance with subsection 21A of the Municipal Systems Act–

(i) at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided ;and

invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt ; and

(b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of -

(i) the essential repayment terms, including the anticipated debt repayment schedule; and

(ii) the anticipated total cost in connection with such debt over the repayment period.

4) Capital expenditure contemplated in subsection (1)(a) may include -

1) financing costs, including -

capitalised interest for a reasonable initial period;

costs associated with security arrangements in accordance with

section 48;

(i) discounts and fees in connection with the financing;

fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and

costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing

(b) costs of professional services directly related to the capital expenditure; and

such other costs as may be prescribed.

A municipality may borrow money for the purpose of re-financing existing long-term

debt, provided -

(a) the existing long-term debt was lawfully incurred;

the re-financing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed;

the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing and

the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2).

CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

A municipality may incur debt only if -

(a) the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value the Rand against any foreign currency;

section 48 (3) has been complied with, if security is to be provided by the municipality

SECURITY

48. (1) A municipality may, by resolution of its council, provide security for -

(a) any of its debt obligations;

(b) any debt obligations of a municipal entity under its sole control; or

(c) contractual obligations of the municipality undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.

A municipality may in terms of subsection (1) provide any appropriate security including

by -

(a) giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating an asset or right, or giving any other form of collateral;

undertaking to effect payment directly from money or sources that may become available and to authorise the lender or investor direct access to such sources to ensure payment of the secured debt or performance of the secured obligations, but this form of security may not affect compliance with section 8 (2)

undertaking to deposit funds with the lender, investor or third party as security;

agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;

ceding as security any category of revenue or rights for future revenue;

undertaking to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;

undertaking to retain revenues or specific charges, fees, tariffs or funds at a particular level or at a level sufficient to meet its financial obligations;

undertaking to make provision in its budgets for the payment of its financial obligations, including capital and interest;

agreeing to restrictions on debt that the municipality may incur in future until the secured debt is settled or or the secured obligations are met; and

(j) agreeing to such other arrangements as the municipality may consider necessary and prudent.

(3) A council resolution authorising the provision of security in terms of subsection (2)(a) -

1) must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and

if so, must indicate the matter in which the availability of the asset or right for provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the municipality, deal with asset

or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be.

DISCLOSURE

(1) Any person involved in the borrowing of money by a municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor -

disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and

take reasonable care to ensure the accuracy of any information disclosed.

A lender or investor may rely on written representations of the municipality, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.

MUNICIPAL GUARANTEES

50. A municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following conditions :

(a) The guarantee must be within limits specified in the municipality's approved budget:

a municipality may guarantee the debt of a municipal entity under its sole control only if the guarantee is authorised by the council in the same manner and subject to the same conditions applicable to a municipality in terms of this Chapter if it incurs debt

a municipality may guarantee the debt of a municipal entity under its shared control or of any other person, but only with the approval of the National Treasury, and then only if-

(i) the municipality creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or

(ii) the municipality purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the municipality's potential financial exposure as a result of such guarantee.

NATIONAL AND PROVINCIAL GUARANTEES

51. Neither the national nor a provincial government may guarantee the debt of a municipality or municipal entity except to the extent that Chapter 8 of the Public/New Finance Management Act provides for such guarantees.

CHAPTER 8 : RESPONSIBILITIES OF MUNICIPAL OFFICERS

REPORTS AND REPORTABLE MATTERS

MONTHLY BUDGET STATEMENTS

71. (1) The accounting officer of a municipality must no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to end of that month

Actual revenue, per revenue source;

actual borrowing

actual expenditure, per vote

actual capital expenditure, per vote

the amount of any allocations received

ASSET MANAGEMENT POLICY & PROCEDURES MANUAL

RUSTENBURG

LOCAL MUNICIPALITY

TABLE OF CONTENTS

ASSET MANAGEMENT POLICY

Chapter 1

General Introduction

Part 1 Introduction

Part 1.2 Objectives

Chapter 2 Roles & Responsibilities

Part 2 Role of the Municipal Manager (MM)\(AO)

Part 2.1 Roles and responsibility officers below Municipal Manager

Part 2.1.1 The Chief Financial Officer (CFO)

Part 2.1.2 Unit Head Financial Management Services

Part 2.1.3 Asset Management Section

Part 2.1.4 Departments Heads /Directors

Part 2.1.5 Asset Controllers

Part 2.1.6 Public Safety

Part 2.1.7 Loss Control Committee

Part 2.1.8 Internal Audit

Part 2.1.9 Asset/s User/s (Users)

Chapter 3 Policies

Part 3	Life Cycle and Asset
Part 3.1	Planning Policies
Part 3.1.1	Financial Planning
Part 3.1.2	Pre-Acquisition Planning
Part 3.1.3	Approval to Acquire Property, Plant and Equipment
Part 3.1.4	Capital Project Funding Planning
Part 3.1.5	Replacement Planning
Part 3.2.	Acquisition of Property, Plant and Equipment
Part 3.2.1	Physical Receipting and Management
Part 3.2.2	Date of Acquisition
Part 3.2.3	Donations
Part 3.2.4	Physical Assets identified not to be recorded in the Assets Register
Part 4	Transfer of Property, Plant and Equipment
Part 4.1	Permanent Transfer to another Functional Head
Part 4.2	Relocation or Re-assignment of Property, Plant and Equipment
Part 5	Write-off of Assets
Part 6	Format of Asset Register
Part 7	Asset Forms
Part 8	Classification of Assets
Part 9	Land and Buildings
Part 10	Infrastructure Assets
Part 11	Other Assets
Part 12	Intangible Assets

Part 13	Investment Property
Part 14	Assets Treated as Inventory
Part 15	Recognition of Heritage Assets
Part 16	Identification of assets
Part 17	Procedure in case of Lost, Theft, Destruction or Impairment of Assets
Part 18	Capitalisation Criteria: Material Value
Part 19	Capitalisation Criteria: Intangible Items
Part 20	Capitalisation Criteria: Reinstatement, Maintenance and other Expense
Part 21	Maintenance Plans
Part 22	General Maintenance of Assets
Part 23	Useful Life of Assets
Part 24	Residual Values
Part 25	Depreciation of Assets
Part 26	Impairment Losses
Part 27	Renewal of Assets
Part 28	Replacement of Assets
Part 29	Transfer of Assets
Part 30	Exchange of Assets
Part 31	Disposal of Assets
Part 32	Selling of Assets
Part 33	Physical Control
Part 33.1	Physical Control and Verification
Part 33.2	Insurance of Assets
Part 33.3	Safekeeping of Assets

ASSET MANAGEMENT PROCEDURES

Chapter 4

Asset Management Procedures

4.1 Preamble

4.2 Definitions

4.3 Procedures

4.3.1 Maintenance

4.3.1.1 Directives and Procedures – Asset Management

4.3.1.2 Asset Register

4.3.1.3 Control Environment

4.3.2 Increase of Assets

4.3.2.1 Budget Process

4.3.2.2 Purchase Process

4.3.2.3 Take on of New Assets

4.3.2.4 Processing in the Asset Register

4.3.3 Transfer of Assets

4.3.3.1 Internal and External Transfers/Movements of Assets

4.3.3.2 Assets going for Repairs

4.3.3.3 Transfer between the departments and within the Departments

4.3.3.4 Processing in the Asset Register

4.3.4 Decrease of Assets

4.3.4.1 Write-offs of Assets

4.3.4.2 Auctions / Disposal

4.3.4.3 Disposal of Specialised and/or High Valued Items not achieving set reserve or minimum prices on Auction.

4.3.4.4 Estrangement Information

4.3.4.5 Processing in the Asset Register

4.3.4.6 Archiving a Write-off Asset

4.3.4.7 Missing/Lost Assets

4.3.4.8 Archiving a Write-off Asset

4.3.4.9 Missing/Lost Assets

4.3.5 Verification of Assets

4.3.5.1 Introduction

4.3.5.2 Routine verification

4.3.5.3 Quality Evaluation

4.3.5.4 Processing in the Asset Register

4.3.6 Miscellaneous procedures

4.3.6.1 Non-RLM Assets

4.3.6.2 Assets not previously Marked

4.3.6.3 Overhead Reconciliation

4.3.6.4 Bar code labels falling from moveable assets and/or removed on purpose.

4.3.6.5 Audit Trail

4.3.6.6 Answering of Audit Enquiries.

4.3.6.7 Notify Departments and sections of differences between theoretical and physical information

4.3.6.8 Depreciation of Assets

4.3.6.9 Maintenance

4.3.6.10 Exit Clearance Certificate

4.4 Maintenance of the Asset Register

4.4.1 Information to be included in the asset register

4.4.2 Marking of Assets

Chapter 5

Tables Containing GRAP Asset Groups included in the Assets Register.

5.1 **Expected Useful Lives**

Chapter 6 Documentation – Standard (ASSET FORMS)

RLM 001 Single Transfer of Movable Assets

RLM 002 Mass Transfer of moveable Asset

RLM 003 Monthly Assets Certificate

RLM 004 Employee Clearance Certificate

RLM 005 Assets Handed-in at Central Stores

RLM 006 Appointment of Asset Controllers

RLM 007 Donation Receive Form

Asset Management Policy

CHAPTER 1 --- General Introduction

Part 1 – Preamble

New legislation such as the Municipal Finance Management Act (MFMA), That brought changes of compiling the financial statements including the size and complexity of the Rustenburg Local Municipality's (hereafter named RLM) operations, highlights the critical importance management:

The municipal council of Rustenburg Local Municipality wishes to adopt a policy to guide the Municipal Manager in the management of the municipality's assets.

The Municipal Manager as custodian of municipal funds and assets is responsible for the implementation of the management policy which regulates the acquisition, safeguarding and maintenance of all assets.

The Department Heads (Functional Heads) acquiring assets on behalf of RLM must ensure that only assets necessary for the efficient, effective and economical delivery of intended service delivery are procured. Those assets that require periodical maintenance must be properly maintained, to ensure that intended benefit to be derived from assets procured is realised. Assets no longer needed to deliver services, must be declared for further transfer to areas where needed or to be disposed of in the appropriate manner.

Individuals entrusted with RLM's assets have to properly utilize such assets to ensure that the intended benefit to be derived is realised. Adequate security measures to safeguard the RLM assets must be adhered to; to ensure that lose or theft of assets is minimized.

Assets acquisitions, movements, transfer and disposals policies and procedures must be adhered to at all times to ensure that the assets recorded in the Assets Register and funding sources are correctly identified and recorded appropriately. Disciplined assets management from the individual asset user up to top management must ensure that this is achieved.

This policy is applicable to all Departments and Strategic Executive Directors up to the Municipal manager's level.

PART 1.2 - OBJECTIVES

The objective of this Asset Management Policy is to ensure that the municipality:

- has consistence application of asset management principles;
- implement accrual accounting;
- complies with the MFMA and other related legislation;
- correctly accounts for assets under the GRAP accounting framework;
- safeguards and controls the assets of the municipality
- and optimise asset usage

Other objectives is:

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

CHAPTER 2 ---- ROLES AND RESPONSIBILITIES

PART 2 - ROLE OF THE MUNICIPAL MANAGER (MM)

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

The Municipal Manager must ensure that:

a) The Municipality has and maintains a policy and internal control systems that accounts for the assets of the Municipality;
b) The Municipality's assets are valued in accordance with standards of generally recognised accounting practice;
c) That the Municipality has and maintains a system of internal control of assets including the assets register; and
d) Departmental Heads and their staff comply with this policy.
e) Asset management policy is reviewed annually.

PART 2.1 – ROLES AND RESPONSIBILITIES OF OFFICERS BELOW THE MUNICIPAL MANAGER

PART 2.1.1 - THE CHIEF FINANCIAL OFFICER (CFO)

- The CFO shall be the asset registrar of the municipality in terms of (section 79 of the MFMA), and shall ensure that a complete, accurate and up-to-date computerised asset register is maintained.
- The CFO shall be responsible to supply respective Directorates with a copy of the assets, as scheduled in the asset count programme.
- Shall submit a report to council on all lost assets and include all explanations of the responsible Directorates.
- Shall ensure that all assets of the municipality are covered in terms of the insurance policy of the municipality.
- Shall compile an asset count programme to ensure that all asset s are physically verified during a financial year.

The CFO must ensure that:

a) Appropriate systems of financial management and internal control are established and carried out diligently;
b) The financial and other resources of the municipality are utilized effectively, efficiently , economically and transparently;
c) Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
d) The systems, processes and registers are required to substantiate the financial values of the municipalities' assets are maintained to the standards sufficient to satisfy the requirements of the Auditor –General;
e) Financial process are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions;
f) The municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
g) The senior managers and senior Management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets'
h) The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring that these activities are performed. The CFO shall delegate his/her authority to the Unit Head: Financial Management Services.

It shall still be responsibility of the CFO to report on all asset items to council.

PART 2.1.2 – UNIT HEAD: FINANACIAL MANAGEMENT SERVICES

Since the CFO has delegated the necessary authority to the Unit Head: Financial management services to ensure effective and efficient implementation of this policy, in terms of the MFMA.

The Unit Head: Financial Management Services shall keep an asset Register of the Municipality in which all property, plant and equipment and other material assets owned or leased by the Municipality' together with their appropriate carrying amounts.

He/she shall co-ordinate the submission of all integrated council items for the CFO to report in the council.

PART 2.1.3 ASSET MANAGEMENT SECTION (AMS)

The Unit Head: Financial Management unit discharges his/her responsibility through Asset Management Section(AMS). The section consists of officials that operate at the corporate level. The Asset Management Officials are Specialized team responsible for the centralized overall asset accounting management. The officials in this office are not accountable for the physical assets dedicated to the Departmental Head's.

Some critical duties of AMS include the following tasks:

a) Perform asset accounting in the Asset Register and programmed test asset verification to ensure that assets in the Asset Register and physical assets reflect a true reflection of RLM assets.
b) To ensure that the asset information serving in the council is correct identified in the Asset Register, to enable decision taken on such asset items to be affected timeously.
c) Provide continuous support to Asset Controllers.

PART 2.1.4 – DEPARTMENTAL HEADS / DIRECTORS

- The directors shall be responsible and accountable for all assets under their control.
- The directors must nominate officials (Asset Controllers) who shall safeguard the assets on their behalf; but they shall remain accountable for ensuring that these activities are performed.
- Directors are responsible to safeguard all assets against damage or loss.
- They are responsible to take disciplinary action against official who misappropriate the assets of the municipality.
- To ensure that all information, regarding assets, are submitted to the CFO who will ensure that assets are covered in terms of the council's insurance policy.

Department heads / Directors must ensure that:

a) The appropriate physical asset management and control (including asset internal control processes) are established and carried out for asset in their area of responsibility.
b) The municipality asset resources assigned to them are utilized effectively. Efficiently, economically and transparently.
c) Any unauthorized, irregular, fruitless or wasteful utilization, and losses resulting from criminal or negligent conduct, are prevented.
d) Their asset management controls can provide an accurate, reliable and up to date account of assets under their control.
e) They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives.
f) They must advise the CFO timeously and adequately of any change to the status or value of any assets under their control.
g) They forward assets items relating to the absence of any asset including asset demolished, destroyed or damaged or any other event materially affected assets values to the:

i. **Asset Management Section** (AMS) for assistance with the accurate asset information contained in the register.
ii. **Loss Control**, where losses case has been opened; and
iii. **Internal Audit**, where verification of the validity of the extent of diminished/appreciated assets values confirmation is applicable.
iv. **Public Safety,** to determine if proper security was in place for control at entrances to **buildings.**

PART 2.1.5 – ASSET CONTROLLERS

An Asset controller is responsible:

a) To act as the asset representative for the Directorate and to assist the Director to execute his/her responsibilities in respect of the assets under his or her control.
b) To report any assets purchased, sold, demolished, destroyed, relocated, or damaged or any other event, which materially affecting the value of an asset to the Asset Management Section (AMS) in the prescribed format on a monthly basis.
c) To verify all assets on the asset register in co-operation with the Asset Management Section or approved contractor as scheduled in the asset count programme as compiled by the Chief Financial Officer.

d) To ensure the inventory list as provided by the Asset Management Section (AMS) are displayed at the back of the door to all the offices under his or her control.
e) To ensure that consumable items not recorded in the asset register as determined by the Asset Management Section, be kept and maintained.
f) To submit a full report containing all relevant information to the Chief Financial Officer in respect of all assets that could not be traced.
g) To hand, all obsolete assets and asset that were replaced, in at the central stores and to provide such information to the Asset Management Section
h) To motivate and ensure that all personnel in the relevant Directorate take full responsibility of assets under their control and to sign a **Monthly Asset Accountability Statemen**t regarding the status of their assets for submission to the Asset Controller.
i) To receive all signed **Monthly Asset Accountability Statement** from employees in the Directorate and then prepare a consolidated Accountability Statement for the Directorate and signed by the Director for submission to the Chief Financial officer.

PART 2.1.6 PUBLIC SAFETY

Although the different asset users are primarily responsible for the safeguarding of the assets entrusted to them, the Public Safety Department is overall responsible for the safeguarding of assets, especially entrance control at buildings where a large concentration of RLM'S assets are being accommodated**.**

Public Safety is also responsible for the investigations of thefts, in order to identify weaknesses in the internal control. Asset Management Section and Asset Controllers should meet monthly or as deemed necessary with the Public Safety Department to discuss the weaknesses in the internal control systems as well as discussing the type of assets, which are frequently involved in theft/loss incidences and the tightening of identified weaknesses in the internal controls.

Public Safety must address the following:

a) Standardization of access control in the RLM.
b) Integrated approach towards losses.
c) Effective Control loss management and commitment.
d) Standing orders to officers.
e) Availing the access/exit security personnel to be trained on asset control documentation to be produced by persons possessing assets at the access/exit points

PART 2.1.7 – LOSS CONTROL COMMITTEE

Departmental Heads and their asset controllers must forward details of asset/s loss/es or damage/s to the Loss Control Committee for further investigation. The result Loss Control Committee comments must be included in Insurance items to serve in the Insurance Claims Committee.

PART 2.1.8 – INTERNAL AUDIT

Internal auditors are charged with ensuring that municipal processes and associated controls are functioning as intended. They also can determine if a process of the municipality could be improved and could save the municipal money or could become more efficient. Ensuring that resources of the municipality are used effectively is a major role of internal auditors.

PART 2.1.9 ASSET/S USER/S (USERS)

a) Each user is responsible for the assets under their control, allocated to/used by them in the performance of their duties.
b) Each user must sign the asset inventory list containing the bar-coded assets allocated to them**.** These lists must be visibly displayed for audit purposes, preferably at the back of the doors. The asset Controllers and the Asset Management Section must keep copies of the movable asset lists.
c) Asset users are prohibited to move/transfer assets from the location recorded in the asset register without proper authorisation of form.
d) Each user must take all reasonable precautions to prevent their assets against losses and/or damages.
e) Each user must maintain or take steps to maintain their assets for their useful life. Users must check and verify their physical assets against their assets lists regularly and ensure that changes in physical assets in their possession are updated in their assets lists.
f) Any damage to assets must be immediately reported to superiors as well as their responsible asset controllers who will advise appropriate steps to be taken in relevant incidents.
g) The asset users must avail asset under their control at any time, at the request of the RLM or the Asset Management Section or External Audit or Internal Audit Unit for verification purpose.
h) In the event such asset being missing stolen or lost, the responsible user shall accordingly report the incident to the SAPS. The reported case information will be source document used to report missing/stolen/lost assets to their superiors, as well as

to their responsible asset controllers who will take further appropriate action in the relevant incidents.

i) Should it be found that users were not properly utilizing/maintaining/securing assets under their control/stewardship leading to asset/s damages/losses such user's Departmental Head must recover the replacement costs of such assets from the relevant user.

j) On resignation the user must complete the EXIT Clearance Certificate form and have it signed by all the parties concerned, to ensure that all assets are left in good working condition.

CHAPTER 3 – POLICIES

PART 3 – LIFE CYCLE ON ASSET

An asset life-cycle covers all phases of an asset's life starting with planning, through acquisition, operation, maintenance and disposal.

PART 3.1 – Planning policies

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

PART 3.1.1 – FINANCING PLANNING

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

PART 3.1.2 – pre-acquisition planning

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

a) The project cost over the financial years including initial set-up costs;
b) The future operational cost and revenue on the project, including tax and tariff implications;
c) The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
d) The physical and financial stewardship of that assets throughout all stages in its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;

e) The inclusion of this capital project in the IDP and future budgets; and
f) Alternative to this capital purchase.

PART – 3.1.3 APPROVAL TO THE ACQUIRE PROPERTY AND EQUIPMENT

Money can only be spent on a capital asset/project if:

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

PART 3.1.4 – CAPITAL PROJECTS FUNDING PLANNING

Within the municipality's ongoing financial, legislative or administrative capacity, the CFO will establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the IDP.

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

PART 3.1.5 – REPLACEMENT PLANNING

a) Property, Plant and Equipment are to be replaced when:
    i. They have reached the end of their useful life or economic life(i.e when the asset is fully depreciated); and the cost of maintaining such asset outweighs the economic benefit;
    ii. They have been lost, stolen, damaged beyond repair, or
    iii. They have been determined as obsolete, provide there is a continuing need for the service providing such an asset.
b) The future usefulness of an asset should be assessed continuously especially when the asset is fully depreciated. If it is fount that there is no evidence of any continuing need, the asset should not be replaced, and if still in good working condition; the asset could be transferred to where the need for such asset can still be identified.
c) The asset will only be replaced if:
    i. It has reached the end of its economic life.
    ii. It was lost, stolen or non-repairable.
    iii. It has become unserviceable.
    iv. It is not economical to continue using the asset when a replacement would ultimate bring economic saving benefit.

v. It has been superseded by a later or more technologically superior model and;
vi. The is a continuing need for the service provided by the asset in question or economic benefit.

PART 3.2 – ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment acquisition phase take effect through outright purchase or development/construction. Such Property, plant and Equipment acquisition must only be funded out of capital budget votes in line with IDP and not THROUGH OPERATIONAL BUDGET.

PART 3.2.1 – PHYSICAL RECEIPTING AND MANGEMENT

The Departmental Head or his/her nominee must:

a) Ensure that purchasing of property, plant and equipment complies with all RLM'S policies and procedures.
b) Ensure that all movable assets received into their stewardship are appropriately identified and safeguarded or prevented from inappropriate usage or loss. This will include appropriate control over the physical access to these assets and regular stock takes to ensure any losses do not occur. Any known losses should be immediately reported to the CFO.

PART 3.2.2 THE DATE OF ACQUISITION

The date of acquisition of property, plant and equipment is deemed to be time when legal title and control passes to the municipality.

PART 3.2.3 DONATED ASSETS

The CFO must be informed about any donation to RLM and memorandum must be written and submitted to AMS.

Where an item of property, plant Equipment is acquired at no cost, or for a nominal cost, it will be valued at fair value as at the date of acquisition and included in the asset register if the fair value is greater than the recognition threshold.

Where the value of the asset is known, such value shall be included in the register in line with recognition criteria. It shall be the responsibility of the Departmental head or his nominee to notify the CFO and AMS of such assets for capitalisation purposes.

The Municipal Manager or his/her delegated official shall authorise all assets donated through inter RLM council donations, or public, individuals, private enterprises, Provincial or National Government, to the municipality prior to capitalisation.

PART 3.2.4 – PHYSICAL ASSETS IDENTIFIED NOT TO BE IN THE ASSET REGISTER.

The Director or his/her nominee may authorise the found assets submitted by the asset controller for inclusion in the assets register.

The asset controller shall submit form in respect of the found assets to the AMS for inclusion in the appropriate register.

PART 4 – TRANSFER OF PROPERTY PLANT AND EQUIPMENT

PART 4.1 – PERMANENT TRANSFER TO ANOTHER DEPARTMENT

a) The Departmental Head retains managerial accountability and control for a particular asset unless;
    i. Another Departmental Head agrees in writing to accept responsibility for that asset, and
    ii. The CFO or his/her nominee endorses transfer in the mass transfer form.
    iii. The Budget and Treasury Office appropriately amends the Asset Register for all approved transfers.
    iv. The new Departmental Head assumes all the accountabilities of the previous Departmental HEAD.

PART 4.2 – RELOCATION OR RE-ASSIGNNMENT OF PROPERTY OR EQUIPMENT.

The Departmental Head must ensure that the asset is appropriately safeguarded for loss, damage, or misuse whenever it is located. Safeguarding includes ensuring reasonable physical restrictions.

The Departmental Head must advice the CFO whenever an asset is permanently relocated or re-assigned from the location.

The departmental Head must advice the CFO whenever an asset is temporarily relocated or re-assigned from the location. In this case, the Departmental Head must advice the CFO when this asset is returned.

PART 5 – WRITE-OFF OF ASSET

An asset, even though fully depreciated shall be written off on the recommendation of the Departmental Head controlling or using the asset concerned, and with the approval of the RLM council.

The only reason for writing off assets, other than the sale of such assets during the process of alienation, shall be the loss, theft, destruction, material impairment, or decommissioning of the asset to be in question.

Departmental Heads shall report to the CFO on 31October and 30April of each financial year on any assets which such Departmental Head wishes to have written-off, stating in full the reason for such recommendation. The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the council on the asset to be written off. Amongst the reason for the write-off by the Departmental Head should indicate the following that:

- The useful life of the asset has been expired;
- The asset has been destroyed;
- The asset is out dated;
- The asset has no further useful life;
- The asset does not exist anymore;
- The asset has been sold;
- The SCMP has been adhered to.

The normal disposal written-off assets are through auction but the RLM council may decide on any other method as deemed fit in line with RLM's supply chain management policy. Writing-off of assets not fully depreciated should be avoided since there is direct financial implication on operating revenue. Preferably, fully depreciated assets may be written off. In every instance where a **not** fully depreciated asset is written-off, the CFO shall effect such accounting adjustments in terms of appropriate accounting standards.

PART 6 – FORMAT OF THE ASSET REGISTER

The asset register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and generally accepted municipal accounting practice (GAMAP) and any other accounting requirements which may be prescribed.

The asset register shall reflect the following information:

ACQUISITION

- Transaction Date

- Amount
- Supplier / Contractor
- Reference (invoice/contract/payment/order number)

IDENTIFICATION & LOCATION

- Category
- Asset number
- Serial Number
- Identifier
- Description
- Location

ACCOUNTABILITY

- Department
- Custodian
- Restrictions
- Ownership
- Licence
- Transfers

PERFORMANCE

- Capacity
- Performance measures
- Condition assessment
- Useful life
- Residual value

Disposal

- Date
- Amount
- Capacity
- Condition
- Remaining useful life
- Residual value
- Reason

ACCOUNTING

- Historical Cost
- Funding Sources
- Useful life
- Remaining useful life
- Residual value
- Depreciation method
- Impairment
- Revaluation
- Depreciation
- Accumulated depreciation
- Carrying amount
- Disposal

An asset shall be capitalised, that is, recorded in the asset register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until is available for use, where after it shall be appropriately capitalised as an asset.

An asset shall remain in the asset register for as long as it is in physical existence. The fact that an asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

PART 7 – ASSET FORMS

The following are compulsory standard forms to be used throughout the RLM. These forms must be completed before any purchase, transfer or disposal of assets or the commencement of any project involving the capital budget.

No.	Form names and short description	Form no.	Reference
1)	**Single transfer of movable assets** (To be used for all temporary or permanent movement or transfer of assets.)	**RLM 001**	**Chapter 6**
2)	**Mass transfer of movable assets** (To be used for all temporary or permanent ovement or transfer of assets.)	**RLM 002**	**Chapter 6**
3)	**Monthly Asset Certificate** (To be submitted by Directors on monthly basis)	**RLM 003**	**Chapter 6**
4)	**Employee Clearance Certificate** (To be signed when **employee leaves service** of RLM)	**RLM 004**	**Chapter 6**
5)	**Asset handed-in at central stores**	**RLM 005**	**Chapter 6**

	(To be used in respect of all broken, damaged, missing as well as eventually obsolete/redundant assets,)		
6)	**Appointment of asset controller** (Must be completed for all appointments of asset controllers.)	**RLM 006**	**Chapter 6**
7)	**Donation Received Form**	**RLM 007**	**Chapter 6**

PART 8 – CLASSIFICATION OFASSETS

In compliance with the requirements of the National Treasury, the municipality should follow the various standards of GRAP relating to the assets. An item is recognised in statement of financial position as an asset if it satisfies the definition of and criteria for recognition of assets. The first step in the recognition is to establish whether the item meets the definition of asset. Secondly, the nature of the asset should be determined, and thereafter the recognition criterion is applied. Assets are classified into the following categories reporting purposes.

1) Property, Plant and Equipment (GRAP 17)
   - Land (not held as investment assets)
   - Infrastructure assets (assets which are part of a network of a similar assets)
   - Community assets (resources contributing to the general well-being of the community)
   - Heritage assets (Cultural significant resources)
   - Other assets (ordinary operational resources)
2) Intangible Assets (GRAP 102)
   - Intangible Assets (asset without physical substance held for ordinary operational resources)
   - Are not held for capital gain
3) INVESTMENT PROPERTY (GRAP 16)
   - Investment assets (resources held for capital or operational gain)

When accounting for current assets (that is of capital nature), the municipality should follow the various standards of GRAP relating to these assets) Current Assets (with a capital nature) are classified into the following categories for financial reporting purposes:

4) LAND INVENTORIES (GRAP 12)

- Land Inventories (land or buildings owned or acquired with the intention of selling such property in the ordinary course of business)

To facilitate the practical management of infrastructure assets and Asset Register data, infrastructure assets have been further classified. The recommended classification for all assets are provided in **APPENDIX B.**

The CFO shall ensure that classifications specified by National Treasury, GRAP, and those adopted by the municipality are adhered to.

PART 9 – LAND AND BUILDINGS

- Land and Building comprises any land and buildings held (by the lessee under a finance lease) by the RLM to be used in the production or supply of goods or for administrative purpose and/or to provide services to the community. These assets include building assets such as offices, staff housing, aquariums, cemeteries, clinics, hospitals, game reserves, museums, parks and recreational assets such as tennis courts, swimming pools, golf courses, outdoor sports facilities etc. Land held for currently undetermined future use, should be included in PPE. In this class there is no intention of developing or selling the property in normal course of business

  Land and building shall be treated using the cost less depreciation model. Land shall initially be accounted for at cost price, or fair value in case where cost price is not known, and shall not be depreciated. Land on which infrastructure and/or buildings are located shall be listed separately in the land register and not with the infrastructure or building assets.

Land and Buildings shall be recorded under the following main categories:(in **APPENDIX B of Statement of Financial Position)**;

- Land
- Buildings

PART 10 – INFRASTRUCTURE ASSETS

- Infrastructure Assets comprised assets used for the delivery of infrastructure based services. These assets are typically including electricity, sanitation, roads and storm water, and water assets.
- The infrastructure Asset Register shall ensure complete representation of all infrastructure asset types. The level of detail of componentisation shall be defined to a level that balances the cost of collecting and maintaining the data with the benefits

of minimising the risks of the municipality. An improvement plan stipulating the level of detail and the timing of improvements shall be prepared.

- Infrastructure assets are being valued at cost less accumulated depreciation and accumulated impairment. If cost can however not be established, then infrastructure assets will be valued at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for the assets where there is no active and liquid market. Depreciation shall be charged against such assets over their expected useful lives. The remaining useful life and residual value of, and the depreciation methods applied to infrastructure should be reviewed annually, but cost related to such reviews should be measured against benefits derived to ensure value for money.

Infrastructure Assets shall be recorded under the following main categories:(in

APPENDIX B of Statement of Financial Position);

- Electricity Network;
- Roads and Storm water;
- Water and Sanitation

PART 11 – OTHER ASSETS

- Other Assets of RLM include a variety of assets that are of indirect benefit to the communities they serve. These assets include office equipment, furniture and fittings, bins and containers, emergency equipment, motor vehicles, plant and equipment.
- Other asset is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives. Other assets are not revalued.

Other Assets shall be recorded under the following main categories:(in

APPENDIX B of Statement of Financial Position);

- Bins and Containers
- Emergency Equipment
- Furniture and Fixtures
- Motor Vehicles
- Office Equipment
- Plant and Equipment

- Specialised Vehicles
- Other Assets

PART 12- INTENGIBLE ASSETS

Intangible Assets will be purchased, or will be internally developed, by the municipality and includes, but are not limited to, computer software, license fees, website development cost and valuation roll.

Intangible asset is stated at cost less accumulated amortisation and accumulated impairment losses. Such asset is amortised over the best estimate of useful life of the intangible asset.

The CFO, in consultation with Directors, shall ensure that all intangible assets are recorded in terms of the municipality's policies.

It is the responsibility of the Head of Information Technology to ensure that all licensed computer software other than operating software is accounted for.

PART 13 – INVESTMENT PROPERTY

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the Municipality's Statement of Financial Position.

Investment asset shall comprise land or buildings (or parts of buildings) or both held by the municipality, as the owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the asset register in the same manner as another asset.

If RLM Council resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.
The CFO shall ensure that investment assets are recorded in an Investment Property register.

PART – 14 ASSETS TREATED AS INVENTORY

Inventory Property comprises any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the Municipality's statement of position.
Such inventories shall, however, be recorded in the asset register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.

PART 15 RECOGNITION OF HERITAGE ASSET IN THE ASSET REGISTER

If no original cost or fair values are available in the case of one or more or all heritage assets, the CFO may, if it is believed that the determination of fair value for the assets in question will be laborious or expensive undertaking, record such assets in the asset register without an indication of the cost or fair value concerned.
For balance sheet purpose, the existence of such heritage assets shall be disclosed by means of an appropriate note.

PART 16 – IDENTIFICATION OF ASSETS

An asset identification system is a means to uniquely identify each asset in the municipality in order to ensure that each asset can be accounted for on an individual basis. Movable assets are identified using a barcode system by attaching a barcode to each item. Immovable assets shall be identified by means of an accurate description of their physical location.

In exercising this responsibility, every Director/Departmental Head shall adhered to all written directives issued by the Municipal Manager to the Department in question, or general to all Departments, regard the control of or safekeeping of the RLM assets.
As far as practicable, all movable asset shall be bar-coded or uniquely marked.
Directors shall ensure that all the assets under their control are correctly identified.
Directors must ensure that all movable assets are bar-coded.
Immovable assets must be identified using naming and numbering conventions that enables easy location of the assets in the field

PART 17 – PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF ASSETS.

Directors shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the Department in question is promptly reported in writing to the CFO and in case of suspected theft or malicious damage, also to the South African Police Services.

Directors must ensure that directives are adhered to.

- Claims to be reported to the CFO within 48 hours from the date of loss.
- Claims reported later than 48 hours from the date of loss must be accompanied by clear valid reason for late notification.
- Submitted claims must be comprehensive and must have all relevant documents relating to the claim such as a throughout description of the loss, date of loss, sketch of accident driver details, vehicle details, SAPS case details, cover sheet on the relevant person who submitted the claim and contact details. All supporting documents to be submitted with claim, claim form to be signed.

PART 18 – CAPITALIZATION OF CRITERIA: MATERIAL VALUE

- Buildings, Infrastructure, all fixtures and other tangible and non-tangible assets of a non-consumable nature of which the value is R1 000.00 or more, and the normal expected life of which is one year or more will be treated as fixed assets and be capitalised as such; and
- All tangible property with a value of more than R1 000.00 will be funded from a capital budget and included in the fixed asset register.

PART 19 – CAPITALIZATION OF CRITERIA: INTANGIBLE ITEMS

No intangible items shall be recognised as an asset, except that the CFO, acting in strict compliance with the criteria set out in IAS 38 (dealing with research and development expenses) may recommend to the RLM council that specific development cost be recognised as assets.

PART 20 – CAPITALIZATION OF CRITERIA: REISNTATEMENT, MAINTENANCE AND OTHER EXPENSES.

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

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

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

PART 21 – CAPITALIZATION OF CRITERIA: MAINTENANCE PLANS.

Directors shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000-00 or more is promptly prepared and submitted to the Municipal Manager for approval. The maintenance plans contemplated in this part are subject to budgetary provision in terms of the normal budget process.

Maintenance plan shall be submitted to council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

Directors controlling or using the infrastructure asset in question, shall annually report to the to the Municipal Manager of the extent which the relevant maintenance plan has been complied with, and of the likely effect which any no-compliance my have on the useful operating life of the asset concerned.

The maintenance plans contemplated in this part are subjected to the budgetary provision in terms of the normal budget process.

PART 22 – GENERAL MAINTENANCE OF ASSETS

Directors shall be directly responsible for ensuring that all assets other than infrastructure assets are properly maintained and in a manner, which will ensure that such assets attain their useful life.

PART 23 – USEFUL LIFE OF ASSETS

National Treasury published its Local Government Asset Management Guideline in August 2008 that includes directives for useful lives of assets., but municipalities are allowed to use their judgement based on operational experience and in consultation with specialists where necessary in determining the useful lives for particular classes of assets. The calculation of useful life is based on a particular level of planned maintenance.

The remaining useful life of assets shall be reviewed annually. Changes emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3.

During annual physical verification the condition of each asset must be reviewed to determine the validity of its remaining useful live as reflected on the asset register. All items identified as being impaired (with remaining useful lives shorter than anticipated as per the assets register) must be reported to the Chief Financial Officer who will implement steps to ensure that the impairments are incorporated in the assets register and reported on as required by the standards of GRAP.

The CFO shall ensure that remaining useful lives, and changes thereof, are properly recorded and accounted for in the Asset Register and general ledger.

PART 24 – RESIDUAL VALUE OF ASSETS

Residual value should be determined upon the initial recognition (capture) of assets. However, this will only be applicable to assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. In practice, the residual value of an asset is often insignificant and therefore immaterial in the calculation of the depreciable amount.

During annual physical verification the condition of each asset must be reviewed to determine the validity of its remaining residual values as reflected on the asset register.

The CFO shall ensure that residual values, and changes thereof, are properly recorded and accounted for in the Asset Register and general ledger.

PART 25 - DEPRECIATION OF ASSETS

All assets, except land, shall be depreciated over their reasonable useful lives. The residual value and the useful life of an asset shall be reviewed at each reporting date. The depreciation method applied must be reviewed at each reporting date.

Reasonable budgetary provisions shall be made annually for the depreciation of all applicable assets controlled or used during the ensuring financial year.

It is the municipality's current accounting policy to determine depreciation on assets other than land as calculated on cost, using the straight-line method, to depreciate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or begin when the asset is used or consumed. Depreciation of the asset should begin when the asset is ready to be used, i.e. the asset in the location or condition necessary for it to be able to operate in the manner it is intended by management. Depreciation of an asset ceases when the asset is derecognised. Therefore, depreciate does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under certain methods of depreciation the depreciation charge can be zero while there is no production.

In the case of intangible assets while being included as an asset, the procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of the assets.

Directors must ensure that a budgetary provision is made for the depreciation of the assets under their control in ensuing financial year.

Directors must determine the reasonable useful life of the asset classifications under their control. Deviations from the standards of useful life must be motivated in writing to the Asset Management Committee for approval.

In case of an asset which is not listed in he asset classification list, Directors shall determine a useful operating life, in consultation with the CFO, and shall be guided in determining such useful life by the likely pattern in which the asset's benefits or service potential will be consumed.

The CFO shall ensure that depreciation shall be up to date on a monthly basis and be reconciled between the Asset Register and the General Ledger.

The CFO shall ensure that the residual value, useful life and depreciation method of an asset shall be reviewed at each reporting time.

PART 26 – IMPAIRMENT LOSSES

Asset shall be reviewed annually for impairment. Impairment of asset shall be recognised as an expense. The reversal of previous impairment losses recognised as an expense is recognised as an income.

The CFO shall ensure that impairment losses, or reversals therefore, are properly recorded an accounted for in the Asset Register and the General Ledger.

PART 27 RENEWAL OF ASSETS

Asset renewal is restoration of the service potential of the asset. Asset renewal is required to sustain service from infrastructure beyond the initial or original life of the asset. If the service provided by the asset is still required at the end of its useful life, the asset must be renewed. However, if the service is no longer required, the asset should not be renewed. Asset renewal projection are generally based on forecast renewal by replacement, refurbishment, rehabilitation or reconstruction of assets to maintain desired service levels.

Asset renewal shall be capitalised against the asset and the expected life of the asset adjusted to reflect the new asset life.

Directors shall ensure that renewals expenditure are correctly budgeted for in the capital budget and expensed against this budget.

Directors must ensure that renewals expenditure data are correctly captured against the assets and the expected lives adjusted.

PART 28 – REPLACEMENT OF ASSET

Assets that are replaced shall be written off at their carrying value. The replacement asset shall be accounted for as a separate new asset. All cost incurred to replace the asset shall be capitalised against the new asset. The SCMP will be applied.

Directors shall ensure that replacement expenditure are correctly budgeted for in the budget and expensed against this budget.

PART 29 – TRANSFER OF ASSET

The transfer of assets shall be controlled by the transfer processes in the policy and the Asset Register shall be updated accordingly.

The processes must be followed and apply to all transfer of assets from:

- One Department to another Department;
- One location to another within the same department;

- One building to another; and
- One entity to another.

Directors must ensure that all asset transfer information is passed to the Asset Office.

The CFO shall ensure that a process is in place to capture and record asset transfer data.

Staff of the Municipality, except for duly authorised staff , shall not move rented assets, such as photocopy machines.

No person shall transfer any IT equipment without the knowledge and written consent of the Head: Information Technology.

Directors must immediately report to the asset and insurance office any damages cause to asset and will be held responsible to investigate the cause or nature of such damage.

PART 30 – EXCHANGE OF ASSETS

The SCMP will be applied when assets are exchanged. The cost of assets acquired in exchanged for another asset shall be 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 equivalents transferred.

An item of PPE may be acquired in exchange for a similar fair value or may be sold in exchange for an equity interest in a similar asset. No gain or loss recognised in both cases.

The Asset Management Committee shall approve all asset exchange in consultation with the relevant Directors.

PART 31 – DISPOSAL OF ASSET

The MFMA (Section 14 and 90) and the Municipal Supply Chain Management Regulation no. 27636 have specific requirements regarding the disposal of asset. Specifically;

- A municipality may not ...” permanently dispose of asset needed to provide the minimum level of basic municipal service”
- Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable , transparent, competitive and consistent with the municipality’s supply chain management policy.

Directors shall report in writing to the Asset Management Committee on the 28 February and 31 July of each financial year on all assets which they wish to disposal and the proposed method of disposal.
When deciding on a particular disposal method and consideration of the following, the SCMP on disposal of assets must be applied:

- The nature of the asset
- The potential market value
- Other intrinsic value of the asset
- Its location Its volume
- Its trade in price

- Its ability to support wider Government programmes;
- Environmental Considerations
- Market Conditions
- The asset's life

Appropriate means of disposal may include:

- Public Auction
- Public tender
- Transfer to another institution
- Sale to another institution
- Letting to another institution
- Trade-in
- Controlled dumping (for items that have low or are unhygienic)

The CFO shall consolidate the requests received from the various departments, and shall promptly report the consolidated information to the Asset Management Committee or to council, recommending the process of disposal to be adopted.

The Council shall delegate to the Asset Management Committee the authority to approve the alienation of any asset.

The Council shall ensure that the alienation of any asset takes place in compliance with Section 14 of the Municipal Finance Management Act,2004. The Act states that the municipality may not alienate any other asset required to provide a minimum level of service. The municipality may alienate any other asset, provided the municipality has

considered the fair value and the economic and community value to be received in exchange for the asset.

Donation may be considered as a method of alienation, but such request must be motivated to the Asset Management Committee for approval.

Asset that are hazardous or need to be destroyed must be identified for tenders or quotations by professional disposal agencies.

Scrapping of assets that cannot be alienated otherwise may be considered as a method of alienation, but request must be motivated to the Asset Management Committee.

Once the assets are alienated, the CFO shall write-off the relevant assets in the Asset Register.
The letting of immovable property must be done at market-related tariffs, unless the relevant treasury approves otherwise. No municipal property may be let free of charge without the prior approval of the council.

PART 32 – SELLING OF ASSETS

Selling of assets refers to the public sale of municipal assets approved for disposal.

The selling of assets must be within the parameters laid down in the SCMP. Further all assets earmarked for sale is sold by public auction or tender and the following steps shall be followed:

- A notice of the intention of the municipality to sell the asset shall be published in a local newspaper;

- In the case of public auction, the municipality shall appoint an independent auctioneer to conduct the auction; and
- In the case of a tender, the prescribed tender procedures of the municipality shall be followed.

Assets earmarked for sale shall be classified as Asset Held-for-Sale in terms of part 14 of this policy and shall not attract any further depreciation. Sold assets shall be written-off in the Asset Register.

A request for asset to be sold must be submitted to the Asset Management Committee for approval. The request must be accompanied by the a list of assets to be sold and the reasons for sale as described in part 30 above.

The council or Asset Management Committee may approve the engagement of auctioneers either on a quotation basis or by tender depending on the goods to be alienated.

Bidders are afforded the opportunity to make an offer on identifiable items. Bids are compared and the highest bidder is awarded the bid.

Once the assets are sold, the CFO shall write-off the relevant assets in the Assets Register.

If the proceeds of sale are less than the carrying value recorded in the asset register, such difference shall be recognised as loss for the department or vote concerned in the Statement of Financial Performance. If the proceeds of the sale, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain for the carrying value of the department or vote concerned in the Statement of Financial Performance.

Transfer of assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

PART 33 – PHYSCICAL CONTROL

PART 33.1 PHYSICAL CONTROL / VERIFICATION

All movable assets shall be actively controlled, including an annual verification process.

Movable asset shall have a visible bar code or unique asset marking.

Annual verification of movable assets shall be conducted under the direction of asset office. This procedure will enable the municipality to identify the discrepancies and the dispositions and properly investigate and record the transactions.

Procedure should be established to adequately identify assets owned by others or subject to reclamation by donors.

The Budget and Treasury Office shall co-ordinate and control regularly physical checks, and all discrepancies are to be reported immediately to council.

Register shall be kept for all assets allocated to staff members. The individuals are responsible and accountable for the assets under their control. These registers shall be updated when assets are moved to different locations or allocated to a different staff member to facilitate control and physical verification.

Where a change in person in direct control of equipment takes place, a handing-over certificate shall be completed and signed by both parties concerned and a copy of this certificate must be forwarded to Budget and Treasury Office. If surpluses or deficiencies are found, the certificates shall be dealt as with stock-taking reports.

If for any reason the person from whom the asset is being taken over is not available, the asset controller should assist the person taking over with the checking of the equipment and the certification of any discrepancies.

In case of failure to comply with the requirements of a handing-over certificate, the person taking over shall be liable for any shortages, unless it can be established that the shortages existed prior to their taking over.

Any losses of and damage to equipment, excluding discrepancies at the stock-taking of losses resulting from normal handling or reasonable wear and tear, shall be reported to Council.

Independent checks from asset records shall be conducted to ensure that the assets physically exist, especially those that could be disposed of without a noticeable effect on operations.

Annual physical verification of assets shall be performed to identify items which are damaged, not in use or are obsolete due to changed circumstances, to ensure that they are appropriately repaired, written off or disposed off.

All newly acquired assets shall be delivered to / received by the procurement section where the assets will be bar-coded before dispatch to the persons who will be custodians of the assets. Where this is not practicable, the acquired assets must be delivered to the section issuing the requisition and that section must notify the Asset section so that bar-coding or asset marking can be arranged.

PART 33.2 INSURANCE OF ASSETS

Assets that are material in value and substance shall be insured at least against destruction, fire and theft. All Directors insure that all assets are insured in terms of the policy

Movable assets shall be insured from date of delivery. Directors shall insure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve (assuming such reserve to be allowed), the CFO shall annually determine the premiums payable by the

Departments or vote after having received a list of the assets and insurable values of all relevant assets from the Directors concerned.

The municipal manager shall recommend to the RLM Council, after consulting with the CFO, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

PART 33.3 – SAFEKEEPING OF ASSETS

Directors are, in terms of the employment contract, directly responsible for the physical safekeeping of any asset controlled or used by the department in question.
Asset safekeeping is the protection of assets from damage, theft, and safety risks.
Directors must ensure that safekeeping directives are adhered to.
Malicious damage, theft, and break-ins must be reported to the CFO within 48 hours of its occurrence or awareness. The CFO will inform the Insurance Claims Committee of such occurrence.
The Municipal Manager must report the criminal activities to the South African Police Services.

ASSET MANAGEMENT PROCEDURES

CHAPTER 4 - ASSET MANAGEMENT PROCEDURES

4.1 Introduction

The asset of the Rustenburg Local Municipality (RLM) are used and utilised by and on behalf of millions of people within the boundaries by the employees.

Section 77 and 78 of the MFMA, makes it clear that the top management must assist the accounting officer in managing and co-ordinating the financial administration of the municipality. Further they must ensure that the assets of the municipality are managed effectively, efficiently and economically and that are safeguarded and maintained to the necessary extent.

A manual of tasks is only significant if the task performer knows exactly where he/she fits into the larger picture, both organisationally and in the line of responsibilities.

The RLM decides to install an Asset Management System with bar code facilities, where certain movable assets are physically a marked with aluminium bar code labels, to fulfil the requirements of GRAP , which is required by new legislation.

This manual is an explanation of which, how, when and where tasks have to be performed regarding asset control and to give guidance to the performer of tasks on what is expected of him/her.

The Asset Management Manual has to be evaluated continually for sufficiency by the task performers and their seniors. Suggestions to improve the manual have to be canalised from the Department Asset Representatives, hereafter referred to as Asset Controllers. From the above mentioned, it is clear that this manual has to be revised formally at least annually by the Asset Management Section.

In order to utilise each person's creativity and innovation during the performance of this tasks to the maximum, only important tasks and a general description of what they involve, have been included in the manual. However, it is obvious that the manual has to be updated with important task improvements following from creative and innovative thoughts.

Please keep in mind that the main task of asset management revolves around discipline in respect of acquisitions, movement, maintenance and stocking as well as proper accounting.

A completely updated manual of tasks has to be available at all times for auditing and evaluation.

4.2 DEFINATIONS

Assets are items of intangible Assets, Investment Property or Property Plant and Equipment defined in this policy

An asset is defined in GRAP 17 as tangible of property, plant and equipment held by the Municipality for use in the production or supply of goods or services, for rental to others, or for administration purposes, and which is expected to be used during more than one reporting period (financial year).

An asset is thus either movable or fixed/immovable, under the control of the Municipality, and from which the Municipality reasonably expects to drive economic benefits, or reasonably expects to use in the delivery of service, over a period extending beyond one financial year.

To be recognised as an asset, an asset must meet the criteria referred to in parts 16, 17 and 18 below.

An asset held under a finance lease, shall be recognised as a municipal asset, since the Municipality has control over the leased assets.

Accounting officer means the Municipal Manager appointed is in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no.117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal System Act 2000 (Act. No 32 of 2000)

Chief Financial Officer (CFO) Means an officer of the municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

Carrying Amount is the amount at which an asset is recognised after deducting any accumulated depreciation (or amortisation) and accumulated impairment losses thereon.

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

Cost is the amount of cash or cash equivalents paid or the value of the other consideration given to acquire an asset at the time of its acquisition or construction, or , where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other standards of GRAP.

Historical Cost, the amount of cost to be recognised for, as an asset and carried forward until the related revenues is recognised.

Critical Assets are assets identified as having a high risk profile in terms of occupational health and safety standards and the consequences of failure could result in service delivery needs not being met and human health and safety as well as the environment being negatively affected.

Depreciable Amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair Value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

GRAP are standards of generally recognised accounting practice.

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

Infrastructure Assets are defined as any asset that is part of a network of similar assets. Example are roads, water reticulation schemes, sewerage purification, and truck mains, transport terminals and car parks.

Intangible Assets are defined as identifiable non-monetary assets without physical substance.

Investment Properties are defined as properties (Land or Buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for purpose of resale in future years.

Land and Buildings are defined as a class of **PPE** when the land and buildings are held for purpose such as administration and provision of services. Land and Buildings therefore exclude Investment properties and Land Inventories.

MFMA refers to the Government: Municipal Finance Management Act(Act no.56of 2003).

Other Assets are defined as assets utilised in normal operations. Examples are plant and equipment, motor vehicles, furniture and fittings.

Property Plant and Equipment (**PPE)** is tangible assets that:

- Are held by municipality for use in the production or supply of goods or service, for rental to others, or administration purposes, and
- Are expected to be used during more than one period.

Recoverable Amount is the higher of the cash-generating asset's net selling price and its value in use.
Recoverable service is the higher of non- cash generating asset's net selling fair value less cost to sell and its value in use.
Residual Value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal. If the asset were already of the age and in the condition expected at the end of its useful life.
Useful Life:

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

Asset Controller (AC) The official delegated to control and administers the safe keeping of assets. It can be per Department, Unit or Section (number of rooms).

Consumable (minor value items)

- Items with smaller values which normally would be seen as disposable, even if the usability can be longer than a year. These items do not carry a value in the subsidiary register but are included for control purposes.
- Items on the list approved by the Directors but cannot be included in the asset register. (not bar-coded)
- **RLM - Rustenburg** Local Municipality

Small Tools, Small mechanical implements, held in hand, used for working upon something like spanners, screwdrivers.

Sub-Asset, An asset which does not have its own label and which forms part of a next higher assembly, such as an upgrade to pc or a CD writer.

Toolbox is a function available in the asset system that allows for control over the contents of toolboxes and other items that cannot be labelled, for example, cameras or other technical tools. It is not always a tangible toolbox but just a word used to group un-mark able assets together. The "toolbox" is therefore the asset in the assets register and not the items recorded in the toolbox, which will not be labelled. It will therefore only have one value for total toolbox. The first digit of the toolbox will always be a "T" followed by a number.

Unique asset number is a number, consist of five characters assigned t a specific movable asset and that appears on the bar code labels that is permanently affixed to the door frame of that room. **N.B: PLEASE DO NOT OVER PAINT**

4.3 PROCEDURES

4.3.1 MAINTENANCE

4.3.1.1 Directives and Procedures – Asset Management

a) Ensure that this manual is kept up to date and is compiled with at all times to effectively, efficiently and economically manage the assets. (Departments inputs for improvement of the manual should be passed on to **AMS** via the asset controllers.
b) The manual should, in spite of the periodical updating, be reviewed formally once a year. Any necessary adjustments should be made and forwarded to the relevant parties. However, it is still the responsibility of the asset controllers to ensure that they have the latest version of the manual.
c) The manual shall be disseminated to all relevant stakeholders within the RLM.
d) The CFO or his/her nominee shall determine the training needs of various stakeholders with respect to the manual and arrange for appropriate training.
e) Non-compliance to this Asset Management Policy and Procedures shall be reported to the appropriate level of management for appropriate application of the RLM's disciplinary procedures.

4.3.1.2 Asset Register

a) All the assets of the RLM are recorded in the asset register.

b) They will be two mayor types of assets recorded.
   i. Fixed or immovable asset register like buildings, roads, electricity, sewerage and water networks.
   ii. Movable assets like cabinets, chairs, computers, desks, etc.
c) It shall be the responsibility of the AMS to maintain, reconcile and update the asset register on a monthly basis in order to ensure that fair value of the RLM'S asset register is reflected.
d) Individual asset types determined from time to time must be reflected in the Asset Register.
e) As Directors are responsible for all assets under their control, they must provide the CFO with Asset Accountability Statement as per form "RLM 102" .

4.3.1.3 Control Environment

a) Ensure that standard documentation for the nomination of asset controllers for asset control **(RLM 101)** is properly completed for each Department.
b) Ensure that each asset location is provided with **Movable Asset List from the System (Asset Register)** of all the asset dedicated to those locations. (Rooms, etc). The list should be updated when the asset situation changes in the location.
c) There must be floor plan for each building on which the rooms are clearly marked and numbered.
d) No alterations to or painting of buildings can commence, without liaison with the Asset Controllers to verify the room numbers and to make sure that the bar codes at the doors are not damaged and control must be exercised to ensure that the unique asset/s and room identification (bar codes) are **NOT PAINTED OVER.**

4.3.2 INCREASE OF ASSETS

4.3.2.1 BUDGET PROCESS

a) It is expected from each person in the asset control process to have an overall knowledge of the RLM'S budget process.
b) Help line management of each Department with the preparation of their capital budget. **The following criteria should be met and indicated.**

i. The intended asset has to be capitalised in accordance with the detail directives.
ii. The classification of each movable asset budgeted for, should be indicated.

(In case where there is no existing classification, or there is any uncertainty regarding the classification of an asset, the matter should be discussed with the AMS to obtain clarification on the matter).

iii. In case where the new asset is the replacement of an existing asset, the unique asset number of the asset that is going to be replaced has to be indicated to enable AMS to link the old and the new assets.
iv. Remember that the asset to be replaced must first be written off, before the new asset can be bought.

c) The following will assist in distinguishing capital and maintenance expenditure.
   - Capital
     i. Acquiring a new asset.
     ii. Replacing an existing asset.
     iii. Enhancing an existing asset so that a useful life is expanded e.g rebuilding specific vehicles.
     iv. Normal cost of asset built from scratch

It is important to note that property, plant and equipment shall be capitalized at cost. The cost of an asset shall include all expenses necessary in bringing it to its working or its intended use and include purchase price, import duties, non-refundable purchase taxes, site preparation costs, delivery and handling costs as well as professional fees.

   - Maintenance
     i. Restoring an asset so that it can continue to be used for its intended purpose.
     ii. Maintaining an asset so that it can be used for the period for which it was intended.

d) Ensure that all budgeted movable assets are properly broken down in the Department budget documents. This means amongst others that no movable assets can be budgeted for by means of the budget of any projects, e.g the construction of a building of roads.
e) Scrutinize the summarized capital budget set up by the Finance Department and ensure that:
   i. All movable budgeted for are in the asset register;
   ii. Classification of assets according to the capital budget agrees to the classification used in the asset register.
   iii. Unique asset numbers of all assets to be replaced are indicated against the new budgeted assets.

4.3.2.2 Purchase Process

a) It is expected of each person in the asset control to have an overall knowledge of the RLM's purchase process.
b) Ensure that new assets are only bought in accordance with the approved form in triplicate attached, should be reviewed and signed by the Asset Controllers to ensure that the items were budgeted for and that all the information on the form is correct. Asset Controller must keep one copy.

Please note

i. The new type of desks consists of many different items, which are bought as line items. The desk will eventually only has one bar code and the other items will be taken up as sub-assets.
ii. When you buy a PA system with slide, cables and Micro phones etc, it must be in three to four line items although the supplier provides them as a package deal. There are many similar cases.

c) All assets must be bought a direct order placed at procurement. A copy of form for movable assets or for immovable assets must be completed and also be sent to the Asset Management Section. More than one type of asset can be included in 1 form as long as the same vote number is used.
d) The Asset Controller will verify the information given and will return one signed copy to the relevant official, which will serve as authority to proceed with the purchase.
e) The Department can then send the requisition together with the signed copy of form or the procurement office. The normal process will continue via the Procurement.
f) It is important to keep in mind that the Procurement will in no circumstances issue an order for any capital item to be purchased, unless they are supplied with an authorised form from the asset controller. The staff at procurement will also in circumstances entered into arguments/discussions about what is an asset or not, but will refer all queries to the Asset Management Section if they are of the opinion that goods to be purchased, can be classified as assets.
g) In respect of insurance claims, the form must also be completed in fourfold for the assets that are claimed from the RLM insurer to be replaced due to any insured risks, when the insurance claim is reported.

i. One copy must be sent to AMS.
ii. One coy must be forwarded with the requisition to the buyers/procurement office.
iii. One copy must remain with the AC's file.

h) Ensure that new assets received meet the specifications according to the purchase requisitions. Asset Controllers inspect all new assets received in their Departments/Units to ensure they are according to the purchase documents.
i) Collect information of new additions in a file and supply the AMS with the information in order for them to update or process additions in the asset register.
j) **No** purchasing of assets should be financed through the **Operational budget.** Should such purchase takes place, this will immediately be reported to the CFO and appropriation action will be taken against the Department not followed the procedures.
k) **No** assets should be bought from **petty cash**.

4.3.2.3 **Take on of New Assets**

Asset Management Section can only correct all new purchases, if the correct information is supplied to them, so please insure that all asset purchases
forms reach the AMS at least on or before the **30th of each month**.

a) Obtain the file with all appropriate source documents – Asset forms from the ACs.
b) The following tasks should be performed by the various parties:
    i. Inspect the asset received and ensure they agree with the information on the source documents.
    ii. Mark the new assets, if applicable with a bar code label and record the room and toolbox number and other information for asset additions in the appropriate document.
        - Assets which can be for practical reasons not be marked with a bar code label or do not need to be marked, must still be recorded in the asset register (Toolbox).
    iii. Add the new asset to the movable assets list at the back of the door of the room with the date and signature.
    iv. Use the information on the forms as received from the Asset Controllers to update the Asset register.

c) Any asset which is not possible to be marked with a bar coded label should be described in detail in the control register. The applicable bar code should be pasted against the description in the asset register.

4.3.2.4 Processing in the Asset Register

a) At the end of each month the phoenix report of all new asset purchase must be drawn and downloaded in to an excel spread sheet.

b) Reconciliation must be done between the phoenix, Promise and information records received from Asset Controllers. Add the bar code number, serial number, locations, asset types department code and classifications.
c) After completion of reconciliation of new assets, uploading the excel file into the Asset management system and run the monthly depreciation for the month.
d) **In respect of the immovable assets**, Recon will be done on the monthly basis for all additions but the assets/projects will be capitalized or update the register annually once asset/projects are completed.

4.3.3 TRANSFER OF ASSETS

a) Absolutely no transfer of assets may take place without proper documentation being appropriately filled in and authorised.
b) The security staff controlling the entrances to the buildings must record details of the assets in a register, which must be signed by the person removing the asset.

4.3.3.1 Internal and External Transfer/movement of Assets

a) It shall be the responsibility of the transferor and the transferee in conjunction with the Asset Controller/s, to notify the Asset Management Section of such asset movements. Use the forms “RLM 003” (Internal transfers to the RLM locations) or “RLM 203” (External transfer to non RLM locations) to enable the adjustments to be processed in the asset register.

4.3.3.2 Assets going for repairs

a) To control assets that go for repairs, a room number per repairer/supplier must be created within the same Department; else depreciation ceases for as long as the assets is at the repairer/supplier. Use the repairer/suppliers name as the name of the occupant. Use the asset transfer procedure to move the asset.
b) In this way, the original room location is still available when the asset is returned. Yet, the physical Location Report will tell you which assets are at which Repairer/Supplier.
c) Asset sent for repair should be transferred on the system to a new location “awaiting repair” by using the correct documentation (form “RLM 003”).
d) The release from RLM premises form “RLM 203” should also be completed.
e) A list of the assets that are under the “await repair” location on the asset register should be requested monthly and followed up.

f) Explanations should be obtained for any items in the “await repair” section for longer than one month.

4.3.3.3 **Transfer between the and within the Departments**

a) Obtain the required approvals.
b) Fill in form **.**
c) Take the forms to the asset controller and get the necessary authorisation to transfer the asset/s.
d) The asset controller will keep one copy, one copy goes to the AMS file, and one copy must accompany the asset and shall kept with the transferred asset and be submitted to the asset controller where the asset will be kept.
e) The respective asset controller must amend the movable asset list from where the asset was removed as well as where it was placed together with their signature and date.

4.3.3.4 Processing in the Asset Register

a) For control over completeness, record all forms received from Departments in a control register.

i. Update the asset register with the information on form.
ii. Ensure that all forms input is completely and accurately recorded in the Asset Register.
iii. Print new movable asset list for the rooms affected by the transfer of the assets and distribute them to the Asset Controllers involved, who shall replace the movable assets lists at the back of the doors of the rooms affected.

4.3.4 DECREASE OF ASSETS

4.3.4.1 Write-off of assets

a) Assets can be write-off when they are missing, obsolete, redundant or stolen. Assets that are missing or stolen must be transferred to the appropriate room numbers for missing or stolen assets. Remember that Department must obtain approval from the RLM Council, for an asset to be written-off and the item number of the resolution must be quoted.

b) An asset is redundant if it is uneconomical to repair or irreparable or has become useless to that Department.

c) Departments that have identified the obsolete or redundant assets that are no longer required for a service delivery, must be communicated to other departments through RLM communication office to enable other departments that have a need to utilise such assets, to notify the relevant Department of their need.

d) Should other departments require such assets, the assets identified cannot be regarded as obsolete/redundant, but must be transferred to the Department in need of such assets.

e) The responsible asset controller must check the reason for the write-offs are completed on the form in triplicate, for all assets to be written-off.

f) Application to write-off assets must be done monthly. The relevant forms must be in good time be submitted. To the Asset Management Section for comments and to check the details.

g) The internal Audit Department must verify the obsolete/redundant assets to be written off. This must be done before the item with details as per item is sent to the department's Portfolio Committee for approval.

h) The write-offs in any financial year, items (hardcopy and in electronic format) by the Departments, after approval by their portfolios, shall reach the AMS not later than 15th April of each year, to enable the year-end processing to be completed timeously. Losses occurring after the 15th April but before end of the Financial Year must be reported to the Chief Financial Officer immediately.

i) In respect of insurance claims the Departments must also complete form in triplicate for all assets claimed, to be written off and hand one copy to the Insurance office when the claim is submitted and one copy to the Asset Management Office for comments and to submit an item to RLM council.

j) When write-off approval is granted, it is the responsibility of the Department to advice Asset Management Section that approval was granted and to attach the resolution.

k) Only after approval for write off is granted, the obsolete/redundant assets must be taken to stores, only if they have storage space, for safekeeping until the asset can be sold on

auction. A copy of complete form for the for the transfer of movable assets, together with the RLM council resolution must be handed to the Asset Management Section as well as to the stores.

4.3.4.2 Auctions/ Disposals

a) Tenders for conducting auctions or for disposal of redundant vehicles, equipment and material (either separately or collectively), on an as and when required basis, will from time be approved by the Tender and Procurement Committee.

b) Auction must be held annually before to dispose obsolete/redundant assets.

c) The Supply Chain Management must arrange to dispose all the redundant assets after approval by the RLM Council and only after the correct procedures were followed with the auctioneers, which RLM Council has appointed.

d) The Supply Chain and Stores must determine the auction dates in conjunction with the appointed auctioneer.

e) The auctioneer must carry out the following:-

i. The details of the auction must be advertised in the local newspapers two weeks prior to the auction date.
ii. The items must be arranged on the premises where the auction will be conducted.
iii. Lot numbers must be allocated and an auction roll must be complied.
iv. The conditions of sale must be read out prior to the commencement of the auction, in the presence of all potential buyers.
v. Collection of all monies generated during the auction before the assets/goods are removed.

f) The auctioneer conducting the auction, must carry out the following:

i. The total income of the auction must within 5 working days, be paid to the RLM.
ii. A statement of total income (Including VAT) of the auction, commission and VAT on commission must be supplied within 5 working days of the auction.

iii. The auctioneer must commit and bind himself by means of surety, for all the money collected at the auctions and must provide this to the Chief Financial Officer prior to the commencement of the auction.
iv. The buyers must remove all the auctioned items sold, within three (3) days working days after the auction.

v. The relevant official of the Chief Financial Officer' office(Supply Chain Management) must submit a summary of the income and expenditure of the auction to the Internal Audit Unit.
vi. Asset not sold at the auction must be reported to the RLM Council together with the recommendations on how to dispose them.
vii. The Asset Management Section must be advised of the sale prices, within seven days after the auction.
viii. Asset Management Section will only finally thereafter remove the asset/s from the assets register.

4.3.4.3 Disposal of Specialised and / or High Valued Items not achieving set Reserve or minimum prices on auctions.

a) In case where the specialised vehicle or high valued obsolete or redundant items does not achieved a pre determined reserve price on an auction, the following procedure must be followed:

i. Withdraw the item from auction.
ii. Invite quotations for the item by advertising in local and national news paper.
iii. Obtain more than three written quotations from institutions or Companies, which deals with or utilizes similar equipment or vehicles.
iv. Obtain approval from the Council.
v. Sell the items on the highest bidder.
vi. If less than three quotations where obtained, a written motivation should be placed on file for audit purposes indicating the steps taken to ensure that the item was disposed of at the highest attainable price.

4.3.4.4 Estrangement Information

a) The required information has to be completed by Departments before the assets can be dedicated to Sections (i.e. stores, auction) on standard form in triplicate and one copy be forwarded to Asset Management Section.
    i. The obsolete/redundant assets can only be sent to the stores, after approval by RLM Council and after form has been completed in fourfold.
    ii. In case where the missing assets have been reported to public safety department, form has to be completed in triplicate as soon as the case has been closed.

4.3.4.5 Processing in the Asset Register

a) For control over completeness, record all forms received from departments in control register.

    i. Appropriate disposal codes must be created.
    ii. The assets register can only be updated with the information on forms “” and the item, after approval by RLM Council.
    iii. The write-offs shall be performed in conjunction with the Budget and Financial Management Services to ensure that the source of funding, depreciation, etc. of all write-offs is correctly adjusted and appropriately accounted for.
    iv. The asset register and control register should be followed up on a monthly basis to ensure that there are no outstanding issues for more than two months.

4.3.4.6 Archiving a Written-off Assets

a) The information pertaining to assets written off according to the asset register should be once archived once a year (at the end of the financial year book year) to ensure that the information is not lost but can be retrieved at any stage.

4.3.4.7 Missing / Lost Assets

a) Missing assets report to AMS by relevant Asset Controllers are transferred to the section code “awaiting missing assets”. These assets will remain the responsibility of the relevant Department until approved written off is obtained and removed from the assets register. These assets can only be written off once a formal investigation conducted by the Public Safety Department and Internal Audit has been completed and RLM Council has approved their recommendation to write off the assets.

b) Form must be completed in triplicate and one copy together with the report from Public Safety Department submitted to Asset Management Section. The same procedures will apply as for other write offs.

4.3.5 Verification of Assets

4.3.5.1 Introduction

a) Assets will annually verified by the Asset Management Section in conjunction with the various Departments, by doing stocktaking (or verification) and quality evaluation. The former involves the scanning of the bar labels affixed to assets and room entrances and the recording (downloading) of such stock, in the assets register as well as verifying unmarking assets to the Consumer Items list – form.

b) Important information that has to be considered during the stocktaking is as follows:

   i. The stocktaking of the bar-coded assets are done with handed held terminals and scanners. Changes to the standard programmes are only performed under the direct supervision and control of the Asset Management Section.
   ii. If the scanner cannot read any bar code label, Asset Management Section has to verify the replacing of the label and to update the assets register with the change.

c) Verification have to be performed systematically per asset section and room in accordance with the frequency and procedures explained in the verification plan.
d) The occupants of the various buildings should well in advance be notified of the inspection processes and arrangements must be made that all the rooms be unlocked and where possible the occupants be present. Please also make sure that the assets are in the rooms where they should be. This will ensure saving time.
e) The verification dates have to be determined in such a way that all assets of the relevant Departments are verified once every financial year before 30 June.

4.3.5.2 Routine Verifications

a) Routine verifications should be conducted once or twice a year depending on the risk involved.

b) The person in charge of the verification must do the following**:**

i. Ensure that bar coded assets have been scanned and that all assets and items be compared to the movable assets list at the back of the door, before the room is left. This will decrease later follow up work.
ii. Ensure that assets scanned or verified are in good working condition. Any uncertainty regarding the quality or working condition of an asset should be recorded for later follow up.

c) Assets should be evaluated in terms of their **:-**

i. Financial performance: Are the assets operating costs / benefits similar to those for other comparable assets?
ii. Functionality : Are the assets functions fully utilised or are more advanced upgraded asset functions needed or are there new assets at a cost effective price rendering the current asset not worthy to keep?
iii. Physical condition : Is the assets adequately maintained?
iv. Utilisation : How intensively is the asset used?

d) As soon as the verification process is completed, the following standard reports have to be requested and followed up.

i. <u>Assets on the movable assets list which have not been found during the verification process.</u> Investigate why the items are not located where it should be according to the asset register.
If it was found as part of the scanning in the same building it can be automatically transferred with the approval of the Asset Controller.
Assets that cannot be found after investigation should be reported to the Public Safety Department and be written off in the asset register according to the procedures in this manual.

ii. <u>Assets that have been inspected, but do not belong in the room according to the asset register. Corrections must be done and update the asset register immediately. The reason why the assets register was not updated during the movement of the assets must also be obtained.</u>

4.3.5.3 Quality Evaluation

a) Obtain the standard quality control report for all assets which quality has been evaluated more than two years ago, as well as other assets as required and ensure that the assets register's details per individuals assets are correct.

i. In cases where the details are correct, the quality of the asset has to be evaluated. The bar code has to be scanned.
ii. In case where some details where some of the details are incorrect, an adjustment must be done in the asset register for correction.

4.3.5.4 Processing in the Asset Register

a) After completion of scanning the assets, AMS should download all the information to the Asset Register. Comparison between the information per hand held terminal will automatically be system and exception reports should be printed for follow up.

b) The assets register should be updated with any information revealed during the verification by using the appropriate forms.

4.3.6 Miscellaneous Procedures

4.3.6.1 Non – RLM Assets

a) Ensure that all assets in use on premises of the RLM, which are not RLM property, are properly recorded in a control register, as these assets cannot be labelled.
b) These assets can be the private property of an employee temporary hired by the RLM or belong to the Contractor.
c) The RML will not be held responsible if private property is damaged, lost or stolen on any RLM location.

4.3.6.2 Assets not previously marked

a) All unmarked RLM assets discovered and which do not represent new purchases in the relevant financial year have to be reported to the Asset Management Section. An investigation has to be done to find asset documentation that will assist in allocating correct information relating to such unmarked assets.
b) Take the unmarked assets up in the assets register at zero value, in accordance with the guidelines for initial take-on.

4.3.6.3 Overhead Reconciliation

a) Monthly: Reconcile the asset additions and write-offs in the main ledger with those in the asset register and rectify the reconciling items.

b) Annually : Summarise the additions and write-offs reconciliations, between the assets register and main ledger of the various departments on 30th June and ensure that the assets register and main ledger reconcile in total.

4.3.6.4 Bar code labels falling from movable assets and / or removed on Purpose.

a) As soon as the user notices that a bar code came loose or is missing on one of his/her has to report it immediately to the relevant Asset Controller.
b) The asset controller has to determine if the bar code has been removed on purpose or not.
c) If it has been removed on purpose, the asset controller has to determine whom the guilty party is, in order for the departmental head to take disciplinary action against the offender.
d) In both aforementioned cases (falling off and purposeful removal of bar code, the Asset Controller has to supply the existing asset number of the asset from which the bar code is missing, to the Asset Management to reorder the same unique bar-code replacement.

4.3.6.5 Audit Trail

a) The audit trail is the trail that can be traced back to determine the initial amount of a recorded asset.
b) Any change that has been made to the fields of any assets can be determined by means of the audit trail.
c) Any change that has been made by to the user definable fields can be determined by means of the audit trail.
d) The aforementioned reports should be requested monthly and be signed by Asset Management Section for accuracy.

4.3.6.6 Answering of audit enquiries

a) Audit queries with regard to differences between the physical existence of assets and theoretical information on the assets register have to be answered within three days after receipt of the enquiries.

4.3.6.7 Notify the Departments of non-verified assets information after asset count (Differences Between asset register and physical information)

a) As soon as the routine inspection has been done, the scanned information has to be uploaded into the system.
b) The reports on which the difference between the physical and asset register appear, have to be requested and the differences followed up.
c) Any differences which cannot be resolved, have to be brought to the attention of asset management section in a written report in which motivation for the differences are given and decisions to adjust the asset records in the appropriate manner, following correct procedures.

4.3.6.8 Depreciation of Assets

a) The Chief Financial officer shall apply the classes of assets to be depreciated and method of depreciation to be used as determined by GRAP. The straight-line method of depreciation will be used.

4.3.6.9 Maintenance

a) The operation or maintenance phase is where the asset is used for its intended purpose. This phase may be punctuated by periodic refurbishment or mayor repair, requiring the asset to be taken out of services for period of time.
b) The Asset Controller must however put measures in place to maintain the asset over its useful life.

4.3.6.10 Exit Clearance Certificate

a) The respective Asset Controllers to sign the clearance certificate regarding verification of assets, when an assets users leave the services of the RLM.

4.4 Maintenance of the Asset Register

4.4.1 Information to be Included in the Asset Register

ACQUISTION	IDENTIFICATION & LOCATION	ACCOUNTING	PERFOMANCE	DISPOSAL	ACCOUNTING
- Date	- Asset Classification	- Department	- Capacity	- Date	- Cost

- Amount - Supplier - Reference	- Asset number - Bar-code - Description - Location	- Custodian - Restrictions - Ownership	- Performance measures - Condition assessment - Useful lives - Residual values	- Amount - Capacity - Condition - Remaining useful life - Residual value - Reason	- Funding - Useful life - Remaining useful life - Residual value - Depreciation Method - Impairment - Depreciation - Accumulated depreciation - Book value - Disposal

4.4.2 Marking of Assets

a) The label must be applied on a side from which the asset is used.
b) The label is applied on top right hand side of the asset.
c) Avoid side, which could be moved against the wall or other assets.
d) Avoid labelling on top of surfaces where damage could occur.
e) Label major part of asset not on replaceable drawer or door
f) A scanner must able to read the label with ease; avoid positions where the natural hand scan motion is impaired.

CHAPTER 5

ANNEXURE A

5.1 EXPECTED USEFUL LIVES AND RESIDUAL VALUES

Category	Life
Bins and containers	10
Buildings	8 - 80
Emergency equipment	3 - 5
Furniture and fixtures	5 - 15
Heritage assets	Indefinite
Infrastructure Electricity	5 - 50
Infrastructure Roads and Transport	5 - 100
Infrastructure Sewerage	10 - 70
Infrastructure Water	5 - 70
Intangible assets	3
Investment Property	7 - 40
Land	Indefinite
Land Inventory	Indefinite
Motor vehicles	5 - 15
Office equipment	3 - 7
Other-Library	7
Plant and machinery	2 - 15
Specialised vehicle	7 - 10

RUSTENBURG

LOCAL MUNICIPALITY

CASH MANAGEMENT AND INVESTMENT POLICY

PREAMBLE

WHEREAS section 13 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA") determines that the Rustenburg Local Municipality (hereafter "the Municipality") must within the prescribed legislative framework:

(a) conduct their cash management and investments; and

(b) invest money not immediately required.

AND WHEREAS in terms of section 13(2) of the MFMA, the Municipality must establish an appropriate and effective Cash Management and Investment Policy in accordance with the prescribed framework.

AND WHEREAS Councillors and officials as trustees of public funds, have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible.

AND WHEREAS all investments made by the Municipality must be in accordance with the Local Government: Municipal Finance Management Act, Municipal Investment Regulations (hereafter "the Regulations") promulgated in terms of the MFMA and in accordance with the Cash Management and Investment Policy of the Municipality.

NOW THEREFORE the Municipality adopts the following Cash Management and Investment Policy in compliance with the provisions of the MFMA and Regulations and to be known as the Cash Management and Investment Policy (hereafter "this policy").

THE RUSTENBURG LOCAL MUNICIPALITY

CASH MANAGEMENT & INVESTMENT POLICY

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	5
2.	INTRODUCTION	8
3.	LEGISLATIVE CONTEXT	9
4.	ADOPTION AND COMMENCEMENT OF THIS POLICY	9
5.	PURPOSE OF THIS POLICY	10
6.	SCOPE OF THIS POLICY	10
7.	OBJECTIVES OF THIS POLICY	11
8.	PERMITTED INVESTMENT TYPES	12
9.	PROHIBITED INVESTMENTS	13
10.	STANDARD OF CARE	14
11.	DELEGATION OF INVESTMENT PORTFOLIO MANAGEMENT	14
12.	REPORTING AND MONITORING	15
13.	DIVERSIFICATION	17
14.	COMPETITIVE SELECTION PROCESS AND INVITATION FOR QUOTATION	17
15.	CONTROL OVER INVESTMENT(S)	18
16.	INVESTEE LIMITS	19
17.	ELECTRONIC FUNDS TRANSFER	20
18.	EFFECTIVE CASH MANAGEMENT	20
19.	CASH COLLECTIONS	22

20.	PETTY CASH	23
21.	PAYMENT TO SUPPLIERS	24
22.	INVESTMENTS ETHICS AND PRINCIPLES	25
23.	CONFIDENTIALITY	26
24.	GENERAL INVESTMENT PRACTICE	27
25.	USE OF INVESTMENT MANAGERS	28
26.	ACCOUNTING FOR INVESTMENTS	30
27.	EXISTING INVESTMENTS	30
28.	INVESTMENT DENOMINATED IN FOREIGN CURRENCY PROHIBITED	31
29.	ANNUAL REVIEW OF THIS POLICY	31
	ANNEXURE “A”	32

1. DEFINITIONS

(1) In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the MFMA, Systems Act and Regulations, will have a corresponding meaning assigned thereto in terms of the said Act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"Accounting Officer"**	Means the Municipal Manager appointed in terms of section 60 of the MFMA.
1.2	**"accrued interest"**	Means interest income that has been earned but not yet paid in cash.
	"C"	
1.3	**"Chief Financial Officer"**	Means a person designated in terms of section 80(2)(a) of the MFMA.
1.4	**"Council"**	Means the municipal council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution of the Republic of South Africa.
1.5	**"credit rating"**	Means a financial indicator to determine credit worthiness to be considered potential lender or investor.
	"I"	
1.6	**"investee"**	Means an institution with which an investment is placed, or its agent.

1.7	**"investment"**	Means in relation to funds of the Municipality: (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.
1.8	**"investment manager"**	Means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, Act 55 of 1989 and Stock Exchanges Control Act, Act 1 of 1985, contracted by a municipality or municipal entity to: (a) advise it on investments; (b) manage investments on its behalf; or (c) advise it on investments and management investments on its behalf.
"L"		
1.9	**"liquidity"**	Means the ease with which an asset can be turned into cash and the certainty of the value it will fetch.
1.10	**"long term investment"**	Means an investment that matures in more than 1 (one) year, generally made over a period of 5 (five) years or more.
"M"		
1.11	**"market value"**	Means the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
1.12	**"Mayor"**	Means, in terms of the provisions of section 1 of the MFMA, in relation to a municipality with an executive mayor, the councillor elected as the executive mayor of the municipality in terms of section 55 of the Structures Act.

1.13	**"Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.14	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.15	**"Municipal Manager"**	Means the Municipal Manager and Accounting Officer of the Municipality appointed in terms of the provisions of section 54A of the Systems Act and as referred to in the definition of "Accounting Officer" in section 1 of the MFMA, and also

		referred to in section 60 of the MFMA, and includes a person acting as an Accounting Officer, or the person to whom the Accounting Officer has delegated his/her authority to act.
"R"		
1.16	**"Regulation"**	Means the Local Government: Municipal Finance Management Act, Municipal Investment Regulations, promulgated in terms of the MFMA and published in Government Gazette No 27431 of 1 April 2005 under Government Notice R.308.
"S"		
1.17	**"Short term Investment"**	Means an investment with a maturity date of less than 1 (one) year.
1.18	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998.
1.19	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000.
"T"		
1.20	**"the/this policy"**	Means the Cash Management and Investment Policy of the Municipality as adopted by the Municipality in terms of section 13(2) of the MFMA.
1.21	**"Trust money"**	Means money held in trust on behalf of third parties in a trust contemplated in terms of section 12 of the MFMA.

2. INTRODUCTION

(1) As trustee of public funds, the Council has an obligation to ensure that all investments are made by the Municipality in the most efficient and effective manner.

(2) Money invested must be for the benefit of the whole of the community and must be governed by the principle objective to maximise returns from authorised investments, consistent with the secondary objective of minimising risk.

3. LEGISLATIVE CONTEXT

(1) This policy is established in terms of section 13(1) and section 13(2) of the MFMA which requires that the Municipality establish an appropriate and effective Cash Management and Investment Policy within which the Municipality must:

(a) conduct its cash management and investments; and

(b) invest money not immediately required in accordance with any framework which may be prescribed by law.

(2) In addition, the Regulations set out the framework within which all municipalities shall conduct their cash management and investment. The said regulations are annexed to this policy as **Annexure "A"**.

(3) This policy is consistent with the MFMA, the aforementioned gazetted framework and section 60(2) of the Systems Act.

(4) The Municipality shall at all times manage its banking accounts and investments, as well as implement this policy in compliance with the provisions of and the prescriptions made by the Minister of Finance in terms of the MFMA.

4. ADOPTION AND COMMENCEMENT OF THIS POLICY

(1) The Municipality shall adopt this policy which is consistent with the provisions of paragraph 3 above.

(2) All investments made by the Municipality or an investment manager on behalf of the Municipality must be in accordance with this policy and with any investment regulations promulgated by National Government.

(3) The effective date of this policy or any amendments thereto shall be the date of its adoption by Council.

5. PURPOSE OF THIS POLICY

The purpose of this policy is to secure the sound and sustainable management of the Municipality's surplus cash and investments.

6. SCOPE OF THIS POLICY

(1) This policy prescribes the manner in which the Municipality must conduct its cash management and investments. This policy further prescribes the obligations and the accountability of the Municipality as a trustee of public funds, and that cash resources are managed as effectively as possible by ensuring that such funds are invested with great care.

(2) This policy aims through effective cash flow management, having regard to legislative provisions, at gaining the highest possible return without undue risk to the investment during those periods when funds are not required.

(3) The policy governs the investment of money not immediately required by the Municipality for the defrayment of expenditure.

(4) This policy applies to all new and existing investments made by:

(a) the Municipality;

(b) all investment managers acting on behalf of the Municipality in making or managing investments.

(5) This policy does not apply to trust moneys administered by the Municipality where it is prescribed in the trust deed how the trust money is to be invested.

7. OBJECTIVES OF THIS POLICY

(1) To ensure compliance with the relevant legal and statutory requirements relating to cash management and investments.

(2) To ensure that investment of surplus funds of the Municipality forms part of the financial system of the Municipality.

(3) To create consistency in that the same procedure is followed in respect of each investment so as to conform to the requirements of transparency, equitability and fairness. In each case the preservation and safety of investments is a primary aim.

(4) To promote and ensure the need for investment diversification of the Municipality's investment portfolio across acceptable investees permitted types of investments and investment maturities.

(5) To ensure the liquidity needs of the Municipality are duly discounted and provided for.

(6) To ensure timeous reporting of the investment portfolio as required by the MFMA and in accordance with the Generally Recognised Accounting Practice (GRAP) and as required by the National Treasury.

(7) To establish a minimum acceptable credit rating and requirements for investments including:

(a) a list of approved investment types that may be made, subject to the provisions of this policy; and

(b) a list of approved institutions where or through which investments may be made, subject to the provision of this policy.

(8) To provide measures for ensuring implementation of this policy and internal control over, investment made as well as procedures for reporting on and monitoring of all investments made procedure for benchmarking and performance evaluation.

(9) To provide the assignment of roles and functions, any delegation of decision-making powers including the conditions for the use of investment managers, and their liability in the event of non-compliance with the provisions of this policy.

(10) To provide the procedures for the annual review of this policy.

8. PERMITTED INVESTMENT TYPES

(1) The Municipality shall only invest funds in any of the following investment types as set out and referred to in regulation 6 of the Regulations, being:

(a) securities issued by the National Government;

(b) listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;

(c) deposits with banks registered in terms of the Banks Act, Act 94 of 1990;

(d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, Act 45 of 1984;

(e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, Act 46 of 1984;

(f) banker's acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, Act 94 of 1990;

(g) guaranteed endowment policies with the intention of establishing a sinking fund;

(h) repurchase agreements with banks registered in terms of the Banks Act, Act 94 of 1990;

(i) municipal bonds issued by another municipality; and

(j) any other investment type as the Minister of Finance may identify by regulation in terms of section 168 of the MFMA, in consultation with the Financial Services Board.

9. PROHIBITED INVESTMENTS

(1) The Municipality shall not be permitted to make the following investments:

(a) investments in listed or unlisted shares or unit trusts;

(b) investments in stand alone or derivative instruments;

(c) investments denominated in, or linked to, foreign currencies;

(d) investments in market linked endowment policies.

(2) The Municipality shall not borrow funds for the purposes of investing, as stated in terms of the Borrowing Policy of the Municipality.

(3) Any investment in capital or money market instruments shall be held until maturity. The Municipality shall not buy or sell these instruments, to speculate with a view to making capital profits.

10. STANDARD OF CARE

(1) The Municipality must take all reasonable and prudent steps consistent with, and according to the provisions of this policy to ensure that it places its investments with credit-worthy institutions. The international rating given should be used to evaluate the creditworthiness of financial institutions.

(2) The investment shall be made with the judgement and care, under the prevailing circumstances, which a person of prudence, discretion and intelligence would exercise in the management of his/her own affairs, not for speculation, but for investment, and with primary regard to:

(a) the safety of its capital;

(b) the liquidity needs of the Municipality; and

(c) the probable income or return derived from the investment.

11. DELEGATION OF INVESTMENT PORTFOLIO MANAGEMENT

(1) The authority to make investments and fulfil all functions related herein is in terms of section 59 of the Systems Act delegated by the Council to the Chief Financial Officer who will exercise his/her power, function and duty to make investments on behalf of the Municipality within a policy framework determined by the Minister of Finance and in accordance with the provisions contained within this policy. This power may not be sub-delegated.

(2) The Chief Financial Officer shall make invitation and selection of competitive bids or offers from a list of approved institutions to make short-term investments as and when necessary.

(3) The Chief Financial Officer shall invite bids or offers from a list of approved institutions, in accordance with the applicable provisions of the Supply Chain Management Policy of the Municipality, and make investments in consultation with the Municipal Manager in respect of the long-term investment of funds.

12. REPORTING AND MONITORING

(1) The Accounting Officer, assisted by the Chief Financial Officer, shall in terms of section 71 of MFMA submit, on a monthly basis, a report describing in accordance with Generally Recognised Accounting Practice (GRAP) the investment portfolio of the Municipality as at the end of the month and such report shall contain at least the following particulars:

(a) the market value of each investment as at the beginning of the reporting period;

(b) any changes to the investment portfolio during the reporting period;

(c) the market value of each investment as at the end of the reporting period;

(d) applicable interest rates; and

(e) fully accrued interest or yield for the reporting period.

(2) There shall at all times be transparency, equitability, fairness and accountability in respect of every investment made and of the Municipality's investment portfolio. In this regard, details of all investment must form part of the monthly financial report by the Accounting Officer to the Mayor and the provincial treasury.

(3) There shall at all times be regular reporting mechanisms in place in order to assess the performance of the investment portfolio and to ensure that the investments comply with policy objectives, guidelines, applicable laws and regulations.

(4) The following investment reports shall be prepared:

(a) For the Chief Financial Officer:

(i) a daily summary of current investments for all Investees;

(ii) a detailed schedule of investment capital and interest maturing on the current day;

(iii) a daily summarised schedule of future maturities for all investments;

(iv) a monthly reconciliation of all interest accrued and interest received;

(v) each month, the weighted average actual return earned on investments for the month, together with a comparison to the previous 3, 6, 9 and 12 months, shall be calculated on a nominal annual compounded monthly basis and benchmarked against rates of return offered by other institutions.

(b) For the Mayor:

A monthly investment portfolio report (in accordance with the Generally Recognised Accounting Practice) to be submitted to the Mayor by the Accounting Officer, within 10 (ten) working days of the end of each month, as part of the section 71 report required in terms of the MFMA, detailing:

(i) the market value of each investment as at the beginning of the reporting period;

(ii) any changes in the investment portfolio during the reporting period;

(iii) the market value of each investment as at the end of the reporting period; and

(iv) fully accrued interest and yield for the reporting period.

(c) For Council:

(i) the Accounting Officer must table a quarterly report to Council within 30 (thirty) days after the end of each quarter on the cash withdrawals from the Municipality's bank account for investment purposes.

(d) For the Auditor-General:

(i) all investees shall, within 30 (thirty) days after the end of the financial year, notify the Auditor-General, in writing, of all investments held by them for and on behalf of the Municipality during that year, 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;

(ii) within 90 (ninety) days after opening up any new bank account, the Municipality shall notify the Auditor-General and the provincial treasury of the name, type and number of any new bank account opened by the Municipality; and annually before the start of a financial year, the name of each bank where the Municipality holds a bank account, and the type and number of the account.

(iii) all banks, where the Municipality, at the end of a financial year holds a bank account or held a bank account at any time during a financial year, must –

a) within 30 days after the end of that financial year notify the Auditor-General in writing of such bank account including –

(i) the type and number of the account; and

(ii) the opening and closing balances of that bank account in that financial year; and

b) promptly disclose information regarding the account when so requested by the National Treasury or the Auditor-General.

13. DIVERSIFICATION

No more than 60% of the total investment portfolio may be invested with a single institution, except with the prior authorisation of the Accounting Officer. As far as it is considered practical and reasonable, investments should have different maturity dates. .

14. COMPETITIVE SELECTION PROCESS AND INVITATION FOR QUOTATION

(1) No investments may be made without obtaining quotations from at least 3 (three) institutions or investees permitted in terms of this policy, for the terms for which the investment is to be placed.

(2) The selection of an investee for any investment shall be a competitive process in terms of the Supply Chain Management Policy of the Municipality.

(3) In the event of one or more of the investees offering a more beneficial rate for an alternative term, the other investees who previously quoted or invited to quote shall be approached for their rates on the alternative term.

(4) Written confirmation of the terms of the investments shall be prepared and signed with the investee in all cases.

(5) Save where other considerations or factors as provided in this policy apply the best rate offered shall secure the investment.

15. CONTROL OVER INVESTMENT(S)

(1) Proper records should be kept of all investment made. At the very least the following facts should be indicated for each investment: the institution, the funds, the interest rate and the maturity date.

(2) Interest correctly calculated should be received timeously together with any distributable capital.

(3) Investment documents and certificates shall be kept in a locked and fire-resistant safe.

(4) The Chief Financial Officer is responsible for ensuring that the invested funds are reasonably secure and should there be a measure of risk, such risk must be rated realistically.

(5) All investment made must be in the name of the Municipality and recorded as such by the Investee.

(6) The responsibility and the risk arising from any investment vests in the Municipality.

16. INVESTEE LIMITS

(1) Maximum investment levels shall be set for each approved Investee and these limits shall not be exceeded at the time of making the investment.

(4) The Municipality shall only invest with Investees having, reasonable investment grade ratings from a nationally or internally recognised credit rating agency.

(5) The Municipality shall ensure that it places its investments only with credit-worthy Investees. The credit worthiness of every Investee shall be monitored throughout the year on an ongoing basis.

(6) Any additions to or deletions from the list of approved Investees or any changes to the investment limits assigned to each Investee shall be approved by the Chief Financial Officer in consultation with the Accounting Officer.

17. ELECTRONIC FUNDS TRANSFER

(1) Investments shall be made by electronic transfer.

(2) Strict segregation of duties shall be maintained in respect of the creator of the payment and the payment authoriser.

(3) Investment payments shall be authorised by the Chief Financial Officer.

18. EFFECTIVE CASH MANAGEMENT

(1) In order to ensure adequate and efficient cash management of the Municipality, the Chief Financial Officer must establish and implement at all times a cash management plan and reports which entails at least the following:

(a) daily cash flow reporting shall be prepared as follows:

(i) a summary of the preceding day, and month date, closing bank account and investment balances, cash receipts, payments and inter-bank transfers;

(ii) a detailed schedule of investment capital and interest maturing on the current day;

(iii) a summarised schedule of daily investment maturities for all existing investments;

(iv) a summary of daily cash receipts and payments, actual against forecast for the month to date; and

(v) a daily projection of cash receipts and payments through to the end of the current month;

(b) monthly reporting showing:

(i) comparisons of actual cash flow with forecast, current month and year to date;

(ii) an explanation of any variances in sub-paragraph (i) above;

(iii) updating the estimates on a monthly basis and in reporting provides comments or explanations regarding any significant cash flow deviation in any calendar month;

(iv) a summarised monthly projected cash flow over the next 12 (twelve) months;

(v) an analysis of actual year to date cash receipts and payments and projected cash flows for the remaining months

of the current financial year to be submitted to National Treasury; and

(vi) the cash backing of statutory funds and reserves balances at the end of the month;

(c) every quarter preparing a revised detailed cash flow projection for the next 12 (twelve) months;

(d) regular reports indicating, when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when, if applicable, either long-term or short-term debt must be incurred; and

(e) preparing annually

(i) the annual estimates for the budget year of the municipality's cash flows per revenue sources divided into calendar months;

(ii) the annual cash flow budget for the new financial year.

(2) The Chief Financial Officer shall ensure regular and effective cash flow monitoring and forecasting which is essential for determining the timing and size of cash surpluses and deficits affecting investment decisions.

(3) The balance on the Municipality's current account shall be maintained at the minimum required level taking into account the day to day cash and expenditure requirements of the Municipality. Surplus cash shall be immediately invested in order to maximise interest earnings.

19. CASH COLLECTIONS

(1) All monies due to the Municipality must be collected as soon as possible and banked in a controlled and secure manner, on a daily basis as cash left in

the safe can pose a security risk, necessitate additional insurance coverage and does not earn any interest.

(2) All cash shortages should be paid for immediately and banked to the municipal bank account the next business day.

(3) All surpluses should be recorded and banked to the municipal bank account and will be forfeited if not claimed after 3 years.

(4) Special deposits should be arranged for the larger amounts received to make sure that these are banked on the same day that they are received.

(5) It is essential that all amounts owed to the Municipality be levied by way of a debit and be dealt with in accordance with the Credit Control & Debt Collection Policy of the Municipality.

(6) Adequate cash receipting points shall be made available to the public in all areas to facilitate prompt payment of accounts. Every effort should be made to encourage consumers to pay directly, or via third party agents, into the Municipality's bank account by electronic means.

(7) The Municipality shall review the debt collection performance regularly comparing monies presently owed to the Municipality in relation to the total income as well as a comparison to previous financial years in order to determine whether the debt collection is deteriorating or improving. Debt collection and credit control must be executed in terms of the provisions of the Credit Control & Debt Collection Policy of the Municipality

(8) The Chief Financial Officer shall regularly assess the daily available cash in the main bank account in order to determine the need for making daily call investments or making investment payments or withdrawals, whereas long-term investments need to be based on projections further into the future.

20. PETTY CASH

(1) The Chief Financial Officer will determine by way of a written petty cash policy the maximum amount and the nature of the petty cash disbursements, as well as managing the allocation of all petty cash floats.

(2) Payments by means of petty cash may be used internally, by officials of the Municipality for the purpose of acquiring goods and services that are small in nature and amount and may be required on an urgent basis.

(3) The provisions of the Supply Chain Management Policy of the Municipality concerning the acquiring of goods and services by way of petty cash, must be adhered to at all times.

21. PAYMENT TO SUPPLIERS

(1) The Accounting Officer, assisted by the Chief Financial Officer, shall establish written creditors' payment procedures in terms section 65(2) of the MFMA in order to ensure that the Municipality maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.

(2) The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the Municipality stipulate payment terms favourable to the Municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the Municipality.

(3) Suppliers shall be paid in accordance with the service level agreements concluded with such suppliers and the provisions of the Supply Chain Management Policy of the Municipality. The number of electronic batch payment runs shall be minimised and shall be done in a structured scheduled manner in order to facilitate efficient cash flow management.

(4) The Chief Financial Officer shall ensure that the Municipality optimises financial incentive opportunities arising from effecting earlier payments.

(5) In order to ensure continuous effective control of cash, any special payments to creditors shall only be made with the express approval of the Chief Financial Officer who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end or other regular processing.

22. INVESTMENTS ETHICS AND PRINCIPLES

(1) The Chief Financial Officer shall be responsible for investing the surplus revenues of the Municipality, and shall manage such investments in consultation with the Accounting Officer, as the case may be, and in compliance with any policy directives formulated by Council and the prescriptions made by the Minister of Finance.

(2) Under no circumstances may any staff member be subjected to coercive measures of any description.

(3) No member of staff may accept any gift other than something that is so small (monetary value not exceeding R350.00 (Three hundred and fifty rand)) that it cannot possibly be seen as anything but a sign of goodwill, regardless of whether such gift influences such staff member in his/her work or is intended

to do so. Excessive gifts and hospitality must be refused and avoided. Any gift that is received by a member of staff from a prospective Investee shall be disclosed in writing to the Accounting Officer.

(4) The Chief Financial Officer must record and report all cases to the Accounting Officer where there is a contravention of this policy.

(5) No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions.

(6) No employee or councillor of the Municipality or their family may under any circumstances whatsoever on his/her own behalf or on behalf of any other person whether directly or indirectly, stipulate, claim or receive any consideration of whatever nature in connection with an investment made. This shall be confirmed annually by all Investees to the Auditor-General.

(7) No fee, commission or other reward may be paid or given, directly or indirectly, to a councillor or official of the Municipality, or to a spouse or close family member of such councillor or official, in respect of any investment made by the Municipality. This shall be confirmed annually by all Investees to the Auditor-General.

(8) All investments must be made without internal or external interference whether such interference comes from individual officials, councillors, agents, Investees or any other external body.

(9) The Municipality shall review its investments regularly and liquidate any investment that no longer has the minimum acceptable rating as specified.

(10) The Municipality must take all reasonable and prudent steps, consistent with the standard of care provided for in this policy to diversify its investment portfolio across institutions, types of investment and investment maturities. In this case it should be noted that a group of financial institutions would be treated as individual institutions.

(11) Investments made by or on behalf of the Municipality must:

(a) be made while maintaining a strict code of ethics and standards;

(b) be a genuine investment and not an investment made for speculation.

23. CONFIDENTIALITY

(1) Interest or investment rates shall not be divulged or disclosed to another institution or Investee.

(2) The Municipality's cash position and its future projected cash flows shall not be discussed with or disclosed to any Investee.

24. GENERAL INVESTMENT PRACTICE

(1) General principles:

(a) After determining whether cash is available for investment and fixing the maximum term of investment, the Chief Financial Officer shall consider the way in which the investment is to be made in conjunction with the Accounting Officer. All telephonic quotations (if applicable) must be recorded on a schedule and the accepted quotation must be confirmed in writing before the actual investment is made. The same procedure must be followed before re-investment is made with the same institution;

(b) Where a fixed deposit is made with an institution at a lower rate than the other quotations, reasons must be recorded by the Chief Financial Officer and reported to the Mayor as part of monthly financial report by the Accounting Officer.

(2) Payment of commission:

(a) The financial institution where a fixed deposit is made must issue a certificate with regard to each investment at the time when the investment is made, in which it states that the financial institution has not or will not pay any commission and has not or will not grant any other benefit for obtaining such investment to any employee or councillor of the Municipality or their family or an agent or any other such person, or to any person nominated by such agent or such other person, except where the Municipality has decided, in terms of duly authorising legislation, to appoint an agent, consultant or such other person, and the fee commission has been decided and approved by the Mayor before any investment is made with such a financial institution;

(b) In the case of long-term securities at insurance companies, any payment of commission to any agent, consultant or any other person, must be clearly stated on the application form and approved by the Mayor in terms of duly authorising legislation and shall not exceed industry norms, before any investment is made;

(c) If any fee, commission or other reward is paid to an Investment Manager in respect of an investment made by the Municipality, both the Investee and the Investment Manager must declare such payment to the Council by way of certificate disclosing full details of the payment. Fees, commissions and other rewards may under no circumstance exceed 5% of the total investment to which that fee, commission or other reward relates.

(3) “Call Deposits” and “Fixed Deposits” shorter than 12 (twelve) months:

(a) Quotations shall be solicited from a minimum of 3 (three) financial institutions bearing in mind the limits of the term for which it is intended to invest the funds. Should one of the institutions offer a better rate for a term, other than the term initially requested by the Municipality, the other institutions that were approached shall also be asked for quote a rate for the same term;

(b) It is acceptable to ask for quotations telephonically, as rates can generally change on a regular daily basis and time is a determining factor when an investment is made;

(c) The person responsible for requesting quotations from institutions should record the name of the institution, the name of the person who gave the telephonic quotation and the relevant terms and rates, and other facts such as whether the interest is payable on a monthly basis or on a maturity date. Written confirmation of the telephonic quotation accepted shall be given before the investment is made;

(d) Once the required number of quotations has been obtained, a decision shall be taken regarding the best terms offered and the institution with which the funds are going to be invested. The best offer is normally accepted, with thorough consideration of investment principles. No attempts may be made to make institutions compete with each other as far as their rates and terms are concerned. If institutions have been asked for a quotation with regard to a specific package, the institution has to be told to offer their best rate in their quotation. The institution shall be informed that, once the quotation has been given, no further bargaining or discussions would be entered into in that regard;

(e) The above-mentioned procedure should be followed regardless of whether the money is to be invested in a fixed deposit or on a call basis;

(f) The Municipality shall ensure that the investment document received is the genuine document, issued by an approved institution. The

investment capital should be paid over only to the institution with which it is to be invested, and not to any agent;

(g) The Chief Financial Officer should seek professional advice whenever there is a degree of uncertainty regarding investment opportunities that are required to be evaluated.

25. USE OF INVESTMENT MANAGERS

(1) The Municipality may employ an Investment Manager to:

(a) advise it on its investments; and/or

(b) manage specific investments on its behalf.

(2) The appointment of an Investment Manager shall be in accordance with the Municipality's Supply Chain Management Policy. No employee, councillor or official of the Municipality or any family member of any of the aforegoing may be appointed as Investment Manager.

(3) All investments made by an investment manager on behalf of the Municipality shall be in accordance with this policy and the Regulations.

(4) Where any investment fee, commission or any other amount is paid by the Investee to the Investment Manager in respect of the Municipality's investments, both the Investee and the investment manager shall declare such payment to Council by way of a certificate disclosing the full details of the payment. Such amount shall not exceed 5% of the investment to which it relates.

(5) Investment Managers found guilty of non-compliance with this policy, as well as the Regulations, shall be liable for any loss or penalty suffered by the Municipality.

26. ACCOUNTING FOR INVESTMENTS

The Municipality's investments shall be accounted for as held to maturity (HTM) financial investments in accordance with the Municipality's approved accounting policies. The investments shall be measured as at balance sheet date at the amortised cost, using the effective interest rate method, less any write off for impairment or non-collectability.

27. EXISTING INVESTMENTS

Nothing in this policy compels the Municipality to liquidate an investment which existed when the Regulations took effect merely because such investment does not meet the provisions of those regulations.

28. INVESTMENT DENOMINATED IN FOREIGN CURRENCY PROHIBITED

The Municipality may make an investment only if the investment is denominated in South African Rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

29. ANNUAL REVIEW OF THIS POLICY

(1) This policy will be reviewed annually or earlier if so required by legislation.

(2) Any changes to this policy must be adopted by Council and be consistent with the MFMA and the Regulations.

ANNEXURE "A"

GOVERNMENT GAZETTE, 1 APRIL 2005

GOVERNMENT NOTICES

NATIONAL TREASURY Notice No. R. 308 dated 1 April 2005 in Gazette No. 27431

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003 MUNICIPAL INVESTMENT REGULATIONS

The Minister of Finance, acting with the concurrence of the Minister for Provincial and Local Government, has in terms of Section 168, read with Section 13 and 99 (2)(g), of the Local Government : Municipal Finance Management Act, Act 56 of 2003, made the regulations as set out in the Schedule.

SCHEDULE

1. Definitions

In these regulations, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act, has the same meaning, and:

(1) **"Act"** means the Local Government: Municipal Finance Management Act, Act 56 of 2003;

(2) **"Investee"** means an institution with which an investment is placed, or its agent;

(3) **"Investment Manager"** means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, Act 55 of 1989 and Stock Exchanges Control Act, Act 1 of 1985, contracted by a municipality or municipal entity to:

(a) advise it on investments;

(b) manage investments on its behalf; or

(c) advise it on investments and manage investments on its behalf.

(4) **"trust money"** means money held in trust on behalf of third parties in a trust contemplated in terms of Section 12 of the Act.

2. Application

(1) These regulations apply to:

(a) all municipalities;

(b) all municipal entities; and

(c) all Investment Managers acting on behalf of, or assisting, a municipality or municipal entity in making or managing investments.

(2) These regulations do not apply:

(a) to a pension or provident fund registered in terms of the Pension Funds Act, Act 24 of 1956, or any subsequent legislation; or

(b) in respect of trust money administered by a municipality or municipal entity where a trust deed prescribes how the trust money is to be invested.

(3) Municipal pension or provident funds which do not comply with sub-regulation (2)(a) are exempted from these regulations until 30 June 2005.

(4) The Accounting Officer of a municipality and municipal entity must provide the National Treasury with details of all pension or provident funds that do

not comply with sub-regulation (2)(a) within 30 (thirty) days of promulgation of these regulations.

3. Adoption of Investment Policies

(1) The investment policy to be established by a municipality in terms of Section 13(2) of the Act, must be:

(a) adopted by the Council of the municipality; and

(b) consistent with the Act and these regulations.

(2) The board of Directors of a municipal entity must adopt an investment policy for the entity consistent with the Act and these regulations.

(3) All investments made by a municipality or municipal entity, or by an Investment Manager on behalf of a municipality or municipal entity, must be in accordance with the investment policy of the municipality or entity and these regulations.

4. Core elements of Investment Policies

(1) The investment policy of a municipality or municipal entity must:

(a) be in writing;

(b) give effect to these regulations; and

(c) set out:

(i) the scope of the policy;

(ii) the objectives of the policy, with due regard to the provisions of these regulations relating to:

(aa) the preservation and safety of investments as the primary aim;

(bb) the need for investment diversification; and

(cc) the liquidity needs of the municipality or municipal entity;

(iii) a minimum acceptable credit rating for investments, including :-

(aa) a list of approved investment types that may be made, subject to regulation 6;

(bb) a list of approved institutions where or through which investments may be made, subject to regulation 10;

(iv) procedures for the invitation and selection of competitive bids or offers in accordance with Part 1 of Chapter 11 of the Act;

(v) measures for ensuring implementation of the policy and internal control over investments made;

(vi) procedures for reporting on and monitoring of all investments made, subject to regulation 9;

(vii) procedures for benchmarking and performance evaluation;

(viii) the assignment of roles and functions, including any delegation of decision-making powers;

(ix) if Investment Managers are to be used, conditions for their use, including their liability in the event of non-compliance with the policy or these regulations; and

(x) procedures for the annual review of the policy.

5. Standard of Care to be exercised when making Investments

Investments by a municipality or municipal entity, or by an Investment Manager on behalf of a municipality or entity:

(a) must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs;

(b) may not be made for speculation but must be a genuine investment; and

(c) must in the first instance be made with primary regard being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality or municipal entity and lastly to the probable income derived from the investment.

6. Permitted Investments

A municipality or municipal entity may invest funds only in any of the following investment types:

(a) securities issued by the national government;

(b) listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;

(c) deposits with banks registered in terms of the Banks Act, Act 94 of 1990;

(d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, Act 45 of 1984;

(e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, Act 46 of 1984;

(f) banker’s acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990;

(g) guaranteed endowment policies with the intention of establishing a sinking fund;

(h) repurchase agreements with banks registered in terms of the Banks Act, 1990;

(i) municipal bonds issued by a municipality; and

(j) any other investment type as the Minister may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

7. Investments denominated in foreign currencies prohibited

A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

8. Payment of Commission

(1) No fee, commission or other reward may be paid to a councillor or official of a municipality or to a director or official of a municipal entity or to a spouse or close family member of such councillor, director or official in respect of any investment made or referred by a municipality or municipal entity.

(2) If an Investee pays any fee, commission or other reward to an Investment Manager in respect of any investment made by a municipality or municipal entity, both the Investee and the Investment Manager must declare such payment to the Council of the municipality or the board of directors of the municipal entity by way of a certificate disclosing full details of the payment.

9. Reporting requirements

(1) The accounting officer of a municipality or municipal entity must within 10 working days of the end of each month, as part of the Section 71 report

required by the Act, submit to the Mayor of the municipality or the board of directors of the municipal entity a report describing in accordance with generally recognised accounting practice the investment portfolio of that municipality or municipal entity as at the end of the month.

(2) The report referred to in sub regulation (1) above must set out at least:

(a) the market value of each investment as at the beginning of the reporting period;

(b) any changes to the investment portfolio during the reporting period;

(c) the market value of each investment as at the end of the reporting period; and

(d) fully accrued interest and yield for the reporting period.

10. Credit Requirements

(1) A municipality or municipal entity must take all reasonable and prudent steps consistent with its investment policy and according to the standard of care set out in regulation 5, to ensure that it places its investments with credit worthy institutions.

(2) A municipality or municipal entity must :-

(a) regularly monitor its investment portfolio; and

(b) when appropriate liquidate an investment that no longer has the minimum acceptable credit rating as specified in its investment policy.

11. Portfolio Diversification

A municipality or municipal entity must take all reasonable and prudent steps, consistent with its investment policy and according to the standard of care prescribed in regulation 5, to diversify its investment portfolio across institutions, types of investment and investment maturities.

12. Miscellaneous Provisions

(1) The responsibility and risk arising from any investment transaction vests in the relevant municipality or municipal entity.

(2) All investments made by a municipality or municipal entity must be in the name of that municipality or municipal entity.

(3) A municipality or municipal entity may not borrow money for the purpose of investment.

13. Existing Investments

Nothing in these regulations compels a municipality or municipal entity to liquidate an investment which existed when these regulations took effect merely because such investment does not comply with a provision of these regulations.

14. Commencement

These regulations take effect on 1 April 2005.

Rustenburg Local Municipality

COST CONTAINMENT POLICY

Table of Contents

1. Temporary Appointments, Contractual Appointments, Unemployed Graduates and Experiential Learners 4
2. Travel claims 5
3. Essential Vehicle User Scheme 5
4. Acting Allowances 5
5. Overtime 6
6. Catering, Refreshments & Entertainment 7
7. Attendance of Conferences, Seminars & Workshops 8
8. Municipal Workshops, Retreats, Strategic Sessions and Internal training 9
9. Projects /Programme Launches 9
10. Use of Consultants 9
11. Telephone Costs (Landlines) 11
12. Uniforms and Clothing 12
13. Travel and Subsistence 12
14. Vehicles Used For Political Office-Bearers 13
15. General Measures To Be Implemented 14
16. Vehicle Used For Political Office-Bearers 14
17. Implementation Date Of The Cost Containment Policy 14
18. Monitoring And Evaluation 14
19. Rustenburg Local Municipality Draft Cost Containment Strategy 16
20. COST SAVING COMMITTEE 17
21. AREAS FOR COST CONTAINMENT 17

PREAMBLE

Cost containment is the business practice of maintaining expense levels to prevent unnecessary spending or thoughtfully reducing expenses to improve profitability without long-term damage to the company. Cutting expenses in ways that decrease quality or reduce marketing efforts to bring in new business can lead to a company's demise and are not examples of a cost-containment strategy.

The following measures must be implemented, consistently with immediate effect to ensure the containment of costs: -

1. **Temporary Appointments, Contractual Appointments, Unemployed Graduates and Experiential Learners**

Measure

- Directors must ensure compliance with all the relevant policies and procedures, as it relates to employment contracts, for the aforementioned employment categories.

Controls

- Directors must ensure that the employment contracts for the aforementioned categories are in line with the applicable HR policies, and must in conjunction with the Administration, Monitoring and Evaluation Directorate (AME), ensure compliance.

- The Administration, Monitoring and Evaluation Directorate must confirm if such proposed appointments are in line with the Municipal Systems Amendment Act (5 July 2011)

- The relevant recruitment notifications must be endorsed by the Budget & Treasury Section for budget availability, after HR has confirmed compliance with the applicable HR policies.

2. Travel claims

Measure

- Ensure effective control over travel claims.

Controls

- Directors must implement systems in their respective Directorates to ensure cost-effective and time efficient travelling.
- Travelling must be pre-authorised by the appropriate delegated official, before such costs are incurred, whilst the said official must ensure that kilometres claimed are indeed justifiable.
- The respective Directors should exercise control over the distances travelled.

3. Essential Vehicle User Scheme

Measure

- Limit expenditure under the scheme and apply the applicable policies and procedures consistently.

Controls

- Policy guidelines must be formulated by the Administration, Monitoring and Evaluation Directorate relating to the type of vehicles to be purchased by qualifying employees, requiring vehicles for the execution of their duties.

4. Acting Allowances

Measure

Acting allowances must be paid in accordance with the applicable HR policies, South African Local Government Bargaining Council (SALGBC Collective Agreements) and any applicable legislation.

Controls

- Acting appointments should only be cascaded to two levels below the acting position, to curb unnecessary costs.

- Acting **must** only be permitted in positions on the approved organogram, in line with Municipal Systems Amendment Act (5 July 2011).

- Acting **must** only be permitted in funded vacant positions.

- Prior to an employee being assigned to act, the request must firstly be forwarded to the Budget and Treasury Section to confirm budget availability.
- Acting for extended periods **must** be discouraged, unless **motivated** to the Municipal Manager, based on operational reasons. This will ensure that the municipality is not exposed to unnecessary litigation.

5. Overtime

Measure

- Overtime must be undertaken in compliance with all relevant policies, SALGBC Collective Agreements and applicable legislation (e.g. Basic Conditions of Employment Act).

Controls

- Overtime should only be approved where the necessary budget provision exists, after a need analysis has been undertaken by the relevant Directorate.

- Authority to work overtime in excess of 40 hours per month, must be obtained from the Municipal Manager **prior** to the overtime being worked, as this is in contravention of Section 10 of the Basic Conditions of Employment Act (BCEA).

- The Director **must** ensure that overtime worked in excess of 40 hours, was authorised **by the Municipal Manager prior** to the actual overtime being worked.

- The core working hours of the employees to be changed to a shift system, where applicable, to obviate the need for overtime.

- The regulations issued by the Department of Labour, relating to annual salary thresholds within which overtime may be paid, must be adhered to.

- The Administration, Monitoring and Evaluation Directorate must ensure that an Overtime Policy is developed and approved by Council, and such policy **must be** in line with the applicable legislation and regulations.

6. Catering, Refreshments & Entertainment

RLM relates to expenses for catering and events, states the following: -

i. C**onstitutional institutions** may not incur catering expenses for **internal meetings**, i.e. for meetings attended only by **persons in its employ**, unless approved by the accounting officer.

ii. C**onstitutional institutions** may not incur expenses on **alcoholic beverages,** except for instances where alcohol is to be served at functions relating to: -

a. State banquets;

b. The promotion of South Africa and any of its goods or services;

or

c. The hosting of foreign dignitaries.

iii. The Accounting officers must ensure that team building exercises and social functions, including year-end functions, **are not financed from the budgets of their respective establishments or by any suppliers or sponsors.**

In implementing the aforementioned instruction, the following control measures are applicable as it relates to catering and entertainment: -

Control Measures

- Apart from tea, coffee and muffins, **no catering and refreshments** will be provided at Council workshops, retreats, strategic sessions, internal training sessions, official meetings (Standing Committees and other Council committees), Council meetings and Management meetings.

- At the discretion of the Municipal Manager, catering and refreshments **may** only be provided at meetings with overseas visitors and other spheres of government (Provincial/National), after budget availability has been confirmed by the Budget and Treasury Section.

7. Attendance of Conferences, Seminars & Workshops

Measures and Controls

- Conferences, seminars and workshops **may** be attended by Officials and Councillors, but only when absolutely necessary.

- The Director concerned must submit a motivation to the Municipal Manager, outlining the absolute necessity for attendance.
- The total size of municipal delegations attending conferences, seminars and workshops outside the Municipality, **must** be restricted to two delegates.

- The Director concerned must submit a motivation to the Municipal Manager, if the number of required attendees exceeds two delegates from the Municipality.

- Budget availability must be confirmed by the Budget & Treasury Section, in the first instance.

- In the event of training being provided at no cost to the Municipality, the size of the municipal delegation may be increased, subject to approval by the Municipal
- Manager.

8. Municipal Workshops, Retreats, Strategic Sessions and Internal training

Controls

- Only local municipal venues may be utilised to host municipal workshops, retreats, strategic sessions and internal training.

- The Director concerned must submit a motivation to the Municipal Manager, in the event of local municipal venues not being available.

- Alternative facilities at other government institutions must then be sourced, where such sessions cannot be held in-house.

- The necessary proof must be provided to the Municipal Manager, where local municipal venues or facilities at other government institutions are not available.

- Budget availability must be confirmed by the Budget & Treasury Section in the first instance, prior to the Municipal Manager approving the use of external venues.

9. Projects /Programme Launches

Controls

- The number of projects/programme launches must be minimised, so as to limit the associated costs to the Municipality.

- When different projects/programmes are launched in a particular ward, it must be organised as one launch and not as different launches for each and every project.

10. Use of Consultants

RLM relates to expenses for the use of consultants, states the following: -

i. C**onstitutional institutions** may only contract in consultants after a gap analysis has confirmed that the constitutional institution concerned does not have the requisite skills or resources in its fulltime employ to perform the assignment in question. Based on a business case, the appointment of consultants may only be approved by the accounting officer.

ii. Consultants may only be remunerated at the rates: -

a. Determined in the "Guideline for fees", issued by the South African Institute of Chartered Accountants (SAICA);

b. Set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA), or

c. Prescribed by the body regulating the profession of the consultant.

iii. Hotel accommodation and related costs in respect of consultants may not exceed the amount of R1300 per night per person (including dinner, breakfast and parking). National Treasury may periodically review this amount. Air Travel must be restricted to economy class and claims for kilometres may not exceed the rates approved by the Automobile Association of South Africa (AA SA).

iv. All contracts of consultants must include penalty clauses for poor performance and in this regard, accounting officers must invoke such clauses where deemed necessary.

v. Accounting officers must develop consultancy reduction plans by 31 March of each year for implementation in the ensuing financial year. The first consultancy reduction plan required in terms of Treasury instruction 01 of 2013/2014 must be developed before 31 March 2014 for implementation in the 2014/2015 financial year.

In implementing the aforementioned instruction, the following control measures are applicable as it relates to the use of consultants.

Measure

- The use of consultants **must** be reviewed and curtailed.

Controls

- ❖ All pending appointments of consultants to be reviewed and no consultant services to be procured unless the Municipal Manager, based on a motivation from the Director concerned, endorses the procurement process.

- ❖ Directors must review the utilisation of consultants in their respective Directorates to determine if their continued services are still required.

- ❖ Requests for extension of consultants' contracts of appointment must be motivated in writing to the Municipal Manager, and he may in turn instruct the Director to table an item via the Bid Committee system to make recommendations in this regard.

- ❖ Any SLA or contract signed with consultants, must include

(i) penalty clauses for poor performance,

(ii) clauses that deal with skills transfer,

(iii) period of the contract must be clearly stated, amongst other pertinent clauses.

- ❖ Directorates who deal with Consultants must ensure compliance with the NT instruction, as it relates to disbursements for travelling and accommodation for consultants.

- ❖ The Municipal Manager **must** give instructions to all Directorates to develop a consultancy reduction plan, indicating how the Directorates intend to comply with the National Treasury instruction.

11. Telephone Costs (Landlines)

Measure

- ❖ The Council's policy relating to payment for private calls must be fully enforced by all Directorates.

Controls

- The cost of private calls must be recovered by all Directorates by providing a schedule on a monthly basis to the Finance Directorate (Payroll Office), so that the necessary deductions can be made from the affected municipal employees' salaries.

12. Uniforms and Clothing

Controls

- A Uniforms Policy **must** be drafted stipulating the guidelines, including type of uniforms, shoes and frequency of issue, etc in line with the working environment of the respective employees.

- A monthly reconciliation of uniforms purchased and issued to staff members must also be performed by the respective Directorates.

13. Travel and Subsistence

RLM relates to travel and subsistence expenses, the following control measures must be implemented: -

Control measures

- Only economy class tickets to be purchased for employees and Councillors, where the flying time of the flight is five (5) hours or less.

- The Municipal Manager may approve the purchase of business class tickets for employees with disabilities or for those with special needs, where the flying time is five (5) hours or less.

- Purchasing of air tickets for first class travel is not permitted, under any circumstances.

- Domestic hotel accommodation linked to travel and subsistence may not exceed R1 300 per night per person (including dinner, breakfast and parking). National Treasury may periodically review this amount.

- The amount of R1300 quoted above may be exceeded with approval of the Municipal Manager in instances:

  (i) such as peak holiday periods, and

  (ii) (ii) when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local / international guests in the country or in that particular geographical area.

- Hiring of Vehicles for travelling **must** be undertaken in terms of the Council approved policy as it relates to vehicle groupings that can be hired per the level of employees / Councillors.

- Sharing of the mode of transport when Employees / Councillors travel to the same destination.

- Overnight accommodation **must** be limited to instances where the distance by road exceeds 500 kilometres to and from the destination (return journey).

- When a vehicle is hired, it must be shared between the Employees/Councillors attending the same workshop, conference, seminar, etc. (one vehicle to be hired per occasion).

- Flight bookings must be made timeously, to prevent unnecessary overnight stay costs.

14. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

1) The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed R700 000 or 70% of the total annual remuneration package for different grades, whichever is greater.
2) The procurement of vehicles must be undertaken using the national government transversal contract mechanism.
3) If any other procurement process is used, the cost may not exceed the threshold set out in sub-regulation (1)
4) Before deciding on other procurement process as contemplated in sub-regulation (3), the Chief Financial Officer must provide the council with information relating to the following criterial which must be considered:

   a) Status of the current vehicles
   b) Affordability

c) Extent of service delivery backlogs
d) Terrain for effective usage of vehicle; and
e) Any other policy of council

14. GENERAL MEASURES TO BE IMPLEMENTED

- In order to curb petrol expenditure, the municipality's vehicle tracking system should be utilised by the Directorates to monitor usage in order to curb abuse of municipal vehicles and excessive petrol consumption.

15. VEHICLE USED FOR POLITICAL OFFICE-BEARERS

1) The threshold limits for vehicles purchases relating to official use by political office bearers may not exceed R700 000.00 or 70% of the total annual remuneration package of different grades, whichever is greater.
2) The procurement of vehicles must be undertaken

15. IMPLEMENTATION DATE OF THE COST CONTAINMENT POLICY

The Cost Containment Policy (CCP) will be approved by Council on 2018; and is thus effective as from this date.

16. MONITORING AND EVALUATION

Directors are required to report on a quarterly basis regarding the respective status of implementation of the Cost Containment Policy (CCP) for their respective Directorates.

The required reporting framework will be developed by the Director:

Administration, Monitoring and Evaluation and will be made available to all Directors. The Directors **must** report on the implementation of the CCP, to the Portfolio Committees and the Mayoral Committee on a quarterly basis.

Rustenburg Local Municipality Draft Cost Containment Strategy

1. INTRODUCTION

In the current economic world, it is crucial for the organization to develop a strategy to minimize cost and achieve the desired results of the organization at the end. Improved accountability and transparency can be realized through a more proactive and regular reporting of both cost containment activities and the results generated. The issues for concentration could be; security cost, cost of hiring equipment, catering cost, use of council vehicles, energy management. Consultation with employees and also obtaining input from all affected stakeholders (business, ratepayers, etc) can be beneficial to cost containment plan. Although some of the many cost saving measures have been implemented over years, it will assist to revisit them with the intention to improve. Proper planning also may assist the municipality to contain cost.

2. COST SAVING COMMITTEE

2.1 Each business unit must create a cost saving committee or cost saving must be a standing item on the agenda of monthly meeting of each business unit.

2.2 Increase accountability and evaluation of all cost saving planning measures must be communicated to all staff members.

2.3 Staff should be encouraged to come up with ideas and if the idea is implemented and cost saving is being realized the employee who came up with the idea be formally recognized in the form of an incentive.

2.4 A suggestion box must be placed in all major council offices for staff and the public to post their ideas on the box or an e-mail address be created where any staff member or member of the public can send their ideas.

2.5 Advertising of best and most successful initiative in municipal website and through corporate communicate can be effective communication tool.

3 AREAS FOR COST CONTAINMENT

3.1 Facilities

3.1.1 As far as possible encourages the use of council facilities for community meetings and staff meetings. This will mean a reduction in cost of hiring venues for meetings.

3.1.2 A study be undertaken to compare cost of hiring marquees versus cost of purchasing marquees in the long run.

3.1.3 List of available council facilities for meetings be provided on council website for staff to know and book the facility with the responsible person.

3.1.4 Cease all non-essential and non-routine maintenance unless there are health and safety issues concerns.

3.2 Security Cost

3.2.1 Fully utilize internal security staff to secure council property and fill all vacant positions for the unit to be effective.

3.2.2 Review the need for security personnel in council facilities during the day and at night. In some facilities an alarm system can be at night (at low cost) and a security guard during the day.

3.3 Cost of Hiring Plant and Equipment

3.3.1 Council spent lot of money hiring plant/equipment and sound system.

3.3.2 Fleet must develop a register of items that are hired to monitor cost and identify those items that are hired on a regular basis. A plan be developed to acquire these items within 5 years.

3.3.3 Review cost of hiring compared to cost of purchasing and owning the equipment in the long term.

3.4 Catering Cost

3.4.1 Minimize catering for meetings and consider providing light meal where possible with the intention to reduce cost.

3.4.2 All catering requests to be submitted to Deputy Municipal Managers for consideration and approval, subject to availability of funds.

3.4.3 The Chief Financial Officer submits to the Strategic Management Committee a list for consideration of which meetings should be permitted to have catering services.

3.5 Use of Council Vehicles

3.5.1 All employees who enjoy the benefit of taking council vehicle home after work must submit a motivation to Strategic Management Committee for review of the need for such benefit.

3.5.2 All new requests for employee to take council vehicle home after work must be submitted to Strategic Management Committee with a detailed motivation for consideration and approval.

3.5.3 A vehicle replacement programme must be developed to ensure that ageing fleet that is not cost effective to repair is replaced on time.

3.5.4 Employees that cause damage to council vehicle must be investigated and if found negligent disciplinary action must be taken and cost of repair be recovered from the employee.

3.5.5 Fleet must keep a register of repairs to vehicles and where cost to repair are more than the net book value step to auction the vehicle in terms of council policy must be taken.

3.6 Energy Management

3.6.1 Install motion lights or timers in all council buildings.

3.6.2 Install individual lights switches in each office instead of central controlled lights.

3.6.3 Encourage staff to turn off electric equipment in offices when not in use or after work.

RUSTENBURG LOCAL MUNICIPALITY

FUNDING AND RESERVES 2018/2019

Table of Contents

1. INTRODUCTION 3
2. PURPOSE OF THE POLICY 3
3. GUIDING PRINCIPLES 3
4. BUDGET ASSUMPTIONS AND METHODOLOGY 3
5. DEBT MANAGEMENT 8
6. BORROWING MANAGEMENT 9
7. CASH MANAGEMENT 9
8. RESERVES 9
9. PROVISIONS 9
10. IMPLEMENTATION AND REVIEW OF POLICY 10

1. INTRODUCTION

The purpose of this policy is to ensure that municipality maintains cost effective and efficient cash funding

To ensure that provisions and reserves are maintained at the sufficient required level to avoid future unfunded liabilities.

The policy is in line with the requirements of Section 8 of the Local Government: Municipal Budget and Reporting Regulation of 2009 (Government Gazette 32141 in order to monitor and sustain the municipality's financial management.

2. PURPOSE OF THE POLICY

2.1. The policy outlines the assumptions and methodology to be followed on estimating the following:

2.1.1. Anticipated revenue to be collected based on trading services to be billed and other revenue,

2.1.2. Provision for debt impairment based on the previous payment levels and past trends

2.1.3. Setting of cost reflective tariffs in relation to the consumers affordability

2.1.4. In line with the municipality's borrowing requirements

2.1.5. To ensure that funds are set aside monthly to fund reserves

3. GUIDING PRINCIPLES

3.1. The funds and reserve policy is based on the following principles:

3.1.1. Credibility

- The SDBIP be informed by the budget that is consistent with the IDP
- Financial viability of the municipality not to be compromised
- To ensure capability to spend funds allocated

3.1.2. Sustainability

- Ensure financial viability of the municipality
- Anticipated revenue to be collected and anticipated spending to be realistic

3.1.3. Responsiveness

- The budget to be responsive to the needs of the community
- Alignment of budget, LED Strategy with IDP to give effect to the provincial and national priorities
- The budget to respond to the municipal economic growth objectives and socio economic needs of the community.

3.1.4. Affordability

- Tariff setting to take into account local economic conditions and ability of consumers to pay in relation to the cost of rendering the services

4. BUDGET ASSUMPTIONS AND METHODOLOGY

4.1 Funding the Annual Budget

- An annual budget may be funded from realistically anticipated revenues to be collected
- From the cash-backed accumulated surpluses from previous years not committed for any other purpose
- Borrowed funds earmarked to only fund the capital budget.
- Anticipated grants allocated to the municipality as gazetted for in the Division of Revenue Act (DORA).

4.2. Capital Budget

Capital budget provides funding for the municipality's capital programmes based on the needs identified by the community and the municipal objectives as outlined in the Integrated Development Plan of the municipality.

4.2.1. Basis of calculation

- The Zero based method is used in preparing the annual capital budget, except in cases where a contractual commitment has been made that will span over more than one financial year.
- Provisions on the capital budget shall be limited to the available financial resources and affordability.
- The annual budget shall be based on realistically anticipated revenue.
- Funds to be available (liquid cash) prior to budgeting
- Loans/ borrowing to be taken prior or be available prior to budgeting and must be equal to the anticipated capital expenditure.
- The impact of the capital budget on current and future operating budgets in terms of financial charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets and any other operating expenditure to be incurred resulting directly from the capital expenditure, should be carefully analysed when the annual capital budget is being compiled.
- In addition, council shall consider the likely impact of such operational expenses-net of any revenues expected to be generated by such item-on future property rates and services tariffs.

4.2.2. Funding of the Capital Budget

The capital budget shall be funded from the following:

4.2.2.1. **Own Funding Sources**
- The Council shall establish a Cash Replacement Reserve (CRR) for capital renewal, replacement and acquisition.
- Such reserve shall be established from unappropriated cash-backed accumulated surpluses

4.2.2.2. Amounts appropriated as contributions in each annual or adjustment budget
4.2.2.3. Public contributions, donations or other grants
4.2.2.4. Grants and subsidies allocated in the annual Division of Revenue Act
4.2.2.5. Grants and subsidies allocated by provincial government
4.2.2.6. Net gains on sale of fixed assets in terms of the fixed assets management and accounting policy
4.2.2.7. External loans/borrowings
4.2.2.8. Any other financing source secured by the municipality

4.2.3 Guiding principles on capital budget funding

4.2.3.1 Government grants and subsidies:

- Only gazetted allocations or transfers as reflected in the Division of Revenue Act or allocations per provincial gazette may be used to fund projects
- Conditions of the specific grant as allocated per projects must be taken into consideration.

4.2.3.2. Public contributions or donations/grants

- Capital projects will only be included in the annual budget if funding is guaranteed by means of the following:

I. A signed service level agreement
II. A contract or written confirmation
III. Or any legally binding document

4.2.4. Borrowing requirements

4.2.4.1. The borrowing requirements are used as a basis for determining the affordability of external loans over the Medium term and expenditure Framework. The ratios to be considered when taking up new loans/borrowings include the following:

I. Long term credit rating of at least BBB
II. Interest cost to total expenditure not to exceed 9%
III. Long –term debt to revenue (excluding grants) not to exceed 50%
IV. Consumers payment rate of above 95%
V. Percentage of capital charges to operating expenditure of less than 15%

4.2.5. Cash-backed accumulated Reserves (CRR)

- Capital projects of a smaller nature such as office equipment, furniture, plant and equipment etc, shall be funded from own operating revenue of the same financial year.
- Capital projects to replace upgrade existing assets will be funded from CRR
- Infrastructure projects to service new developments and revenue received from sale of erven must be allocated to capital reserve for services
- Capital projects to upgrade bulk services will be allocated to the Capital Bulk Contributions Reserve for each services (electricity, water, sewerage)

4.3. Operating Budget

4.3.1. **Basis of calculation**

The operating budget provides funding to directorates for their medium term planned expenditure.

- The incremental approach is 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 these instances the zero based method will be followed.
- The annual operating budget shall be based on realistically anticipated revenue to be collected, which should cater for total anticipated spending in accordance with Section 18 of MFMA no 26 2003
- NB: Amounts for provision of depreciation and debt impairment, although non-cash items are not to be used to "balance' the operating budget shortfalls.

4.3.2 **Assumptions for various budget categories**

The municipality categorizes services rendered to the community according to its revenue generating capabilities as follows:-

4.3.2.1 Trading services (services that should generate predetermined surpluses that can be used to fund other services rendered.

4.3.2.2 Economic services (services that should at least break-even, but do not necessarily generate any surplus to fund other services rendered by the municipality);

4.3.2.3 Rates and general (services that are funded by property rates, government grants or surpluses generated by the trading services).

4.3.3 **Funding of the Operating Budget**

The operating budget shall be financed from the following main sources of revenue:

4.3.3.1. Property rates

- Property rates levied according to the Municipal Property Rates Act and property rates policy based on the market values
- The budget is compiled using the latest approved Valuation Roll and any supplementary Valuation Roll, consistent with current and past trends
- Property rates tariffs are determined annually as part of the tariff setting process;
- Property rates rebates, exemptions and reductions are budgeted either as revenue foregone or as a grant as per the MFMA Budget circular 51 depending on the conditions thereof;
-

4.3.3.2. Service charges (electricity, refuse, sanitation, water)

- Projected revenue from service charges must be realistic based on current and past trends with expected growth considering the current economic conditions.
- The following conditions must be considered for each service:-

I. Metered services comprising of electricity and water:-

- The consumption trends for the previous financial years
- Envisaged water restrictions or load shedding where applicable
- Actual revenue collected in previous financial years

II. **Refuse removal services**

- The actual number of erven receiving service per category
- Actual revenue collected in previous financial years

III. **Sewerage service**

- The actual number of erven receiving the service per category
- The consumption trends per category
- The actual revenue collected in the previous financial years
- Rebates, exemptions or reduction for service charges are budgeted either as revenue foregone or as a grant as per MFMA Budget Circular 51 depending on the conditions thereof;

4.3.3.3. Government grants and subsidies

- Revenue from government grants and subsidies shall be in line with allocations gazetted in the Division of revenue act and provincial gazettes.

4.3.3.4. Interest on investments

- Interest received from actual long-term and short-term investments shall be based on the amount reasonably expected to be earned on cash amounts available during the year according to the expected interest rate trends

4.3.3.5. Rental fees

- Revenue from rental of property shall be charged based on the percentage growth rate as determined by Financial services for a particular budget year

4.3.3.6. Fines

- Projected revenue for fines shall be charged in terms of the approved tariffs, considering the past trends calculated on the basis of actual receipts extrapolated over 12 months and expected growth for a particular budget year.

4.3.3.7. Other sundry revenue

- Other projected revenue is charged in terms of the approved sundry tariffs considering the past trends and expected growth for each category

4.3.3.8. Cash –backed accumulated surpluses from previous years not committed for any other purpose.

4.3.4. Guiding principles when compiling the operating budget

4.3.4.1. the annual budget must be cash backed
4.3.4.2. provision for bad debt must be the difference of the actual payment levels percentage
4.3.4.3. growth parameters must be realistic, taking into account current economic conditions
4.3.4.4. tariffs adjustments must be realistic, taking into consideration affordability, bulk purchases increases and future projected growth according to the approved Integrated Development Plan
4.3.4.5. the tariffs increases should be cost reflective and as far as possible be limited to inflation targeting per budget circulars
4.3.4.6. revenue from public contributions, donations or any other grants may only be included in the budget if the following documents are received:-

I. a signed service level agreement
II. a contract or written confirmation
III. o r any other legally binding document.

4.3.5. Expenditure Categories

The following assumptions are used when compiling the operating budget spending:-

4.3.5.1. Salaries, wages and allowances

- A detailed salary budget shall be compiled on an annual basis
- Salaries and allowances are calculated based on the percentage increase as per the collective agreement between organized labor and the employer for the particular period
- All funded positions are budgeted for in total
- An additional 2% shall be allocated for filling of new critical positions as per the approved structure
- The remuneration of political office bearers shall be based on the limitations and percentages as determined by the responsible National Minister
- As a guiding principle the salary budget should not exceed 35% of the annual operating budget.

4.3.5.2. Collection Costs

- Will include and not limited to costs attributed to the maintenance of the financial system used for the collection of outstanding amounts based on the service level agreement including commission**.**

4.3.5.3. Depreciation

- Depreciation shall be budgeted for according to the asset register and to limit the impact of the implementation of

GRAP 17 a transfer shall be made from the accumulated surplus

- It shall be calculated at costs, using the straight line method, to allocate the depreciation cost to the residual values over the estimated useful lives of the assets

4.3.5.4. Interest on external borrowing

- It refers to interest and redemption that has to be repaid on external loans taken up by the municipality.
- The budget is determined by the repayments that the municipality is liable for, based on the loan agreement entered into with the other party.

4.3.5.5. Repairs and maintenance

- To ensure the health of the municipal asset base, sufficient provision must be made for the maintenance of the existing infrastructure assets based on affordable levels.
- Infrastructure maintenance costs shall be informed by the maintenance plan for each trading service

4.3.5.6. Bulk purchases

The expenditure on bulk purchases shall be determined using tariffs as stipulated by the Water boards, NERSA and any service provider from time to time.

4.3.5.7. Contributions to funds

Refers to the contributions made to provisions **(e.g. leave reserve funds)** on annual basis and is determined based on the actual expenditure in the previous year and any other factor that could have an effect

4.3.5.8. Internal charges

- These refer to inter departmental charges within the municipality.
- The performance of each line item is analysed where after the budget is based on the previous years' performance

4.3.5.9. Other expenditure

- Individual line items are to be revised annually when compiling the budget to ensure proper control over the expenditure
  - Increase for these line items shall be linked to the average inflation rate and macro-economic indicators unless a signed service level agreement stipulates otherwise.
  - As a guiding principle repairs and maintenance budget should constitute at least between 5% and 10% of the total operating budget based on the affordability levels
  - The maintenance budget percentage should increase annually be increased incrementally until the required targets are achieved.

4.3.5.10. Appropriations

It refers to the transfers to and from the capital replacement reserve to offset depreciation charges. Appropriations are determined on an annual basis.

5. DEBT MANAGEMENT

- Debt is manage in terms of the Council Credit Control Policy
- Provision for revenue that will not be collected shall be budgeted adequately as an expense and must be based on the projected annual nonpayment for services.

6. BORROWING MANAGEMENT

The borrowing requirements are based on the backlogs of the infrastructure needs taken into consideration the operational impact of any loans

7. CASH MANAGEMENT

- Cash availability shall be closely monitored to ensure a minimum cash days on hand of ninety (90) days for daily operations.
- Surplus cash not immediately required for operation purposes shall be invested in terms of the council's Investment Policy so as to maximize returns on the investments
- Municipality shall implement the inclining block tariffs and time of use tariffs

8. RESERVES

- To ensure that funding is readily available for future development and timeous replacement of aging infrastructure
- Municipality shall create dedicated reserves that are cash-backed all the time
- All reserves to be 'rein-fenced as internal reserves within the accumulated surplus, except for provisions as allowed by the General Recognised Accounting Practice (GRAP).
- The following are the recommended reserves to be re-in fenced and cash backed over a period of time:-

8.1. Capital Replacement Reserve

- The municipality shall establish the capital replacement reserve through contributions from the operating budget
- Once fully established, it shall provide internal funding for municipal capital replacement and renewal programme.
- The reserve shall be cash-backed all the time.

8.2. Bulk Capital Contributions Reserves

- This reserve shall supplement capital expenditure for the necessary expansion and upgrading of bulk infrastructure due to new developments
- Revenue generated through bulk services contributions shall be allocated to this reserve for each applicable service
- The reserve shall be cash-backed all the time

9. PROVISIONS

A provision is recognized when the municipality has a present obligation as a result of a past event and is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

9.1. Provisions shall be revised annually and those settled within the next twelve months are treated as current liabilities.

9.1.1. Leave Provision

10% of the leave provision shall be cash backed-as not all leave balances are to be redeemed for cash at once.

9.1.2. Landfill site rehabilitation Provision

This provision shall be cash-backed to ensure availability of cash for rehabilitation at closure.

9.1.3. Long Services Awards

5% of the long service leave provision shall be cash backed-as not all leave balances are to be redeemed for cash at once.

9.1.4. Post-Retirements Benefits

The provision for medical care benefits to qualifying retired employees shall be cash backed to ensure the availability of cash for the payment of medical aid payments

10. IMPLEMENTATION AND REVIEW OF POLICY

- This policy shall be implemented once approved by Council
- To be implemented with effect from the 1st July 2017
- Shall be reviewed on an annual basis and tabled with other budget related policies as part of the budget process when circumstances warrant that to ensure that it is in line with the municipality's strategic objectives and legislation

RUSTENBURG

LOCAL MUNICIPALITY

INVENTORY CHAIN MANAGEMENT POLICY

INDEX

		Page No.
1.	OBJECTIVE	4
2.	DEFINITIONS	4 - 6
3.	SCOPE	6
4.	LEGAL FRAMEWORK	6
4.1	MEASUREMENT AT RECOGNITION	7
4.2	MEASUREMENT AFTER RECOGNITION	7
4.3	RECOGNITION AS AN EXPENSE	7
5	INVENTORY PROCEDURE	7
5.1	PROCEDURES FOR INVENTORY	7-8
5.2	APPOINTMENT OF RESPONSIBLE OFFICIALS	8
5.3	ORDERING OF INVENTORY	8
5.4	RECEIPT OF INVENTORY	9
5.5	STORAGE OF INVENTORY	9 - 11
5.6	ISSUING OF INVENTORY	11
5.7	OBSOLETE INVENTORY	12
5.8	INVENTORY COUNT	12 - 13
6	INVENTORY RECORD	13
7	REPORTING	13 - 14
8	POLICY ADOPTION	14

ANNEXURES

Annexure A:	**Summary of Inventory Procedures**	**15 - 20**
Annexure B:	**Handing Over Certificate**	**21**
Annexure C:	**Inventory Count Certificate**	**22**
Annexure D:	**Stock Issue Note**	**24**
Annexure E:	**Bin cards**	**25**

1. OBJECTIVE OF THE POLICY

1.1 The policy aims to achieve the following objectives which are to: -

a) Provide guidelines that employees of the Municipality must follow in the management and control of inventory, including safeguarding and disposal of inventory.

b) Procure inventory in line with the established procurement principles contained in the Municipality's Supply Chain Management Policy.

c) Eliminate any potential misuse of inventory and possible theft.

2. DEFINITIONS

2.1. In this Policy, unless the context indicates otherwise, the following definitions are applied: -

"Accounting Officer"	means the Municipal Manager for the Municipality as contemplated in section 60 of the Local Government: Municipal Finance Management Act, 56 of 2003
"CFO"	means the Chief Financial Officer designated in terms of section 80(2) (a) of the Local Government: Municipal Finance Management Act, 56 of 2003
''Cost''	shall comprise costs of purchase, costs conversion and other costs incurred in bringing the inventories to their present location and condition
"Delegated authority"	means the official who is given the authority for relevant functions in terms of the municipality's written delegations;
''Good received note''	means an electronic number which is created on the system to acknowledge the receipt of goods in good condition and correct quantities

"Inventories"	are assets: In the form of material or supplies to be consumed in the production process, In the form of materials or supplies to be consumed or distributed in the rendering of services Held for sale or distribution in the ordinary course of operations, or In the process of production for sale or distribution
"Supply Chain Manager"	shall mean the person appointed as Supply Chain Manager under section 4.1 below.
"Municipality"	shall mean the Rustenburg Local Municipality;
"Net Realisable''	Is the estimated selling price in the ordinary course of operations less the estimated costs of completion and estimated costs necessary to make the sale exchange or distribution.
"Obsolete inventory"	means items that have expired, are redundant or damaged;
"Re-order level"	means the level of inventory at which inventory is reordered;
"Requisition form"	means a written request to the Inventory Supervisor to supply specified inventory;
"Responsible manager"	means the official responsible for the budget of an organizational unit in the municipality, directorate or institution;

"Store"	means a place where inventory is stored and reserved for future use, or a source from which supplies may be drawn;
"Store man"	means the official responsible for the requisition, receipt, issue, recording, safeguarding of inventory and cost-effective and efficient management of inventory.

3. SCOPE

3.1 This policy applies to Rustenburg Local Municipality's inventory received by the Storeman and issued to users by the Store Assistant

3.2 This policy specifically excludes:

. a) Pharmaceutical inventory, livestock and

b) Equipment and other assets not defined as inventory;

4. LEGAL FRAMEWORK

In terms of the MFMA, the Accounting Officer for a municipality must:

a) Be responsible for the effective, efficient, economical and transparent use of the resources of the municipality as per section 62 (1) (a);
b) Take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and other losses as per section 62(1)(d);
c) Be responsible for the management, including the safeguarding and the maintenance of the assets, and for the management of the liabilities, of the municipality as per section 63 (1) (a) and (b).

In terms of the following paragraph of GRAP 12:

Inventories shall be recognized as an asset if, and only if,

a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
b) the cost of the inventories can be measured reliably

4.1 MEASUREMENT AT RECOGNITION

Inventories that qualify for recognition as assets shall initially be measured at cost Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition

4.2 MEASUREMENT AFTER RECOGNITION

Inventories shall be measured at the lower of cost and net realization value, except where paragraph .18 applies

Inventories shall be measures at the lower of cost and current replacement cost where they are held for:

a) distribution at no charge or for a nominal charge, or

b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

4.3 RECOGNITION AS AN EXPENSE

When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed, or related service is rendered. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write –down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Some inventories may be allocated to other assets accounts, for example, inventory used as a component of self-constructed property, plant or equipment. Inventories allocated to other assets in this way are recognized as an expense during the useful life of that asset

5. INVENTORY PROCEDURES

5.1. The procedures for inventory must be followed to ensure that:

a) Inventory is safeguarded at all times;
b) There are accurate records of quantities on hand at all times;
c) Optimum inventory levels are maintained to meet the needs of users;

d) Only authorised issues of inventory are made to users; and
e) Items placed in store are secured and only used for the purpose for which they were purchased.

5.2 APPOINTMENT OF RESPONSIBLE OFFICIALS

5.2.1 The CFO must appoint, in writing, officials to perform the duties of a Chief Store Keeper in terms of this Policy.

5.2.2 Adequate segregation of duties between the requisition, receipt, recording, storage and safekeeping of inventory and the management and control thereof must be maintained to avoid the potential occurrence of errors and fraud.

5.3 ORDERING OF INVENTORY

5.3.1 Each department must set its own Inventory reorder levels for all items in consultation with the CFO, the inventory levels must indicate the minimum and maximum inventory that can be maintained.

5.3.2 Due diligence and care shall be exercised in identifying low value and high value items of inventory.

5.3.3 Minimum inventory level of high value items shall be ordered, any maximum order shall be based on specific requirement/need in order to avoid large amount of cash tied up on inventory.

5.3.4 A reorder listing should be printed by Chief Store Keeper and reviewed weekly by the Supply Chain Manager

5.3.5 The Chief Store Keeper must use the reordering maximum quantities as a primary source of information to complete the applicable purchase form as per Supply Chain Management Policy.

5.3.6 A copy of the purchase order form will then be forwarded by the Chief Store Keeper to the Storeman to match the goods received against the order once goods are delivered at the stores

5.3.7 Orders must thereafter be filed in alphabetical order, one file for delivered Orders and one file for outstanding orders.

5.3.8 This file must form the basis for follow up of orders and for matching goods that are delivered to inventory department.

5.3.9 The orders file should be reviewed weekly by the Chief Store Keeper and any orders, which have not been delivered as per the agreement with the Chief Store Keeper, must be followed up immediately

5.4 RECEIPT OF INVENTORY

5.4.1 The quantity and quality of the inventory received from suppliers must be according to specifications and information on the order form.

5.4.2 The Storeman must compare the delivery note to the purchase order before accepting the goods.

5.4.3 The invoice or delivery note must match the supplier name and order number.

5.4.4 The Storeman must create an electronic Goods Received Note on the system to record all the inventory items delivered in good condition.

5.4.5 The Storeman must ensure that:

a) All delivery notes and or invoices are signed by him/her and the driver

b) All incorrect delivery items are rejected and clearly identified on both copies of the delivery note and or invoice; and

c) The supplier signs all amendments

5.4.6 The inventory received must them be transferred to the secured store by the general worker and the goods receive number and quantities captured on the bin card by the Storeman.

5.4.7 The inventories must be stored in their respective sections once they have been received as detailed in 5.5

5.4.8 The inventory record on the system must be updated on the day the goods are received, by the Storeman and authorized on the system by the Chief Store Keeper

5.5 STORAGE OF INVENTORY

5.5.1 Inventory must be stored in a secured, exclusive use area, under lock and key, furthermore the inventory must be insured in terms of the Risk Management Policy of the municipality.

5.5.2 The area must be used exclusively for the storage of inventory, with limited authorised access only.

5.5.3 Inventory must be positioned to facilitate efficient handling and checking.

5.5.4 All items must be stored separately, with proper segregation.

5.5.5 Inventory must be clearly labelled for easy identification. Inventory tag/bin cards or inventory labels may be used to identify each item and to aid in the physical verification of the items.

Details on bin cards should include the following:

a) Order number;
b) Quantity received;
c) Date of receipt;
d) Quantity issued;
e) Date of issue;
f) Maximum stock level;
g) Re-order level;
h) Re-order quantity;
i) Closing stock; and
j) Any other relevant information.

5.5.6 Where possible, all items of the same type and reference must be stored together as per the description on the inventory records.

5.5.7 Items with limited shelf life must be rotated on a first in first out basis, in accordance with paragraph .35 of GRAP, to reduce the occurrence of expired or obsolete stocks.

5.5.8 Due diligence and care must be exercised to prevent damage of, or deterioration of inventory.

5.5.9 Due regard must be given to any safety standards which may apply to the storage of certain inventories.

5.5.10 Steps must be taken to ensure safe custody of items, including precautions against loss or theft.

5.5.11 The Chief Store Keeper or Delegated Official responsible for the custody and care of inventory must ensure that in his/her absence, such items, where applicable, are securely stored. 5.5.12 The responsibility for the custody of the storeroom keys must be allocated by the delegated authority to an official who is accountable for its use.

5.5.13 No unauthorised persons/officials shall obtain entry to premises, buildings or containers where inventory is kept, unless accompanied by the responsible official.

5.5.14 Whenever a change in the Chief Store Keeper occurs, an inventory count must be conducted.

5.5.15 An independent official shall be nominated in writing by the delegated authority to assist the official handing and taking over with the checking of the inventory and any discrepancies.

5.5.16 Should the above not be complied with, the official taking over shall be liable for any discrepancies.

5.5.17 A handing-over certificate, attached here to as Annexure B, must be completed by the handing and taking over officials and a copy retained for record purposes.

5.5.18 The following fire protection precautions must be adhered to:

a) Inventories of an inflammable or dangerous nature shall be stored and handled in such a manner that persons or property are not endangered and in compliance with the requirements of any local authority;
b) The area must be clearly signposted; and
c) Fire extinguishing equipment must be placed in the area where inventories are held and must be serviced regularly.

5.6 ISSUING OF INVENTORY

5.6.1 Only the Store Assistant is authorised to issue inventory from the storeroom.

5.6.2 Inventory must only be issued in terms of the approved requisition form of the Municipality.

5.6.3 All requisition forms must be ruled off immediately below the last item to prevent items being added once the requisition is authorized by the responsibility manager, supervisor or foreman

5.6.4 The Store Assistant must update the bin card when stock items to be issued have been picked up from the shelves with the requisition number and quantities

5.6.5 The official receiving the inventory must acknowledge the receipt of stock items requested, by signing on the requisition for goods received.

5.6.6 Inventories must be issued and used for official purposes only.

5.6.7 The Store Assistant capture the requisition on the system and then it must be authorized by the Chief Store Keeper

5.7 OBSOLETE INVENTORY

5.7.1 The preparatory work for the disposal of obsolete inventory must be undertaken by the Chief Store Keeper and verified by the Supply Chain Manager.

5.7.2 The Accounting Officer or delegated authority must approve the disposal of obsolete inventory.

5.7.3 The delegated authority may approve the write-off of inventory, if satisfied that: -

a) The inventory has expired and is redundant;
b) The inventory is of a specialized nature and has become outdated due to the introduction of upgraded and more effective products;
c) The inventory cannot be used for the purpose for which it was originally intended; or
d) The inventory has been damaged and is rendered useless.

5.7.4 All disposed of items must be updated in the inventory records/register/database for the purposes of proper management and control.

5.8 INVENTORY COUNT

5.8.1 Items may be subject to an inventory spot count on a monthly basis.

5.8.2 Inventory counts may be carried out on a four monthly basis with a full inventory count at the end of each financial year.

5.8.3 All approved Municipal procedures and processes must be complied with during the inventory count.

5.8.4 The Chief Store Keeper must document in Annexure C and report to the CFO after investigating any discrepancies between the inventory records/register/database, bin/tag cards or inventory labels and the physical inventory.

5.8.5 The CFO must submit a report with the findings to the Accounting Officer, in order to have the matter reported to the Executive Committee of the Municipality for the write-off of any inventories losses, or the write –up of surpluses.

5.8.6 The appropriate disciplinary action must be instituted when applicable.

5.8.7 The inventory record, register, database or system must be updated accordingly.

6. INVENTORY RECORDS

6.1. An inventory record/register/database must be maintained for all inventory items, either manually and / or electronically.

6.2. All relevant information must be included for the proper management and control of all inventory items. It is recommended that details include but are not limited to:

a) Order number/date;
b) Item description;
c) Quantity and value of stock on hand;
d) Quantity and value of stock received;
e) Quantity and value of stock issued;
f) Re-order level;
g) Optimum inventory level;
h) Quantity and value of obsolete stock; and
i) Opening/closing balance.

6.3. An inventory register/database must be printed monthly and the hard copy filed in a chronological order to maintain a proper audit trail.

7. REPORTING

7.1. A report must be submitted at each stock count to the Chief Financial Officer and/or the Responsible Manager detailing the following:

a) Any inventory shortages or surpluses and the reasons for such;
b) Any inventory deficits proposed to be written-off; and
c) Any obsolete inventory items.

7.2. Inventories purchased during the financial year must be disclosed at cost in the disclosure notes of the Annual Financial Statements of the Municipality.

7.3. In terms of GRAP 12 the financial statements shall disclose:

a) the accounting policies adopted in measuring inventories, including the cost formula used,
b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity,
c) the carrying amount of inventories carried at fair value less costs to sell,
d) the amount of inventories recognized as an expense during the period,
e) the amount of any write-down of inventories recognized as an expense in the period in accordance with paragraph .43,

f) the amount of any reversal of any write-down that is recognized as a reduction in the amount of inventories recognized as an expense in the period in accordance with paragraph .43,
g) the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph .43, and
h) the carrying amount of inventories pledged as security for liabilities.

8. POLICY ADOPTION

This policy has been considered and approved by the Council of Rustenburg Local Municipality on this day……00…… of …….…… 2020 This policy will take effect at Rustenburg Local Municipality on this day…… of ……..……. 2020.

ANNEXURE A:

PROCEDURES FOR ORDERING, RECEIPT, MAINTENANCE, ISSUING AND DISPOSAL OF STOCK

NO	PROCUDURE	FREQUENCY
1	**ORDERING OF STORES:**	
1.1	Stores reorder levels must be set for all items by the CFO which will be as follows: • Reorder Level • Maximum Level • Minimum Level • Emergency Level	On going
1.2	A reorder listing should be printed weekly and reviewed by the Chief Store Keeper before purchase order can be completed	On going
1.3	The Chief Store Keeper: • Must use the listing as a primary source of information to complete the purchase form; and • Physical inspection of stock on shelves shall be conducted before the purchase form is filled in	On going
1.4	A copy of the purchase order form will then be forwarded by the Chief Store Keeper to the Storeman.	
1.5	The order must be matched to the purchase form to verify that the correct quantities and correct items have been ordered.	
1.6	Orders must thereafter be filed in date sequence.	
1.7	This file must form the basis for follow up of orders and for matching goods that are delivered to stores	
1.8	The orders file should be reviewed weekly by the Chief Store Keeper and any orders, which have not been delivered as per the agreement with the buyer, must be followed up immediately.	
2	**Receipt of Stock:**	
	Goods will be delivered to the receiving area where the documentation will be recorded and then forwarded to the Chief Store Keeper.	
	The Storeman must match the delivery note to the purchase order, an electronic GRN will be created on the system and authorized by the Chief Store Keeper	
	The Storeman must compare the delivery note to the relevant order before accepting the goods.	
	The goods received note or invoice must be signed by the Storeman as proof of acceptance of the goods.	
	A computerised Goods Received Note or Stores Issue Requisition which reflects full particulars of receipts and issues must be maintained by the Storeman /Store Assistant and updated/authorized by the Chief Store Keeper, immediately when goods are received or issued.	

	Goods that is unused after the completion of the work or the fulfilment of the purpose for which they were issued, must be returned to the store and must be included in stock.	
	Goods Returned Note shall be filled in if stock is returned by the department to the warehouse. The Goods Returned Note shall be prepared by the Responsible Official and signed by the Responsible Manager	
	The Chief Store Keeper shall acknowledge the receipt of goods from the department by signing the Goods Returned Note	
3	**Maintenance of Stores**	
	Inventory and equipment belonging to the Council must be clearly marked/ bar-coded as such, to indicate ownership.	
	Inventory belonging to the Council shall be kept in a place approved of by the CFO, subject to the conditions he or she determines.	
	No section shall carry inventory in excess of its normal requirements, as may be determined by the CFO.	
	The CFO shall ensure that at least once every financial year, stock-taking of all stores of the Council takes place as follows:	
	The financial year-end stock take will take place on the last week of the financial year or as close to that date as possible.	
	All Heads of Sections and the Council's external auditors must be notified of the date of the annual year end stock take.	
	Stores must be closed at noon the day before stock take. A notice to this effect must be prominently displayed on the stores notice board.	
	In the case of an emergency, stock items may only be issued on the explicit authority of the CFO	
	Prior to stock take, the Chief Store Keeper must ensure that all transactions up to the date of stock take have been recorded. All goods received notes, requisition issues and goods returned notes should be captured onto the stores computer system.	
	An official delegated the responsibility, shall make available stock take listing sheets to auditors for recording the physical count figures.	

	All bin cards must be removed from the shelves before the stock count Stock items must be counted in an orderly fashion from one end to the other, using the two count method by and by persons not dealing with stock on a regular basis.	
	Stock that has been drawn for use at a later date should be included in the stock-count and not expensed. Consumables should also be included in the stock-count and not expensed.	
	After each item is counted, they must be marked with a sticker to indicate that they have been counted.	
	After each item is counted, the total must be entered onto the stock sheets.	
	Stock sheets must be signed by counters and checkers. On completion of the count, all stock sheets must be handed to the Supply Chain Manager.	
	Physical count figures will be verified to the computerised listing. The Chief Store Keeper should not be involved in any aspect of this verification.	
	Should any discrepancies arise, a recount of the product is done, and the requisition entries are rechecked. All write-offs of obsolete or damaged stock should be authorised by the CFO.	
	The Chief Store Keeper shall submit a report stating the quantity and value of any surplus or shortage of stores revealed by the stock-take, together with the possible reasons for this.	
	The CFO shall then report such surpluses and shortfalls to the Council for further steps to be taken, if necessary. A thorough internal control system must be established by the CFO to ensure that when a change of officials responsible for stores and equipment takes place, accountability with regard to losses and deficits can be clearly established.	
4	**Issue of Stock:** Only the Store Assistant is authorized to issue goods from the General stores.	
	Goods should only be issued in terms of a properly authorised requisition form.	

	Specimen signatures of all persons authorized to sign requisitions shall be supplied to the Chief Store Keeper. If the signature is not of an authorised official, the requisition should be sent back to the respective section. The Responsible Manager, Supervisor or Foreman must verify that	
	the correct vote is entered on the requisition for the type of goods	
	requested and that there is sufficient budget provision against the vote.	
	The Store Assistant and recipient of goods must agree that the goods requisitioned, agree to the goods drawn from stores, as on the requisition.	
	The recipient must sign the requisition as evidence that the goods stated on the issue note, have been received.	
	Once the stores have been issued, the requisition is captured into the computer system by the Store Assistant and authorised by the Chief Store Keeper.	
	The daily requisitions must be captured on a spreadsheet and signed off by the relevant officials and then filed together with the requisitions on a daily basis	
	Disposal of Goods: The CFO must furnish the Council with a list of goods to be disposed of, together with the reasons for their disposal.	
	The goods disposed of in the instance referred to above may only be handed over to the purchaser on full payment of the purchase price, or when other satisfactory arrangements for payment have been made with the CFO.	
	Stock may be disposed of by public auction provided that the approval of Council is obtained.	

ANNEXURE B

HANDING-OVER CERTIFICATE

I certify that this is a true statement of inventory as per stock report attached hereto and that inventory has been duly accounted for.

Signature of official handing over inventory : _____

Designation : _____

Date : _____

I certify that this is a true statement of inventory as per stock report attached hereto and that the inventory has been duly accounted for

Signature of official taking over inventory : _____

Designation : _____ Date

: _____

ANNEXURE C

Reference: _____

Enquiries: _____

Date : _____

FINANCIAL DEPARTMENT Attention: Chief Financial Officer

INVENTORY COUNT FOR THE PERIOD: _____

This is to certify that the quarterly inventory count has been undertaken for all items. The under-mentioned discrepancies were found:

1. SURPLUS INVENTORY

	DESCRIPTION OF ITEM	QUANTITY	VALUE

The following factors gave rise to the surplus items:

_____

_____

_____

_____

_____

ANNEXURE C (CONT.)

2. DEFICIT INVENTORY

	DESCRIPTION OF ITEM	QUANTITY	VALUE

Total value of issues for the period under review R _____

The following factors gave rise to the deficit items:

_____

_____

_____

_____

_____

We certify that an inventory count of items was undertaken by:

1. Name: _____ Rank: _____Signature: _____

2. Name: _____ Rank: _____Signature: _____

3. Name: _____ Rank: _____ Signature: _____

_____ _____

HEAD OF DEPARTMENT **DATE**

ANNEXURE D

STOCK REQUISITION **REQ NUMBER_____ DIRECTORATE: _____**

DECRIPTION	ITEM NO.																						

RUSTENBURG LOCAL MUNICIPALITY

REWARDS, GIFTS AND FAVOUR POLICY

REWARDS, GIFTS AND FAVOURS POLICY

Contents **Page No.**

Part 1	**Objective**	**3**
Part 2	**General Principles**	**3 - 4**
Part 3	**Value of Rewards, Gifts and Favours**	**5**
Part 4	**Register of Rewards, Gifts and Favours**	**5**
Part 5	**Responsibility of Councillors and Staff Members To declare Rewards, Gifts and Favours**	**5**
Part 6	**Authority of Accept Rewards, Gifts or Favours**	**5**
Part 7	**Accountability**	**5**
Part 8	**Enforcement**	**5**
	Declaration of Rewards, Gifts or Favours for Gift Register	**6**

REWARDS, GIFTS AND FAVOURS POLICY

PART 1 OBJECTIVE

To set out in clear terms the rules that apply to offers of a reward, gift or favours from persons having or proposing to have a contractual relationship with the municipality and the responsibilities of councillors and staff members in this regard. The Code of Conduct and Rewards, Gifts and Favours Policy is aimed at ensuring that councillors and staff members conduct themselves so that their good faith and integrity should not be open to question.

PART 2 GENERAL PRINCIPLES

Councillors and staff members will appreciate that receipt of hospitality or acceptance of gifts is, in law, no different from the receipt of monies.

To resolve any doubts about the wisdom of accepting rewards, gifts and favours whether or not such is intended (or might be thought to be intended) to influence councillors or staff member's actions, where there is an offer of hospitality or gifts from persons having of proposing to have contractual relationship with the municipality, then the proper course of action for councillors and staff members is:

a) To consider acceptance of any such offer only where the councillor or staff member regards it as normal and reasonable. "Normal and reasonable" is defined for this purpose as no more than the municipality would be prepared to offer in equivalent circumstances. The council will provide guidance as to what may be considered appropriate and councillors and staff members should not exceed such guidance without the specific and written authority of the Executive Mayor or Municipal Manager.

b) Councillors and staff members must ensure that any rewards, gifts and favours not of a level or amount which would lead to the public perception that the individual might be influenced. Councillors and staff members should ask themselves the question "how would acceptance of the reward, gift or favour be perceived by an objective member of the public" and check the answer by seeking an independent view from within the organization's governance and management structure.

c) If there is doubt as to the propriety of acceptance, the councillor or staff member should decline the offer of a reward, gift or favour.

As a matter of law, it does not matter if the gift, reward or favour is given to or received by the councillor or staff member before or after a contract is awarded or other favour shown. **However, the timing of any acceptance of the reward, gift or favour is important, as demonstrating a possible connection between the acceptance and the grant of a contract. No reward, gift or favour should be accepted from a tenderer in the period between invitation to tender and acceptance by the municipality, nor, so**

far as is practicable, in the immediate period before invitations to tender are requested or the immediate period after the grant of a contract. To an extend, a period foreseeable which can be directly linked to the awarding of that particular contract.

Schedule 1 and 2 of the Municipal Systems Act No. 32 of 2000 contains the code of conduct for councillors and municipal staff members respectively.

SCHEDULE 1 SECTION 9 STATES:

1. A councillor may not request, solicit or accept any reward, gift or favour for:

    a) Voting or not voting in a particular manner on any matter before the municipal council or before a committee of which that councillor is a member;
    b) Persuading the council or any committee in regard to the exercise of any power, function or duty;
    c) Making a representation to the council or any committee of the council; or
    d) Disclosing privileged or confidential information.

SCHEDULE 2 SECTION 8 STATES:

1. A staff member of the municipality may not request, solicit or accept any reward or gift in favour for:

    a) Persuading the council of the municipality, or any structure or functionary of the council, with regard to the exercise of any power or the performance of any duty;
    b) Making a representation to the council, or any structure or functionary of the council;
    c) Disclosing any privileged or confidential information; or
    d) Doing or not doing anything within that staff member's powers or duties.

2. As staff member must without delay report to superior official or to the speaker of the council any offer which, if accepted by the staff member, would constitute a breach of (1).

The code of conduct prohibits any councillor or staff member from "soliciting" any gift benefit or reward for example by asking or hinting or making innuendo to that effect, whether directly or indirectly in the workplace or elsewhere through the agency of a colleague, friend or relative.

Within reason, the distribution of company specific items shall not be classified as gifts, favours or rewards. However, this indulgence should not be extended to tenderers, persons with whom there are legal disputes or any person in an adversarial or doubtful relationship with the municipality.

PART 3 VALUE OF REWARDS, GIFTS AND FAVOURS (Normal and Reasonable)

Councillors and staff members are required to report and register rewards, gifts and favours above a prescribed value which is determined by council from time to time.

PART 4 REGISTER OF REWARDS, GIFTS AND FAVOURS

An electronic register will be kept and maintained in the office of the Municipal Manager and Internal Audit should review the register periodically. A gift declaration Form (ANNEXURE A) shall be completed by councillors and staff members who have received a rewards, gift or favour which exceeds the approved value. Each declaration submitted will be allocated a serial number by the municipal manager for reference purposes.

PART 5 RESPONSIBILITY OF COUNCILLORS AND STAFF MEMBERS TO DECLARE REWARDS, GIFTS AND FAVOURS

It is the responsibility of councillors and staff members to declare all rewards, gifts and or favours which exceed the value determined by council.

PART 6 AUTHORITY TO ACCEPT REWARDS, GIFTS OR FAVOURS

Staff Members

The responsibility of granting authority to staff members to accept rewards, gifts or favours rests with the Municipal Manager.

Councillors

The responsibility of granting authority to councillors to accept rewards, gifts or favours rests with the Executive Mayor.

PART 7 ACCOUNTABILITY

The Municipal Manager shall provide details of all rewards, gifts and favours received by councillors and staff members and authorized by the Executive Mayor or Municipal Manager to the Audit Committee and Mayoral Committee on a quarterly basis.

PART 8 ENFORCEMENT

Municipal Councillors or staff members who accept rewards, gifts or favours without declaring them in breach of the code of conduct will be dealt with in terms of the disciplinary procedures of the municipality.

ANNEXURE A

RUSTENBURG MUNICIPALITY

DECLARATION OF REWARD, GIFT OR FAVOUR FOR GIFT REGISTER	
Register Number: _ _ _ _ _ _ _ _ _ _ _	Date: _ _ _ _ _ _ / _ _ _ _ _ _ / _ _ _ _ _
Details of Sponsor (Contributor)	
Company Name	
Name of Company Representative	
Service Provided	
Relationship	
Service Period	
Details of Recipient	
Name	
Branch / Department	
Staff Number	

Details of Reward, Gift or Favour Received

No.	Description	Approx. Monetary Value

Have any rewards gifts or favours been received from this company before? (Mark with "X")	Yes		No	

If yes, please provide a description of this gift (s):

Executive Mayor/Municipal Manager Approval (FOR OFFICE USE ONLY)

The above gift is: (Mark with "X")

	To be returned to supplier with a letter of thanks
	To be enjoyed by the councillor or official, above
	To be enjoyed by the branch / department under management supervision

Comments

Municipal Manager / Executive Mayor: _

(Signature)

Date: _ _ _ _ _ _/ _ _ _ _ _ _ _ _/_ _ _ _ _ _

RUSTENBURG

LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

The Municipal Manager of the Rustenburg Local Municipality (hereinafter referred to as “the Municipality”), being responsible for managing the financial administration of the Municipality hereby, in terms of the provisions of section 62(1)(f)(iv), read with section 111 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as the “MFMA”), and in order to give effect to section 217(1) of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as “the Constitution”), establishes the Supply Chain Management Policy of the Municipality (also hereinafter referred to as “the SCM Policy), as approved by its Council and which came into operation on and is to be implemented as such from the date of acceptance by the Council.

The SCM Policy of the Municipality will be one of the Municipality’s budget related policies, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008 and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA, and accordingly the Municipality will annually revise this policy and this policy, or any amendments thereto will be approved by the Council of the Municipality during the process in terms of which the Municipality adopts its budget, as described in section 24 of the MFMA.

THE RUSTENBURG LOCAL MUNICIPALITY:

SUPPLY CHAIN MANAGEMENT POLICY

TABLE OF CONTENTS

(FOR EASE OF REFERENCE THE CORRESPONDING REGULATION NUMBER IN THE "MUNICIPALSUPPLY CHAIN MANAGEMENT REGULATIONS" –WHERE APPLICABLE – HAS BEEN INSERTED IN BRACKETS BEHIND THE "ITEM")

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF THE SCM POLICY

NO	ITEM	PAGE NO
1.	DEFINITIONS	10
2.	INTRODUCTION	24
3.	TITLE AND APPLICATION OF THE POLICY	25
4.	AIM AND PURPOSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM	26
5.	OBJECTIVES OF THIS POLICY	27
6.	DELEGATED AUTHORITY OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES	28
	6.1 SUB-DELEGATIONS	30
	6.2 OVERSIGHT ROLE OF THE MUNICIPALITY	33
	6.3 SUPPLY CHAIN MANAGEMENT UNITS	34
7.	COMPETENCY AND TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS	34
8.	DUTIES AND RESPONSIBILITIES	35
	8.1 GENERAL RESPONSIBILITIES OF THE OFFICIALS OF THE MUNICIPALITY	35

	8.2 RESPONSIBILITIES OF THE MUNICIPAL MANAGER	35
	8.3 RESPONSIBILITIES OF THE DIRECTORS/MANAGER APPOINTED IN TERMS OF THE PROVISIONS OF SECTION 56 OF THE MSA	36
	8.4 RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER	37
	8.5 RESPONSIBILITIES OF THE SUPPLY CHAIN MANAGEMENT UNIT	38
9.	COMMUNICATIONS	39

CHAPTER 2

FRAMEWORK OF THE SCM POLICY

10.	ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT SYSTEM	40
11.	DEMAND MANAGEMENT (REGULATION 10)	40
12.	ACQUISITION MANAGEMENT (REGULATION 11)	44
	12.1 RANGE OF PROCUREMENT PROCESSES (REGULATION 12)	47
	12.2 GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS (REGULATION 13)	49
	12.3 LISTS OF ACCREDITED PROSPECTIVE PROVIDERS (REGULATION 14)	50
	12.4 PETTY CASH PURCHASES (REGULATION 15)	52
	12.5 WRITTEN OR VERBAL QUOTATIONS (REGULATION 16)	53
	12.6 FORMAL WRITTEN PRICE QUOTATIONS (REGULATION 17)	55
	12.7 COMPETITIVE BIDS AND PROCESS FOR COMPETITIVE BIDS (REGULATION 19 & 20)	56
	12.7.1 BID DOCUMENTATION FOR COMPETITIVE BIDS (REGULATION 21)	59
	12.7.2 PUBLIC INVITATION FOR COMPETITIVE BIDS (REGULATION 22)	65
	12.7.3 ISSUING OF BIDS DOCUMENTS	67
	12.7.4 SITE INSPECTIONS	67
	12.7.5 PRE-QUALIFICATION CRITERIA FOR PREFERENTIAL PROCUREMENT	68

	12.7.6 TWO-STAGE (PREQUALIFICATION) BIDDING PROCESS (REGULATION 25)	69
	12.7.7 PREPARATION OF THE TERMS OF REFERENCE (TOR'S)	70
	12.7.8 DRAFTING OF THE TERMS OF REFERENCE	71
	12.7.9 VALIDITY PERIODS	72
	12.7.10 CONTRACT PRICE ADJUSTMENT	73
	12.7.11 PROVISIONAL SUMS AND PRIME COST ITEMS	74
	12.7.12 SAMPLES	74
	12.7.13 CLOSING OF BIDS	75
	12.7.14 COMMUNICATION WITH BIDDERS BEFORE BID CLOSING	76
	12.7.15 SUBMISSION OF BIDS	77
	12.7.16 LATE BIDS	78
	12.7.17 OPENING OF BIDS	79
	12.7.18 INVALID BIDS	81
	12.7.19 BID SUM	81
	12.8 COMMITTEE SYSTEM FOR COMPETITIVE BIDS (REGULATION 26)	82
	12.9 BID SPECIFICATIONS	82
	12.10 BID SPECIFICATION COMMITTEE (REGULATION 27)	84
	12.11 BID EVALUATION	85
	12.12 BID EVALUATION COMMITTEE (REGULATION 28)	86
	12.13 BID ADJUDICATION	90
	12.14 BID ADJUDICATION COMMITTEE (REGULATION 29)	93
	12.15 TERM BIDS	95
	12.16 PROCUREMENT OF BANKING SERVICES (REGULATION 30)	96
	12.17 PROCUREMENT OF IT RELATED GOODS AND/OR SERVICES (REGULATION 31)	97
	12.18 PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE (REGULATION 32)	98

	12.19 PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS (REGULATION 33)	98
	12.20 PROUDLY SA CAMPAIGN (REGULATION 34)	99
	12.21 APPOINTMENT OF CONSULTANTS (REGULATION 35)	99
	12.22 DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES (REGULATION 36)	105
	12.23 UNSOLICITED BIDS (REGULATION 37)	107
13.	LOGISTICS MANAGEMENT (REGULATION 39)	109
	13.1 SETTING OF INVENTORY LEVELS	109
	13.2 PLACING OF ORDERS	110
	13.3 RECEIVING AND DISTRIBUTION OF GOODS	111
	13.4 STORES AND WAREHOUSE MANAGEMENT	111
	13.5 EXPEDITING ORDERS	111
	13.6 TRANSPORT MANAGEMENT	112
	13.7 VENDOR PERFORMANCE	112
	13.8 CONTRACT MANAGEMENT (SECTION 116(3) MFMA)	112
	13.9 MAINTENANCE AND CONTRACT ADMINISTRATION	113
	13.10 CONTRACT ADMINISTRATION	114
	13.11 LEVELS OF CONTRACT ADMINISTRATION	115
	13.12 APPOINTING OF A CONTRACT MANAGER	115
	13.13 DUTIES AND POWERS OF A CONTRACT MANAGER	116
	13.14 CONTRACT GUIDELINES	117
	13.15 DELEGATING TO CONTRACT ADMINISTRATOR	117
	13.16 CONTRACT MANAGEMENT PROCESS	118
	13.17 DOCUMENT RETENTION	119
	13.18 GUIDELINES ON CONTRACT ADMINISTRATION	119
14.	DISPOSAL MANAGEMENT (REGULATION 40)	120
15.	RISK MANAGEMENT (REGULATION 41)	133
16.	PERFORMANCE MANAGEMENT (REGULATION 42)	134

CHAPTER 3

OTHER MATTERS

17.	PROHIBITION ON AWARDS TO PERSONS WHOSE/WHICH TAX MATTERS ARE NOT IN ORDER (REGULATION 43)	136
18.	PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE (REGULATION 44)	136
19.	AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE (REGULATION 45)	137
20.	CODE OF ETHICAL STANDARDS (REGULATION 46)	137
	20.1 INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO THE MUNICIPALITY, ITS OFFICIALS AND/OR OTHER ROLE-PLAYERS (REGULATION 47)	139
	20.2 SPONSORSHIPS (REGULATION 48)	140
	20.3 OBJECTIONS AND COMPLAINTS (REGULATION 49)	141
	20.4 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES (REGULATION 50)	141
	20.5 CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER (REGULATION 51)	142
21	CESSION	143
	21.1 SUPPLIER TO SUPPLIER COMPANY BASED ON A VALID AGREEMENT	143
	21.2 CESSION BASED ON MATERIAL SUPPLIES	143
	21.3 CESSION BASED ON ACCESS TO FINANCE	143
	21.4 CESSION BASED ON INSURANCE	143
	21.5 CESSION BASED ON CAPACITY	144
22	SUPPLIER DEVELOPMENT PROGRAMME	144
23	CONTRACT TERMINATION	145
24	EMERGENCY PROCUREMENT	145
25	SOLE SOURCE	146
26	PILOT INOVATIVE PROJECTS	151

CHAPTER 4

COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

27.	COMBATING OF ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM (REGULATION 38)	153
	27.1 MUNICIPALITY'S REGISTER OF TENDER AND CONTRACT DEFAULTERS	155
	27.2 AUTOMATIC REJECTION OF BID	156
	27.3 ADEQUATE NOTICE OF MANNER OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM	157
	27.4 RIGHT OF ACCESS TO INFORMATION	158
	27.5 ADMINISTRATION OF HEARINGS	159
	27.6 RIGHT TO BE HEARD	159
	27.7 ORAL HEARINGS	159
	27.8 PROCEDURE AT ORAL HEARING	160
	27.9 ONUS OF PROOF	161
	27.10 RIGHT TO LEGAL REPRESENTATION	161
	27.11 RIGHT TO REQUEST REASONS	161
	27.12 CRIMINAL PROCEEDINGS	161
	27.13 INFORMING PROVINCIAL AND NATIONAL TREASURY	161

CHAPTER 5

PREFERENTIAL PROCUREMENT

28.	PLANNING AND STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILISED	162
29.	EVALUATION OF BIDDERS ON FUNCTIONALITY	162
30	THE 80/20 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS / SERVICES UP TO A RAND VALUE OF R50 000 000.00	163
31	THE 90/10 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS/SERVICES UP TO A RAND VALUE ABOVE R50 000 000.00	165
32.	AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS	167

33.	CANCELLATION AND RE-INVITATION OF BIDS	168
34	PROCESS TO APPOINT FROM A PANEL OF APPOINTED SERVICE PROVIDERS	169
35.	LOCAL PRODUCTION AND CONTENT	171
36	B-BBEE STATUS LEVEL CERTIFICATE	174
37.	GENERAL CONDITIONS	174
38.	DECLARATIONS	177
39.	REMEDIES	177
40	TREASURY INSTRUCTION NOTE ON COST CONTAINMENT	178

CHAPTER 6

GENERAL PROVISIONS

41	COMPLIANCE	179
42	SCM OBJECTIVES	179
34.	AVAILABILITY OF THIS POLICY	180
35.	IMPLEMENTATION AND REVIEW OF THIS POLICY	180
36	SHORT TITLE	181

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF THESUPPLY CHAIN MANAGEMENT POLICY

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words, expressions and/or abbreviations shall have the respective meanings assigned to them hereunder and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MFMA will have the corresponding meaning assigned thereto in terms of such section. Some of these words, expressions and/or abbreviations may not occur in the Policy but are included for the sake of completeness. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"Accounting Officer"**	The Municipal Manager of the Municipality as referred to the definition of "Accounting Officer" as defined in terms of the provisions of section 1 of the MFMA and referred to in section 60 of the MFMA and includes a person acting as an Accounting Officer, or the person to whom the Accounting Officer has delegated his/her authority to act. Also refer to the definition of Municipal Manager below.
1.2	**"adjudication points"**	The points referred to in the Preferential Procurement Policy Framework Act, Act 5 of 2000: Preferential Procurement Regulations, 2017, and

		the preferential procurement section of this policy, also referred to as “evaluation points” or “preference points”.
1.3	**“all applicable taxes”**	Includes value added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.
1.4	**“Auditor-General”**	The person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person acting as Auditor-General, acting in terms of a delegation by the Auditor-General or designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General.
1.5	**“authority”**	A right or power attached to a rank or position permitting the holder thereof to make decisions, to execute such decisions or to have such decisions executed, take command or to demand action by others.
“B”		
1.6	**“B-BBEE”**	The Broad Based Black Economic Empowerment as defined in terms of the provisions of section 1 of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.7	**“B-BBEE status level of contributor”**	The B-BBEE status awarded to a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of the provisions of section 9(1) of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.8	**“bid”**	Includes a responsive tender, quotation, expression of interest, proposal, or any other proposition for

		doing business with the Municipality, whether solicited or not, or a written offer in a prescribed or stipulated form in response to an invitation by the Municipality for the provisions of goods and services.
1.9	**"bidder"**	Any person or entity submitting a bid.
"C"		
1.10	**"capital asset"**	Any immovable asset such as land, property or buildings or any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future economic or social benefit can be derived, such as plant, machinery and equipment.
1.11	**"Chief Financial Officer"**	A person appointed by the Council and designated by the Municipal Manager to manage the financial administration of the Municipality and who remains directly accountable to the Municipal Manager as contemplated in terms of the provisions of section 80(2)(a) read with section 1 and section 81 of the MFMA.
1.12	**"close family member"**	A spouse, child or parent of a person.
1.13	**"closing time"**	The time and date specified in bid documentation as the closing time for submission of bids after which no more bids may be submitted to or be accepted by the Municipality.
1.14	**"community-based vendor"**	A supplier of goods and/or services who resides in a target area or community, who/which meets the criteria for community-based vendors as

		determined by the Municipality from time to time, and who/which is registered on the list of the Municipality as an accredited prospective provider of goods and/or services.
1.15	**"comparative price"**	The price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration. A "non-firm price" means all prices other than a "firm price".
1.16	**"competitive bid"**	A responsive bid in terms of a competitive bidding process.
1.17	**"competitive bidding process"**	A competitive bidding process referred to in regulation 12(1)(d) of the SCMR and this policy.
1.18	**"consortium or joint venture"**	An association of persons or entities formed for the purpose of combining the expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The joint venture or consortium must be formalised by agreement between the parties thereto.
1.19	**"Construction Industry Development Board" or "CIDB"**	The Construction Industry Development Board established by section 2 of the Construction Industry Development Board Act.
1.20	**"Construction Industry Development Board Act"**	The Construction Industry Development Board Act, Act 38 of 2000.
1.21	**"construction works"**	The provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a

		fixed asset including building and engineering infrastructure.
1.22	**"consultant"**	A person or entity providing labour and knowledge-based expertise which is applied with reasonable skill, care and diligence.
1.23	**"contract"**	A written agreement resulting from the acceptance of a bid or quotation from a bidder by the Municipality and as contemplated in the provisions of section 116 of the MFMA.
1.24	**"contractor"**	A person or entity whose/which bid, or quotation has been accepted by the Municipality and "service provider" has a corresponding meaning.
1.25	**"Council"**	The Municipal Council of the Municipality, its legal successors in title and its delegates.
"D"		
1.26	**"days"**	Calendar days, unless the context indicates otherwise.
1.27	**"demand management"**	A system which insures that the resources required to support the strategic and operational commitments of the Municipality are delivered at the correct time, at the right price, and at the right location, and that the quantity and quality satisfy the needs of the Municipality.
1.28	**"designated sector"**	A sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced goods and/or services or locally manufactured goods meet the stipulated minimum threshold for local production and content.

1.29	**"disability"**	In respect of a person means a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner or in the range considered normal for a human being.
1.30	**"Disciplinary Regulations"**	Local Government: Disciplinary Regulations for Senior Managers, published under GN 344 in GG 34213 of 21 April 2011
1.31	**"disposal"**	A process of preparing, negotiating and concluding a written contract which involves the alienation of a capital asset of the Municipality, including a capital asset no longer needed by the Municipality or rights in respect thereof, by means of a sale or a donation, and "dispose" has a similar meaning.
1.32	**"disposal management"**	The system of the Municipality for the disposal or letting of assets, including unserviceable, redundant or obsolete assets in a cost-effective, but transparent and responsible manner, and entails the maintenance of records and documents.
"E"		
1.33	**"engineering and construction works"**	The provision of a combination of goods and services, arranged for the development and provision of an asset including construction works and engineering infrastructure, or for the refurbishment of an existing asset.
1.34	**"evaluation points"**	Refer to "adjudication points" and/or "preference points".
1.35	**"exempted capital asset"**	A municipal capital asset which is exempted by section 14(6) of the MFMA from the other provisions of that section, read with regulation 1 of the MATR.

"F"		
1.36	**"final award"**	The final decision on which bid or quote to accept.
1.37	**"firm price"**	The price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change in position, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of a contract.
1.38	**"formal written price quotation"**	Quotations referred to in this policy and in regulation 12(1)(c) of SCMR and includes an electronic offer to the Municipality in response to an invitation to submit such a quotation.
1.39	**"functionality"**	The measurement according to predetermined norms and/or criteria, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, considering, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder.
"G"		
1.40	**"general conditions of contract"**	The general conditions of contract as set out in the bid documentation applicable to the said bid and not limited to the General Conditions of Contract for Construction Contracts, 2010 of the South African Institute of Civil Engineers.

1.41	**"goods and/or services"**	Apart from the normal grammatical meaning, also includes engineering and construction works and consultant works.
1.42	**"green procurement"**	Considering environmental criteria for goods and services to be purchased to ensure that the related environmental impact is minimised.
"H"		
1.43	**"historically disadvantaged individual" or "HDI"**	A South African citizen who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution or the Constitution of the Republic of South Africa, Act 200 1993 ("the Interim Constitution"); and/or who is a female, and/or who has a disability, provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.
"I"		
1.44	**"improper conduct"**	Conduct which is tantamount to fraud, corruption, favouritism, unfair, irregular and unlawful practices, misrepresentation of information submitted in bid documents for the purposes of procuring a contract with the Municipality, misrepresentation regarding the contractor's expertise and capacity to perform in terms of a contract procured via the Supply Chain Management System, breach of a contract procured via the Supply Chain Management System and failure to comply with the Supply Chain Management System.

1.45	**"in the service of the state"**	Means to be: (a) a member of: (i) any municipal council; (ii) any provincial legislature; or (iii) the National Assembly or the National Council of provinces; (b) a member of the board of directors of any municipal entity; (c) an official of any municipality or municipal entity; (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution with the meaning of the Public Finance Management Act, Act 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.
1.46	**"information technology" or "IT"**	The acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications.
1.47	**"Integrated Development Plan" or "IDP"**	The plan envisaged in terms of the provisions of section 25 of the MSA.

"L"		
1.48	**"list of accredited prospective providers"**	The list of accredited prospective providers that a Municipality must keep in terms of regulation 14 of the SCMR.
1.49	**"local business"**	Service providers with active offices within the municipal area of the Municipality, which shall be interpreted based on whether the offices are utilised for the goods and/or services to be procured, and whether most staff are local.
1.50	**"Local Government: Municipal Finance Management Act" or "MFMA"**	The Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.51	**"Local Government: Municipal Systems Act" or "MSA"**	The Local Government: Municipal Systems Act, Act 32 of 2000.
1.52	**"Structures Act" or "MSTA"**	The Local Government: Municipal Structures Act, Act 117 of 1998.
1.53	**"long term contract"**	A contract with a duration period exceeding 1 (one) year.
"M"		
1.54	**"Municipal Asset Transfer Regulations" or "MATR"**	The Asset Transfer Regulations, 2008, published under GN R878 in GG 31346 of 22 August 2008 (with effect from 1 September 2008) and promulgated in terms of the provisions of section 168 of the MFMA.
1.55	**"Municipal Budget & Reporting Regulations, 2008"**	The Municipal Budget & Reporting Regulations, 2008, published under GN R393 in GG 32141 of 17 April 2009 (with effect from 1 July 2009) and

		promulgated in terms of the provisions of section 168 of the MFMA
1.56	**"municipal entity"**	Means: (a) a private company referred to in section 86B(1)(a) of the MSA; (b) a service utility; or (c) a multi-jurisdictional service utility; as contemplated in terms of the provisions of the MSA.
1.57	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or

		(c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.58	**"Municipal Manager"**	The person appointed in terms of the provisions of section 54A of the MSA, and Accounting Officer of the Municipality.
1.59	**"Municipal Public-Private Partnership Regulations"**	The Municipal Public-Private Partnership Regulations, published under GN R309 in GG 27431 of 1 April 2005 (with effect from 1 April 2005) and promulgated in terms of the provisions of section 168 of the MFMA.
1.60	**"Municipality's Register of Tender and Contract Defaulters"**	The list compiled by the Municipality for purposes of the combating of abuse of the Supply Chain Management System in terms of which the persons reflected on the list are prohibited from being awarded any contract by the Municipality for the specified period reflected on the list.
"N"		
1.61	**"non-exempted capital asset"**	A municipal capital asset which is not exempted in terms of the provisions of section 14(6) of the MFMA from the other provisions of that section.
"O"		
1.62	**"obsolete"**	As asset of the Municipality which is no longer in use or out of date, or which has become obsolete by reason of it being replaced with something new.
1.63	**"official"**	In relation to the Municipality or municipal entity, means: (a) an employee of a Municipality or municipal entity;

		(b) a person seconded to a Municipality or municipal entity to work as a member of the staff of the Municipality or municipal entity; or (c) a person contracted by a Municipality or municipal entity to work as a member of the staff of the Municipality or municipal entity otherwise than as an employee.
1.64	**"organ of state"**	Means: (a) any department of state or administration in the national, provincial or local sphere of government; or (b) any other functionary or institution: (i) exercising a power or performing a function in terms of the Constitution or a provincial constitution; or (ii) exercising a public power or performing a public function in terms of any legislation but does not include a court or a judicial officer.
1.65	**"other applicable legislation"**	Any other legislation applicable to the supply chain management of the Municipality, including but not limited to the Preferential Procurement Policy Framework Act, the Broad-Based Black Economic Empowerment Act, the Construction Industry Development Board Act and the Consumer Protection Measures Act, Act 68 of 2008.
"P"		

1.66	**"planned project work"**	As opposed to term bids for the supply of goods and/or services that is of an ad-hoc or repetitive nature for a predetermined period.
1.67	**"this policy"**	This Supply Chain Management Policy of the Municipality.
1.68	**"preference points"**	Refer to "adjudication points" and/or "evaluation points".
1.69	**"Preferential Procurement Policy Framework Act" or "PPPFA"**	The Preferential Procurement Policy Framework Act, Act 5 of 2000.
1.70	**"Preferential Procurement Regulations" or "PPR"**	The regulations published in terms of the provisions of section 5 of the PPPFA, specifically the Preferential Procurement Regulations, 2011 published under Government Gazette No. 34350 of 8 June 2011.
1.71	**"Prevention and Combating of Corrupt Activities Act" or "PCCAA"**	The Prevention and Combating of Corrupt Activities Act, Act 12 of 2004.
1.72	**"prime contractor"**	The person or entity with whom the Municipality contracts, as opposed to sub-contractors, suppliers, manufacturers or service providers who contract with the prime contractor.
1.73	**"prime cost item(s)"**	An item in a bid, the price of which cannot be fixed at the time of bidding, and which may only relate to the supply of materials and not to the carrying out of works.
1.74	**"provisional sum(s)"**	An amount allocated for specialised work, to be executed by a specialised service provider and for

		which the details are not available at the time of bidding.
1.75	**"Promotion of Access to Information Act" or "PAIA"**	The Promotion of Access to Information Act, Act 2 of 2000.
1.76	**"Public-Private Partnership" or "PPP"**	Refers to the definition of "public-private partnership"" as defined in terms of the provisions of Regulation 1 of the Municipal Public-Private Partnership Regulations, published under GN R309 in GG 27431 of 1 April 2005 and promulgated in terms of the provisions of section 168 of the MFMA.
"Q"		
1.77	**"quality"**	The measure according to predetermined criteria, of the suitability of a proposal, design or product for the use for which it is intended and may also include the measure of the competency of a supplier.
"R"		
1.78	**"rand value"**	The total estimated value of a contract in South African Rands, calculated at the time of quotation and bid invitations and includes all applicable taxes and excise duties.
1.79	**"Republic"**	The Republic of South Africa.
1.80	**"responsible agent"**	Internal project managers being officials of the Municipality, or external consultants appointed by the Municipality to oversee the implementation of a project or contract.
1.81	**"risk management"**	The identification, measurement and economic control of risks that threaten the assets and

		income/earnings of person or entity or business or other enterprise.
	"S"	
1.82	**"sole-source selection"**	The procuring of services or goods from one sole source because of the specialised or unique characteristics of the goods or services procured.
1.83	**"SITA"**	State Information Technology Agency.
1.84	**"small, medium and micro enterprises" or "SMME"**	Refers to "small enterprise" as defined in terms of the provisions of section 1 of the National Small Enterprise Act, Act 102 of 1996.
1.85	**"sub-contract"**	The agreement in terms of which or the act of a primary contractor appointing a sub-contractor.
1.86	**"sub-contractor"**	Any person or entity that is employed, assigned, or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract.
1.87	**"Supply Chain Management Policy"**	This Supply Chain Management Policy of the Municipality.
1.88	**"Supply Chain Management Regulations" or "SCMR"**	The Municipal Supply Chain Management Regulations, published under GN 868 in GG 27636 of 30 May 2005 and promulgated in terms of the provisions of section 168 of the MFMA.
1.89	**"Supply Chain Management Unit" or "SCMU"**	The Supply Chain Management Unit which functions under the management and control of the Municipal Manager of the Municipality, which unit is responsible for the implementation and management of this policy, as well as all other issues related to supply chain management which may be assigned to them by the Municipality.

"T"		
1.90	**"tender"**	Means bid in the context of procurement.
1.91	**"term bid"**	A rates-based bid for the ad hoc or repetitive supply of goods, services or construction works, where the individual rates are approved for use over a specified period.
1.92	**"total cost of ownership" or "TCO"**	The sum of direct spend, related spend, process spend, and opportunity cost associated within a specific commodity and service to the owner.
1.93	**"treasury guidelines"**	Any guidelines on supply chain management issued by the Minister in terms of the provisions of section 168 of the MFMA.
1.94	**"trust"**	The arrangement through which the property of one person is made over of bequeathed to a trustee to administer such property for the benefit of another person.
"U"		
1.95	**"unserviceable"**	The condition of an asset which is no longer suitable for use and cannot be economically repaired.
1.96	**"unsolicited bid"**	An offer submitted by any person or entity at its own initiative, without having been invited by the Municipality to do so as envisaged by section 113 of the MFMA read together with Regulation 37 of the SCMR.

2. INTRODUCTION

(1) Section 111 of the MFMA requires each Municipality to adopt and implement a Supply Chain Management Policy which gives effect to the requirements of

the MFMA, and section 217(1) of the Constitution. In addition, the PPPFA requires the Municipality to determine its preferential procurement policy and to implement it within the framework prescribed. These requirements are given effect to herein.

(2) The Supply Chain Management System of the Municipality, contained in this policy, provides a mechanism to ensure fair, equitable, transparent, competitive and cost-effective procurement and, sustainable and accountable supply chain management within the Municipality whilst promoting black economic empowerment, which includes general principles for achieving the following socio-economic objectives:

(a) to stimulate and promote local economic development in a targeted and focused manner;

(b) to promote resource efficiency and “green procurement”;

(c) to facilitate creation of employment and business opportunities for the people of the Municipality with reference to HDI’s;

(d) to promote the competitiveness of local businesses;

(e) to increase the small business sector access, in general, to procurement business opportunities created by Council;

(f) to increase participation by small, medium and micro enterprises; and

(g) to promote joint venture or consortium partnerships.

3. TITLE AND APPLICATION OF THE POLICY

(1) This policy shall be known as the Municipality’s Supply Chain Management Policy and shall be applicable to the municipal area of the Municipality as determined by the Municipal Demarcation Board and promulgated in terms of the provisions of section 12(1) and section 12(3)(c) of the Structures Act.

(2) This policy applies to:

(a) the procuring of goods and/or services;

(b) the disposal by Council of goods no longer needed;

(c) the selection of contractors to help in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; and

(d) the selection of external mechanisms referred to in section 80(1)(b) of the MSA for the provisions of municipal services in circumstances contemplated in section 83 of that Act.

(3) Unless specifically stated otherwise herein or in the SCMR, this policy does not apply where the Municipality contracts with another organ of state for:

(a) the provision of goods and/or services to the Municipality; or

(b) the provision of a municipal service or assistance in the provision of a municipal service; or

(c) the procurement of goods and services under a contract secured by that organ of state, provided that the relevant supplier has agreed to such procurement and the process is compliant to the provisions of this policy; or

(4) Where the Municipality wishes to contract with another organ of state as envisaged in sub-paragraph (3), a report must nevertheless be submitted to the bid adjudication committee seeking authority to contract with another organ of state, including, water from the Department of Water Affairs or a public entity, another municipality or municipal entity and electricity from Eskom or another public entity, another municipality or municipal entity and approval must be given by the Municipal Manager in writing.

(5) The Municipality and all private person/s and/or entities must adhere to the principles, provisions, rules and requirements contained in this policy when dealing with any matter connected with and/or contained herein.

4. AIM AND PURPOSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The aim and the purpose of the Supply Chain Management System is to have and maintain an efficient, fair, equitable, transparent, competitive and cost-effective supply chain system when sourcing and procuring goods and/or services, selling or letting of assets, which conforms to constitutional and legislative principles and maximises the benefits from the Municipality's consolidated buying power in the market place.

(2) The Municipality must manage its financial and administrative resources in such a manner as to meet and sustain statutory or social obligations.

5. OBJECTIVES OF THIS POLICY

(1) The objectives of this policy are to implement the legislative provisions relating to the supply chain management of the Municipality, that:

(a) gives effect to:

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the MFMA;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with:

(i) the regulatory framework prescribed in Chapter 2 of the SCMR; and

(ii) any minimum norms and standards that may be prescribed by means of regulations or guidelines as envisaged by the provisions of section 168 of the MFMA;

(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) The Municipality may not act otherwise than in accordance with this Supply Chain Management Policy when:

(a) procuring goods and/or services;

(b) disposing of goods no longer needed;

(c) selecting contractors to help in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; or

(d) in the case of the Municipality selecting external mechanisms referred to in section 80(1)(b) of the MSA for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) To assure the creation of an environment where business can be conducted with integrity and in a fair, reasonable and accountable manner, this policy will ensure that the Municipal Manager and all officials of the Municipality involved in supply chain management activities must act with integrity, accountability, transparency and with the highest of ethical standards and free of favouritism, nepotism and corruption of any kind. The officials of the Municipality involved in supply chain management activities must adhere to the code of ethical standards contained in this policy, together with the Code of Conduct for Municipal Staff Members as contained in Schedule 2 of the MSA.

6. DELEGATED AUTHORITY OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

(1) The Council has, in terms of its delegation of powers and functions in terms of the provisions of section 59 of the MSA, delegated such additional powers and duties to the Municipal Manager to enable the Municipal Manager:

(a) to discharge the supply chain management responsibilities conferred to the Municipal Manager in terms of:

(i) Chapter 8 and Chapter 10 of the MFMA; and

(ii) this policy;

(b) to maximise administrative and operational efficiency in the implementation of the Supply Chain Management System;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the Supply Chain Management System; and

(d) to comply with his/her responsibilities in terms of section 115 and other applicable provisions of the MFMA.

(2) Section 79 and 106 of the MFMA applies to the sub-delegation of powers and duties delegated to the Municipal Manager in terms of sub-paragraph (1) above.

(3) Neither the Council, nor the Municipal Manager may delegate or sub-delegate any supply chain management powers or duties:

(a) to a person who is not an official of the Municipality; or

(b) to a committee which is not exclusively composed of officials of the Municipality; or

(c) other than as provided for in the Municipality's system of delegations.

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

(5) No decision-making in terms of any supply chain management powers and duties may be delegated or sub-delegated to an external advisor or consultant. Consultants may however be engaged to advise or assist the officials and any committee of the Municipality with any functions or advice.

(6) Delegations and/or sub-delegations of authority:

(a) must be in accordance with pre-established levels of authority to ensure control and division of responsibility;

(b) must be in terms of the Municipality's system of delegations;

(c) must be in writing;

(d) must be made to a specific position and not to a named individual;

(e) may be confirmed, varied or revoked by the person who made such delegation or sub-delegation, but no such variation or revocation may detract from any right which may have accrued because of the delegation or sub-delegation; and

(f) does not divest the Municipal Manager of the responsibility and/or accountability concerning the exercise of the delegated power or the performance of the delegated duty.

(7) The Municipal Manager may confirm, vary or revoke any decision taken in terms of a delegation or sub-delegation, provided that no such variation or revocation may detract from any right which may have accrued because of such decision.

(8) The Municipal Manager of the Municipality must develop and review, annually, a practical and efficient system of delegation and sub-delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the financial administration of the Municipality.

6.1 Sub-delegations

(1) The Municipal Manager may, in terms of the provisions of section 79 or 106 of the MFMA sub-delegate any supply chain management powers and duties, including those delegated to the Municipal Manager in terms of sub-paragraph 6(1) above, but any such sub-delegation must be consistent with the provisions of the MSA, the MFMA, the system of delegations adopted by the Municipality and this policy.

(2) The power to make a final award:

(a) above R10 million (including VAT) may not be sub-delegated by the Municipal Manager; to comply with this requirement, the Municipal Manager may either chair the bid adjudication committee or consider recommendation of the bid adjudication committee and make a final award for bids above R million (including VAT);

(b) above R2 million (including VAT), but not exceeding R10 million (including VAT), may be sub-delegated but only to:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA; or

(iii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is a member; or

(c) not exceeding R2 million (including VAT) may be sub-delegated but only to:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA;

(iii) a manager directly accountable to the Chief Financial Officer or a director/senior manager; or

(iv) the 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 sub-paragraph (2) above, must within 5(five) days of the end of each month submit to the official referred to in sub-paragraph (4) below, 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.

d) the BBBEE status of that supplier

(4) All contract awards with a value exceeding R100 000 (VAT INCLUDED) must be captured and reported on a quarterly basis to Council.

(5) A written report referred to in sub-paragraph (3) above must be submitted:

(a) to the Municipal Manager, in the case of an award by:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA; or

(iii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is a member; or

(b) to the Chief Financial Officer or the director/senior manager responsible for the relevant bid, in the case of an award by:

(i) a director/manager referred to in sub-paragraph (2)(c)(iii) above; or

(ii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is not a member.

(6) Sub-paragraphs (3) and (4) above do not apply to procurements out of petty cash.

(7) 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 this policy.

(8) No decision – making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

6.2 Oversight role of the Municipality

(1) The Council must maintain oversight over the implementation of this policy by the Municipal Manager.

(2) For the purposes of such oversight the Municipal Manager must:

(i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality;

(ii) whenever there are serious and material non-compliance, problems or deviations in the implementation of this policy, immediately submit a report on such matters to the Council.

(3) The Municipal Manager must, within 10 (ten) days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor of the Municipality.

(4) The Executive Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality and may monitor and oversee the exercise of responsibilities assigned to the Municipal Manager and Chief Financial Officer in terms of the MFMA. This role of the Executive Mayor is an oversight role only, and specifically excludes any interference or influence in or over a decision to award procurement contracts.

(5) The reports of the municipality must be made public in accordance with Section 21A of the Municipal Systems Act. The reports of a municipal entity must be made public in a similar way.

6.3 Supply Chain Management Units

(1) The Municipal Manager must establish a Supply Chain Management Unit to implement this policy.

(2) The Supply Chain Management Unit must, where possible, operate under the direct supervision of the Chief Financial Officer, or an official to whom this duty has been delegated in terms of this paragraph.

7. COMPETENCY AND TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

(1) The Municipal Manager must ensure that all officials involved in the implementation of this policy meet the prescribed competency levels, and where necessary, shall provide or procure relevant training.

(2) The training of officials involved in implementing this policy must be in accordance with any treasury guidelines on supply chain management training.

8. DUTIES AND RESPONSIBILITIES

8.1 General responsibilities of the officials of the Municipality

(1) Each official must carry out their activities within his/her area of responsibility.

(2) Each official must take appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure in his/her area of responsibility.

(3) Each official responsible for a task must carry it out in accordance with the various supply chain requirements contained in this policy.

(4) Any matter not specifically delegated or sub-delegated to an official, must be referred to the Municipal Manager for proper allocation thereof.

(5) Each official is responsible for all assets of the Municipality within his/her area of responsibility.

8.2 Responsibilities of the Municipal Manager

(1) The Municipal Manager must:

(a) ensure strict adherence and compliance with the provisions of this policy and all relevant legislation;

(b) implement and comply with the provisions of this policy;

(c) appoint the members of the Bid committees after personally ensuring the competency and suitability of such members for the position;

(d) ensure that the most favourable service providers are appointed in accordance with this policy and that any deviations from a proposal by the bid adjudication committee are, reported to the Council at the next available Council meeting;

(e) establish a Supply Chain Management Unit within the financial directorate to assist the Municipal Manager to implement this policy;

(f) review this policy at least annually or when the Municipal Manager considers it necessary and submits proposals or amendments to this policy to the Council.

8.3 Responsibilities of the Directors/Manager appointed in terms of the provisions of section 56 of the MSA

(1) Each director/manager of the Municipality, appointed in terms of the provisions of section 56 of the MSA, is responsible and accountable for:

(a) exercising the powers, performing the functions and discharging the duties conferred or assigned to him in terms of this policy or any delegation from the Municipal Manager;

(b) implementing this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(c) ensure compliance with this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(d) developing draft specifications, or causing draft specifications to be developed, for the procurement by his/her directorate of goods or services;

(e) the management of asset utilisation in his/her area of responsibility;

(f) planning for and, in as far as is possible, accurately estimating the costs for the provision of services, works or goods for which offers are to be solicited;

(g) selecting the appropriate preference point system to be utilised in the solicitation and evaluation of bids in accordance with the PPPFA and it's regulations (PPPR 2017);

(h) assuring that objectives and targets are achieved about procurements and/or disposals by the Municipality; and

(i) proper contract and project management of every contract and/or project undertaken by his/her directorate.

8.4 Responsibilities of the Chief Financial Officer

The Chief Financial Officer is the custodian of this policy and is responsible for:

(1) reporting to the Municipal Manager on the progress regarding the implementation of this policy;

(2) recommending improvements on the practical implementation of this policy and possible amendments;

(3) the conducting of procurement audits of the entire Supply Chain Management System to identify successes and/or failures and/or unauthorised, irregular, fruitless and wasteful expenditure and to report on any findings which are not in accordance with the provisions of this policy to the Municipal Manager;

(4) management of the quotation and competitive bidding process from the solicitation thereof to processing invoice payment;

(5) promoting a corporate approach by encouraging standardisation of items purchased within the Municipality to realise and achieve economies of scale;

(6) providing supplier interface on supplier performance issues;

(7) ensuring that all procurement and/or disposals are provided in accordance with all relevant legislation;

(8) managing procurement and/or disposals to ensure that the Supply Chain Management System and this policy are complied with;

(9) ensuring that the procurement and/or disposal process followed by the Municipality adheres to the preference targets without compromising price, quality, service and developmental objectives;

(10) ensuring that the officials of the Municipality who are involved in the supply chain management process receive the necessary training and are properly qualified to support the implementation of this policy;

(11) specifying the amount to be paid by prospective service providers as a non-refundable deposit for enquiry documents issued by the Municipality;

(12) the verification of applications from prospective service providers for possible inclusion in the Register;

(13) submitting regular reports to the Municipal Manager and the relevant committee structure of the Municipality regarding progress and any matters of importance relating to this policy; and

(14) authorising and designating officials to distribute bid documentation, and when required notices regarding supply chain management matters.

8.5 Responsibilities of the Supply Chain Management Unit

(1) The SCMU shall be subject to the management and control of, and accountable to the Chief Financial Officer.

(2) The SCMU must consist of at least the following sections or designate persons responsible for:

(a) demand management;

(b) procurement/acquisition management;

(c) logistics;

(d) performance and contract management;

(e) disposal and asset management; and

(f) risk management.

(3) The manager of the SCMU will be responsible and accountable for the day-to-day management of the SCMU.

(4) The personnel of the SCMU are appointed by the Municipal Manager in consultation with the Chief Financial Officer.

(5) The SCMU must issue, receive and finalise the appropriate documents for the procurement of goods and/or services by means of verbal, written or formal price quotations of a transaction value of over R2 000.00 (including VAT), up to R200 000.00 (including VAT), as well as all documents for procurement by

means of a competitive bidding process of a transaction value of over R200 000.00 (including VAT).

(6) All documents for the disposal of movable and/or immovable capital assets must be issued, received and dealt with by the SCMU.

9. COMMUNICATIONS

All correspondence regarding this policy must be addressed to the manager of the SCMU and copied to the Municipal Manager.

CHAPTER 2

FRAMEWORK OF THE SCM POLICY

10. ESTABLISHMENT AND IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

The Supply Chain Management System of the Municipality is an integrated system for the acquiring of goods, works and services on a fair, equitable, competitive and cost-effective basis and consists of the following systems:

(1) Demand management;

(2) Acquisition management;

(3) Logistics management;

(4) Disposal management;

(5) Risk management system; and

(6) Performance management.

11. DEMAND MANAGEMENT SYSTEM

(1) The Municipal Manager must establish, through operational procedures, an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments outlined in the Integrated Development Plan of the Municipality are delivered at the correct time, at the right price, at the right location, and that the quantity and quality satisfies the needs of the Municipality.

(2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategy document setting out how the Municipality intends to address its development challenges in a financial year. The IDP determines how the

resources of the Municipality will be allocated and is the planning device on which the budget is based.

(3) The demand management system must:-

(a) Include timely development of procurement plans and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, effectively delivered at the right locations, at the critical delivery dates, are of 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 repetitive nature;

(c) Include development of a system which results on continuing improvement in affordability and value for money, based on total costs of ownership and quality of procurement as competition amongst suppliers is enhanced;

(d) Provide for the compilation of the required specifications to ensure that its needs are met and;

(e) Provide for an appropriate industry analysis and research to ensure that innovations and technical benefits are maximised.

(4) In order to achieve effective demand management, the manager of the SCMU must continuously ensure

(a) that efficient and effective provisioning and procurement systems and practices are implemented to enable the Municipality to deliver the required quantity and quality of services to the communities;

(b) the establishment of uniformity in policies, procedures, documents and contract options and the implementation of sound systems of control and accountability;

(c) the development of a world-class professional Supply Chain Management System which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced; and

(d) in dealing with suppliers and potential suppliers that the Municipality responds promptly, courteously and efficiently to enquiries, suggestions and complaints.

(5) Each director/manager, appointed in terms of the provisions of section 56 of the MSA, must during the preparation of his/her directorate's estimates for the budget year:

(a) determine which functions must be performed;

(b) determine the products and services it must provide in the performance of those functions;

(c) conduct a condition assessment of the assets managed by his/her directorate;

(d) based on the analysis in terms of the above, make recommendations and determine the financial needs during the budget year for:

(i) maintaining existing assets at an acceptable level calculated to ensure the continued productivity of the asset in question and minor repairs;

(ii) repairing existing assets;

(iii) refurbishing or renovating existing assets;

(iv) extensive repairing of existing assets;

(v) replacing existing assets; and

(vi) acquiring new assets.

(6) The SCMU must, after consultation with each director/manager, compile a schedule of goods and services to be procured for capital projects in respect of each financial year, which schedule must be attached to the Municipality's budget implementation plan.

(7) During the consultations between the SCMU and the directors/managers, all reasonable steps must be taken to determine:

(a) the desired date and time at which a specific contract must be awarded;

(b) the desired date and time when specific goods must be delivered, services rendered, or work executed including key milestones and deliverables so that performance can be monitored and evaluated;

(c) the place where any goods to be supplied shall be delivered;

(d) the quantity of any goods to be supplied; and

(e) any other relevant matter.

(8) Procurement Plans-

9.1 Circular No. 62 from the MFMA, No. 56 as issued by National Treasury:

(a) **Implementation of demand management and procurement plans.** The Municipal Manager of the municipality may, upon request, make available to the relevant Treasury a procurement plan containing all planned procurement for the financial year, in respect of the procurement of goods, services and infrastructure projects which exceeds R200 000 including vat. These procurement plans must be approved by the Municipal Manager or his/her delegate.

(b) **Heads of departments and all user departments** of the municipality must submit the procurement plans to the Municipal Manager of the municipality, the procurement plans must then be submitted to the head of supply chain management in the municipality or in the municipal entity to improve planning and management of resources, with the format contained in the procurement plans.

(c) Submission of Procurement Plans

Key priority	Deadline	Responsible
Forward Procurement Plans to SCM	April to May each financial year	Directorates
Forward Specifications to SCM	June to August each financial year	Directorates

12. ACQUISITION MANAGEMENT

(1) The acquisition management system provides the general conditions and procedures which are applicable, as amended from time to time, to all procurement, contracts and orders of the Municipality.

(2) The acquisition management system of the Municipality must ensure that:

(a) goods and/or services, including construction works and consultant services are procured by the Municipality in accordance with authorised processes incorporated herein;

(b) expenditure on goods and/or services, including construction works and consultant services is incurred and managed in terms of an approved budget;

(c) the threshold values for the different procurement procedures are complied with;

(d) bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with the requirements of relevant legislation including the PPPFA and any conditions of the CIDB (in as far as applicable); and

(e) that any procurement guidelines issued by National Treasury or the Provincial Treasury are properly considered, this includes the

Provincial Government and National Government programmes on National Key Priorities to address socio-economic development.

3. This policy except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in Section11(2) of the MFMA, including –

(a) Water from the Department of Water Affairs or public entity;

(b) Another municipality or a municipal entity; and

(c) Electricity from Eskom or another public entity, another municipality or a municipal entity.

(4) The Municipality must make public the details of the nature of goods and/or services together with the name/s of the provider/s where the Municipality procures such goods and/or services from another organ of state or a public entity.

(5) The Municipality must make public the fact that it procures goods and/or services otherwise than through its Supply Chain Management System, including:

(a) the kind/type of goods and/or services; and

(b) the name of the supplier.

(6) Where appropriate the Municipal Manager may appoint a neutral and/or independent observer to ensure fairness and transparency in the application of the acquisition management system, or to assist and advise the SCMU in the execution of their functions and duties.

(7) The Municipality may not enter into any contract which will impose financial obligations beyond the 3(three) years covered in the annual budget for that

financial year unless the requirements of section 33(1) of the MFMA have been fully complied with or proper provision has been made in such contract to so comply.

(8) The following applies where the Municipality procures public-private partnership agreements:

(a) Part 2 of Chapter 11 of the MFMA; and

(b) section 33 of the same act where such agreement will have multi-year budgetary implications for the Municipality within the meaning of that section;

(c) the provisions of the Municipal Public-Private Partnership Regulations as published in terms of S 168 of the MFMA.

(9) In respect of any contract relating to the publication of official and/or legal notices and/or advertisements through the legislated medium of publication on behalf of the Municipality, a competitive bidding process need not be followed.

(10) The manager of the SCMU may request quotations directly from community-based vendors in a specific area or from a specific community for the procurement of goods and services for transaction amounts of a value less than R30 000.00 (including VAT).

(11) This policy, save where the SCMR provides otherwise, does not apply in respect of the procurement of:

(a) goods or services to the Municipality in terms of a contract with another organ of state;

(b) the provision of a municipal service in terms of a contract with another organ of state;

(c) goods and services under a contract secured by another organ of state provided that the supplier and that other organ of state has agreed and conserved in writing to such procurement and:

(i) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(ii) the Municipality on [reasonable enquiry] has no reason to believe that such contract was not validly procured;

(iii) there are demonstrable discounts or benefits for the Municipality to procure under such contract.

12.1 Range of procurement processes

(1) The procurement of goods and services including construction works and consultant services must be done through the range of procurement processes set out in this paragraph, which are:

(a) petty cash purchases up to, and including a transaction value of R2 000.00 (including VAT);

(b) minimum of three (3) written quotations for procurement of a transaction value exceeding R2 000.00, up to and including a transaction value of R30 000.00 (including VAT);

(c) formal written price quotations acquired through a seven- day quotation for procurements of a transaction value exceeding R30 000.00, up to and including a transaction value of R200 000.00 (including VAT); and

(d) a competitive bidding process for:

(i) procurements above a transaction value of R200 000 up to R50 000 000 (VAT included) using the 80/20 preferential point scoring system;

(ii) procurements above a transaction value of R 50 000 000 (VAT included) using the 90/10 preferential point scoring system; and

(iii) the procurement of long term contracts

(2) The Municipal Manager of the Municipality may:

(a) lower, but not increase, the different threshold values specified in this acquisition management system; or

(b) direct that:

(i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000.00;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000.00; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.00.

(3) Goods and/or services may not be deliberately divided into parts or items of a lesser value merely to avoid complying with the requirements of this policy and when transaction values are determined for procurements consisting of various parts or items it must, in as far as possible, be treated, dealt with and be calculated as a single transaction.

12.2 General preconditions for the consideration of written quotations or bids

(1) The Municipality may not consider a formal written price quotation obtained through seven (7) day quotation or competitive bidding unless the provider who submitted the quotation or bid:

(a) has furnished the Municipality with that provider's:

(i) full name;

(ii) proof of registration with Company Intellectual Property Commission (CIPC) in the case of private company, public company or co-operatives, and Non- Government Organisation (NGO), with company registration number, certified ID copy with ID number in case of a sole proprietor or any other registration number and

(iii) tax reference number and CSD registration number;

(iv) VAT registration number, if any; and

(v) a certificate of attendance at a compulsory site inspection or appear in the site inspection attendance register, where applicable

(b) has submitted an original and valid tax clearance certificate or PIN obtainable and CSD number from the South African Revenue Services (SARS) certifying that the provider's tax matters are in order;

(c) the municipality must verify and attach proof of verification with all relevant documentation to prove that the verification was conducted. The designated official(s) should verify the bidder's tax compliance status prior to the finalisation of the award of the bid or price quotation obtained through seven (7) day quotation process.
Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing.

The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the time frame stated above.

It is not the responsibility of the municipality to obtain a copy of the service provider's tax clearance certificate and or a PIN form the South African Revenue Services (SARS); and

(d) has indicated:

(i) whether he/she or it is in the service of the state, or has been in the service of the state in the previous 12 (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 12 (twelve) months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (ii) above, is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months.

(e) statement(s) proving that water, electricity, rates and business levy accounts of the owners or directors of the company, including the business are up to date or formal payment arrangement has been made;

(f) in a case of a company operating from the household under Tribal Authority, proof of address from the Chief or an affidavit from the South African Police Service (SAPS) must be provided with the quotation or bid;

(g) in case where a company leases the operating space the valid proof of lease signed by both the lessee and the lessor must be furnished with the quotation or bid; and

(h) Proof of registration on the Central Database and the registration number by the National Treasury.

(i) Declaration for procurement above R10 million (all applicable taxes included)

(j) Preference claim points or BBBEE

(k) Declaration of local production where applicable

(l) Declarations of bidders past supply chain management practices

(m) Certificate of independent bid determination

(n) Declaration of municipal fees

(2) Chapter 3 of this policy applies *mutatis mutandis* to this paragraph.

12.3 Lists of accredited prospective providers

(1) The Municipal Manager must:

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the Municipality through written or verbal quotations and formal written price quotations; The Municipality will have to advertise on the website, all the prospective bidders will have to register into the central supplier database to be able to do business with the Municipality.

(b) at least once a year through the newspapers commonly circulating locally, the website of the Municipality and any other appropriate ways, invite prospective providers of goods and/or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers

(d) adhere to the specified listing criteria for accredited prospective providers; and

(e) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) Prospective providers will be allowed to submit applications for listing once a year as prescribed in 14(1)(b). This does not preclude any potential service provider from quoting or bidding. Should service provider be successful they would be required to meet all the requirements of the listing criteria of this

policy before awarding is done in order for their quotations/bids to be responsive.

(3) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services.

(4) Prospective providers will be allowed to submit applications and amendments for listing at any time.

(5) The list must be compiled per commodity and per type of service.

(6) The listing criteria for accredited prospective providers which must be provided are among others are as follows as per the Municipal requirements

(a) name of supplier/service provider;

(b) physical address;

(c) postal address;

(d) contact person;

(e) contact person in sales department, if any;

(f) relevant telephone numbers;

(g) relevant fax numbers;

(h) relevant cellular phone numbers;

(i) relevant e-mail addresses;

(j) VAT registration number, if applicable;

(k) bank details;

(l) type of industry and specific goods or services offered;

(m) valid certification for specialised services;

(n) valid tax clearance certificate;

(o) CIDB registration if applicable; and

(p) valid certification of HDI status.

(6) For quotations up to and including R200 000.00 (including VAT), bidders are required to be registered on the Municipality's list of accredited prospective providers on or before the closing date for their quotations to be responsive.

(7) All parties to a consortium or joint venture must comply with the requirements of sub-paragraphs (6) and (7) above.

12.4 Petty cash purchases

(1) Petty cash purchases may be made where goods and/or services which does not exceed a transaction value of R2 000.00 (including VAT) are required.

(2) The Municipal Manager may delegate the petty cash procurement responsibilities to a manager reporting to the Municipal Manager on the terms and conditions set for delegations in this policy. The Manager may not in turn delegate the responsibility for petty cash purchases to any other official.

(3) Each director/manager appointed in terms of the provisions of section 56 of the MSA must compile and submit a monthly reconciliation report to the Chief Financial Officer, which report must include the total amount of petty cash purchases for that months accompanied by the receipts and appropriate documents for each purchase.

(4) Dividing any purchases into lesser transaction values to circumvent the written price quotation and/or formal written price quotation processes is prohibited.

(5) The total number of petty cash purchases per directorate is limited to 10 (ten) per month.

12.5 Written or verbal quotations

(1) When the Municipality intends to procure by way of written or verbal quotations, goods and/or services which has a transaction value of over R2 000.00 (including VAT) up to and including R30 000.00 (including VAT), written price quotations must be obtained from at least 3 (three) different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Municipality, provided that if quotations are obtained from providers who are not so listed, such providers must meet the listing criteria in terms of the provisions of paragraph12.3 above.

(2) The Municipality must attempt to promote ongoing competition amongst providers of goods and/or services by inviting such providers to submit written or verbal quotations on a rotational basis.

(3) ~~To the extent feasible~~, providers must be requested to submit such quotations in writing.

(4) If it is not possible to obtain at least 3 (three)written quotations, the reasons must be recorded and approved by the manager of the SCMU who must, within 3 (three) days before the end of each month, report to the Chief Financial Officer on any such approvals given in this regard.

(5) The Municipal Manager must record the names of the potential providers requested to provide quotations, together with their quoted prices.

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

(7) Dividing required purchases into lesser transaction values to circumvent the written price quotation process is not permissible.

(8) The Municipal Manager must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations is not abused and that full and complete records of all such procurements are kept including the date of the procurement, the goods or services procured, the selected provider, the details and prices of the other providers and any other relevant information.

(9) The Municipal Manager and the Chief Financial Officer must, monthly, be notified in writing of all written or verbal price quotations accepted by an official acting in terms of a sub-delegation.

(10) Notwithstanding the provisions of this paragraph, if formal written price quotations have been invited on the official website of the Municipality, or in writing to more than 3 potential suppliers, no additional quotes need be obtained where the number of responses thereto are less than 3 (three).

(11) The Municipal Manager must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations are not abused.

(12) The Municipal Manager and the Chief Financial Officer must, monthly, be notified in writing of all quotations accepted by an official acting in terms of a sub-delegation.

12.6 Formal written price quotations

(1) Requests to submit formal written price quotations which are likely to be more than R30 000.00 (including VAT) but not exceed R200 000.00 (including VAT), must be advertised for at least 7 (seven) days on the official website of the Municipality as well as the official notice board of the Municipality**.**

(2) Quotation documents must be available for download from the Municipality website.

(3) The submissions must be submitted at the tender box of the Municipality no later than the stipulated date and time contained in the advert.

(4) The submissions must be recorded to indicate the name, BBBEE level and where possible the bidding price of the potential suppliers.

(5) The 80/20 preference point system for acquisition of goods and services shall be used to evaluate submissions of formal written quotation received through the seven - day quotation process.

(6) The formal written quotation must be awarded to the highest scoring bidder in terms of the PPPFA and its regulations.

(7) No formal quotation shall be awarded to any bidder owing rates and taxes more than 90 days.

(8) The power of final award may be sub-delegated to the Head: Supply Chain Management Unit.

(9) The sub-delegated authority must at the end of each month submit a report to the Chief Financial Officer regarding awards made through the seven-day formal written quotation process, which report must include the full name of the supplier, total amount of the award, BBBEE level and whether the supplier is within the juristiction of the Rustenburg Local Municipality.

(10) No requirement for goods or services above an estimated transaction value of R30 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 seven (7) day quotation.

12.7 Competitive bids and process for competitive bids

(1) Competitive bids must be called for any procurement of goods and/or services above a transaction value of R200 000.00 (including VAT), and/or for any long-term contracts.

(a) the 80/20 preference point system for acquisition of services, works or goods up to a rand value of R50 million must be used to calculate the points for price in respect of tenders with a rand value equal to or above R200 000 up to a rand value of R50 000 000 (all inclusive).

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Evaluation of tenders on functionality – If tenders will be evaluated on functionality it must be clearly specified in the tender invitation. The evaluation criteria must be objective, and the following must be clearly specified:

(a) the evaluation criteria for measuring functionality;

(b) weight of each criterion;

(c) applicable values; and

(d) minimum qualifying score for functionality.

(3) All bid documents must indicate:
- (i) the price validity of the bid in terms of days,
- (ii) the general conditions of contract;
- (iii) any Treasury guidelines on bid documentation; and
- (iv) the requirements of the Construction industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (v) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (vi) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(4) If the value of the transaction is expected to exceed **R10** million (VAT included), require bidders to declare:
- if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements -
  - (aa) for the past three years; or
  - (bb) since their establishment if established during the past three years;
- 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 than **30** days;
- circulars of any contracts awarded to the bidder by any organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- 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;

13 PUBLIC INVITATION FOR COMPETITIVE BIDS

(1) Invitations for competitive bidding must be done through the E-tender website, website of the Municipality and the notice board. The information a public advertisement must contain, which must 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 of a long-term nature, or 14 days in any other case and 21 days for construction projects from the date on which the advertisement is placed and;

(ii) bids may only be submitted on the bid documentation provided by the municipality.

(2) the accounting officer can 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 to the municipality must be sealed.

12.8 Cancellation and re-invitation of tenders:

(a) in the event that the application of the 80/20 preference point systems, all tenders received exceed the rand value of R 50 000 000, the tender invitation must be cancelled.

(b) If one or more of the acceptable tenders received are within the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 80/20 preference point system.

(c) In the event that, in the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal to, or below R50 000 000, the tender must be cancelled.

(d) If one or more of the acceptable tenders received are above the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 90/10 preference point system.

(e) An organ of state which has cancelled a tender invitation as contemplated in sub-regulations (1)(a) and (2)(a) must re-invite tenders and must, in the tender documents, stipulate the correct preference point system to be applied.

(f) An organ of state may, prior to the award of a tender, cancel a tender if-

- due to changed circumstances, there is no longer a need for the services, works or goods requested; or
- funds are no longer available to cover the total envisaged expenditure; or
- no acceptable tenders are received.

- The decision to cancel a tender in terms of sub-regulation (4) must be published in the Government Tender Bulletin or the media in which the original tender invitation was advertised.

No requirement for goods and/or services above an estimated transaction value of R200000.00 (VAT included), may be deliberately divided into parts or items of lesser value merely for the sake of circumventing the competitive bidding process and/or procuring such goods and/or services otherwise than through a competitive bidding process.

(4) Goods and/or services to be procured which consist of various parts or items must, in as far as possible, be treated, dealt with and be calculated as a single Procedures for competitive bidding

The accounting officer must establish procedures for a competitive bidding process for each of the following stages:

(a) the compilation of bidding documentation;
(b) the public invitation of bids;

(c) site meetings or briefing sessions, if applicable;

(d) the handling of bids submitted in response to public invitation;

(e) the evaluation of bids;

(f) the award of contracts;

(g) the administration of contracts; and

(h) proper record keeping.

transaction.

12.7.1 Bid documentation for competitive bids

(1) In addition to the contents of paragraph12.2 of this policy, the compilation of bid documentation by the Municipality must:

(a) consider and contain, where applicable:

(i) the General Conditions of Contract of National Treasury (July 2010, or as amended from time to time);

(ii) any treasury guidelines on bid documentation;

(iii) the requirements of the CIDB, including the general conditions of contract, in the case of a bid relating to construction works, upgrading or refurbishment of buildings or infrastructure;

(iv) supply chain management guidelines of National Treasury or the Provincial Treasury in respect of goods and/or services;

(v) the General Conditions & Procedures of the State Tender Board;

(vi) the general conditions of contract, in as far as applicable; and

in as far as the contents of the above referred to documents are in accordance and amplification of this policy, but in the event of any conflict between the contents of these documents and this policy, the provisions of this policy will prevail.

(b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation, and in instances where functionality forms part of such criteria ensure that the bid documentation complies with the conditions set pertaining to functionality as set out in the PPR and National Treasury's SCM Circular 53;

(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 (including VAT), require bidders to furnish:

(i) their audited annual financial statements, if the bidder is required by law to prepare annual financial statements for auditing:

(aa) for the past 3(three) years; or

(bb) since their establishment, if the bidder was established during the past 3 (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 (thirty) days;

(iii) particulars of any contracts awarded to the bidder by the Municipality during the past 5 (five) years, including particulars of any material non-compliance or dispute concerning the execution of such contract; and

(iv) a statement indicating whether any portion of the goods and/or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the Municipality is expected to be transferred out of the Republic;

(e) stipulate that disputes, objections, complaints and quires must be dealt with as prescribed in terms of this policy and the SCMR;

(f) a clear indication of the terms and conditions of contract, specifications, criteria for evaluation and adjudication procedures to be followed where applicable, and include where, in exceptional circumstances, site inspections are compulsory;

(g) an appropriate contract and/or delivery period specification for all contracts;

(h) the requirements of the preferential procurement paragraph of this policy (Chapter 5) and be clearly set out in the bid documentation.

(2) Bid documentation and evaluation criteria may not be aimed at hampering competition, but rather to ensure fair, equitable, transparent, competitive and cost-effective bidding, as well as the protection or advancement of persons, or categories of persons, as embodied in the preferential procurement paragraph of this policy.

(3) Bid documentation must compel a bidder to furnish the following:

(a) full name/s;

(b) identification number, company or other registration number;

(c) tax reference number;

(d) VAT registration number, if any;

(e) an original tax clearance certificate from SARS stating that the bidder's tax matters are in order and CSD reference numbers;

(f) proof that the bidder's account and that of any member or director of the bidder for municipal rates and taxes and municipal service charges are not in arrears, or where the bidder does not have such an account, the person(s) managing or in control of the bidder; and

(g) disclosure as to whether:

(i) the bidder is listed on any government database of persons prohibited from doing business with the public sector; or

(ii) has failed to perform satisfactorily on a previous contract with the Municipality or any other municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(iii) the bidder or any of its members or directors has committed a corrupt or fraudulent act in competing for the contract;

(iv) the bidder or any of its members or directors:

(aa) has abused the Supply Chain Management System of the Municipality or has committed any improper conduct in relation to such system;

(bb) has been convicted or fraud or corruption during the past five years;

(cc) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public-sector contract during the past 5 years; or

(dd) has been listed in the Register for Tender Defaulters in terms of S29 of the Prevention and Combating or Corrupt Activities Act, Act 12 of 2004.

(4) A provision for the termination/cancellation of the contract in the case of no or under-performance must be included in the bid documentation.

(5) Unless otherwise indicated in the bid documents, the Municipality will not be liable for any expenses incurred in the preparation and/or submission of a bid.

(6) Bid documentation must state that the Municipality is not be obliged to accept the lowest bid, any alternative bid or any bid.

(7) Bid documentation must compel bidders to declare any conflict/s of interest they may have in the transaction for which the bid is submitted.

(8) The bid documentation must require bidders to disclose:

(a) whether he or she is in the service of the state, or has been in the service of the state within the previous 12 (twelve) months;

(b) if the bidder is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months; or

(c) whether a spouse, child or parent of the bidder or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (8)(b) above, is or has been in the service of the state within the previous 12 (twelve) months.

(9) Bid documentation for consultant services must require bidders to furnish to the Municipality of all consultancy services, and any similar services (to the services being bid for) provided to the Municipality in the last 5 (five) years.

(10) Bid documentation for consultant services must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, item, system or process designed or devised by a consultant in terms of an appointment by the Municipality, shall vest in the Municipality.

(11) Bid documentation may state that alternative bids can be submitted provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted.

(12) Where provided for in the bid documentation, an alternative bid must be submitted on a separate complete set of bid documents and must clearly be marked “Alternative Bid”, to distinguish it from the unqualified bid.

(13) Bid documentation must state that the Municipality will not be bound to consider alternative bids.

(14) Bid documentation must provide the validity period of the bid. The validity of the bid can only be extended once and must be extended before they expire as stated on the bid document.

(15) Unless the Municipal Manager directs otherwise, bids are invited within the Republic only.

(16) The laws of the Republic will apply and govern contracts of the Municipality arising from the acceptance of bids.

(17) Bid documentation must also state that:

(a) the Municipality may award the bid to the bidder who has not scored the highest points if objective criteria, in addition to the criteria set out in section 2(1)(d) and section 2(1)(f) of the PPPFA, justify the award of the bid to another bidder; and

(b) where a bid appears to be unrealistic and the Municipal Manager has satisfied himself or herself on enquiry with the bidder that the bid cannot be completed on the terms or for the price so bid, that such bid may be excluded.

12.7.2 Public invitation for competitive bids

(1) The accounting officer must determine the procedure for the invitation of competitive bids, which must stipulate that:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(2) The notice of invitation must contain the following advertisement information:

(a) the closure date and time for the submission of bids, which may not be less than 30 (thirty) days in the case of transactions over R10 million (including VAT), or which are of a long-term nature, 21 days for construction and 14 (fourteen) days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraph (3) below;

(b) a statement that bids may only be submitted on the bid documentation provided by the Municipality;

(c) the title of the proposed contract and the bid or contract reference number;

(d) such particulars of the proposed contract as the Municipality deems fit;

(e) the date, time and location of any site inspection, if applicable;

(f) the place where the bid documentation is available for collection and the times between which bid documentation may be collected;

(g) the place where bids must be submitted;

(h) the required CIDB contractor grading for construction works, if applicable; and

(i) the validity period of the bid.

(k) the evaluation criteria to used.

(3) The Municipal Manager may determine a closure date for the submission of bids which is less than the 30 (thirty), 21 days for construction or 14 (fourteen) days requirement provided in sub-paragraph (2) above, but only if such shorter period can be justified on the grounds of an emergency, urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(4) The bid notice may require payment of a non-refundable tender fee by bidders wanting to collect bid documents, which tender fee will be determined by the Chief Financial Officer in terms of paragraph8.4 above.

(5) Bid documentation will be available for collection until the closing date and time of bids.

(6) Bids submitted to the Municipality must be sealed.

(7) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

12.7.3 Issuing of bid documents

(1) Bid documents and any subsequent notices may only be issued by officials authorised and designated by the Chief Financial Officer

(2) Details of all prospective bidders who have been issued with bid documents must be recorded by the issuing office but shall remain **confidential** for the duration of the bid period.

(3) Details of prospective bidders must, wherever possible, include the full name of the person drawing documents, a contact person, a contact telephone and fax number and a postal and email address.

12.7.4 Site inspections

(1) In general, and where applicable, site inspections will not be compulsory unless otherwise stated in the bid documents.

(2) If site inspections are compulsory and to be held, this fact, as well as full details of the site inspection must be included in the bid notice.

(3) Where site inspections are made compulsory, the date for the site inspection must be at least 14 (fourteen) days after the bid has been advertised, and a certificate of attendance signed by the responsible agent must be submitted with the bid.

(4) If at a site meeting, any additional information is provided, or clarification of vague points is given, such additional information or clarification must be conveyed to all bidders in accordance with sub-paragraph12.7.12 below of this policy.

12.7.5. Pre-qualification criteria for preferential procurement

If the Municipality decides to apply pre-qualifying criteria to advance certain designated groups, it must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-

(a) a tenderer having a stipulated minimum B-BBEE status level of contributor; (b) an EME or QSE;

(c) a tenderer subcontracting a minimum of 30% to-

(i) an EME or QSE which is at least 51% owned by black people;

(ii) an EME or QSE which is at least 51% owned by black people who are youth; (iii) an EME or QSE which is at least 51% owned by black people who are women;

(iv) an EME or QSE which is at least 51% owned by black people with disabilities;

(v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;

(vi) a cooperative which is at least 51% owned by black people;

(vii) an EME or QSE which is at least 51% owned by black people who are military veterans;

(viii) an EME or QSE.

(2) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

12.7.6. Two-stage (prequalification) bidding process

(1) This process may be applied to bids for:

(a) large complex projects of a specialist or long-term nature; or

(b) where there are legislative, speciality design, technological and/or safety reasons to restrict bidding to firms who have proven their capability and qualification to meet the specific requirements of the bid;

(c) projects where it may be undesirable to prepare complete detailed technical specifications; or

(d) long term projects with a duration exceeding 3 (three) years.

(2) In the first stage of a bid (prequalification) bidding process, bidders are, invited to firstly prequalify in terms of predetermined criteria, without being required to submit detailed technical proposals and/or a financial offer. In the first stage bidders may be invited to submit technical proposals on conceptual design or performance specifications or other matters.

(3) In the second stage, all bidders that qualify in terms of the predetermined criteria will be shortlisted and invited to submit final technical proposals and priced bids.

(4) The notice inviting bidders to pre-qualify must comply with the provisions for the public invitation of competitive bids as

(5) Once bidders have pre-qualified for a project, they must be given no less than 7 (seven) days to submit a final technical proposal and/or a financial offer.

12.7.7 PREPARATION OF THE TERMS OF REFERENCE (TOR'S)

Rustenburg Local Municipality should prepare the TOR. The scope of the services described should be compatible with the available budget. The TOR should define clearly the task directive (methodology), objectives, goals and scope of the assignment and provide background information, including a list of existing relevant studies and basic data, to facilitate the consultants' preparation of their bids.

(1) Time frames linked to various tasks should be specified, as well as the frequency of monitoring actions. The respective responsibilities of Rustenburg Local Municipality and the consultant should be clearly defined.

(2) The evaluation criteria, their respective weights, the minimum qualifying score for functionality and the values that will be applied for evaluation should be clearly indicated. The evaluation criteria should include at least the following:

(a) Consultant's experience relevant to assignment.

(b) The quality of the methodology.

(c) The qualifications of key personnel; and

(d) The transfer of knowledge (where applicable).

(3) In more complicated projects, provision may also be made for pre-bid briefing sessions or presentations by bidders as part of the evaluation process.

(4) A clear indication should be given of which preference point system in terms of the PPPFA and its associated Regulations will be applicable as well as the goals to be achieved and the points allocated for these goals.

(5) Detailed information on the evaluation process should be provided by firstly indicating the ratio of percentage between functionality and price. The percentage for price should be determined taking into account the complexity of the assignment and the relative importance of functionality. The percentage for price should normally be determined and approved by the Accounting Officer or the delegate prior to finalising the TOR.

(6) If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, etc., to enable consultants to estimate the required resources. The TOR should list the services and surveys necessary to carry out the assignment and the expected outputs (for example reports, data, maps, surveys, etc), where applicable.

(7) Evaluation criteria could be divided into sub-criteria.

(8) Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate should be based on the Accounting Officer or delegate assessment of the resources needed to carry out the assignment such as staff time, logistical support and physical inputs (i.e. vehicles, laboratory equipment, etc). The cost of staff time should be estimated on a realistic basis for foreign and local personnel.

(9) The TOR should specify the validity period (normally 60 – 90 days).

(10) The TOR should form part of the standard bid documentation. At this stage the evaluation panel, consisting of at least three members who are demographically representative in terms of race, gender and expertise, should also be selected and finalised.

12.7.8 DRAFTING OF THE TERMS OF REFERENCE

(1) A consultant shall execute his/her tasks according to the TOR.

(2) The TOR shall clearly define the task directive (methodology), objectives, goals and scope of the assignment and provide background information to facilitate the consultants' preparation of their bids. It shall include at least the following:

(a) timeframes linked to various tasks.

(b) nature and frequency of monitoring actions.

(c) respective responsibilities of Rustenburg Local Municipality and consultant.

(d) evaluation criteria, their respective weights, minimum qualifying score for functionality, among others:

(i) consultant's experience.

(ii) quality of the methodology.

(iii) qualification of key personnel.

(iv) transfer of knowledge (where applicable).

(v) pre-bid briefing sessions or presentations by bidders, if necessary.

(vi) the relevant PPPFA preference point system to be used.

(vii) PPPFA goals to be attained through the contract as well as points allocated for these goals.

(viii) the ratio between price and functionality.

(ix) consultants may be requested to submit their prices and proposals in two separate envelopes (two-envelope system).

12.7.9 Validity periods

(1) The period for which bids are to remain valid and binding must be indicated in the bid documents. If no bidder has been appointed during the validity period, or the extended validity period as referred to below, the bid will lapse.

(2) The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

(3) This period of validity may be extended by the chairperson of the bid evaluation committee, provided that:

(a) the original validity period of the bid has not already expired;

(b) all the bidders who have submitted bids have been requested to consent to the extension of the validity period and to confirm that their prices and terms will remain as initially stated until expiry of the extended validity period;

(c) all the bidders who have submitted bids have agreed in writing to the extension of the validity period of the bid and to their price and terms remaining valid for the extended period; and

(d) the validity period of a bid may only be extended once.

(4) If bidders are requested to extend the validity period of their bids as referred to in sub-paragraph (3) because of an objection or complaint being lodged:

(a) it must be made clear to bidders that this is the reason for the request for the extension of the validity period; and

(b) the responsible official must ensure that all bidders are requested to extend the validity period and terms of their bids where necessary to ensure that the bids remain valid throughout the objection or complaint period or until the objection or complaint is finalised.

12.7.10 Contract price adjustment

(1) For all contract periods equal to or exceeding 1 (one) year, an appropriate contract price adjustment formula must be specified in the bid documents.

(2) In general, if contract periods do not exceed 1 (one) year, the bid shall be a fixed price bid and not subject to contract price adjustment.

(3) If, however, because of any extension of time granted or extension of the bid validity period, the duration of a fixed price contract exceeds 1 (one) year, the contract will automatically be subject to contract price adjustment for that period by which the extended contract period exceeds such 1 (one) year.

12.7.11 Provisional sums and prime cost items

(1) If monetary allowances more than R200 000.00 for provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by subcontractors/suppliers, then a competitive bidding process shall be followed in respect of these sums/items.

(2) When monetary allowances of less than R200 000.00for provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, the contractor must be required to obtain a minimum of 3 (three) written quotations for approval by the responsible agent.

12.7.12 Samples

(1) Where samples are called for in the bid documents, samples marked with the bid and item number as well as the bidder's name and address must be delivered separate from the bid to the addressee mentioned in the bid documents.

(2) Bids may not be included in parcels containing samples.

(3) If samples are not submitted as required in the bid documents or within any further time stipulated by the chairperson of the bid evaluation committee inwriting, then the bid concerned may be declared non-responsive.

(4) Samples must be supplied by a bidder at his/her own expense and risk.

(5) The Municipality will not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and reserves the right not to return such samples and to dispose of them at its own discretion.

(6) If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample.

(7) All goods/materials supplied shall comply in all respects to that contract sample.

12.7.13 Closing of Bids

(1) Bids shall close on the date and at the time stipulated in the bid notice inviting the bids.

(2) Save in instances as contemplated in paragraph 12.7.2(3) above, the bid closing date may not be less than the periods as prescribed in terms of paragraph 12.7.2(2)(a) above.

(3) For banking services, the bid closing date must be at least 60 (sixty) days after publication of the notice.

(4) No Clause.

(5) The bid closing date may be extended prior to the original bid closing date by the manager of the SCMU, if circumstances justify such an extension, provided that the closing date may not be extended unless a notice is published in the press where the bid was originally advertised, which notice must also be posted on the official notice boards designated by the Municipal Manager.

(6) The Municipal Manager may determine a closing date for the submission of bids which is less than any of the periods specified in this paragraph, but only if such shorter period can be justified on the grounds of an emergency, urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

12.7.14 Communication with bidders before bid closing

(1) The manager of the SCMU may, if necessary, communicate with prospective bidders and/or bidders prior to bids closing.

(2) Such communication shall be in the form of a notice issued to all prospective bidders and/or bidders who have already submitted bids or indicated the

intention to do so by the manager of the SCMU by either e-mail, facsimile, or registered post, as may be appropriate.

(3) A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes.

(4) Notices should be issued at least one week prior to the bid closing date, where possible.

(5) Notwithstanding a request for acknowledgement of receipt of any notice issued, the prospective bidders and/or bidders who have already submitted bids or indicated the intention to do so will be deemed to have received such notice if the procedures in sub-paragraphs (2), (3) and (4) above, have been complied with.

12.7.15 Submission of bids

(1) Bids must be submitted before the closing date and time, at the address and in accordance with the directives in the bid documents.

(2) Each bid must be in legible writing using non-erasable black ink and must be submitted on the official form of bid/offer issued with the bid documents.

(3) The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope.

(4) The envelope may not contain documents relating to any bid other than that shown on the envelope.

(5) Only sealed bids will be accepted.

(6) The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.

(7) Postal bids will not be accepted for consideration.

(8) No bids forwarded by telegram, facsimile or similar apparatus may be considered.

(9) Photostat copies of bids or facsimiles which are submitted in the prescribed manner will, however, be considered, provided the original forms of bid/offer can be shown to have been posted or couriered prior to the close of bids.

(10) Electronic bids will not be accepted.

(11) The bidder shall choose a *domicilium citandi et executandi* within the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.

(12) No person may amend or tamper with any bids or quotations after their submission.

12.7.16 Late bids

(1) A bid is late if it is not placed in the relevant bid box by the closing time for such bid.

(2) A late bid will not be admitted for consideration and where feasible, but without any obligation to do so whatsoever, will be returned unopened to the bidder with the reason for the return thereof endorsed on the envelope.

12.7.17 Opening of bids

(1) At the specified closing time on the closing date, the applicable bid box must be closed in public.

(2) The bid box must be opened in public as soon as practical after the closing time.

(3) Immediately after the opening of the bid box, all bids must be opened in public and at the same time checked for physical and outward compliance as to whether the bid was contained in a sealed envelope.

(4) The official opening the bids must in all cases read out the name of the bidder and, where practical, the amount of the bid.

(5) As soon as a bid or technical proposal has been opened the Municipal Manager must ensure that:

(a) all bids received in time must be recorded in the bid opening record;

(b) the bid/proposal must be stamped with the official stamps, and endorsed with the opening official's signature;

(c) the name of the bidder, and where possible, the bid sum must be recorded in the bid opening record kept for that purpose;

(d) the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record;

(e) the bid opening record must be made public for inspection; and

(f) the entries in the bid opening record must be published on the website of the Municipality.

(6) There shall be no obligation on the Municipality to re-direct bids found to have been inadvertently placed in the incorrect bid box. Bids shall not be re-directed unless the applicable bids either closed on the same day at the same time or are still open. The Municipality disclaims any responsibility for seeing that the bids are in fact lodged in the correct bid box.

(7) A record of all bids placed in an incorrect box must be kept and such record must contain details of the official who discovered the bid in the incorrect bid box.

(8) Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained where possible. In this regard:

(a) a bid which was in the correct bid box will be read out;

(b) a bid which is found to be in the incorrect bid box, may be redirected provided that the applicable bids either closed on the same day at the same time, or are still open; and

(c) where the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box.

(d) where the bid number or title cannot be ascertained from an examination of the bid documents, the bid may be declared invalid.

(9) The Municipality however disclaims any responsibility for seeing that the bid is in fact lodged in the correct box.

12.7.18 Invalid bids

(1) Bids will be invalid and be endorsed and recorded as such in the bid opening record by the responsible official appointed by the manager of the SCMU to open the bid, in the following instances:

(a) where the bid is not sealed;

(b) where the bid, including the bid price/tendered amount, where applicable is not submitted on the official form of bid/offer;

(c) where the bid is not completed in non-erasable ink;

(d) where the form of bid/offer has not been signed;

(e) where the form of bid/offer is signed, but the name of the bidder is not stated, or is indecipherable;

(f) where the bid envelope does not contain the title of the bid and bid number, and these cannot be ascertained from an examination of the bid documents.

(2) When bids are declared invalid at the bid opening, the bid sum of such bids may not be read out, however, the name of the bidder and the reason for the bid having been declared invalid must be announced and recorded in the bid opening record.

12.7.19 Bid sum

(1) A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words must be read out at the bid opening and this will be the price upon which the bid is evaluated.

(2) All rates, apart from rates set out in rate only bids, and proprietary information are confidential and may not be disclosed.

12.8. Committee system for competitive bids

(1) The committee system of the Municipality for competitive bids provides for:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee.

(2) The Municipal Manager of the Municipality:

(a) must appoint the members of each committee and, in doing so, must consider section 117 of the MFMA;

(b) may, when appropriate, appoint a neutral or independent observer to ensure fairness and transparency in the application of this acquisition management system; and

(c) may apply the committee system to formal written price quotations.

12.9 Bid specifications

(1) The bid specification committee must compile the specifications for each procurement of goods and/or services by Municipality.

(2) The specifications:

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods and/or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, South African Bureau of Standards or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

(e) may not refer to any trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”;

(f) must indicate each specific goal for which points may be awarded;

(g) must reserve the Municipality’s right to reject any bid which is unrealistic or which if accepted may expose the Municipality to unacceptable risk provided that the Municipality has first, after consultation with the bidder, satisfied itself that the bid is indeed unrealistic and would expose the Municipality to unacceptable risk if accepted;

(h) must wherever professional services or construction or specialist services are procured, provide for a suitable mechanism to verify the expertise and ability of the bidder to undertake to execute the bid at an appropriate standard. This may include providing for pre-qualification criteria, previous track record or any other appropriate method; and

(i) must be approved by the Municipal Manager prior to publication of the invitation for bids;

(j) may stipulate that goods or services equating up to 25% of the value of the bid price/tendered amount must be subcontracted to a local business, or to a local business which is listed on the Municipality's list of approved local SMME businesses.

(3) Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient and if the bid specifications also contain extracts from such standard documents, then unless the specifications expressly provide otherwise, the entire document referred to shall be incompetent and the reference to extracts therefrom in the specifications shall not exclude those terms not expressly quoted.

12.10 Bid specification committee

(1) All bid specifications and bid documentation must be compiled by the bid specification committee of the Municipality. An ad hoc bid specification committee may be constituted for a projector procurement activity.

(2) The bid specification committee shall be comprised of at least 3 (three) officials of the Municipality, an appointed chairperson, a responsible official and at least 1 (one) supply chain management practitioner of the Municipality.

(3) Where appropriate a representative of internal audit department/division and/or legal services department/division and/or an external specialist advisor may form part of this committee provided that no person, advisor or competent

entity involved with the bid specification committee, or director of such corporate entity, may bid for any resulting contracts.

(4) Green procurement must be incorporated as far as reasonable possible, for all specifications of goods and/or services.

(5) In the development of bid specifications, innovative mechanisms should be explored to render the service or product more resource and energy efficient.

(6) The Municipal Manager, or his delegated authority, must adhere to the provisions of section 117 of the MFMA when appointing the members of the bid specification committees.

(7) Bid specification committee meetings must be conducted in accordance with the applicable Rules of Order/Standing Rules regulating the conduct of meetings of the Municipality and must be fully recorded.

12.11 Bid evaluation

(1) The Municipality shall not be obliged to accept any bid.

(2) The Municipality shall have the right to accept the whole or part of a bid or any item or part of an item of a bid or to accept more than one bid for goods and services.

(3) The bid evaluation committee must:

(a) evaluate bids in accordance with:

(i) the specifications which were set for the bid; and

(ii) the points system as prescribed by the PPPFA, and if functionality forms a part of the evaluation criteria of the bid, then compliance with the applicable provisions of the PPR and National Treasury's Circular 53 pertaining to functionality must be ensured;

(b) evaluate each bidder's ability to execute the contract;

(c) check for responsiveness and compliance with the prescribed formalities and requirements as set out in the bid documentation i.e. whether municipal rates and taxes and municipal service charges are not in arrears and tax matters in order; and

(d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

12.12 Bid evaluation committee

(1) The bid evaluation committee must as far as possible be composed of:

(a) officials from departments requiring the goods and/or services; and

(b) at least one supply chain management practitioner of the Municipality.

(2) The responsible agent, if applicable, must carry out a preliminary evaluation of all valid bids received and submit a draft bid evaluation report to the bid evaluation committee for consideration. The bid evaluation committee may engage independent external experts to provide reports or guidance to assist the bid evaluation committee in their evaluations provided that only the bid evaluation committee may exercise discretion and make any decisions and provided further that no such external person, advisor or entity involved with the bid evaluation committee, or director or member of such corporate entity, may bid for any resulting contracts.

(3) Any evaluation of a bid must consider the bids received and note for inclusion in the evaluation report all details of a bidder:

(a) whose bid was endorsed as being invalid by the responsible official at the bid opening;

(b) whose bid does not comply with the provisions of the Prevention and Combating or Corrupt Activities Act;

(c) whose bid does not comply with the general conditions applicable to bids and quotations of this policy;

(d) whose bid is not in compliance with the specifications for the bid or does not meet the pre-qualification criteria or who is otherwise excluded by the bid specifications or conditions;

(e) whose bid does meet the minimum points for functionality, if applicable;

(f) whose bid is not in compliance with the terms and conditions of the bid documentation;

(g) whose bid does not comply with any minimum points and goals stipulated in terms of the preferential procurement paragraph of this policy and the PPPFA;

(h) who is not registered and listed on the list of accredited providers of the Municipality;

(i) who, in the case of construction works acquisitions, does not comply with the requirements of the CIDBA regarding registration of contractors;

(j) who has failed to submit an original and valid tax clearance certificate from SARS, certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS.

(4) Bids shall be evaluated according to the following, as applicable:

(a) functionality;

(b) bid price and specific goals as per the applicable provisions of the PPPFA (corrected, if applicable and brought to a comparative level where necessary);

(c) the unit rates and prices;

(d) the bidder's ability to execute the contract;

(e) any qualifications to the bid;

(f) the bid ranking obtained in respect of preferential procurement as required by this policy;

(g) the financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable; and

(h) any other criteria specified in the bid documents.

(5) No bidder may be recommended for an award unless the bidder has demonstrated that it has the resources and skills required to fulfil its obligations in terms of the bid document and at the bid price.

(6) Additional information or clarification of bids may be called for if required but only in writing and as stipulated in terms of this policy.

(7) Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted and the alternate is clearly marked as such.

(8) Where a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report for decision by the bid adjudication committee.

(9) The bidder obtaining the highest number of points must be recommended for acceptance unless there are objective criteria in addition to the criteria mentioned in section 2(1)(d) and section 2(1)(e) of the PPPFA justifying the award of the bid to another bidder.

(10) Where, after bids have been brought to a comparative level, 2 (two) or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points.

(11) Where 2 (two) or more bids are equal in all respects, the bid evaluation committee will draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.

(12) All disclosures of a conflict of interest must be considered by the bid evaluation committee and shall be reported to the bid adjudication committee.

(13) The bid evaluation committee must, having considered the responsible agent's draft report (if any), submit a report, including recommendations regarding the award of the bid or any other related matter, to the bid adjudication committee for award.

(14) A bid evaluation committee can either be constituted on an ad hoc basis for each project or procurement activity or be appointed by the Municipal Manager for a financial year, to evaluate bids received.

(15) The bid evaluation committee shall be comprised of at least 3 (three) officials of the Municipality, an appointed chairperson, who may be the same person as the chairperson of the bid specification committee, a responsible official and at least one supply chain management practitioner of the Municipality.

(16) Where appropriate, a representative of internal audit department/division and/or legal services department/division may form part of this committee, which may also include other internal specialists/experts as necessary.

(17) External specialists/experts may advise the bid evaluation committee, as required.

(18) The Municipal Manager, or his delegated authority, must, considering section 117 of the MFMA, appoint the members of the bid evaluation committees.

(19) Bid evaluation committee meetings must be conducted in accordance with the applicable Rules of Order/Standing Orders regulating the conduct of meetings of the Municipality.

12.13 Bid adjudication

(1) The 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 make a recommendation to the Municipal Manager regarding the making of a final award; or

(ii) make another recommendation to the Municipal Manager on how to proceed with the relevant procurement.

(2) Where it holds the delegated power to do so in terms of the Municipality's system of delegations, the bid adjudication committee may make an award to a preferred bidder, subject to the Municipal Manager negotiating with the preferred bidder, provided that such negotiation is in accordance with the conditions set out in sub-paragraph (3) below, which apply *mutatis mutandis*.

(3) The Municipal Manager may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, provided that such negotiation:

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder;

(c) does not lead to a higher price than the bid as submitted; and

(d) minutes of such negotiations must be kept for record purposes; and overall

(e) does not materially affect the bid in a manner which compromises the integrity of the bidding process.

(4) If a bid other than the one recommended in the normal course of implementing this policy is approved, then the Municipal Manager must, within 10 (ten) working days and in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation.

(5) The Municipal Manager may, at any stage of a bidding process, refer any recommendation made by the bid evaluation committee or bid adjudication committee back to that committee for reconsideration of the recommendation.

(6) A person aggrieved by a decision or action taken in the execution of this policy may lodge within 14 (fourteen) days of such a decision or action a written objection or compliant to the Municipality against the decision or action as set out in paragraph 20.3below of this policy.

(7) Bid documents must state that any objection or complaint in terms of this policy must be submitted in writing to the Municipal Manager at the address stated, and must contain the following:

(a) reasons and/or grounds for the objection or complaint;

(b) the way in which the objector or complainant's rights have been affected; and

(c) the remedy sought by the objector or complainant.

(8) No bid may be formally accepted until either the expiry of the 14 (fourteen)day objection or complaint period, confirmation in writing before the expiry of the 14 (fourteen)day objection or complaint period that none of the affected parties intend to object or complain or confirmation of the satisfactory resolution of any objection or complaint.

(9) If the bid adjudication committee or the Municipal Manager has resolved that a bid be accepted, the successful bidder must be notified in writing of this decision.

(10) The successful bidder must, in addition, be advised of the 14 (fourteen) day objection or complaint period and be notified that no rights accrue to him/her until the bid is formally accepted in writing.

(11) Every notification of decision must be faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification which must be kept for record purposes.

(12) Where it becomes necessary to cancel or re-advertise formal bids, a report to this effect must be submitted to the bid adjudication committee for decision.

(13) Where bids have been cancelled, all bidders must be notified of such cancellation in writing.

(14) It is not necessary to notify original bidders when new bids are invited and advertised.

(15) No bid may be re-advertised before the expiry of the validity period of the original bid or any extended validity period.

(16) Notwithstanding sub-paragraph (14) above and where no valid bids are received, or all bidders have indicated in writing that they have no objection to the re-advertisement of the bid, then the bid may forthwith be re-advertised.

(17) In the case of bids for construction works, and where the bid adjudication committee resolved that there were no responsive bids received, then the bid may forthwith be re-advertised.

12.14 Bid adjudication committee

(1) The bid adjudication committee must consist of at least 4 (four) senior managers of the Municipality which must include:

(a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer;

(b) at least one senior supply chain management practitioner who is an official of the Municipality; and

(c) a technical expert in the relevant field who is an official of the Municipality, if the Municipality has such an expert.

(2) The Municipal Manager must appoint the chairperson of the committee. When 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.

(3) 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.

(4) Where the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid:

(a) ensure that the preferred bid is in all respects responsive and compliant and verify that the preferred bidder's municipal rates and taxes and municipal service charges are not in arrears;

(b) notify the Municipal Manager, who may:

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee; and

(ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(5) The Municipal Manager may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(6) The Municipal Manager must comply with the procedure set out in section 114 of the MFMA within 10 (ten) working days if a bid other than the one recommended in the normal course of implementing this policy is approved.

12.15 Term bids

(1) Term bids are for the supply of goods and/or services that are of an *ad-hoc* or repetitive nature for a predetermined period and where awarded will entitle, but not oblige, the Municipality to purchase the specified goods or services at the bid price from the successful bidder for the duration of the term.

(2) The Municipality may invite term bids.

(3) The general acquisition procedure for term bids must comply with procedures contained in the acquisition management system for competitive bids.

(4) Where applicable, bid documentation must state that the acceptance of term bids based on a schedule of rates will not necessarily guarantee the bidder any business with the Municipality.

(5) The practice of using term bids to circumvent the bid process in respect of what should be planned project work is not permissible.

(6) Unless expressly stated in the bid documents, the award of the term bid shall not confer any exclusivity on the successful bidder nor prevent the Municipality from proving the same or similar services elsewhere.

(7) Material for repairs and maintenance can be purchased on a term bid where circumstances warrant it.

(8) Additional items included in a term bid by any bidder, which are clearly not an alternative to any of the items specified in the bid documents, will not be considered.

(9) The process for considering term bids must be in terms of the evaluation and adjudication procedures for conventional competitive bids.

(10) Subsequent to an award where different selections of items are required in terms of the same term bid, and where it is not possible or practical to separate orders for different items from different suppliers, service providers or contractors, then and in that instance, a selection process must be carried out in respect of each application by the responsible agent. Individual orders must be placed based on the highest total evaluation points received, preapplication.

(11) Where the selected supplier, contractor or service provider, in terms of the selection process specified in the term bid documentation, is unable to provide the required goods, services or construction works at the required time and confirms as such in writing, the bidder with the next highest valuation points (re-calculating the bid scores excluding the successful bidder) must be selected.

12.16 Procurement of banking services

(1) A contract for the provision of banking services to the Municipality:

(a) must be procured through competitive bids;

(b) must be consistent with section 7 of the MFMA and regulation 30 of the SCMR; and

(c) may not be for a period of more than 5 (five) years at a time.

(2) The process for procuring a contract for banking services must commence at least 9(nine) months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 (sixty) days from the date on which the advertisement is advertised.

(4) Bids must be restricted to banks registered as such in terms of the Banks Act, Act 94 of 1990.

12.17 Procurement of IT related goods and/or services

(1) The Municipal Manager may request the SITA to assist the Municipality with the acquisition of IT related goods and/or services through a competitive bidding process.

(2) The parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to SITA.

(3) The Municipal Manager must notify SITA together with a motivation of the IT needs of the Municipality where:

(a) the transaction value of IT related goods and/or services required by the Municipality in any financial year will exceed R50 million (including VAT); or

(b) the transaction value of a contract to be procured by the Municipality whether for one or more years exceeds R50 million (including VAT).

(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 of SITA must be submitted to the Council, the Provincial and National Treasury and the Auditor General prior to awarding the bid.

12.18 Procurement of goods and services under contracts secured by other organs of state

(1) The Municipal Manager may procure goods and/or services for the Municipality under a contract secured by another organ of state, but only if:

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the Municipality has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the Municipality to do so; and

(d) that other organ of state and the relevant provider have consented to such procurement in writing.

12.19 Procurement of goods necessitating special safety arrangements

(1) Goods, other than water, which necessitate special safety arrangements, may not be acquired or stored in bulk and more than immediate requirement, including gasses and fuel, unless sound justification therefore exists.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost advantages for the Municipality and the Municipal Manager may then authorise the same, in writing.

12.20 Proudly SA campaign

The accounting officer must determine internal operating procedures supporting the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly –suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic of South Africa

12.21 Appointment of consultants

(1) The Municipal Manager may procure consulting services provided that National Treasury, Provincial Treasury and CIDB guidelines in respect of consulting services are considered when such procurements are made.

(2) A contract for the provision of consultancy services to the Municipality must be procured through competitive bids where:

(a) the value of the contract exceeds R200 000.00 (including VAT); or

(b) the duration period of the contract exceeds 1 (one) year.

(3) In addition to the requirements prescribed for competitive bids in this policy, bidders must furnish the Municipality with particulars of:

(a) all consultancy services provided to the Municipality in the last 5 (five) years; and

(b) any similar consultancy services provided to the Municipality in the last 5 (five) years.

(4) Dividing the transaction values of required consultant appointments into lesser transaction values to circumvent the competitive bidding process is not permitted.

(5) Where the estimated value of consultant fees is less than or equal to R200 000.00 (including VAT) and the duration of the appointment is less than 1 (one) year, the selection of a consultant to provide the required service must follow a written price quotation or a formal written price quotation procedure as provided for in this policy.

(6) Responsible agents must endeavour to ensure that there is rotation in respect of inviting suitably qualified consultants to submit quotes.

(7) A price/preference points system, contained in the preferential procurement paragraph of this policy, must be applied to such quotations.

(8) Where it is in the interests of the Municipality to follow an advertised process, a formal competitive bidding process in accordance with the requirements of this policy may be followed irrespective of the estimated value of the consultant fees.

(9) The Municipality must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant during the consultancy service is vested in the Municipality.

(10) The Municipality may only consider single-source selection where it is in line with the exceptional cases provided in treasury guidelines the justification for

single-source selection is examined in the context of the overall interests of the Municipality and the project.

(11) Single-source selection may be appropriate only if it presents a clear advantage over a competitive process:

(a) for services that represent a natural continuation of previous work carried out by the consultant, and continuity of downstream work is considered essential;

(b) where rapid selection is essential;

(c) for very small appointments;

(d) when only one consultant is qualified or has experience of exceptional worth for the project.

(12) Single source selection may also be justified in instances where the type of consultant services required are of a *sui generis* nature and based on a specific type of relationship of expertise, privilege, confidentiality, the utmost good faith and trust.

(13) The reasons for single-source selection must be fully motivated in a report and approved by the bid adjudication committee prior to conclusion of a contract, provided that if the award is for an amount of R200 000.00 (including VAT) or less, such award must be approved by the manager of the SCMU.

(14) Single source shall be regarded as a deviation in terms of paragraph 12.22 below and must comply therewith.

12.21.1 Appointment of consultants

The municipality may only contract in consultants after a gap analysis has been confirmed that the municipality does not have the requisite skills or resources in its full time employ to perform the assignment in question. Based on a business case, the

appointment of consultants may only be approved by the accounting officer. All request to deviate from the instruction note maybe directed to: The Director-General at National treasury.

- the consultants may only be remunerated at the rates:

(a) Determined in the “Guideline for fees”, issued by the South African Institute of Charted Accountants (SAICA);

(b) Set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); OR

(c) Prescribed by the body regulating the profession of the consultant.

(d) A database of consultants shall be in place and be co-ordinated by the Supply Chain Management and Local Economic Development.

(e) An appointed consultant shall be subjected to the 25% sub-contracting of emerging smaller consultant companies from Rustenburg Municipality’s database of emerging smaller consultants, within one to three years of existence.

(f) The joint venture relationship in the consultants’ environment is explained in the following diagram (SMME development):

(i) in respect of professional consultant support, the following areas must be covered in support of emerging BBBEE consulting companies:

Professional area	**Subcontracting Amount**	**%**	**Joint Venture Amount**	**%**
Architect	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Structural Engineering	R1M to 10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Electrical Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Mechanical Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV

SI	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Civil Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Project Management	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Quantity Surveying	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV

12.21.2 PRIMARY REASONS FOR THE APPOINTMENT OF CONSULTANTS

(1) Consultants are engaged principally for the following reasons:

(a) to provide specialised services for limited periods without any obligation of permanent employment.

(b) to benefit from superior knowledge, transfer of skills and upgrading of a knowledge base while executing an assignment.

(c) to provide independent advice on the most suitable approaches, methodologies and solutions of projects.

12.21.3 MINIMUM REQUIREMENTS WHEN APPOINTING CONSULTANTS

(1) When appointing consultants, it is necessary to strive to satisfy the following minimum requirements:

(a) meeting the highest standards of quality and efficiency.

(b) obtaining advice that is unbiased, that is, being delivered by a consultant acting independently from any affiliation, economic or otherwise, which may cause conflicts between the consultant's interests and those of government.

(2) Ensuring the advice proposed, or assignment executed, meets the ethical principles of the consultancy professions**.**

12.21.4 Measures to address over reliance on consultants are as follows:

a) Assessment of whether expertise required does not reside where in the City

b) Assess the cost effectiveness of make or buy decision to determine whether the objectives of the institution are better achieved through consultants or permanent work

c) Monitor and continually evaluate extend and use of consultant and ensure skills transfer where feasible**.**

12.21.5 APPLICABILITY OF PROCEDURES

(1) The procedures outlined herein apply to all contracts for consulting services. In procuring consulting services, the Accounting Officer or the delegate should satisfy himself/herself that:

(a) the procedures to be used will result in the selection of consultants who have the necessary professional qualifications.

(2) The selected consultant will carry out the assignment in accordance with the agreed schedule.

(3) The scope of the services is consistent with the needs of the project.

12.22 DEVIATION FORM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESS

(1) The Municipal Manager may:

(a) dispense with the official procurement processes established by this policy and to procure any required goods and/or services through any convenient process, which may include direct negotiations, but only:

(i) in an emergency;

(ii) if such goods and/or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) for the acquisition of animals for zoos and nature reserve;

(v) for the acquisition of special works of art or historical objects where specifications are difficult to compile; and

(vi) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The Municipal Manager must record the reasons for any deviations in terms of sub-paragraph (1)(a) and(1)(b) above and report them to the next meeting of the Council and must be included as a note to the annual financial statements. This sub-paragraph does not apply to the procurement of goods and services contemplated in paragraph 3(3) of this policy.

(3) The conditions relating to the procurement of contracts relating to an emergency, as referred to in sub-paragraph (1)(a)(i) above should include the existence of one or more of the following:

(a) the possibility of human injury or death;

(b) the prevalence of human suffering or deprivation of rights;

(c) the possibility of damage to property, or suffering and death of livestock and animals;

(d) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;

(e) the possibility of severe damage occurring to the natural environment;

(f) the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and

(g) the possibility that the security of the state could be compromised.

(4) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, to allow time for the formal procurement process.

(5) Where interim measures to alleviate the immediate situation are appropriate, these should be considered to give time to procure a permanent solution.

(6) Emergency dispensation will not be granted in respect of circumstances other than those contemplated in sub-paragraph (3) above.

(7) Where possible, in an emergency, 3 (three) quotes in accordance with general acquisition management principles should be obtained and a report submitted to the Municipal Manager for approval. Where, however, time is of the essence, the emergency must be immediately addressed, and the process formalised in a report to the Municipal Manager as soon as possible thereafter.

(8) The Municipal Manager may, upon recommendation of the bid adjudication committee, and only if worthy cause exists condone any expenditure incurred in contravention of, or that is not in accordance with, a requirement of this policy, provided that:

(a) this power may not be sub-delegated by the Municipal Manager;

(b) such condonation will not preclude the taking of disciplinary steps against the responsible official; and

(c) the Municipal Manager record the reasons for the condonation in writing and report them to the next meeting of the Council and must be included as a note to the annual financial statements.

(9) In the event where the Municipal Manager refuses to condone any expenditure referred to in sub-paragraph (7) above, such expenditure will be deemed to be irregular expenditure as defined in terms of the provisions of section 1 of the MFMA and must be treated as such by the Municipal Manager according to the relevant provisions provided therefore in the MFMA.

12.23 Unsolicited bids

(1) The Municipality is not obliged to consider any unsolicited bids received outside a normal bidding process.

(2) The Municipality may only consider an unsolicited bid if:

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages for the Municipality;

(c) the person or entity who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the Municipal Manager.

(3) Where the Municipal Manager decides to consider an unsolicited bid that complies with sub-paragraph (2) above, the Municipality must make its decision public in accordance with section 21A of the MSA, together with:

(a) its reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits for the Municipality were it to accept the unsolicited bid; and

(c) an invitation to the public or other potential suppliers to submit their written comments within 30 (thirty) days of the notice.

(4) Once the Municipality has received written comments pursuant to sub-paragraph (3) above, it must submit such comments, including any responses from the unsolicited bidder, to the National Treasury and the relevant Provincial Treasury for comment.

(5) The Municipality's adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Municipal Manager, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must consider:

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant Provincial Treasury.

(8) Where any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Municipal Manager must submit to the Auditor General, the relevant Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within 7 (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 or signed within 30 (thirty) days of the submission.

13 LOGISTICS MANAGEMENT

Logistics management provides an effective logistic management system for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, maintenance and contract administration, as set out below:

13.1 Setting of inventory levels

(1) Levels must be determined.

(2) Stock items must be systematically replenished using the re-order point planning strategy in conjunction with minimum and maximum levels.

(3) Open reservations must be considered during the replenishment run.

13.2 Placing of orders

(1) Purchase orders must be created with reference to requisitions where the supply source is by means of a contract or verbal, written or formal quotations.

(2) All purchase orders which are for imported goods and which are subject to rate and exchange adjustments must specify that the vendor must take out a forward exchange contract to fix the Rand based price in the purchase order.

(3) A proper record of all purchase orders must be kept by the manager of the SCMU and a copy thereof must be submitted to the Chief Financial Officer monthly.

(4) Standing orders will be utilised in cases where a longer-term arrangement, such as after hour services and copier contracts, are required.

(5) Purchase order approvals must be system based and will involve the procurement department only.

(6) The assets (for asset creation) and the insurance section (for claims) must be informed after approval of any purchase orders.

13.3 Receiving and distribution of goods

(1) Goods will be received on the Municipality's inventory system with specific reference to purchase orders.

(2) No over-receipt of stock may be allowed. The purchase order must be kept open for under-receipts for the outstanding delivery quantity.

(3) Goods must be issued from stock with reference to reservations.

(4) Goods may be issued for consumption against internal orders, cost centres, projects and assets under construction.

13.4 Stores and warehouse management

(1) The stores and warehousing function must be decentralised in different areas and will operate under the jurisdiction of the SCMU.

(2) The SCMU must ensure proper financial and budgetary control, uphold the principle of effective administration, proper stock holding and control, product standardisation, quality of products and a high standard of service levels.

13.5 Expediting orders

(1) The purchasing expeditor is required to monitor and expedite outstanding purchase orders.

(2) Reminder letters must be faxed automatically to vendors based on the reminder levels prior to the delivery due date which is set in the purchase order.

13.6 Transport management

The Municipality's fleet management system/policy must be adhered to always.

13.7 Vendor performance

(1) The Municipality must have a system which is able to evaluate a vendor 'performance regarding certain pre-determined criteria.

(2) The information will be available for contract negotiations and regular feedback to the vendors.

13.8 Contract management

(1) The Municipal Manager must take all reasonable steps to ensure that contracts procured through this policy are properly implemented and enforced. To this end the Municipal Manager shall devise a system to ensure that he is given, monthly, all relevant details regarding the performance of each contract and details of defaults.

(2) The performance of contractor under the contract procured through this policy must be monitored monthly.

(3) All contracts must be administered by a designated official(s), having the necessary competencies to ensure effective management of the contract. The responsibility of managing a contract falls on the specific directorate to which such a contract relates together with and in co-operation with the SCMU.

(4) The Municipal Manager must regularly report to the Council on the management of contracts and the performance of contractors.

13.9 Maintenance and contract administration

(1) Contracts relating to the procurement of goods and/or services will be captured on the Municipality's contract administration system in the form of a price schedule.

(2) Value (where the maximum value of the contract is restricted) and volume (where the maximum units procured are restricted) based contracts must be utilised in as far as possible.

(3) The use of fixed price and fixed term contracts must be promoted, and expenditure will be driven towards such contracts as opposed to once-off purchases.

(4) Consolidated procurement volumes must be utilised to drive down negotiated contract prices.

(5) Contract price adjustments may only be processed in accordance with contract terms and conditions and must accord with the provisions of this policy.

13.10 Contract administration

(1) Contract administration is the last stage of the procurement and contract cycle, and includes all administrative duties associated with a contract after it is executed, including contract review.

(2) The effectiveness of contract administration depend on how thoroughly the earlier steps were completed as changes can be made far more readily early in the tendering cycle than after contract management has commenced.

(3) Some of the key initial stages, which influence the effectiveness of contract administration and which the Municipality must properly implement, include:

(a) defining the outputs by writing specifications which identify what the aims and outputs of a contract will be;

(b) assessing risk;

(c) researching the market place, including conducting pre-tender briefings;

(d) formulating appropriate terms and conditions of contract;

(e) identifying appropriate performance measures and benchmarks so that all parties know in advance what is expected, and how it will be tested;

(f) actively creating competition, so the best possible suppliers bid for contracts; and

(g) evaluating bids competently, to select the best contractor, with a strong customer focus and good prospects of building a sound relationship.

13.11 Levels of contract administration

(1) There are three levels of contract administration, being:

(a) the first operational level for standard contracts for goods and services. Day to day contract administration should become no more than the execution of performance monitoring, record keeping and price adjustment authorisation functions;

(b) the second or intermediate level is for more complex contracts for services. This type of contract requires a more active role for the contract manager in developing the relationship between the Municipality and the contractor and includes the functions set out as part of the first operational level;

(c) the third level is for strategic contracts involving complex partnerships and outsourcing arrangements. These contracts require more active

management of the business relationships between the supplier and the users, for example to manage outputs and not the process and include the functions set out in the first operational level and the second level, as referred to above.

13.12 Appointing a contract manager

(1) A contract manager must be appointed by the Municipal Manager together with the director in charge of the project prior to the execution of the contract.

(2) Where it is practical to do so, the contract manager must be involved at the earliest stage of the acquisition, which is the time of writing the specifications for the contract.

(3) Contract administration arrangements must be identified and planned to include, delegations, reporting requirements and relationships and specific task responsibilities.

(4) Departments are responsible for ensuring that contract managers:

(a) prepare the contract administration plan;

(b) monitor the performance of the contract;

(c) are appointed with appropriate responsibility and accountability;

(d) are adequately trained so that they can perform and exercise the responsibility; and

(e) act with due care and diligence and observe all accounting and legal requirements.

13.13 Duties and powers of a contract manager

(1) The contract manager's duties and powers are governed by the conditions of contract and the applicable legal principles and statutes.

(2) The contract manager must monitor the performance of the contract monthly and must report to the Municipal Manager on the performance of the contractor and the progress of the contract monthly.

(3) The contract manager is also required to form opinions and make decisions, and in doing so is expected to be even-handed, prudent and to protect the interests of the Municipality.

(4) The SCMU is responsible for notifying the contract manager 90 (ninety) days prior to the expiry of each contract to allow the contract manager sufficient time to decide whether to renew a contract or efficiently conclude a new contract.

(5) The contract manager must ensure that the contractor duly performs according to the specifications of the contract in delivering goods and/or services on time, in the correct manner and/or quantity and to the required standard.

(6) Regular meetings and site inspections must be held by the contract manager and the contractor to inspect the progress, deliverables, identify potential problems and/or possible remedial action during the contract period.

13.14 Contract guidelines

(1) A guideline, which provides a description of the roles and responsibilities of a contract manager during the contract administration stage, must be documented.

(2) The provisions of this paragraph are not an exhaustive description of contract administrative activities, and some tasks may not be carried out in the sequence presented, may be done concurrently with other tasks or may not be necessary in some circumstances.

13.15 Delegating to contract administrator

(1) Where appropriate, a contract manager may delegate some contract administration duties to a contract administrator.

(2) The contract administrator will be required to perform duties related to processes for record keeping, authorising payment and collecting data on contractor performance.

(3) The contract manager will however remain ultimately responsible and accountable for the performance of the contract.

13.16 Contract management process

(1) The contract manager must ensure that the contractor fulfils its obligations and complies with its liabilities under the contract and must also ensure that contractors are treated fairly and honestly. Any non-compliance with the terms

of the contract and any non-delivery or anticipated non-delivery or breaches must be reported to the Municipal Manager in writing immediately.

(2) Both parties adhering to the agreed terms will result in:

(a) value for money;

(b) timeliness;

(c) cost effectiveness; and

(d) proper contract performance.

(3) In the event of non-compliance with any contract, the contractor must be placed in default in writing approved by the Municipality's legal advisors and a complete record of all written notices of non-compliance or nature of breach, as the case may be, must be kept on record.

13.17 Document retention

(1) The need exists to retain documents on a contract file for information and audit purposes, and in order to comply with the requirements of the records office.

(2) Proper records regarding all aspects of the contract must accordingly be maintained. The contract manager shall be responsible for ensuring that the Municipality has, on the appropriate control sheet, copies of all procurement documents, bids, awards, notices and other written communications.

13.18 Guidelines on contract administration

(1) The responsibilities of a contract manager may include the following:

(a) establishing a contract management plan for the execution of the contract, especially for contracts pertaining to construction and land development projects;

(b) reviewing the contract management process (including the contract management plan) on a regular basis;

(c) providing a liaison between internal managers and users, and suppliers to pre-empt, identify and resolve issues as they arise;

(d) monitoring the contractor's continuing performance against contract obligations;

(e) providing the contractor with advice and information regarding developments within the department, where such developments are likely to affect the products provided;

(f) determining if staged products should continue, and providing a procurement process for additional stages which meet the principle of obtaining value for money;

(g) providing accurate and timely reporting to the senior management in charge of the project, highlighting significant performance issues or problems;

(h) ensuring that insurance policy terms and conditions provide adequate protection for the Municipality and are maintained throughout the contract period;

(i) ensuring all products provided are certified as meeting the specifications before the supplier is paid;

(j) maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

(k) managing contract change procedures;

(l) resolving disputes as they arise;

(m) conducting post contract reviews;

(n) pursuing remedies in the event of any breach of the contract;

(o) reporting on performance/non-performance to the Municipal Manager monthly; and

(p) the Municipal Manager must establish capacity and a system to ensure effective contract management.

14 DISPOSAL MANAGEMENT

(1) The disposal management system of the Municipality provides an effective system for the transfer of ownership, disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the MFMA and the MATR in as far as capital assets are concerned.

(2) Every disposal by the Municipality must comply with the relevant and applicable provisions of the MFMA and MATR in as far as capital assets are concerned.

(3) The way assets may be disposed of by the Municipality includes, but is not limited to, the following:

(a) transferring an asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;

(b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(c) selling the asset; or

(d) destroying the asset.

(4) Immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise and in accordance with the provisions of the Disposal Policy of the Municipality.

(5) Movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Municipality.

(6) In the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 (thirty) days whether any of the local schools are interested in the equipment.

(7) In the case of the disposal of firearms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person or institution within or outside the Republic.

(8) Immovable property must be let at market related rates except when the public interest or the plight of the poor demands otherwise.

(9) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be reviewed annually.

(10) Where assets are traded in for other assets, the highest possible trade-in price must be negotiated.

(11) As far as possible, assets to be disposed of must be subjected to recycling. Disposal to landfill is not allowed unless there are no available recycling options.

(12) Non-exempted capital assets must be transferred or permanently disposed of strictly in accordance with section 14 of the MFMA read with Chapter 2 of the MATR.

(13) Exempted capital assets must be transferred strictly in accordance with Chapter 3 of the MATR.

(14) The granting of rights by the Municipality to use, control or manage municipal capital assets, where section 14 of the MFMA do not apply, must be executed strictly in accordance with Chapter 4 of the MATR.

14.1 DISPOSAL MANAGEMENT FRAMEWORK

The authority to make the determinations and subsequently in principle approve the disposal of movable assets with a value of less than R 1 million in terms of section 14(2) (a) and (b) of the MFMA as set out in MAT regulation 5(1) (b) (i) and (ii) is delegated to the accounting officer in terms of paragraph 5(6) of the MAT regulations.

14.2 DISPOSAL CATEGORIES

A. Non-exempted capital assets

(1) General determinations

(a) The fair market value of all non-exempted capital assets should be determined before the transfer or disposal thereof is considered

(b) Where assets are traded in for other assets, the highest possible trade-in price should be negotiated.

(2) Approval in principle

(a) A capital asset may only be transferred or otherwise be permanently disposed of after the determinations have been made and an approval has been granted in principle in terms of sub-section 14 (2) of the MFMA as set out in MAT Regulation 5(1)(b)(I) and(ii).

(3) Advertising of proposed disposals in terms of the Local Government Ordinance 1939.

The proposed disposal of a non-exempted immovable capital asset should be advertised in case of objections in terms of section 79(18) of the Local Government Ordinance, 1939, if a public participation process is not required, as set out in sub-paragraph (4) and any objections should be submitted for consideration with the proposal in terms of MAT regulation 5(1) (b) (i) and (ii).

(4) Public participation process

(a) Capital assets may only be transferred or otherwise disposed of after the Accounting Officer has conducted a public participation process to facilitate the determinations and approval has been granted in principle in terms of the section 14(2) of the MFMA, if

(i) the fair market value of the capital asset exceeds any of the following amounts:

(aa) R50 million; or

(bb) one percent of the total value of the capital assets of the Municipality as determined from the latest available audited annual financial statements of the Municipality; or

(ii) the combined value of any capital assets that the Municipality intends to transfer or dispose of in the relevant financial year exceeds five percent of the total value of its assets as determined in the latest audited financial

(b) Only the Municipal Council may authorize the public participation process referred to in sub-paragraph (a).

(i) A request to the Municipal Council for authorization of a public participation process must be accompanied by an information statement stating

(aa) the valuation of the capital asset to be transferred or disposed of and the method of valuation used to determine that valuation;

(bb) the reasons for the proposal to transfer or dispose of the capital asset;

(cc) any expected benefits to the Municipality that may result from the transfer of disposal;

(dd) any expected proceeds to be received by the Municipality arising from the transfer of disposal; and

(ee) any expected gain or loss that will be realized or incurred by the Municipality arising from the disposal.

(c) If the Municipal Council has authorized the accounting officer to conduct a public participation process in connection with any proposed transfer or disposal of a high-value capital asset or other asset referred to in MAT regulation 5(2), the accounting officer must at least 60 days before the meeting of the Council at which the determinations referred to in MAT regulation 5(1) (b) are to be considered,

(j) in accordance with section 21A of the Municipal Systems Act,

(aa) make public the proposal to transfer or dispose of the capital asset together with the information statement referred to in paragraph (b)(i); and

(bb) invite the local community and other interested persons to submit to the Municipality comments or representations in respect of the proposed transfer or disposal of the capital asset; and

(ii) Solicit the views and recommendations of the National Treasury and the provincial treasury on the matter.

(5) Consideration of proposals and applications

(a) The Municipal Council and the accounting officer in cases where the authority has been delegated, must, when considering any proposed transfer or disposal of a non-exempted capital asset in terms of MAT regulation 5(1)(b)(i) and (ii), take into account

(i) whether the capital asset may be required for the Municipality's own use at a later date;

(ii) the expected loss or gain that is expected to result from the proposed transfer or disposal;

(iii) the extent to which any compensation to be received in respect of the proposed transfer or disposal will result in a significant economic or financial cost or benefit to the Municipality;

(iv) the risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the Municipality's interests;

(v) the effect that the proposed transfer or disposal will have on the credit rating of the Municipality, its ability to raise long- term or short-term loans in the future and its financial position and cash flow;

(vi) any limitations or conditions attached to the capital asset or the transfer or disposal of the asset, and the consequences of any potential non-compliance with those conditions;

(vii) the estimated cost of the proposed transfer or disposal;

(viii) the transfer of any liabilities and reserve funds associated with the capital asset;

(ix) any comments or representations on the proposed transfer or disposal received from the local community and other interested persons;

(x) any written views and recommendations on the proposed transfer or disposal by the National Treasury and the relevant provincial treasury;

(xi) the interests of any affected organ. of state, the legal and economic interests and the interests of the local community; and

(xii) compliance with the legislative regime applicable to the proposed transfer or disposal.

(b) Approval in principle in terms of regulation 5(1)(b)(ii) that a non-exempted capital asset may be transferred or disposed of, may notwithstanding anything to the contrary in this policy, be given subject to any conditions, including conditions specifying

(i) the way in which the capital asset is to be sold or disposed of;

(ii) a floor price or minimum compensation for the capital asset;

(iii) whether the capital asset may be transferred or disposed of for less than its fair market value, in which case the criteria set out in MAT regulation 13(2) must first be considered;

(iv) a framework within which direct negotiations for the transfer or disposal of the capital asset must be conducted with another person, if the transfer or disposal is subject to direct negotiations

(c) A decision by the municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal service may in terms of section 14 of the MFMA not be reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

14.3 DISPOSAL MECHANISMS

(1) The following disposal mechanisms should be used unless determined otherwise in terms of paragraph:

(a) Immovable assets

(i) the following immovable capital assets should be sold out of hand if only one unsolicited bid or application is received for the purchase of such asset:

(aa) Redundant portions of land and portions of land required for gardening purposes of less than 450 square meters in extent

(bb) Church sites

(cc) unimproved residential sites

(ii) transfers and disposals of immovable assets other than in terms of sub- paragraph (a) (i);

(iii) subsidiary assets attached to immovable assets that are unsafe and/or not economically viable to repair, may be destroyed after approval in principle has been obtained in terms of section 14(2) of the MFMA, subject thereto that

(aa) in case of a building, the necessary permit be obtained from the City Planning Division;

(bb) the assets may be destroyed with in-house capacity or a service may be procured through the procurement processes set out in this policy

(b) Movable assets

(1) The following disposal methods should be used in respect of movable assets:

(aa) obsolete and redundant movable assets which cannot be disposed of in terms of the afore-going mechanisms, may be destroyed after approval in principle has been obtained in terms of section 14(2) of the MFMA- subject thereto that the assets may be destroyed with in-house capacity or a service procured through the procurement processes set out in this policy

(2) The disposal mechanisms set out in this paragraph do not apply to the transfer of a non-exempted capital asset if

(a) the Municipality

(i) reviews in terms of Chapter 8 of the Municipal Systems Act its service delivery mechanisms for the performance of a municipal service;

(ii) appoints a private sector party through a competitive bidding process as the service provider for the performance of that municipal service; and

(iii) transfers the capital asset as an integral component of the performance of that municipal service to that service provider; or

(b) the Municipality –

(i) appoints a private sector party or organ of state through a competitive bidding process as the service provider for the performance of a commercial service; and

(ii) transfers the capital asset as an integral component of the performance of that commercial service to that service provider.

(3) The Municipality may negotiate directly with the selected service provider regarding the transfer of a capital asset

(4) The Municipality may not commence with the process refer or negotiations unless approval in principle has been given in terms of MAT regulation 5(1)(b)(ii)) that the relevant capital asset may be transferred or disposed of.

(5) In applying the process referred to in sub-paragraph (1) or conducting negotiations referred to in sub-regulation (3), the Municipality must consider the gain or loss that will

(a) result from the transfer or disposal of the relevant capital asset; and

(b) be recorded in the accounting records of the Municipality.

(6) If the Municipality intends to transfer to a private sector party or organ of state a non-exempted capital asset following the selection through a competitive bidding process of a service provider for the performance of a municipal service or for the performance of a commercial service

(a) all assets needed or directly related to the performance of that service must be properly identified to distinguish those assets from the other assets of the Municipality;

(b) all decisions referred to in MAT regulation 5(1)(b)(i) and (ii) relating to the transfer of the capital asset must be taken as an integral part of the broader decision-making process on the appointment of a service provider for the performance of that service; and

(c) all documents prepared for the purpose of those decisions, must be taken into account in any feasibility study conducted to determine the financial and other implications of appointing a service provider for the performance of that service.

(7) Compensation for transfer of non-exempted municipal capital assets

(a) The compensation payable to the Municipality or for the transfer of a non-exempted capital asset must, subject to sub-paragraphs (b) and (c), reflect fair market value.

(b) The minimum selling prices of immovable property must be determined as set out in the Supplementary Alienation Policy Framework attached as annexure to the Supply Chain Management Policy

(c) If the Municipality, on account of the public interest, in particular in relation to the plight of the poor, intends to transfer a non-exempted capital asset for less than its fair market value, the Municipality must, when considering the proposed transfer, take into account

(i) the interests of the State and the local community;

(ii) the strategic and economic interests of the Municipality, including the long-term effect of the decision on the Municipality;

(iii) the constitutional rights and legal interests of all affected parties; whether the interests of the parties to the transfer should carry more weight than the interest of the local community, and how the individual interest is weighed against the collective interest; and

(iv) whether the local community would be better served if the capital asset is transferred at less than its fair market value, as opposed to a transfer of the asset at fair market value.

(8) Discharge of loans on assets transferred or disposed of

(a) The proceeds received from the transfer or disposal of an asset must be used to discharge any loans against the asset as at its redemption date, or another date as may be negotiated with the lender

(b) Sub-paragraph (a) may not be read as preventing the Municipality from negotiating with the private sector party or organ of state to whom an asset is transferred, to take over, as part of the compensation payable to the Municipality, any loan the Municipality made against the asset.

(9) Transfer agreements

(a) The Municipality may transfer assets approved for transfer to a private sector party or organ of state in terms of this policy, only by way of a written transfer agreement concluded between the Municipality and the receiving private sector party or organ of state.

(b) A transfer agreement must set out the terms and conditions of the transfer, including, at least –

(i) a sufficient description of the capital asset being transferred in order to identify the asset;

(ii) particulars of any subsidiary assets that are transferred with the capital asset;

(iii) particulars of any liabilities transferred with the asset;

(iv) the amount of compensation payable to the Municipality for the transfer of the asset or assets, and the terms and conditions of payment; and

(v) the effective date from which the risk and accountability for the asset or assets are transferred to the receiving party.

(a) If a capital asset is transferred following the selection of a service provider for the performance of a municipal service referred to in MAT regulation 12(2)(a) or for the performance of a commercial service referred to in MAT regulation 12(2)(b), through a competitive bidding process, the transfer agreement

(i) must make provision for:

(aa) contract termination in the case of non- or underperformance;

(bb) dispute resolution mechanisms to (bb)settle disputes between the parties; and

(cc) a period review of the agreement once in every three years, in the case of an agreement for longer than three years; and may be incorporated into any service delivery agreement or procurement contract to be concluded with the service provider.

(10) Access to transfer agreements

a) An agreement in terms of which the Municipality transfers a non--exempted capital asset in terms this policy:

(i) must be made available in its entirety to the council of the Municipality; and

(ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).

(11) Non-exempted capital assets not transferred or disposed of in terms of this policy

(a) Housing schemes: This policy is not applicable to housing schemes and disposals for the plight of the poor.

(b) Public private partnerships: The transfer and disposal of non--exempted capital assets emanating from public private partnership agreements should be done in terms of section 14 of the MFMA read with the Municipal Public Partnership Regulations promulgated in terms of the said Act.

14.4 DISPOSAL OF REDUNDANT AND OBSOLETE GOODS, STOCK AND MATERIALS

(1) Goods and stock do not meet the requirements of capital assets, as they cannot continuously and repeatedly be used for a period of more than one year in the production or supply of goods and services or for administrative purposes, or for rental to others and future economic and social benefit cannot be derived from them.

(2) Redundant and obsolete stock must be reported to the CFO on a quarterly basis, including the values of the said stock and the reasons why it has become redundant or obsolete.

(3) All determinations with regard to the advertising and selling or destruction of movable assets set out in this policy are mutatis mutandis applicable to the disposal of redundant and obsolete stock that has been written off by the CFO in terms of the relevant delegation.

15 RISK MANAGEMENT

(1) The risk management system of the Municipality provides for an effective system to identify, consider and avoid potential risks in the Supply Chain Management System.

(2) The management of risks pertaining to supply chain management must always comply with the criteria laid down in the Risk Management Policy of the Municipality.

(3) Managing risk must be part of the philosophy, practices and business plans of the Municipality and should not be viewed and practiced as a

separate activity in isolation but must be integrated in the systems and functions of the Municipality. Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of acquisition management.

(4) Risk management includes, but is not limited to:

(a) early and systematic identification of risks on a case-by-case basis, analysis and assessment of risk, including conflicts of interest and the development of plans for handling the same;

(b) the allocation and acceptance of the responsibility of risk to the party best suited and placed to manage such risk;

(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 risk in a pro-active manner and the provision of adequate cover for residual risk;

(e) the assignment of relative risk to the contracting parties through clear and unambiguous contract documentation;

(f) ensuring that the costs incurred in managing risk are commensurate with the importance of the purchase and the risk to the operations of the Municipality; and

(g) taking appropriate professional advice from the appropriate officials or service providers to identify appropriate processes, procedures, outcomes, controls and other pertinent factors prior to undertaking activities with high levels of risk.

(5) The risk management process must be applied to all stages of supply chain management, be it the conceptual stage, project definition, specification preparation, acquisition approval or implementation to completion.

(6) Appropriate risk management conditions must therefore be incorporated in contracts and monitored.

16 PERFORMANCE MANAGEMENT

(1) The performance management system of the Municipality provides for an effective internal monitoring system to determine, based on a retrospective analysis, whether the authorised supply chain management processes are being, or were followed, and whether the desired objectives of this policy are being or were achieved.

(2) The Municipal Manager must establish and implement the system contemplated in sub-paragraph (1) above.

(3) Performance management must contain a monitoring process together with a process of retrospective analysis to determine whether:

(a) value for money has been attained;

(b) proper processes have been followed;

(c) desired objectives have been achieved;

(d) there is an opportunity to improve the process and limit similar risk in future;

(e) suppliers have been assessed and the results of the assessment; and

(f) there has been deviation from procedures and, if so, what the reasons for such deviation are.

(4) The performance management system must accordingly focus on, amongst other outcomes, the:

(a) achievement of goals;

(b) compliance to norms and standards and applicable legislation;

(c) savings generated;

(d) cost variances per item;

(e) non-compliance with contractual conditions and requirements; and

(f) cost efficiency of the procurement process itself.

CHAPTER 3

OTHER MATTERS

17. PROHIBITION ON AWARDS TO PERSONS WHOSE/WHICH TAX MATTERS ARE NOT IN ORDER

(1) The Municipality may not under any circumstances, irrespective of the procurement process followed, make an award above R15000.00to any person or entity whose/which tax matters have not been declared to be in order by The South African Revenue Services.

(2) Before making an award to a person or entity, the Municipality must first check with the South African Revenue Services whether that person's or entities' tax matters are in order.

(3) If the South African Revenue Services does not respond within 7 (seven) days such person's or entities' tax matters may for purposes of sub-paragraph (1) above, be presumed to be in order.

18. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

The Municipality may not under any circumstances, irrespective of the procurement process followed, make an award to a person or entity:

(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) who is an advisor or consultant contracted with Municipality.

19. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

The Municipal Manager must ensure that the notes to the annual financial statements of the Municipality disclose the particulars of any award of more than R2 000.00 to a person who is a spouse, child or parent of a person in the service of the state, or who has been in the service of the state in the previous 12 (twelve) months, including:

(a) the name of that person;

(b) the capacity in which that person is or was in the service of the state; and

(c) the amount of the award.

20. CODE OF ETHICAL STANDARDS

(1) In addition to this code of ethical standards, the codes of conduct for councillors and municipal staff members as set out in Schedule 1 and Schedule 2to the MSA shall apply in the implementation of this policy.

(2) The code of ethical standards for officials and all other role-players in the Supply Chain Management System which is established hereby seeks to promote:

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair, honest and reasonable manner.

(3) An official and/or other role-player involved in the implementation of this policy:

(a) must treat all providers and potential providers equitably;

(b) may not use his or her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person of more than R350.00 in value;

(d) notwithstanding sub-paragraph(c) above, must declare to the Municipal Manager details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the Municipal Manager details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by the Municipality;

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(g) must be scrupulous in his or her use of property belonging to the Municipality;

(h) must assist the Municipal Manager in combating fraud, corruption, favouritism, unfair and irregular practices in the Supply Chain Management System; and

(i) must report to the Municipal Manager any alleged irregular conduct in the Supply Chain Management System which that person may become aware of, including:

(i) any alleged fraud, corruption, favouritism or unfair conduct;

(ii) any alleged contravention of Regulation 47 of the SCMR; or

(iii) any alleged breach of the code of ethical standards.

(4) All declarations in terms of sub-paragraph20(3)(d) and 20(3)(e) above, must be recorded by the Municipal Manager in a register which the Municipal Manager must keep for this purpose.

(5) All declarations by the Municipal Manager must be made to the Executive Mayor of the Municipality, who must ensure that such declarations are recorded in the register.

(6) The Municipal Manager is responsible to ensure that appropriate steps are taken against any official or other role-player who commits a breach of any provision of this code of ethical standards, and Council must ensure that the

same measures are enforced where a breach has been committed by the Municipal Manager.

(7) A breach of the code of ethical standards and any adopted code/s of conduct must be dealt with in accordance with Schedule 1 or Schedule 2 of the MSA, depending upon the circumstances, or the Disciplinary Regulations.

(8) This Municipal Manager must, in his/her implementation of this policy, consider, adopt and apply the National Treasury's Code of Conduct for Supply Chain Management Practitioners (Practise Note SCM 4 of 2003). This code of conduct is binding on all officials and other role-players involved in the implementation of this policy and a copy thereof is available on the website www.treasury.gov.za/mfma located under “legislation”.

20.1 Inducements, rewards, gifts and favours to the Municipality, its officials and/or other role-players

(1) No person who is a provider or prospective provider of goods and/or services to the Municipality, or a recipient or prospective recipient of goods disposed or to be disposed of by the Municipality, may either directly or through a representative or intermediary promise, offer or grant:

(a) any inducement or reward to the Municipality for or in connection with the award of a contract; or

(b) any reward, gift, favour or hospitality to any official of the Municipality or any other role-player involved in the implementation of this policy of the Municipality.

(2) The Municipal Manager of the Municipality must promptly report any alleged contravention of sub-paragraph (1) above to the National Treasury for considering whether the offending person, and any representative or

intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Sub-paragraph (1) above does not apply to gifts less than R350.00 in value.

(4) The Municipal Manager must, on becoming aware that any reasonably suspected crime has been committed involving any procurement or disposal process or contract, report same to the SAPS, Council and the Provincial and National Treasuries. The Municipality may help the SAPS and the National Prosecuting Authorities to ensure the effective prosecution of wrongdoers.

(5) The Municipality has a “zero tolerance” approach to criminal wrongdoing.

20.2 Sponsorships

The Municipal Manager of the Municipality must promptly disclose to the National Treasury and the relevant Provincial Treasury any sponsorship promised, offered or granted to the Municipality or any of its officials, whether directly or through a representative or intermediary, by any person who is:

(a) a provider or prospective provider of goods and/or services to the Municipality; or

(b) a recipient or prospective recipient of goods disposed or to be disposed of by the Municipality.

20.3 Objections and complaints

Persons aggrieved by decisions or actions taken by the Municipality in the implementation of this policy, may lodge within 14 (fourteen) days of the decision or action, a written objection or complaint against the decision or action.

20.4 Resolution of disputes, objections, complaints and queries

(1) The Municipal Manager must appoint an independent and impartial person not directly involved in the supply chain management processes of the Municipality:

(a) to assist in the resolution of disputes between the Municipality and other persons regarding:

(i) any decisions or actions taken by the Municipality in the implementation of its Supply Chain Management System; or

(ii) any matter arising from a contract awarded during its Supply Chain Management System; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The Municipal Manager, or another official designated by the Municipal Manager, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed by the Municipal Manager in terms of sub-paragraph (1) above must:

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

(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 (sixty) days; or

(b) no response is received from the Municipality within 60 (sixty) days.

(5) If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

20.5 Contracts providing for compensation based on turnover

Where a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, service charges or taxes, and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Municipality must stipulate:

(a) a cap on the compensation payable to the service provider; and

(b) that such compensation must be performance based.

21 CESSION

The Municipal Manager or a delegated authority may allow cessions for the purpose of supplier/contractor development without putting Rustenburg Local Municipality at higher risk. Such conditions are subject to standard terms and conditions of contracts.

Cessions may include the following:

21.1 SUPPLIER-TO-SUPPLIER COMPANY BASED ON A VALID AGREEMENT

This is where company A decides to give between 25 and 45% of its work to a competent company based on certain changes (financial or capacity-wise) after the award. The company may decide to cede its portion of the work based on a written cession agreement. The company is also required to notify Rustenburg Local Municipality and explain the rationale behind such a move.

21.2 CESSION BASED ON MATERIAL SUPPLIES

Based on lack of finance, the company that was awarded the bid may cede the entire or part of its payment to suppliers who will claim 'from his/her payment certificate. In this case, Rustenburg Local Municipality may pay the suppliers directly or accept a formal agreement between the suppliers and contractors' payment conditions until the end of the contract.

21.3 CESSION BASED ON ACCESS TO FINANCE

This shall also include cases where a financial company pays the supplier/contractor in advance and later claims on ·the contractor's certificate. The bank may want a contractor to cede a certain portion of the contract to it as part of risk management. If that becomes the case, Rustenburg Local Municipality needs to be aware of such an arrangement and make its own analysis of the risks involved.

21.4 CESSION BASED ON INSURANCE

The same may apply to insurance companies before they award insurance affecting cessions based on access to finance.

21.5 CESSIONS BASED ON CAPACITY

A company may obtain extra capacity owing to lack of skills within the company and allow a skilled company to take over part or a larger part of its work not more than 40%, based on an agreed cession without promoting fronting.

22 SUPPLIER DEVELOPMENT PROGRAMME

(1) The objective of this programme is to help increase the capacity and capability of all suppliers doing business with the Rustenburg Local Municipality. Capacitate the suppliers on sustainable procurement requirements/practices and also promote BEE-related entrepreneurial development.

The E-Procurement Database Categories businesses in the following manner:

(a) women-owned businesses

(b) youth-owned businesses

(c) businesses owned by people with disability

(d) SMME-owned businesses.

(e) Military veterans- owned businesses

(2) The mechanism in supporting this programme will include:

(a) tender accessibility - to reach all suppliers from all sectors of society by advertising through the E-Procurement, National Treasury e-tender portal and appropriate media.

(b) early payment - Council shall, upon receipt of all relevant documentation, pay small and micro-suppliers within 15 days whenever possible.

(c) financial and non-financial support - assist small and micro-suppliers to expand capacity through: tendering advice, business training, access to procurement opportunities and contract guarantees.

23. CONTRACT TERMINATION

(1) A contract may be terminated for many reasons, including a breach of contract, a legal dispute, supplier reconsideration, change of a supplier, etc. A contract may only be terminated strictly in accordance with the termination clauses and reasons for termination as contained in the contract.

(2) Before a contract is terminated, all risks need to be assessed in terms of the supply of the assets, goods or services, including legal risks, operational risks and financial risks. The City Legal Department must get involved so as to determine the risk to the City in terminating the contract, and how the City's legal risk position will change, as a result of giving effect to a termination. The termination process and associated conditions thereof are described in the contract conditions. The payment to be settled between the parties differs depending on whether the City terminates the contract, or the supplier terminates the contract. It is of utmost importance that the City Treasury Section is informed of any terminations in cases where there is FOREX involved with forward cover taken out. The contract file must be updated with all correspondence between the City and the Supplier for audit purposes and/or in the event of legal issues.

36. EMERGENCY PROCUREMENT

(1) In emergency cases, an institution may dispense with the invitation of bids and may obtain the required goods, works or services by preferably making use of the database of prospective suppliers, or otherwise in any manner to the best interest of the Rustenburg Local Municipality.

(2) Emergency cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. (However, a lack of proper planning should not be constituted as an emergency case.)

(3) In the case of an emergency, where a deviation from the procurement processes is necessary, or in any other exceptional case where it is impractical or impossible to follow the official procurement processes; this policy will allow the Accounting Officer:

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include negotiations; and

(b) to ratify or rectify 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.

(c) Appropriate authorisation must immediately be sought before work can commence.

(d) Relevant approval documentation, including Adjudication Committee Report must be completed within 48 hours and submitted for FINAL ratification.

(4) The Accounting Officer must record the reasons for any such deviation envisioned in sub-paragraph (1) above, and report them to the next meeting of the council or board of directors in the case of a municipal entity; as well as, include a note to the annual financial statements.

(5) Sub-paragraph (2) does not apply to the procurement of goods and services contemplated in section 110(2) of the Act.

37 SOLE SOURCE

(1) Where, as a result of proven in-depth market analysis, only one supplier in the market has been identified as being capable or available to supply the assets, goods or services in the existing circumstances, it may then become necessary to deviate from competitive tendering and follow the sole source process.

(2) Alternatively, the Sole Source Justification Form can be used to identify a supplier as a general sole source for a specified category of assets, goods or services to the City for a maximum period of 1 year. In this case, the approval for the appointment of the supplier as a general sole source supplier for the identified category of supply /services needs to be obtained from the BAC, as this is considered to be a “blanket” approval with no specific value attached to the total number of orders / contracts to be placed with the supplier over the specified 1 year period. Suppliers falling into this category are generally OEM’s.

Once the “blanket” approval has been granted by the EAC to categorise the supplier as a general sole source for the category of supply /services, a Sole Source Justification Form will not be required for every order /contract placed with the supplier within the validity period of the “blanket approval”. A list of these suppliers with their approved Sole Source Justification Forms, and corresponding validity periods, will be stored on the Documentation Management System for accessibility to all Supply Chain Management Officials.

(3) The management of sole suppliers is an important part of ensuring fairness, equitability, transparency, competitiveness and cost-effectiveness.

(4) It is unacceptable for an End-User to refuse to use alternatives to a preferred supplier/brand where there is no valid technical or business case for such a decision.

(5) Supply Chain Management Officials and End-Users are not permitted to negotiate without prior tendering in order to avoid competition, to discriminate against certain suppliers or groups of suppliers, or to give unwarranted protection to selected suppliers.

(6) Sole Source Justification Forms will not be required in the case of negotiation with an Internal Supplier, or where the request for mandated negotiations is with two suppliers, which precludes execution of a competitive tender.

(7) It is furthermore a material breach of this policy for any employee to engage in negotiations with a supplier without an approved mandate to negotiate, or to participate in any negotiation on their own.

(8) There are a number of ways in which a supplier may be justified as a sole source:

(a) True Sole Source (Monopoly)

Assets, goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists such as reasons connected with intellectual property rights (e.g. patents or copyrights), or in the absence of competition.

Thorough market research must be done to ensure that a true monopoly exists both in the local, national and international markets. In the longer term, the City should consider alternatives or try to encourage development of competition.

(b) Installed Base [Original Equipment Manufacturer (OEM)]

A change of supplier would compel the City to obtain spare parts or additional assets, goods or services that are not compatible or interchangeable with existing assets, goods or services that were obtained from an original supplier. Spares can only be bought from the OEM, unless risk analysis shows that the use of parts from alternative manufacturers is feasible, and this has been confirmed in writing by the applicable technical experts.

The implications of installed base should be factored into procurement decisions, based on the initial Total Cost of Ownership analysis which has been confirmed in writing by the applicable technical experts.

(c) Incompatible Material

Changing the source or type of materials, such as chemicals, lubricants or fuels, would necessitate the complete exchange of material due to incompatibility of material from different sources.

The Supply Chain Management Official, together with the End-User, may conduct a market analysis and apply a Total Cost of Ownership model to establish whether the complete change of material, “flush- out” and opportunity costs will be beneficial over time.

(d) Established (On-site) Supplier

At times, additional works or services, not forming part of the initial contract, become necessary in order to complete the plant, system or structure. If separating the additional works / services from the original contract will be difficult for technical or economic reasons and/or the separation will cause significant cost or time constraints to the City, a valid sole source motivation exists.

The Supply Chain Management Official together with the End-User must do a formal cost/benefit analysis to establish whether it is more cost-effective to continue with the established supplier, or whether to request competitive tenders/ proposals. This must form part of the motivation for the use of the supplier as a sole source. If negotiation only with the established supplier is envisaged, the negotiations must be based on a best estimate of the cost of the works / services excluding site establishment costs and a properly motivated request for a mandate to negotiate must be presented to the EAC.

(9) The following steps must be followed when a sole source supplier is identified:

(a) The Head of Supply Chain Management, in developing the commercial strategy, arrives at the conclusion /deduction that a sole source supplier situation exists.

(b) The strategy indicating a sole source supplier situation must be compiled on the Commercial Strategy Approval template and approved by the Head of Supply Chain Management or delegated Official within Supply Chain Management and End User based on the strategy.

(c) Where the sole source is an OEM or a sole distributor of the OEM, who provides spare parts to the City, the BAC must determine whether to proceed directly to negotiations or whether to follow an enquiry process. It is not permissible to request a quotation /proposal from a sole source supplier without first presenting the mandate request to the EAC, as City employees (including Supply Chain Management Officials) are not permitted to engage with suppliers in negotiations without a formal mandate from an EAC.

(d) After approval of the commercial strategy, the Supply Chain Management Official together with the BEC, must complete a

Commercial Transaction Approval Form requesting a mandate to negotiate from the EAC. The approval of the commercial strategy and the request for a mandate to negotiate may be handled together by the EAC.

(e) A formal supporting motivation for the use of the supplier as a sole source must be provided by the End-User and approved by his/her designated Official in their department, who is responsible for the technical and operational integrity of the assets, goods or services required. This motivation is set out within a Sole Source Justification Form which must be duly signed and validated by all required signatories and which must accompany the Commercial Transaction Approval Form for approval by the EAC.

(f) Prior research into the prices needs to be conducted by the Supply Chain Management Official in order to determine a real and aspiration base for negotiations on price, and any other parameters which may become a negotiation objective, forming part of the mandate request.

(g) The SCM Official and End-User, together with BSC may present the Commercial Transaction Approval Form, together with the signed Sole Source Justification Form to the EAC for approval.

(h) Once the mandate is approved, the Supply Chain Management Official either proceeds directly with negotiations or prepares a RFQ /RFP, based on the approved mandate, and in consultation with the BSC, and then issues the enquiry to the sole supplier for a quote/proposal. The offer /quotation is requested and submitted in the same way as for an informal tender amounting up to R200,000, and processed in the same way as a formal tender if greater than R200,000. The Supply Chain Management Official then develops and plans their strategy for negotiation based on the Supplier’s proposal / quotation.

(i) In order to proceed with negotiations, the Supply Chain Management Official arranges a venue, invites the relevant supplier and the negotiation team as per the approved mandate, formulates an agenda and ensures that minutes of the negotiations are recorded in writing.

(j) The lead negotiator, as assigned by the EAC granting the mandate, will lead the negotiations and ensure that all mandated parameters are discussed and agreed upon. After each session of negotiations, the supplier and the City sign off on the recorded minutes, as proof of what has been agreed upon and what remains outstanding for resolution.

(k) Should negotiations not transpire as per the negotiation strategy or where negotiations result in failing to achieve the required mandate, the lead negotiator must seek advice from the assigned negotiation controller who must advise and direct the negotiation team toward resolution of the issues or toward an alternative negotiation strategy.

(l) If the outcome of the negotiations is within the ambit of the approved mandate parameters, the Supply Chain Management Official submits feedback from the negotiations against the relevant section of the Commercial Transaction Approval Form to the EAC outlining the results of the negotiations against the mandate parameters.

(m) If the outcome of negotiations is outside the mandated parameters, the Supply Chain Management Official in consultation with the negotiation team /BEC may request an approval of a negotiated outcome, a revised mandate or may request cancellation of the transaction from the EAC.

(n) Where the BAC grants approval to proceed with contract finalisation, the Supply Chain Management Official in consultation with the BEC prepares the contract documents and arranges for the signing thereof.

(o) The SCM Official ensures that all relevant documents are filed for audit purposes.

38 PILOT / INNOVATIVE PROJECTS

(1) A bid for a pilot project is considered to be a bid that is received outside the normal bidding process.

(2) The Rustenburg Local Municipality is not obliged to accept a bid received to initiate a pilot project.

(3) If the Rustenburg Local Municipality decides to consider such a bid, it may do so only in accordance with a prescribed framework.

(4) In the case of such, a pilot project being approved by the Accounting Officer and initiated on behalf of Rustenburg Local Municipality, the policy will only allow the pilot project to proceed, if the pilot project:

(a) offering the proposed product or service is a demonstrably or proven unique innovative concept for the Rustenburg Local Municipality;
(b) offering the proposed product or service will be exceptionally beneficial to Rustenburg Local Municipality;
(c) will be at no cost to the Rustenburg Local Municipality;
(d) there must be demonstrable benefits that accrue to the City
(e) has a sound and approved business case which has been reviewed by the EAC; and
(f) has an end user(s) which has/have accepted and remain liable and responsible for the project management plan, roll-out and deployment.

(5) The pilot project may not exceed a life-span of twelve (12) months and once this life-span has come to an end.

(6) There would be no expectation that the City will automatically award to prospective supplier.

(7) The project must be advertised on an open tender and follow all policy processes and procedures in doing so.

(8) In instances where such project will be acquired the normal procurement process will be followed.

CHAPTER 4

COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

27. COMBATING OF ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The terms of reference of this paragraph of this policy ensure compliance with Regulation 38 of the SCMR.

(2) The Municipal Manager shall take all reasonable steps to prevent abuse of the Supply Chain Management System and to investigate any allegations of improper conduct against the concerned official, councillor, or other role player and when justified may:

(a) take, or ensure that appropriate steps are taken, against such official, councillor or other role player; and/or

(b) inform the Speaker of any allegations against any councillor involved in contraventions of the Supply Chain Management System; and/or

(c) report any alleged criminal conduct to the South African Police Service and/or other recognised state authority dealing with criminal investigations.

(2) The steps referred to in sub-paragraph (2) above which the Municipal Manager may take include registering the affected person in the Municipality's Register of Tender and Contract Defaulters as well as:

(a) rejection or withdrawal of recommendations, or invalidation of decisions that were unlawfully or improperly made or influenced, including recommendations or decisions that were made or in any way influenced by:

(i) councillors in contravention of item 5, 6 or 9 of the Code of Conduct for Councillors set out in Schedule 1 of the MSA; or

(ii) municipal staff members in contravention of item 4, 5 or 8 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 of the MSA;

(vii) the unlawful or improper conduct of a bidder or its representatives in competing for the contract;

(b) rejection of the bid of an affected person if that person or any of its representatives (including partners, directors of members):

(i) has failed to pay municipal rates and taxes or municipal service charges and such rates, taxes and charges are in arrears for a period longer than 3 (three) months, as at the date of the submission of the bid;

(ii) has abused the Supply Chain Management System or has committed any improper conduct in relation to the Supply Chain Management System;

(iii) has been convicted of fraud or corruption during the 5 (five) year period immediately preceding the invitation of bid in question;

(iv) is listed:

(aa) in the Register for Tender and or Contract Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act;

(bb) on the National Treasury's database as a person prohibited from doing business with the public sector or;

(cc) on the Municipality's Register of Tender and Contract Defaulters.

(v) who, during the last 5 (five) year period immediately preceding the invitation of the bid in question, failed to perform satisfactorily on a previous or current contract with the Municipality or other organ of state after written notice was given to the affected person that such person's performance was unsatisfactory; and/or

(vi) wilfully neglected and/or breached any government, municipal or other public-sector contract during the 5 (five) year period immediately preceding the invitation of the bid in question;

(c) cancellation of a contract awarded to a person if that person:

(i) committed a fraudulent act during the procurement process or the execution of the contract;

(ii) incited or participated in any corrupt or fraudulent act, by an official, councillor or other role-player during the procurement process or in the execution of that contract and the person who committed the corrupt or fraudulent act benefited there from.

27.1 Municipality's register of tender and contract defaulters

(1) The Municipal Manager shall, subject to the procedures prescribed in this policy, been entitled to list a person or any of its representatives, where applicable, on the Municipality's Register of Tender and Contract Defaulters for a period not exceeding 5 (five) years in any of the circumstances listed in terms of this policy.

(2) In the circumstances referred to in paragraph 21(3)(c)(i) and 21(3)(c)(ii) above, the person convicted of the relevant offence shall automatically also be listed on the Municipality's Register of Tender Contract Defaulters by the Municipal Manager.

(3) In circumstances where a preference in terms of the PPPFA has been obtained on a fraudulent basis or any specific goals are not attained in the performance of the contract, the affected person may be listed on the Municipality's Register of Tender and Contract Defaulters for a period not exceeding 10 (ten)years.

(4) Any listing in terms of paragraph 21(3) above shall, at the discretion of the Municipal Manager, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first mentioned person, and with which enterprise or person the first-mentioned person, is, or was, in the opinion of the Municipal Manager, actively associated.

(5) A person who has been listed on the Municipality's Register of Tender and Contract Defaulters shall not be entitled to be awarded any contract by the Municipality for the duration of the period reflected on such register.

(6) The Municipal Manager may, on worthy cause shown, remove a person from the Municipality's Register of Tender Contract Defaulters or reduce the period for which a person is prohibited from being awarded any contract by the Municipality. The reasons therefor shall be disclosed at the next opportunity to Council.

27.2 Automatic rejection of bid

The Municipal Manager may, after written verification with a person, automatically reject the bid of such a person if the person:

(a) has been convicted of fraud or corruption during the past 5 (five) year period immediately preceding the invitation of the bid in question; and/or

(b) is listed on the:

(i) Register for Tender Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act;

(ii) National Treasury's database as a person prohibited from doing business with the public sector; and/or

(iii) Municipality's Register of Tender and Contract Defaulters.

27.3 Adequate notice of manner of abuse of Supply Chain Management System

(1) Once the Municipality has obtained *prima facie* evidence which it deems to be sufficient to initiate proceedings to take steps against the affected person as contemplated in paragraph 21(2) and 21(3) of this policy, the Municipality must give the affected person adequate written notice of the way it is alleged that the affected person abused the Supply Chain Management System

(2) In order to constitute adequate notice of the way it is alleged that the affected person abused the Supply Chain Management System the notice must:

(a) outline the grounds on which it is alleged that the affected person abused the Supply Chain Management System, with sufficient particulars to enable the affected person to respond to the allegations stipulated in the notice;

(b) refer to the applicable provisions of this policy in terms of which steps may be taken in the event where it is proved that the affected person abused the Supply Chain Management System;

(c) stipulate that the affected person must make written representations in response to such allegations of abuse of the Supply Chain Management System within 14(fourteen) calendar days of the date when the notice was served by a duly authorised person, acting on behalf of the Municipality, on the affected person;

(d) state that written submissions received after the due date for such submissions shall be disregarded, unless worthy cause is shown by way of a request for condonation for the late lodgement of the submissions and only when the condonation would not lead to unnecessary delays or otherwise prejudice the public interest;

(e) state the name, official title, postal address, street address, telephone number of the official of the Municipality to whom written submissions or any correspondence in terms of this policy must be sent.

27.4 Right of access to information

(1) When furnishing the affected person with the notice referred to in paragraph21.3 above, the Municipality shall furnish the affected person with access to all documents upon which the Municipality relies in respect of the allegations against the affected person.

(2) The affected person shall be furnished by the Municipality with any such additional information as the affected person is entitled to in terms of PAIA on the same terms provided therein.

(3) Where further information is requested, the Municipality may, in its sole discretion and upon a written request to do so, appropriately extend the period contemplated inparagraph21.3(2)(c) so that the affected person is granted adequate time to consider any information provided pursuant to such request prior to the due date for such submissions.

27.5 Administration of hearings

(1) The Municipal Manager shall appoint an independent and impartial person, who may be an official of the Municipality, to preside and adjudicate on allegations of abuse of the Supply Chain Management System against an affected person.

(2) The Presiding Officer will adjudicate on the matter based on the written notice and written response and will inform all relevant parties accordingly should the matter, or part thereof be referred for an oral hearing.

27.6 Right to be heard

(1) An affected person shall, in accordance with and subject to, the procedures in terms of this policy, be granted the right to be heard upon receiving notice as contemplated in terms of paragraph21.3 above, and prior to the Municipal Manager taking any of the steps listed in paragraph 21(2) and 21(3) above.

27.7 Oral hearings

(1) An affected person does not have an automatic right to an oral hearing but may apply to the presiding officer to have the matter set down for an oral hearing in instances where the presiding officer decided to entertain the matter without oral evidence being heard, or not to refer the matter for an oral hearing.

(2) The presiding officer may grant such an opportunity in its discretion where the affected person has provided sufficient grounds to the presiding officer to refer the matter for an oral hearing

(3) The presiding officer shall take any relevant factor into account when deciding whether or not to grant an application referred to in sub-paragraph (2) above by an affected person.

(4) The presiding officer must ensure that notice of an oral hearing shall be served by a duly authorised person on all relevant parties within 7 (seven) days of receipt of their presentations referred to in paragraph21.3(2)(c) above, and must:

(a) set the date of the oral hearing;

(b) inform the affected person of their right to legal representation; and

(c) include any other information which the presiding officer may deem relevant or necessary to be included in the notice.

(5) The Municipality must be appropriately represented at these hearings by a natural person to lead the evidence against the affected person.

27.8 Procedure at oral hearing

(1) The procedure to be followed at an oral hearing shall be determined by the presiding officer.

(2) Witnesses must testify under oath.

(3) Affected person(s) or their representatives shall have the right to present their case and to cross-examine any witnesses who testify at the hearing.

(4) Witnesses called by the affected person(s) shall be subjected to cross-examination by any party who may have an interest at the hearing.

27.9 Onus of proof

The onus is on the Municipality to prove any allegations of abuse of the Supply Chain Management System which proof shall be on a balance of probabilities.

27.10 Right to legal representation

An affected person shall have a right to legal representation.

27.11 Right to request reasons

An affected person shall be informed of the right to request written reasons in terms of the provisions of section 5of PAIA in respect of any decision taken by the Municipality in terms of this policy.

27.12 Criminal proceedings

The Municipal Manager shall institute criminal proceedings where there is *prima facie* proof of abuse of the Supply Chain Management System that constitutes a criminal offence of corruption or fraud.

27.13 Informing Provincial and National Treasury

The Municipal Manager must inform the Provincial and National Treasury of any actions taken in terms of this paragraph.

CHAPTER5

PREFERENTIAL PROCUREMENT

28. PLANNING AND STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILISED

The Municipality must, prior to making an invitation for bidders:

(1) properly plan for, and, as far as possible, accurately estimate the costs of the provision of goods and/or services for which an invitation for bids is to be made;

(2) determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids; and

(3) determine whether the goods and/or services for which an invitation for bids is to be made have been designated for local production and content in terms of paragraph34 below.

29. EVALUATION OF BIDDERS ON FUNCTIONALITY

(1) The Municipality must indicate in the invitation to submit a bid if such a bid will be evaluated for functionality.

(2) The evaluation criteria for measuring functionality must be objective and clearly stated.

(3) When evaluating bids on functionality, the:

(a) evaluation criteria for measuring functionality;

(b) weight of each criterion;

(c) applicable values; and

(d) minimum qualifying score for functionality; may not be so-

- low that it may jeopardize the quality of the required goods or services; or
- high that it is unreasonably restrictive.

Points scored for functionality must be rounded off to the nearest two decimal places.

(e) The above criteria must be clearly specified in the invitation to submit a bid.

(4) No bid must be regarded as an acceptable bid if such bid fails to achieve the minimum qualifying score for functionality as indicated in the bid invitation.

(5) Bids which have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system prescribed in paragraphs30 and 31 below.

(6) Score sheets should be signed by the panel members and if necessary written motivation may be requested from the panel members where there are vast discrepancies in the values awarded to each for each criterion or the committee can do the functionality together to avoid discrepancies and enhance objectivity.

30. THE 80/20 PREFERENCE POINT SYSTEM FOR THE ACQUISITION OF GOODS AND/OR SERVICES UP TO A RAND VALUE OF R50 MILLION

(1) (a) The following formula must be utilised to calculate the points for price in respect of bids (including price quotations) with a rand value equal to, or above R30 000.00 and up to a rand value of R50 million (all applicable taxes included):

$$Ps = 80\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid of offer.

(b) The Municipality may apply the formula in sub-paragraph (1)(a) above for price quotations with a value less than R30 000.00, where and when appropriate.

(2) Subject to sub-paragraph (3) below, points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following table:

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

(3) A tenderer must submit proof of its B-BBEE status level of contributor.

(4) A tenderer failing to submit proof of B-BBEE status level of contributor or

is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) may only score points out of 80 for price; and

(b) scores 0 points out of 20 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE in terms of sub-regulation (2) must be added to the points scored for price under sub regulation (1).

(7) The points scored must be rounded off to the nearest two decimals places.

(8) Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

(9) (a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(b) The organs of state may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;

(iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)

(iii), the organ of state must cancel the tender.

31. THE 90/10 PREFERENCE POINT SYSTEM FOR THE ACQUISITION OF GOODS AND/OR SERVICES WITH A RAND VALUE ABOVE R50 MILLION

(1) The following formula must be utilised to calculate the points for price in respect of bids with a rand value above R50 million (all applicable taxes included):

$$Ps = 90\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid of offer.

(2) Subject to sub-paragraph (3) below, points must be awarded to a bidder for attaining their B-BBEE status level of contributor in accordance with the following table:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9

3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

(3) A tenderer must submit proof of its B-BBEE status level of contributor.

(4) A tenderer failing to submit proof of B-BBEE status level of contribution or is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) may only score points out of 90 for price; and

(b) scores 0 points out of 10 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE contribution in terms of sub regulation (2) must be added to the points scored for price under sub regulation (1).

(7) The points scored must be rounded off to the nearest two decimal places.

(8) Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

(9) (a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(b) The organs of state may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) if the tenderer does not agree to a market-related price,

negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;

(iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the organ of state must cancel the tender.

32. AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS

A contract may be awarded to a bidder who/which did not score the highest total number of points, but only if objective criteria in addition to those contemplated in section 2(1)(d) and section 2(1)(e) of the PPPFA justify the award to another tenderer.

33. CANCELLATION AND RE-INVITATION OF BIDS

(1) (a) When, in the application of the 80/20 preference point system as stipulated in the bid documents, **all** bids received exceed the estimated rand value of R1 million, the bid invitation must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are within the prescribed threshold of R1 million, all bids received must be evaluated on the 80/20 preference point system.

(2) (a) When, in the application of the 90/10 preference point system as stipulated in the bid documents, **all** bids received are equal to, or below R1 million, the bid must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are above the prescribed threshold of R1 million, all bids received must be evaluated on the 90/10 preference point system.

(3) Where the Municipality cancels a bid invitation as contemplated in sub-paragraphs (1) and (2) above, the Municipality must re-invite bidders and must stipulate in the bid documents the correct preference point system to be applied.

(4) The Municipality may, prior to the award of a bid, cancel such a bid when:

(a) due to changed circumstances, there is no longer a need for the requested goods and/or services;

(b) funds are no longer available to cover the total envisaged expenditure of the bid; or

(c) no acceptable bids are received.

(5) The decision to cancel a bid in terms of sub-paragraph (4) above must be published in the Government Tender Bulletin or the media in which the original bid invitation was advertised.

(6) An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

(7) Negotiation with bidders who offered a none market related price:

- If the price offered by a bidder scoring the highest point is not market related
- the organ of state may not award the contract to the bidder, the organ of state may negotiate the price with the bidder or cancel the bid.

34. PROCESS TO APPOINT FROM A PANEL OF APPOINTED SERVICE PROVIDERS

(1) The appointment of a panel of service-providers must be executed against a signed and approved specification which incorporates the sustainable procurements elements. An approval for contract award must be obtained from a relevant Delegated Approval Authority.

(2) The appointment of a panel of service providers must follow a two-stage process. The first stage is conducted as a pre-qualification enquiry where suppliers are first screened and pre-qualified for general compliance to technical, SHE, quality, and Product Development requirements, including specific goals, if applicable. Price is generally not requested as part of the pre-qualification enquiry, unless a standard rate is prescribed for acceptance.

(3) Once pre-qualified, suppliers on the panel may then compete on a per task order basis as part of the second stage, where they may quote based on the 80:20 or 90:10 preference point system as may be relevant to the task

order, or where capacity /capability /location, treated as objective criteria, may become factors in task order award.

(4) The principle of rotation when sourcing form panels must be used to promote fairness and equitable work distribution.

(5) The Head of Supply Chain Management is responsible for putting in place appropriate systems and controls to ensure that:

(i) The department to send their request to SCM for the panel appointment process to start;

(ii) Requests from departments to include specifications and be signed off by the Group Head

(iii) work / task orders to be distributed fairly and equitably among the panel of suppliers;

(iv) all RFQs relating to task orders must be formally received and

(v) task orders are placed against contracts with sufficient funds and time available for the completion of the supply / services;

(vi) Price and BBBEE level of contribution to be evaluated and scored accordingly before the award is made,

(vii) Approved task orders are supported by an appointment letter from the accounting officer confirming the order / commitment; and

(viii) Procurement targets and objectives to be being monitored and tracked

(6) All of the above controls must be dealt with upfront as part of the approved strategy and executed during the contract management phase.

(7) Where FIXED RATES are applicable as in the case of framework contracts, direct appointment will be made without requesting quotations but strict compliance to ROTATION PRINCIPLE must be adhered to.

(8) An approval report will be signed by the Head of Supply Chain Management, relevant Strategic Executive Director and relevant Cluster Deputy City Manager.

(9) A letter of appointment will be forwarded to the Accounting Officer or his/her nominee as per delegation for signature.

(10) Supply Chain Management will issue the appointment letter to the successful panellist and hand over the process to the department.

(11) Reports on the efficacy of the panel are to be compiled and submitted to Accounting Officer.

(12) If the appointment of a service provider from the panel is in year two and the project duration is five years, MFMA section 33 will have to be complied with.

(13) With reference to the opinion on the use of panel received from National Treasury on 27 March 2017, the following guidelines is to be implemented with immediate effect

(14) An approved panel/list of service providers established through a competitive bidding process will be used for service that are routine or of simple nature where the scope and content of work to be done can be described, and for a period of not more than three years. This includes consulting services.

(15) All panels in the City are subject to annual review by contract management.

(16) The period of a framework agreement that is repetitive nature for services that the City has an obligation to provide on an ongoing basis for the duration of the resulting contract(s), cannot extent beyond the 3 years period covered in the annual budget for the financial year in which the contract will commence, unless all related legislative process are complied with.

35. LOCAL PRODUCTION AND CONTENT

(1) The Municipality must, in the case of designated sectors, where local production and content is of critical importance in the award of bids, advertise such bids with a specific bid condition that only locally produced goods and/or services or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

(2) The instructions, circulars and guidelines issued by the National Treasury with specific reporting mechanisms to ensure compliance with sub-paragraph (1) above, must be considered by the Municipality when applying this paragraph.

(3) Where there is no designated sector, the Municipality may include, as a specific bid condition, that only locally produced goods and/or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered, provided that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department Trade and Industry.

(4) Every bid issued in terms of this paragraph must be measurable and audited.

(5) Where necessary, for bids referred to in sub-paragraphs (1) and (3) above, a two-stage bidding process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second stage price and B-BBEE with the possibility of price negotiations only with the short-listed bidder(s).

(6) Evaluation of bids based on a stipulated minimum threshold for local production and content.

(7) Bids that were invited based on local production and content should be evaluated by following a <u>two-stage binging process.</u>

7.1 STAGE 1

a) Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed, as this may jeopardise the fairness of the process.

b) A bid will be disqualified if the bidder fails to achieve the stipulated minimum threshold for local production and content or if the declaration certificate for local content (MBD 6.2) is not submitted as part of the bid documentation.

i. Since 16 July 2012, the Minister of Finance has approved the issuance of directive together with the Municipal Bidding Documents (MBD 6.2) “Declaration of Certificate for Local Production and Content for Designated Sectors” for the following sectors that have been designated:

- Textiles, clothing, leather and footwear
- Buses (bus body)
- Steel power pylons
- Canned/processed vegetables
- Rail Rolling Stock
- Set top boxes
- Furniture
- Electrical and telecom cable products

All queries in this regard maybe directed to the National Treasury, tell (012) 315 5339.

ii. For bids in respect of local content, only locally produced or locally manufactured textiles, clothing, leather and footwear from local raw materials or inputs will be considered.

iii. If the raw material or input to be used for a specific item is not available locally, bidders should obtain written authorisation from the DTI, should there be a need to import such raw materials or input.

iv. A copy of an authorisation letter must be submitted together with the bid document at the closing date and time of the bid. For further information, bidders may contact the clothing, textile and leather unit within DTI at telephone 012 394 3717/1390

v. The accounting officer or delegated must stipulate in the bid invitation the exchange rate published by the South African Reserve Bank at 12:00 on the date of advertising of the bid.

vi. Only SABS approved technical specification number SATS 1286:2011 must be used to calculate the local content.

36. B-BBEE STATUS LEVEL CERTIFICATE

(1) Bidders with an annual total revenue of R5 million or less qualifies as exempted micro enterprises in terms of the B-BBEE and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, Act 69 of 1984) or an accredited verification agency.

(2) Bidders other than exempted micro enterprises must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.

(3) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

(4) The B-BBEE status level attained by the bidder must be utilised to determine the number of points allocated in terms of paragraphs 24(2) and 25(2) above.

30. GENERAL CONDITIONS

(1) Only bidders who/which have completed and signed the declaration part of the bid documentation may be considered for such bid.

(2) The Municipality must, when calculating comparative prices, consider any discounts which have been offered unconditionally as reflected in the bid.

(3) A discount which has been offered conditionally must, despite not being considered for evaluation purposes, be implemented when payment is provided.

(4) Points scored must be rounded off to the nearest 2 (two) decimal places.

(5) In the event that 2 (two) or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE:

(a) When, however, functionality is part of the evaluation process and 2 (two) or more bids have scored equal points including equal preference points for B-BBEE, the successful bidder must be the one scoring the highest score for functionality.

(b) Where 2 (two) or more bids are equal in all respects, the award will be decided by the drawing of lots.

(6) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as a legal entity, provided that such entity submits its B-BBEE status level certificate.

(7) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as an unincorporated entity, provided such entity submit its consolidated B-BBEE scorecard as if the entity is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.

(8) Subcontracting as condition of tender

(1) If feasible to subcontract for a contract above R30 million, the Municipality must apply subcontracting to advance designated groups.

(2) If the Municipality applies subcontracting as contemplated in sub regulation (1), the organ of state must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-

(a) an EME or QSE;
(b) an EME or QSE which is at least 51% owned by black people;
(c) an EME or QSE which is at least 51% owned by black people who are youth;
(d) an EME or QSE which is at least 51% owned by black people who are women;
(e) an EME or QSE which is at least 51% owned by black people with disabilities;
(f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
(g) a cooperative which is at least 51% owned by black people;
(h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
(i) more than one of the categories referred to in paragraphs (a) to (h).

(3) The organ of state must make available the list of all suppliers registered on a database approved by the

National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub regulation (2) from which the tenderer must select a supplier.

(9) Subcontracting after award of tender

(1) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.

(2) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(4) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract

38. DECLARATIONS

(1) A bid must, in the manner stipulated in the bid document, compel a bidder to declare that:

(a) the information provided is true and correct;

(b) the signatory to the bid is duly authorised; and

(c) documentary proof regarding any bid issue must, when required, be submitted to the satisfaction of the Municipality.

39. REMEDIES

Upon detecting that a tenderer submitted false information regarding its B-BBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the organ of state must-

(a) inform the tenderer accordingly;

(b) give the tenderer an opportunity to make representations within 14 days as to why-

(i) the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;

(ii) if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalized up to 10 percent of the value of the contract; and

(iii) the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and

(c) if it concludes, after considering the representations referred to in sub regulation

(1) that-

(i) such false information was submitted by the tenderer-

(aa) disqualify the tenderer or terminate the contract in whole or in part; and

(bb) if applicable, claim damages from the tenderer; or

(ii) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalize the tenderer up to 10 percent of the value of the contract.

(2) (a) The Municipality must-

(i) inform the National Treasury, in writing, of any actions taken in terms of sub regulation (1);

(ii) provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and

(iii) submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

(c) The National Treasury may request an organ of state to submit further information pertaining to sub regulation (1) within a specified period.

(3) The National Treasury must-

(a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and

(b) maintain and publish on its official website a list of restricted suppliers.

40 TREASURY INSTRUCTION NOTE ON COST CONTAINMENT

1. It is mandatory for accounting officers of departments and constitutional institutions and accounting authorities of public entities listed Schedules 2 and 3 to the PFMA to implement the cost containment measures.

2. - Hotel accommodation and related costs in respect of consultants may not exceed the amount of R1300 a night; air travel must be restricted to economy class and claims for kilometres may not exceed the rates approved by the Automobile Association of South Africa.

3. - Expenses related to Catering and events the municipality may not incur catering expenses for internal meeting, i.e. for meetings attended only by persons in its employ, unless approved by the accounting officer.

4. - the accounting officer must ensure that team building exercises and social functions, including year-end functions, are not financed from the municipal budget or by any suppliers or sponsors.

5. - Corporate branded items availed to employees must be recovered at full cost.

6. - Meetings and planning sessions must, as far as practically possible, be held in-house. In instances where such sessions cannot be held in-house, alternate facilities at other government institutions must be sought, unless approved by the accounting officer.

CHAPTER 6

GENERAL PROVISIONS/ADDITIONAL INFORMATION

41.COMPLIANCE

(1) Every contract entered by the Municipality shall be entered pursuant to or in connection with the Municipality's functions and shall comply with Acts and regulations

42 SCM OBJECTIVES

The objectives of Supply Chain Management (SCM) are to:

- give effect to the provisions of the Constitution-section 217, 1996;
- give effect to the provisions of the MFMA, 2003;
- transform outdated procurement and provisioning practises into an integrated SCM function;
- ensure that SCM forms an integral part of the financial management system of the Municipality;
- make significant improvement to financial management in the broader public sector;
- introduce a system for the appointment of consultants;

- create a mutual understanding and interpretation of government's preferential procurement policy objectives;
- promote consistency in respect of Supply Chain Management policy and other related policy initiatives in Government; align with global trends and ensure that South Africa adheres to international best practices

42. AVAILABILITY OF THIS POLICY

(1) A copy of this policy shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the MSA.

(2) The Municipality shall take all required legal steps to inform consumers, debtors, owners and occupiers of the content of this policy.

(3) A copy of this policy shall be available for inspection at the offices of the Municipality at all reasonable times.

(4) A copy of this policy may be obtained from the Municipality against payment of an amount as determined by the Council.

43. IMPLEMENTATION AND REVIEW OF THIS POLICY

(1) This policy shall be implemented once approved by Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008, and section 17(3)(e), section 21(1)(b)(ii) (bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.

(2) In terms of the provisions of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

44. SHORT TITLE

This policy shall be called the Supply Chain Management Policy of the Rustenburg Local Municipality.

The 2017 PPPFA have been included verbatim thus reference to sub-regulations, readers should read the policy in juxtaposition with the PPPFA 2017 regulations for clear understanding.

The policy was reviewed and approved at a Council sitting on the _____
Item number_____

RUSTENBURG LOCAL MUNICIPALITY

STUDY AID POLICY

CONTENTS IN BRIEF

DEFINITIONS …….2

GOAL OF THE STUDY AID …….3

OBJECTIVES OF THE STUDY AID ……3

CRITERIA FOR THE GRANTING OF STUDY BURSARY SCHEMES…….3

FUNCTIONAL POLICY ……4

SPECIFIC REGULATIONS ……....6

UPHOLDING OF POLICY …….8

APPROVING OF STUDY AID BURSARY SCHEME…….8

REVIEW OF POLICY …….8

BREACH OF POLICY …….8

1. DEFINITIONS

The following definitions and principles will apply to the Municipality's Study Aid Policy. In this policy, the definitions mean:

1.1 Official – is a permanently employed employee in the service of the Municipality.

1.2 Study Aid – is a financial support granted to officials for approved study Purposes.

1.3 Institution - Educational institution registered in terms of SAQA requirements.

1.4 Council - The Rustenburg Local Municipality and includes the Mayoral Committee of the Rustenburg Local Municipality and any official acting by virtue of any power vested in the Rustenburg Local Municipality in connection with these by-laws and delegated officially to him.

1.5 Examinations - A once only final testing of the proficiency or knowledge of a student for a qualification (oral or written) in a particular subject/module prescribed by the institution.

1.6 Group discussions - The attendance of group discussions, study schools and class attendance organized by the institution, also the testing of proficiency or knowledge of a student to qualify for an examination.

1.7 Post graduate studies/qualification and Matric:

1.7.1 Degrees: Honors and higher
1.7.2 Diploma: Higher diploma, B. Tech Degrees
1.7.3 Certificate: Senior Certificate, Higher Certificate
1.7.4 Qualifications evaluated by the Human Sciences Research Council And/or SAQA as a Senior Certificate + 4 or more year.
1.7.5 Matric

1.8 SAQA Act – South African Qualification Authority Act, 1995 (No. 8 of 1995) – as amended.

1.9 LG SETA – Local Government Sector Education and Training Authority.

1.10 SDA - Skills Development Act, 1998 (N0. 97 of 1998) as amended.

1.11 SDL Act - Skills Development Levies Act, 1999 (No. 9 of 1999) as amended.

1.12 Learner – refer to a student in the form of an employee.

2. GOAL OF THE STUDY AID

To offer official's opportunities acquire qualifications to satisfy the Human Resource needs of the Council, as well as to enhance the career development needs of the officials.

3. OBJECTIVES OF THE STUDY AID

Is to encourage employees to engage in or continue their studies in order to:

3.1 To develop the skill and level of academic achievement of the Municipality;

3.2 To improve the quality of life of employees, their career prospects and

3.3 To improve productivity in the broader Country through the Municipality.

3.5 Increase the levels of investment in education and training in the Municipality and that the return of that investment be improved.

3.6 Encourage Management (Section 57 Managers):

3.6.1 To facilitate active learning in the workplace and;
3.6.2 To provide employees with opportunities to acquire new skills and knowledge;

4. CRITERIA FOR THE GRANTING OF STUDY BURSARY SCHEMES

4.1 Any course which is followed by an official should be applicable to the functions and activities of RLM authorities.

4.2 Courses may only be followed at educational institutions established, registered and approved by the South African Qualification Authority.

4.3 When an official is transferred to another directorate and or promoted within the same directorate with other functions and he/she decides to change his/her course, it would **not** be seen as the discontinuing of studies.

4.4 Before any change is effected, the qualification/course on which an official is busy with must be completed first and then she/he can be allowed to change thereafter.

4.5 Participation in the study aid will be limited to **one** recognized pre-graduate and post-graduate qualification per official.

4.6 If a learner finds it difficult to complete/continue with an approved recognized post-graduate qualification, he/she have **to pay back amount paid in full** already

for him/her in the qualification that is being discontinued before he/she can participate in another qualification.

4.7 Learner can change a post-graduate qualification registered with an educational institution if the qualification is discontinued by the institution and a **written proof must be provided** to that effect.

4.8 **Study aid may be granted to officials who –**

4.8.1 Have been appointed permanently in the service of the Council;

4.8.2 Qualify for admission to a particular course or remainder thereof at the educational institution;

4.8.3 Are identified to enroll for development programmes as part of career development and employment equity guidelines of Council .

4.8.4 Did not already make use of a study aid in completing a qualification.

4.8.5 Are suspended from the services of RLM and still waiting for the finalization of the disciplinary process

5. FUNCTIONAL POLICY

5.1 **Applying for a study aid:**

Officials shall apply in writing for a Study Aid on the prescribed application form.

5.2 **Approving of study aid:**

The allocation of Study Aid is delegated to the Director: Corporate Support Services.

The allocation of a study aid is valid for the total duration of the approved course that it has been granted for, subject to the availability of funds.

5.3 **Payment of study aid:**

No study aid shall be paid out for the first year of studies to an official unless the official's application for a Study Aid for a specific qualification has been approved.

A written agreement must be entered into between the official concerned and the Council wherein the provisions of these by-laws are reaffirmed, before any payments can be made.

No payments shall be made for the remaining years of studies before:

- previous examination results were submitted
- all the subjects/module have been passed.

5.4 **Composition of a study aid:**

5.4.1 Study expenses:

- The actual study expenses for registration, class, examination and/or course fees, as well as prescribed books, for the applicable year shall be paid to the employee/educational institution on submission of an official receipt/account or quotations to the minimum amount of R15 000.00 and maximum amount of R50 000.00, as per DCS guidance and approval and shall not include examination re-write.

- No subsistence and travelling or any other expenditure shall be paid for.

5.4.2 If the employee submits the quotation higher than the maximum amount, he/she shall be responsible for payment of the difference

5.5 **Condition/Obligations of Employee and Council:**

The Council may at any time in its sole discretion cancel the study aid if the Council is of the opinion that an official's progress is unsatisfactory or if he/she fails to comply with any other obligation in terms of this by-law or the study aid agreement.

A written agreement shall be entered into between the official and the Council in which the official commits himself/herself to serve in the Council as follows:

5.5.1 Work back for Council for a continuous period of one (1) year for each year paid out, commencing on the first day of the month following the successful academic year before leaving the services/employment of Council.

5.5.2 An employee will be required to remain in the Municipality's service for a period of **one year** for each year for which study aid was granted. This required period will come into effect annually on the date on which the last examination for that year was written. Where no examination was written but a master thesis was submitted, the employee will be required to remain in the Municipality's service for **one year** after his/her thesis has been finally accepted.

5.5.3 Should an employee leave the Municipality's service before the time frame mentioned in 5.5.2 for whatever reason (**resigns or voluntarily discontinues his/her service**) but excluding medical unfit, death and dismissal from service, an employee will be liable to pay the whole amount of the study aid back to council without interest for the qualification registered for.

5.5.4 When an official fails a subject(s)/module(s), such learner would be required to produce proof of payment of the failed subjects/modules before any applications for further study aid could be granted for the next semester subject(s)/module(s) or registration.

5.5.5 When an official leaves the service of RLM without completing the qualification or failed subjects that would not be considered as a work back on failed subjects or qualification.

5.5.6 RLM employee qualifies for a second qualification registration when he/she has reached a ceiling on a qualification he/she was studying or when the qualification she/he has registered for is discontinued by the institution.

6. SPECIFIC REGULATIONS

6.1 Merit Study Aid:

An official receiving a merit Study Aid from an educational institution can still apply for a Study Aid.

6.2 Special Leave:

Special leave shall be granted for examinations as mentioned in the Basic Conditions of Employment.

6.3 Study leave:

6.3.1 Study leave of three (3) full days including the day of examination shall be granted immediately after registration; this shall exclude public holidays and weekends.

6.3.2 Where a learner is required to write examination modules on two consecutive days only one day of examination shall be granted not a study leave

6.3.3 In order to be granted such leave, the employee must:

- Submit written proof of his/her examination roster;
- Submit application for special leave at least ten (10) working days prior to the date on which the special leave will commence;
- In the case of Master/Doctorates/honors studies submit proof of his/her thesis/dissertation roster; and
- Submit written proof of examination time table organized by the institution or testing of proficiency or knowledge to qualify for an examination.

6.3.4 An employee who is a part time or distance learning student and who is studying for an approved qualification, shall be granted study leave on the dates on which he/she is required to present him/herself as a candidate for such examination.

6.4 Rewriting Examinations:

- Special leave of one (1) full working day for the purpose of re-writing the examination shall be granted;
- Costs will **not** be covered by the Municipality.

6.5 Group discussions and Class Attendance:

6.5.1 Group discussion/class attendance one (1) day or according to class attendance roster.

6.5.2 Submit written proof of attendance of group discussions, study schools and class attendance organized by the institution.

6.5.3 No subsistence and travelling allowance is payable when officials have to attend group discussions.

6.5.4 The cost of extra voluntary lessons, supplementary examination fees, re-registration, supplementary textbooks, stationer, travelling and accommodation will be for **learner's own account**

7. UPHOLDING OF POLICY

The Director: Corporate Support Services will be responsible for the upholding of this policy.

8. APPROVAL OF STUDY AID SCHEME

The allocation of study aid is delegated to the Director: Corporate Support Services.

A study aid allocation is valid for the total duration of the specific course it has been granted for.

9. REVIEW OF POLICY

This policy will be reviewed annually or whenever necessary.

10. BREACH OF POLICY

Breach of this policy by an employee may lead to disciplinary action.

RUSTENBURG LOCAL MUNICIPALITY

POLICY: TRAVELLING AND SUBSISTANCE ALLOWANCE AND ATTENDANCE OF CONFERENCE, WORKSHOPS AND MEETINGS FOR EMPLOYEES AND COUNCILLORS

1. INTRODUCTION

To ensure the proper administration of all regulations regarding travelling and subsistence for employees, full-time and part time Councilors as well as their attendance of conferences, workshops and meetings, the formulation and upkeeping of a comprehensive policy is essential.

2. DEFINITIONS

"delegate"	Include any Employee who is delegated by the Council to attend seminars and congress, or who is delegated by the Municipal Manager to attend meetings, workshops and work outside the municipal area. Any Councilor nominated by the Council and / or Executive Mayor as representative on public bodies and delegated to attend meetings, congresses and some other functions.
"official transport"	vehicles of the Rustenburg Local Municipality, regarded as suitable by the Municipal Manager for the circumstances and trip to be undertaken.
"per night"	when staying overnight.

3. AIM OF THE TRAVELLING AND SUBSISTANCE ALLOWANCE AND ATTENDANCE OF CONFERENCES, WORKSHOPS AND MEETINGS POLICY FOR EMPLOYEES.

The aim of the policy is to create an organized and effective framework to enable Employees and Councilors to attend official business of the Council, and to cover reasonable expenses therefore, by paying the relevant travelling- and subsistence allowances, within specifically approved stipulations.

4. SPECIFICATION OF THE POLICY

By formulating a policy for travelling and subsistence allowances, and the attendance of conferences, workshops and meetings for Employees and Councilors, the Council aims at the following targets:

4.1 To establish a fixed base for the travelling and subsistence arrangements of employees.
4.2 To accommodate the unique travelling and subsistence needs of employees.
4.3 To lay down a policy on the usage of all official vehicles as well as vehicles in terms of the transport allowance scheme for purposes as stated in this policy.
4.4 To establish a fixed framework for the attendance of official meeting, congresses, seminars, external training sessions and workshops outside the jurisdictional area of the Rustenburg Local Municipality.

5. UP KEEP OF POLICY

Adjustments to the policy shall take place under the following circumstances:

5.1 Should the Council's approach to the policy change.
5.2 Should new legislation by means of laws, ordinances and / or regulations require adjustments to the policy.
5.3 When adjustments to the inflation rate necessitate adjustments to the tariffs, which should be considered annually with income-/expenditure budget.

6. ATTENDANCE OF CONGRESSES, SEMINARS AND WORKSHOPS

6.1 Attached is a list of the Associations and Institutes, which congresses and seminars are attended by delegates of the Council, as will be amended in accordance with guidelines from SALGA and in addition the Executive Mayor may be invited from time to time to become a member of other institutions, organizations, etc

6.2 Delegates

6.2.1 Municipal Manager

Although the Municipal Manager has to attend certain congresses/seminars either officially or as a member, he may also attend other congresses/seminars, and should indicate during the budget-meeting which congresses /seminars he intends to attend, for approval by the Council.

6.2.2 Councilors

The general provision for Councilors, individual Directors must provide on their budgets for Councilors in their Directorates, to attend specific conferences, seminars, workshops and meetings, relevant to the duties of each Directorate, on a separate vote number.

After the delegates have been assigned, Councilors may, due to unique personal circumstances, change assignments. In such cases, the Municipal Manager and the Executive Mayor shall be informed of the change.

6.2.3 Functionaries

The Municipal Manager and Political Head and Director concerned shall resolve on the employee delegation to attend a specific congress / seminar and that the functionaries be rotated to enhance capacity building.

6.2.4 Executive members of Institutes

It may occur that employees are selected to serve on the Executive Committees of Institutions. As this is a special privilege for the employee concerned, and the public image of the Council is extended at the same time, such an employee will, regardless of his salary level, also be delegated to attend a specific congress/ seminar, provided that he is not already a Director of a Directorate or functionary, subject thereto that any employee delegation is limited to two employees is limited to two employees (including the Director of the Directorate).

Employees who are elected on the executive committees of institutes should be free to attend the meetings of the institute concerned, provided that travelling and subsistence allowance and special leave with remuneration be limited to one institute only.

6.2.5 SALGA North West Workgroups

In case where Employees and Councilors serve on any advisory / technical committee of SALGA, permission is granted to attend one- or more than one day workshops, or advisory / technical committee meetings,provided that such delegations be limited to two persons.

7. SUBSISTENCE TO EMPLOYEES AND COUNCILORS

7.1 If an Employee or Counciloris delegated to attend a seminar/meeting- or have to work outside the area of the Rustenburg
Local Municipality, the subsistence as in 7.1.2.1 is payable, subject to the conditions as specified below:

7.1.1Seminars/meetings and work outside the municipal area

a. All invitations shall be judged to determine usefulness to the Council, and accreditation by SALGA to Local Government.

b. Employees must be delegated by the Director concerned to attend seminars.

c. Councilors must be delegated by the Executive Mayor or Council to attend meetings, congresses, seminars and other functions, and if delegated by the Executive Mayor, a report shall be submitted to Council afterwards.

d. The Managers in the executive offices of the Council are authorized to approve applications of Councilors for a one day visit or stay overnight where official meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight.

e. The Municipal Manager is authorized to approve for Councilors to stay overnight for a period of more than two consecutive days, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

f. Employees must be delegated by the Municipal Manager to attend workshops, meetings and also work outside the municipal area, as follows:

g. Where work has to be done outside the municipal area, excluding the following: Inspections during working hours, work with regard to the electricity supply network, water supply network or work done on property of the Council, health inspections at dairies and dairy-farms, fire- and ambulance services and duties of the Driver / Security Officer of the Executive Mayor, for trips outside the area of Rustenburg Local Municipality, as done with the scope of the daily operational duties.

7.1.2(a) The Director is authorized to approve applications of officials to stay overnight where meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

7.1.2(b) The Municipal Manager is authorized to approve for officials to stay overnight for a period of more than two consecutive days, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

7.1.2.1 When staying overnight for seminars/meetings:

a. If it is approved for a delegate to sleep over, an allowance of R196.00 per night (for no booked accommodation) shall be payable, if the delegate does not use hotel accommodation. If hotel accommodation is used (booked accommodation), the actual cost of the accommodation will be payable, to a maximum of R 1 300.00/night (inclusive of dinner, breakfast and parking). The delegate shall submit an inclusive quotation, as provided by the hotel, to the Budget and Treasury Office and the cheque will be made payable to the hotel.

Council may only approve accommodation that exceed R1300

- during peak holiday periods

- when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in the country or in that particularly geographical area.

In the event where the available accommodation is more expensive, the Municipal Manager, in consultation with the Executive Mayor, should reconsider a higher amount.

b. Incidental costs that are in line with SARS determination shall be payable to a delegate where the delegate is absent from his /her usual place of residence.

c. If a delegate has supper while staying overnight when attending a congress, seminar, meeting, course or workshop, the voucher for the meal may be claimed to the maximum of SARS determination, on condition that delegates submit documentary proof of actual expenditure.

d. Overnight accommodation must be limited to instances where the distance by road exceeds 500 kilometers to and from the destination (return journey).

e. For purposes of calculating the starting time of the proceedings of a congress or meeting, the meeting of the delegate shall be seen as part of the congress- or meeting-procedure.

f. For calculation of the travelling –time, the forward journey is considered to take place on the day of the commencement of the proceedings. If however, the availability of petrol, the normal estimated travelling time (also of employees from remote areas), the additional time for booking-in at accommodation, parking, plus time for registration at the congress or meeting, should necessitate departure from home before 06:00, the Municipal Manager shall take these aspects into account and may approve earlier departure, authorizing the trip to start on such days or days as deemed necessary by the Municipal Manager, with due consideration of 7.1.2.1(h).

g. In case of return-trips, 18:00 is taken to be a reasonable time to be back home, taking into account the available of transport to the home of the delegate concerned, at the said time, with due consideration of 7.1.2.1(h).

h. The Municipal Manager may grant approval to delegates from remote areas to stay over in Rustenburg the night prior to departure at 06:00, or the night of arrival back in Rustenburg at 18:00, if transport from- and to their homes are not available.

i. Secure parking at hotels, parking garages as well as Toll-fees will be reimbursed over and above the incidental costs payable per day, provided that documentary proof of the actual expenditure is submitted.

7.1.2.2 When staying overnight for work outside municipal area

a. When a delegate/ employee has to stay overnight when involved in Council work outside the municipal area and sleeping facilities are available for free, incidental costs as per SARS determination per day or part of a day is payable.

b. When an employee has to stay overnight when involved in Council work outside municipal area and sleeping facilities for free are not available, an amount as determined in 7.1.2.3 shall be applicable.

7.1.2.3 When staying overnight for courses or training:

a. If it is approved for an employee to sleep over, an allowance in accordance with the actual expenditure shall be payable provided that R500.00 per night not be exceeded.

b. Incidental costs that are in line with SARS determination shall be payable to a delegate where the delegate is absent from his /her usual place of residence.

c. If an employee has supper while staying overnight when attending a course or workshop, the voucher for the meal may be claimed to the maximum of SARS determination, on condition that delegate submit **documentary proof of actual expenditure.**

d. Overnight accommodation must be limited to instances where the distance by road exceeds 500 kilometers to and from the destination (return journey).

e. Incidental costs that are in line with SARS determination shall be payable to a delegate sent for training, if they are accommodated where no meals are supplied over week-ends. Should all meals be provided with the accommodation, no incidental costs will be payable.

f. Secure parking at hotels, parking garages as well as Toll-fees will be reimbursed over and above over and above the incidental costs payable per day, provided that documentary proof of the actual expenditure is submitted.

7.1.2.4 When not staying overnight

a. Any delegate who attend a one-day congress, seminar, course, meeting or workshop outside the area of the Rustenburg Local Municipality, (except those mentioned in paragraph 7.1.2.4 (c) and (d), or is outside the area of the Rustenburg Local Municipality for work purposes (except those mentioned in paragraph 7.1.1 (d) and 8.2), may claim his/her incidental costs per day.

b. The purpose of the incidental costs is only to compensate employees who are not at their office or workplace during their normal lunch break.

c. In respect of meetings, ad hoc visits, etc. in terms of which a delegate has been instructed by SALGA and other institutions on its behalf, they shall be responsible for such travelling and subsistence allowance, according to their policy.

d. Where an organization other than the Council pays a sitting allowance, no day allowance as determined in clause 7.1.2.4 (a) supra, will be payable.

7.1.3 Applicants invited to attend interviews

7.1.3.1 Incidental costs is payable to applicants from outside the jurisdictional area of the Rustenburg Local Municipality. If it is necessary to stay overnight due to certain circumstances, the Municipal Manager may approve an amount of R 500.00 per person per night.

7.1.3.2 Should applicants attend interviews for posts in Rustenburg on invitation, an amount equal to the AA-tariffs as amended from time to time to a maximum engine capacity of 3000 cm³ shall be payable, for running costs.

7.1.3.3 If proof of toll paid is submitted, the amount will be refunded.

7.1.3.4 An amount of the AA – tariff of a leaded running cost for a vehicle with engine capacity of 1800cm³ - 2000 cm³ shall be payable to interviewees.

8. TRAVELLING ALLOWANCE PAYABLE TO EMPLOYEES/ COUNCILORS OF THE COUNCIL

8.1 If employees or councilors are delegated or if they pay visits outside the municipal area, the following travelling allowance
is payable, subject to the conditions as stated below:

a. If official transport is provided, the petrol, oil and other specific costs of the official vehicle concerned will be refunded, subject thereto that the necessary documentation is submitted.

b. If an employee or councilor uses a private vehicle, excluding a transport allowance scheme vehicle, compensation will be refunded in accordance with the AA-tables, as amended from time to time, and applicable on an annual distance of 30 000 km for fixed costs, and a maximum engine capacity of 3 000 cc, for running costs.

(i) Fixed cost:

An amount per kilometer, as indicated on the AA-tables for vehicles that travel an annual distance of 30 000 km, based on the purchase price of the vehicle used (Refer to Auto Dealers Digest), to a maximum amount of 100% of the employee's annual salary, plus

(ii) Running cost per kilometer, based on the engine cubic capacity of the vehicle concerned, with a maximum of 3 000 cm³, as indicated in the AA-tables, as may be amended from time to time.

c. If a transport allowance scheme vehicle is used, the running cost is payable in accordance with the AA-tables, as may be amended from time to time, as follows:

Engine capacity of the vehicle concerned, to a maximum engine capacity of 3 000 cc.

d. If travelling by train, the price of a first class train ticket is payable.

e. If travelling by air, when economic class is not available a business class ticket may be bought, subject to it being approved b the Municipal Manager beforehand. Travelling cost to the nearest airport in accordance with this resolution as stipulated by the Municipal Manager, also including parking fees, bus tickets between the airport and accommodation, as well as freight, if necessary, in regard of which satisfactory written proof shall be submitted, is payable. No connection or transfer flights from Sun City to Johannesburg International Airport will be considered.

f. If travelling by luxury bus, the cost of a return-ticket is payable.

g. If proof of toll paid, as well as parking fees are submitted, the amount will be refunded.

The following reservations are applicable to the above-mentioned conditions:

8.2 Notwithstanding any stipulation included in the Policy, trips outside the area of the Rustenburg Local Municipality shall be considered as trips within municipal area in the following instances:

If work is being done in regard of:

a. The rural electricity network, within the supply-area of the Council.

b. Water supply network within the supply-area of the Council and the Bospoort Water-Scheme.

c. Any other property of the Council within the areas as mentioned in (a) and (b) above.

d. Inspection of dairies and dairy- farms.

e. Duties of the Driver / Security Officer of the Mayor for trips outside the area of the Rustenburg Local Municipality.

f. Fire and Ambulance Services.

9. <u>Accountability</u>

9.1 If any employee or councilor is delegated to attend a seminar/meeting/workshop and has received the necessary allowances and is prevented from attending, due to whatever circumstances, after the matter has been assessed, all monies shall be paid back immediately. Failing this, the monies shall be deducted from the monthly salary of the employee or councilor concerned. If this is not done, discipline will proceed, after the matter has been assessed. This expenditure will be classified as fruitless expenditure.

9.2 Delegates / representatives to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event, failing which the Council will take the necessary steps to recover all expenses incurred by an association, or by the Council, to enable such delegate / representative

to attend, provided that such delegate / representative be afforded the opportunity to submit reasons for not being able to be present from commencement to conclusion of such an event.

10. VISIT ABROAD

10.1 Applications for official trips abroad are handled in terms of the attached guidelines of the Department of Foreign Affairs for Local Government Officials, as provided by SALGA and guidelines from the Office of the MEC (circular attached).

10.2 Incidental Costs during visits abroad will be in line with the SARS determination, or as recommended by SALGA, whichever is greater.

11. USE OF OFFICIAL VEHICLES

This part of the policy deals mainly with the use of official vehicles outside the municipal area, but when applying this paragraph, the stipulations as stated in paragraph 8.2 shall be taken into account as well.

11.1 Outside trips undertaken by employees participating in the Transport Scheme.

A Transport Allowance Scheme vehicle must be used, and the employee concerned must be compensated in accordance with paragraph 8.1 (c), regardless of the approved fixed kilometers per month applicable to the position.

11.2 Outside trips undertaken by employees other than those mentioned in paragraph 11.1.

11.2.1 If employees other than those mentioned in paragraph 11.1 undertake trips outside the municipal area, official transport shall be used.

11.2.2 If no official is available, employees making use of their private vehicles shall be compensated in accordance with paragraph 8.1 (b).

12. HIRING OF VEHICLES AND FLIGHTS

Should an employee have to attend a seminar/congress/meeting as a delegate of the Council, and travels by air, train or bus to the destination, a vehicle may be hired from an acknowledged vehicle hire company for official journeys regarding the seminar/congress/meeting, subject to the following conditions:

a. The cylinder capacity of the vehicle may not exceed 1 600cm³.

b. If there are more than four delegates, two vehicles or a microbus may be hired.

c. If a microbus is hired, the cylinder capacity may exceed 1 600 cm³.

d. Delegates may use the hired vehicle for private journeys in the vicinity of the seminar. A log sheet shall be kept for all journeys with the hired vehicle. Private journeys exceeding the free kilometers/day as provided by the hiring company, will be for the account of the delegate hiring the vehicle.

e. Economy class tickets may only be purchased for flights of 5 hours or less.

f. The Municipal Manager may approve business class travel for employees with disabilities or for those with special needs.

g. All accounts for hire vehicles shall be certified as correct by the delegate hiring the vehicle before submitting it to the Budget and Treasury Office.

h. Arrangements which cannot be accommodated by this paragraph (Hiring of Vehicles) can be authorized by the Municipal Manager.

13. RESPONSIBILITY OF THE MUNICIPAL MANAGER

The Municipal Manager accepts responsibility to apply travel and subsistence arrangements and the attendance of Conferences, Workshops and meetings in terms of the stipulations of the policy.

14. RESPONSIBILITY OF THE DIRECTORS

The Directors and Managers in the Executive Offices recognize and accept the responsibility to see to it that recommendations to the Municipal Manager around travel and subsistence arrangements and the attendance of Conferences, Workshops and Meetings shall comply with all stipulations of this policy.

15. FORMS

15.1 General travel and subsistence arrangements

When applying for travel and subsistence allowances and arrangements, the attached form shall be completed in full, for visits outside the Municipal area. For visits within the Municipal area with an official vehicle, the specific attached form (Application for use of an Official Vehicle) shall be completed in full.

16. CONTROL MEASURES

16.1 Approval of journeys undertaken in terms of this policy, is as follows:

16.1.1 Congress / Seminars / Meetings / Work

Municipal Manager and Officials

Delegates to be determined by means of this policy.

16.1.2 Journeys outside the municipal area:

The Director is authorized to approve applications of officials to stay overnight where meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight , provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

The Municipal Manager is authorized to approve for officials to stay overnight for a period of more than two consecutive days, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.
The Managers in the executive offices of the Council are authorized to approve applications of Councilors for a one day visit or stay overnight where official meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight.

16.1.2.2 Other Officials

Applications for journeys outside the municipal area for day visits only to be approved by the applicable Director or Managers in the Executive Offices subject to availability of funds.

16.2Availability of Funds

Directors and Managers in the Executive Offices shall see to it that sufficient funds be provided annually for the purpose of this policy. Where there are insufficient funds due to unforeseen circumstances, a veriment or adjustment should be done, in order to make funds available.

17. RESPONSIBILITY FOR THE UP KEEP POLICY

The responsibility for the administrative up keep of the policy is as follows:

Adjustments to tariffs:	Director: Finance
Other adjustments:	Director: Corporate Support Services

RUSTENBUG LOCAL MUNICIPALITY
LIST OF ASSOCIATIONS AND INSTITUTES

The following associations and institutes qualify for delegations from the Council to attend their Congress, Seminars and Annual General Meetings:

Directorate: Corporate Support Services
The South African Institute for Local Government Management.
Southern African Institute of Management Services.
Institute of Municipal Personnel Practitioners of South Africa.
National Occupational and Safety Association.

Director: Public Safety
Institute of Traffic Officers of Southern Africa.
South African Fire Services Institute.
South African Institute of License Officers.
Emergency and Disaster Management Association of Southern Africa.
North West Traffic Control Coordination Committee (Provincial).
Crime Prevention and Liaison Committee.
Working Group on the Road Transport Quality System (National).
National Traffic Control Coordinating Committee.
S.A. Road Federation.

Directorate: Infrastructure Development and Management
Institute of Municipal Engineers of Southern Africa.
Institute of Civil Engineers.
Institute of Solid Water Management.
Water Institute of South Africa.
Association of Municipal Electricity Undertakings (Southern Africa).
South African National Committee on Illumination.

Directorate: Community Development
Institute of Environmental Health.
South African Institute for Librarian and Information Science.
IMASA.
IERM (Institute of Environmental and Recreation Management).
South African Horticultural Affiliated Services Association.
South African Landscaping Institution.
South African Nursery Association.
Interior Plants capers Association.
Fertilizer Society of South Africa.
SAIEH (South African Institute of Environmental Health, Inclusive of 12 Professional Boards).
HPCSA (Health Professions Council of South Africa).
South African Nursing Council (Individual membership affiliation).

Directorate: Planning and Development

Institute of Environment and Recreation Management.
South African Institute of Town and Regional Planners.

Directorate: Finance

Institute of Municipal Finance Officers.

IMFO	(Institute of Municipal Finance Officers)
SARPA	(SA Revenue Protection Association).
SALGA	(Provincial and National).
GOVERNMENT	(All Provincial and National Government Departments related to Local Government Activities).
USER GROUP	(Workgroup w.r.t. Supplier of Financial system).

General

SALGA NORTH WEST
Technical Committees of SALAGA North-West.

SALGA

Bargaining Council.
Intergovernmental Management Forum which is established in terms of section 41 of the Constitution.

Office of the Municipal Manager.
Institute of the Internal Auditors (IIA).

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE POLICY

RUSTENBURG LOCAL MUNICIPALITY

TABLE OF CONTENTS

ABBREVIATIONS/ACRONYMS

1 INTRODUCTION

2 OBJECTIVE

3 ENABLING LEGISLATION

4 APPLICATION OF THIS POLICY

5 DEFINITIONS

6 UNAUTHORISED EXPENDITURE

7 IRREGULAR EXPENDITURE

8 FRUITLESS AND WASTEFUL EXPENDITURE

9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10 MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11 INVESTIGATION AND REGULARIZING OF UNAUTHORIZED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE:

12 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE:

13 RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE:

14. CONSEQUENCES OF NON-COMPLIANCE

15. PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

16 EFFECTIVE DATE

17 REVIEW OF POLICY

ABBREVIATIONS/ACRONYMS

Except if otherwise stated in this policy, the following abbreviations or acronyms will represent the following words:

CFO	-	Chief Financial Officer
COO	-	Chief Operations Officer
EM	-	Executive Manager
MIG	-	Municipal Infrastructure Grant
RLM	-	Rustenburg Local Municipality
MFMA	-	Municipal Finance Management Act, 2003, No. 56 of 2003
MPAC	-	Rustenburg Local Municipality's Municipal Public Account Committee
MM or AO	-	Municipal Manager or Accounting Officer
SAPS	-	South African Police Services
MSA	-	Municipal Systems Act, 2000, No. Act 32 of 2000
Structures Act	-	Municipal Structures Act, 1998, Act No 117 of 1998
RPOBA	-	Remuneration of Public Office Bearers Act
Policy	-	Policy on unauthorised, irregular, fruitless and wasteful expenditure
MBRR	-	Municipality Budget Rules and Regulations

1. INTRODUCTION

1.1. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as “MFMA”), the accounting officer is responsible for managing the financial affairs of Rustenburg Local Municipality (RLM) and he/she must, for this purpose, inter alia:

a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented; and

b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of RLM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

1.2. This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

2. OBJECTIVE

2.1. This document sets out RLM"s policy and procedures with regards to unauthorised, irregular, fruitless and wasteful expenditure.

2.2. This policy aims to ensure that, amongst other things:

a) Unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;

b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;

c) RLM"s resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and

d) All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

3. ENABLING LEGISLATION

The following enabling legislation sets the precedent for the development of RLM‟s unauthorised, irregular, fruitless and wasteful expenditure Policy:

a) The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996;

b) The Municipal Finance Management Act, 2003, No 56 of 2003;

c) The Remuneration of Public Office Bearers Act;

d) Municipal Systems Act, 2000, Act No 32 of 2000;

e) MFMA Circular 68;

f) Any other legislation, regulation or circular that may impact this policy; and

g) Municipal Structures Act No. 117 of 1998.

4. APPLICATION OF THIS POLICY

4.1. This policy applies to all officials and councillors of RLM.

4.2. This policy should be read in conjunction with the following of RLM:

a) Delegations of Authority;

b) Procedures for unauthorised, irregular, fruitless and wasteful expenditure;

c) Policy on financial misconduct;

d) Breach of the Code of Conduct for Municipal Staff Members; and

e) Breach of the Code of Conduct for Councillors.

4.3. Officials and Councillors must ensure all instances of unauthorised, irregular expenditure as well as fruitless and wasteful expenditure is prevented where possible and is detected and reported in a timely manner.

5. DEFINITIONS

Except if otherwise indicated:

“Councillor” means member of municipal council of RLM.

“Fruitless and wasteful expenditure‟ means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

"Financial Misconduct" means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

"Irregular expenditure", in relation to a municipality or municipal entity, means:

a) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
b) expenditure incurred by a municipality 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 this 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 20 of 1998);

d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of RLM or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law; or

e) excludes expenditure by a municipality which falls within the definition of „unauthorised expenditure".

"Official", in relation to a RLM, means:

a) an employee of RLM;

b) a person seconded to a RLM or to work as a member of the staff of the RLM; or

c) a person contracted by a RLM to work as a member of the staff of the RLM or otherwise than as an employee.

"Overspending" means:

a) in relation to the budget of a municipality, 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, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

"Political Office Bearer" means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

"Prohibited expenditure" in relation to this policy means unauthorised, irregular, fruitless and wasteful expenditure;

"Senior Manager" has the meaning assigned to it in section 1 of the MFMA and in relation to RLM refers to Executive Managers, CFO and COO.

"Unauthorised expenditure", means:

any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), 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 RLM otherwise than in accordance with the MFMA.

"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 department or functional areas of the municipality; and

b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

6 UNAUTHORISED EXPENDITURE

6.1. Rustenburg Local Municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

6.2. Expenditure incurred within the ambit of RLM"s virement policy is not regarded as unauthorised expenditure.

6.3. Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or

organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure.

6.4. Unauthorised expenditure would include:

a) Any overspending in relation to both the operational budget and capital budget of the municipality;

b) Overspending in relation to each of the votes on both the operational budget and capital budget;

c) Use funds allocated to one department for purposes of another department or for purposes that are not provided for in the budget;

d) Funds that have been designated for a specific purpose or project within a departments vote may not be used for any other purpose;

e) Any use of conditional grant funds for a purpose other than that specified in the relevant conditional grant framework is classified as unauthorised expenditure;

f) Any grant to an individual or household unless it is in terms of the municipality's indigent policy, bursary scheme, corporate social responsibility policy, councillors discretionary grant or the grants-in-aid;

g) Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and

h) Any overspending on non-cash items, for example depreciation, impairments, provisions.

6.5 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner

6.6 Expenditures that are NOT classified as unauthorized expenditure

Given the definition of unauthorised expenditure, the following are examples of expenditure that are NOT unauthorised expenditure:

i. Any over-collection on the revenue side of the budget as this is not an expenditure; and
ii. Any expenditure incurred in respect of:
    - any of the transactions mentioned in section 11(1)(a) to (j) of the MFMA;
    - re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
    - overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a „vote" on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure (read in conjunction with supporting Table SA1) of the MBRR; and

- overspending of an amount allocated by standard classification on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) of the MBRR so long as it does not result in overspending of a „vote" on the main budget Table A5.

6.6.1. Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure:

a). To defray expenditure authorised in terms of section 26 (4) of the MFMA, [Section 26: Consequences of failure to approve a budget before the start of the budget year];

b) To defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [Section 29: Unforeseen and unavoidable expenditure] failing which the unforeseen /unavoidable expenditure is unauthorised;

c) re-allocation of funds and the use of such funds in accordance with a council approved virement policy;

d) Expenditure incurred from a special bank account for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [Section 12: Relief, charitable, trust or other funds];

e) To pay over to a person or organ of state money received by the RLM on behalf of that person or organ of state, including—

(i) money collected by the RLM on behalf of that person or organ of state by agreement; or

(ii) any insurance or other payments received by the RLM for that person or organ of state;

f) To refund money incorrectly paid into a bank account;

g) To refund guarantees, sureties and security deposits;

h) For cash management and investment purposes in accordance with section 13 [Section 13: Cash Management and Investments]; and

i) To defray increased expenditure in terms of section 31 [Section 31: Shifting of funds between multi-year appropriations].

6.6.2 Any expenditure approved in terms the Municipal Budget and Reporting Regulations (MBRR).

7 IRREGULAR EXPENDITURE

7.1. Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality" supply chain management policy.

7.2. Irregular expenditure is actually expenditure that is in violation of some or another rocedural/legislative requirement as specified in the MFMA.

7.3. Irregular expenditure excludes unauthorised expenditure.

7.4. Although a transaction or an event may trigger irregular expenditure, a Council will only identify irregular expenditure when a payment is made. The recognition of irregular expenditure must be linked to a financial transaction.

7.5. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance.

7.6. Remuneration of councillors

7.6.1. Payments to RLM councillors cannot exceed the upper limits of the salaries, allowances and benefits for those councillors as promulgated in the Public Officers Bearers Act.

7.6.2. Any remuneration paid or given in cash or in kind to a person as a councillor or as a member of a political structure of RLM otherwise than in accordance with 7.6.1 including any bonus, bursary, loan, advance or other benefit, must be classified as irregular expenditure.

7.7. Irregular staff appointments

7.7.1. No person may be employed in RLM unless the post to which he or she is appointed, is provided for in the RLM"s staff establishment of the municipality as approved by the council.

7.7.2. Any person who takes a decision contemplated in subparagraph (7.7.1) knowing that such decision is unlawful, will be held personally liable for any irregular or fruitless and wasteful expenditure that the municipality may incur as a result of such invalid decision.

7.8 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible and are detected and reported in a timely manner.

8. FRUITLESS AND WASTEFUL EXPENDITURE

8.1. All officials and councillors must always act cautiously when spending public money and ensure that they abide by the public and accountability principles which are to promote “efficient, economic and effective use of resources and the attainment of value for money”.

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

8.3. This type of expenditure is incurred where no value for money is received for expenditure or the use of resources. No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful.

8.4. Expenditure incurred that has been budgeted for (authorised) and was not regarded as irregular expenditure could be classified as fruitless and wasteful expenditure.

8.5.1 An expense is only fruitless and wasteful in terms of this policy if:

(i) It was made in vain (meaning that the municipality did not receive value for money) and;

(ii) and would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned did not carelessly or negligently cause the expenditure to be incurred by the municipality furthermore another official or councillor under the same circumstances would not have been able to avoid incurring the same expenditure).

8.5.2 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is-

a) Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and

b) Is the expenditure being incurred at the right price, right quality, right time and right quantity?

8.6 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

9.1. Reporting of unauthorised, irregular, fruitless and wasteful expenditure must be done at the appropriate level, as this could constitute financial misconduct as follows:

a) a Councillor of a municipality, must be reported to the Speaker of the council;

b) the municipal manager and speaker, must be reported to the mayor;

c) executive managers or the chief financial officer, or the chief operating officer of a municipality, must be reported to the municipal manager;

d) All cases of prohibited expenditure reported as per a), b) and c) above must be referred to MPAC for investigation unless the allegations are frivolous, vexatious, speculative or obviously unfounded; and

e) officials below executive management level of the municipality must be reported to the CFO unless in the professional opinion of the CFO or MM the nature or the amount of the prohibited expenditure warrants the case to be referred to MPAC.

9.2. All reports made by officials, councillors must be treated with utmost confidentially.

9.3. The MM must promptly inform the Mayor, the MEC for local government in the Province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality:

a) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and

b) the steps that have been taken:

- To recover or rectify such expenditure; and
- To prevent a recurrence of such expenditure.

9.4. All expenditure classified as unauthorised, irregular, fruitless and wasteful expenditure must be reported to:

a) The Finance Portfolio Committee on a monthly basis;

b) Mayoral Committee on a monthly basis;

c) Council on a quarterly basis;

d) MPAC on a quarterly basis; and

e) Audit Committee on a quarterly basis.

9.5. In accounting for unauthorised, irregular, fruitless and wasteful expenditure, municipal manager or delegated officials (as may be relevant) must ensure that:

a) All confirmed unauthorised, irregular, fruitless and wasteful expenditure must be recorded in separate account, in the accounting system of RLM, created for each of the above types of expenditure;

b) All such expenditure is disclosed in the annual financial statements as required by the MFMA and treasury requirements; and

c) Details pertaining to unauthorised, irregular, fruitless and wasteful expenditure must be disclosed in the Municipality's Annual Report.

10. MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10.1. Council must maintain a register of all incidents of unauthorised, irregular, fruitless and wasteful expenditure:

a) This register will be maintained by the CFO for all officials other than the CFO and MM;

b) A separate register must be maintained by the MM for expenditure incurred by CFO;

c) A separate register must be maintained by the Mayor for expenditure incurred by the MM; and

d) The Speaker will maintain a register for expenditure incurred by the Mayor and Councillors.

10.2. These registers must be updated on a monthly basis.

11. INVESTIGATIONS OF UNAUTHORISED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11.1. MPAC must institute an investigation of all prohibited expenditure reported in terms of clause 9.1. (d), above.

11.2. The CFO must seek the Municipal Managers approval to investigation all prohibited expenditure reported to him/her in terms of clause 9.1(e) unless the allegations are frivolous, vexatious, speculative or obviously unfounded.

11.3. Once the nature of the expenditure is confirmed as unauthorised, irregular, fruitless and wasteful expenditure, the person to whom the prohibited expenditure was reported in terms of clause 9.1 above must institute the necessary procedures which could include disciplinary as well criminal proceedings.

12. DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

12.1. After having followed a proper investigation, as per paragraph 11 above, the MPAC or the CFO as the case may be must determine whether there is a prima facie case and that a Councillor or official made, permitted or authorized prohibited expenditure.

12.2. If a prima facie case has been established, as per paragraph 12.1 above, then MPAC, mayor or municipal manager (as may be relevant) must institute disciplinary action as follows:

a) Financial misconduct in terms of section 171 of the MFMA: in the case of an official that deliberately or negligently:

(i) contravened a provision of the MFMA which resulted in prohibited expenditure; or

(ii) made, permitted or authorised an irregular expenditure (due to non-compliance with any of legislation mentioned in the definition of irregular expenditure);

b) Breach of the Code of Conduct for Municipal Staff Members: in the case of an official whose actions in making, permitting or authorizing an prohibited expenditure constitute a breach of the Code; and

c) Breach of the Code of Conduct for Councillors: in the case of a Councillor, whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour or agreed with a resolution before council that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.

12.3. The MPAC, mayor or municipal manager or delegated officials (as may be relevant) must promptly report to the SAPS all cases of alleged:

a) Irregular expenditure that constitute a criminal offence; and

b) Theft and fraud that occurred in the municipality.

12.4. The Mayor must take all reasonable steps to ensure that all cases referred to in the above paragraph are reported to the South African Police Service if:

a) The charge is against the MM; or

b) The MM fails to comply with the above paragraph.

13. RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

13.1. The MM or delegated person must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:

a) in the case of unauthorised expenditure, is

i). authorised in an adjustment budget; OR

ii) certified by the municipal council, after investigation by MPAC, as irrecoverable and is written off by council; and

b) in the case of irregular or fruitless and wasteful expenditure, is after investigation by MPAC, certified by council as irrecoverable and written off by council.

13.2. Irregular expenditures resulting from breaches of the Public Office-Bearers Act must be recovered from the Councillor to whom it was paid.

13.3. Once it has been established who is liable for the unauthorised, irregular, fruitless and wasteful expenditure, the Municipal Manager must in writing request that the liable Councillor or official pay the amount within 30 days or in reasonable instalments.

13.4. Without limiting liability in terms of the common law or other legislation, the MM must recover any such expenditure, in full, from official or Councillor where:

a) In the case of a Councillor, the Councillor knowingly or after having been advised by the MM that the expenditure is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, instructed an official of RLM to incur the expenditure; and

b) In case of the official, the official deliberately or negligently incurred such expenditure.

13.5. The fact that the Council may have approved the expenditure for writing off or deemed it to be irrecoverable is no excuse in:

a) Either disciplinary or criminal proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such unauthorised, irregular or fruitless and wasteful expenditure; or

b) Recovery of such expenditure from such person.

13.6. If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditure must be recovered through the normal debt collection process of the municipality.

14 CONSEQUENCES OF NON-COMPLIANCE

14.1. Any official or councillor who does not comply with their reporting duties in terms of this policy could be found guilty of Financial Misconduct.

14.2. Any councillor or official of RLM will be committing an act of financial misconduct if that councillor or official deliberately or negligently makes or permits, or instructs another official of RLM to make, an unauthorised, irregular or fruitless and wasteful expenditure.

15. PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

15.1. If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation, threats such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM or the Mayor where applicable.

15.2. The MM or Mayor must immediately take appropriate action to ensure that protection of the official or councillor after receiving the above report.

15.3. Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official concerned, the MM or the Mayor, where applicable.

16 EFFECTIVE DATE

This policy will be effective upon adoption by Council.

17 REVIEW OF POLICY

This policy must be reviewed and updated:

a) Annually in line with the budget cycle and submitted with the budget policies; or

b) Sooner if new legislation, regulation or circulars are issued that will impact this policy.

SPEAKER OF RUSTENBURG LOCAL MUNICIPALITY

Date:

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE POLICY

RUSTENBURG LOCAL MUNICIPALITY

TABLE OF CONTENTS

ABBREVIATIONS/ACRONYMS

1 INTRODUCTION

2 OBJECTIVE

3 ENABLING LEGISLATION

4 APPLICATION OF THIS POLICY

5 DEFINITIONS

6 UNAUTHORISED EXPENDITURE

7 IRREGULAR EXPENDITURE

8 FRUITLESS AND WASTEFUL EXPENDITURE

9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10 MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11 INVESTIGATION AND REGULARIZING OF UNAUTHORIZED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE:

12 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE:

13 RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE:

14. CONSEQUENCES OF NON-COMPLIANCE

15. PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

16 EFFECTIVE DATE

17 REVIEW OF POLICY

ABBREVIATIONS/ACRONYMS

Except if otherwise stated in this policy, the following abbreviations or acronyms will represent the following words:

CFO	-	Chief Financial Officer
COO	-	Chief Operations Officer
EM	-	Executive Manager
MIG	-	Municipal Infrastructure Grant
RLM	-	Rustenburg Local Municipality
MFMA	-	Municipal Finance Management Act, 2003, No. 56 of 2003
MPAC	-	Rustenburg Local Municipality's Municipal Public Account Committee
MM or AO	-	Municipal Manager or Accounting Officer
SAPS	-	South African Police Services
MSA	-	Municipal Systems Act, 2000, No. Act 32 of 2000
Structures Act	-	Municipal Structures Act, 1998, Act No 117 of 1998
RPOBA	-	Remuneration of Public Office Bearers Act
Policy	-	Policy on unauthorised, irregular, fruitless and wasteful expenditure
MBRR	-	Municipality Budget Rules and Regulations

1. INTRODUCTION

1.1. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as “MFMA”), the accounting officer is responsible for managing the financial affairs of Rustenburg Local Municipality (RLM) and he/she must, for this purpose, inter alia:

a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented; and

b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of RLM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

1.2. This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

2. OBJECTIVE

2.1. This document sets out RLM"s policy and procedures with regards to unauthorised, irregular, fruitless and wasteful expenditure.

2.2. This policy aims to ensure that, amongst other things:

a) Unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;

b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;

c) RLM"s resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and

d) All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

3. ENABLING LEGISLATION

The following enabling legislation sets the precedent for the development of RLM‟s unauthorised, irregular, fruitless and wasteful expenditure Policy:

a) The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996;

b) The Municipal Finance Management Act, 2003, No 56 of 2003;

c) The Remuneration of Public Office Bearers Act;

d) Municipal Systems Act, 2000, Act No 32 of 2000;

e) MFMA Circular 68;

f) Any other legislation, regulation or circular that may impact this policy; and

g) Municipal Structures Act No. 117 of 1998.

4. APPLICATION OF THIS POLICY

4.1. This policy applies to all officials and councillors of RLM.

4.2. This policy should be read in conjunction with the following of RLM:

a) Delegations of Authority;

b) Procedures for unauthorised, irregular, fruitless and wasteful expenditure;

c) Policy on financial misconduct;

d) Breach of the Code of Conduct for Municipal Staff Members; and

e) Breach of the Code of Conduct for Councillors.

4.3. Officials and Councillors must ensure all instances of unauthorised, irregular expenditure as well as fruitless and wasteful expenditure is prevented where possible and is detected and reported in a timely manner.

5. DEFINITIONS

Except if otherwise indicated:

“Councillor” means member of municipal council of RLM.

“Fruitless and wasteful expenditure‟ means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

"Financial Misconduct" means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

"Irregular expenditure", in relation to a municipality or municipal entity, means:

a) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
b) expenditure incurred by a municipality 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 this 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 20 of 1998);

d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of RLM or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law; or

e) excludes expenditure by a municipality which falls within the definition of „unauthorised expenditure".

"Official", in relation to a RLM, means:

a) an employee of RLM;

b) a person seconded to a RLM or to work as a member of the staff of the RLM; or

c) a person contracted by a RLM to work as a member of the staff of the RLM or otherwise than as an employee.

"Overspending" means:

a) in relation to the budget of a municipality, 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, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

"Political Office Bearer" means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

"Prohibited expenditure" in relation to this policy means unauthorised, irregular, fruitless and wasteful expenditure;

"Senior Manager" has the meaning assigned to it in section 1 of the MFMA and in relation to RLM refers to Executive Managers, CFO and COO.

"Unauthorised expenditure", means:

any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), 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 RLM otherwise than in accordance with the MFMA.

"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 department or functional areas of the municipality; and

b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

6 UNAUTHORISED EXPENDITURE

6.1. Rustenburg Local Municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

6.2. Expenditure incurred within the ambit of RLM"s virement policy is not regarded as unauthorised expenditure.

6.3. Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or

organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure.

6.4. Unauthorised expenditure would include:

a) Any overspending in relation to both the operational budget and capital budget of the municipality;

b) Overspending in relation to each of the votes on both the operational budget and capital budget;

c) Use funds allocated to one department for purposes of another department or for purposes that are not provided for in the budget;

d) Funds that have been designated for a specific purpose or project within a departments vote may not be used for any other purpose;

e) Any use of conditional grant funds for a purpose other than that specified in the relevant conditional grant framework is classified as unauthorised expenditure;

f) Any grant to an individual or household unless it is in terms of the municipality's indigent policy, bursary scheme, corporate social responsibility policy, councillors discretionary grant or the grants-in-aid;

g) Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and

h) Any overspending on non-cash items, for example depreciation, impairments, provisions.

6.5 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner

6.6 Expenditures that are NOT classified as unauthorized expenditure

Given the definition of unauthorised expenditure, the following are examples of expenditure that are NOT unauthorised expenditure:

i. Any over-collection on the revenue side of the budget as this is not an expenditure; and
ii. Any expenditure incurred in respect of:
    - any of the transactions mentioned in section 11(1)(a) to (j) of the MFMA;
    - re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
    - overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a „vote" on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure (read in conjunction with supporting Table SA1) of the MBRR; and

- overspending of an amount allocated by standard classification on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) of the MBRR so long as it does not result in overspending of a „vote" on the main budget Table A5.

6.6.1. Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure:

a). To defray expenditure authorised in terms of section 26 (4) of the MFMA, [Section 26: Consequences of failure to approve a budget before the start of the budget year];

b) To defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [Section 29: Unforeseen and unavoidable expenditure] failing which the unforeseen /unavoidable expenditure is unauthorised;

c) re-allocation of funds and the use of such funds in accordance with a council approved virement policy;

d) Expenditure incurred from a special bank account for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [Section 12: Relief, charitable, trust or other funds];

e) To pay over to a person or organ of state money received by the RLM on behalf of that person or organ of state, including—

(i) money collected by the RLM on behalf of that person or organ of state by agreement; or

(ii) any insurance or other payments received by the RLM for that person or organ of state;

f) To refund money incorrectly paid into a bank account;

g) To refund guarantees, sureties and security deposits;

h) For cash management and investment purposes in accordance with section 13 [Section 13: Cash Management and Investments]; and

i) To defray increased expenditure in terms of section 31 [Section 31: Shifting of funds between multi-year appropriations].

6.6.2 Any expenditure approved in terms the Municipal Budget and Reporting Regulations (MBRR).

7 IRREGULAR EXPENDITURE

7.1. Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality" supply chain management policy.

7.2. Irregular expenditure is actually expenditure that is in violation of some or another rocedural/legislative requirement as specified in the MFMA.

7.3. Irregular expenditure excludes unauthorised expenditure.

7.4. Although a transaction or an event may trigger irregular expenditure, a Council will only identify irregular expenditure when a payment is made. The recognition of irregular expenditure must be linked to a financial transaction.

7.5. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance.

7.6. Remuneration of councillors

7.6.1. Payments to RLM councillors cannot exceed the upper limits of the salaries, allowances and benefits for those councillors as promulgated in the Public Officers Bearers Act.

7.6.2. Any remuneration paid or given in cash or in kind to a person as a councillor or as a member of a political structure of RLM otherwise than in accordance with 7.6.1 including any bonus, bursary, loan, advance or other benefit, must be classified as irregular expenditure.

7.7. Irregular staff appointments

7.7.1. No person may be employed in RLM unless the post to which he or she is appointed, is provided for in the RLM"s staff establishment of the municipality as approved by the council.

7.7.2. Any person who takes a decision contemplated in subparagraph (7.7.1) knowing that such decision is unlawful, will be held personally liable for any irregular or fruitless and wasteful expenditure that the municipality may incur as a result of such invalid decision.

7.8 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible and are detected and reported in a timely manner.

8. FRUITLESS AND WASTEFUL EXPENDITURE

8.1. All officials and councillors must always act cautiously when spending public money and ensure that they abide by the public and accountability principles which are to promote “efficient, economic and effective use of resources and the attainment of value for money”.

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

8.3. This type of expenditure is incurred where no value for money is received for expenditure or the use of resources. No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful.

8.4. Expenditure incurred that has been budgeted for (authorised) and was not regarded as irregular expenditure could be classified as fruitless and wasteful expenditure.

8.5.1 An expense is only fruitless and wasteful in terms of this policy if:

(i) It was made in vain (meaning that the municipality did not receive value for money) and;

(ii) and would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned did not carelessly or negligently cause the expenditure to be incurred by the municipality furthermore another official or councillor under the same circumstances would not have been able to avoid incurring the same expenditure).

8.5.2 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is-

a) Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and

b) Is the expenditure being incurred at the right price, right quality, right time and right quantity?

8.6 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

9.1. Reporting of unauthorised, irregular, fruitless and wasteful expenditure must be done at the appropriate level, as this could constitute financial misconduct as follows:

a) a Councillor of a municipality, must be reported to the Speaker of the council;

b) the municipal manager and speaker, must be reported to the mayor;

c) executive managers or the chief financial officer, or the chief operating officer of a municipality, must be reported to the municipal manager;

d) All cases of prohibited expenditure reported as per a), b) and c) above must be referred to MPAC for investigation unless the allegations are frivolous, vexatious, speculative or obviously unfounded; and

e) officials below executive management level of the municipality must be reported to the CFO unless in the professional opinion of the CFO or MM the nature or the amount of the prohibited expenditure warrants the case to be referred to MPAC.

9.2. All reports made by officials, councillors must be treated with utmost confidentially.

9.3. The MM must promptly inform the Mayor, the MEC for local government in the Province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality:

a) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and

b) the steps that have been taken:

- To recover or rectify such expenditure; and
- To prevent a recurrence of such expenditure.

9.4. All expenditure classified as unauthorised, irregular, fruitless and wasteful expenditure must be reported to:

a) The Finance Portfolio Committee on a monthly basis;

b) Mayoral Committee on a monthly basis;

c) Council on a quarterly basis;

d) MPAC on a quarterly basis; and

e) Audit Committee on a quarterly basis.

9.5. In accounting for unauthorised, irregular, fruitless and wasteful expenditure, municipal manager or delegated officials (as may be relevant) must ensure that:

a) All confirmed unauthorised, irregular, fruitless and wasteful expenditure must be recorded in separate account, in the accounting system of RLM, created for each of the above types of expenditure;

b) All such expenditure is disclosed in the annual financial statements as required by the MFMA and treasury requirements; and

c) Details pertaining to unauthorised, irregular, fruitless and wasteful expenditure must be disclosed in the Municipality's Annual Report.

10. MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10.1. Council must maintain a register of all incidents of unauthorised, irregular, fruitless and wasteful expenditure:

a) This register will be maintained by the CFO for all officials other than the CFO and MM;

b) A separate register must be maintained by the MM for expenditure incurred by CFO;

c) A separate register must be maintained by the Mayor for expenditure incurred by the MM; and

d) The Speaker will maintain a register for expenditure incurred by the Mayor and Councillors.

10.2. These registers must be updated on a monthly basis.

11. INVESTIGATIONS OF UNAUTHORISED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11.1. MPAC must institute an investigation of all prohibited expenditure reported in terms of clause 9.1. (d), above.

11.2. The CFO must seek the Municipal Managers approval to investigation all prohibited expenditure reported to him/her in terms of clause 9.1(e) unless the allegations are frivolous, vexatious, speculative or obviously unfounded.

11.3. Once the nature of the expenditure is confirmed as unauthorised, irregular, fruitless and wasteful expenditure, the person to whom the prohibited expenditure was reported in terms of clause 9.1 above must institute the necessary procedures which could include disciplinary as well criminal proceedings.

12. DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

12.1. After having followed a proper investigation, as per paragraph 11 above, the MPAC or the CFO as the case may be must determine whether there is a prima facie case and that a Councillor or official made, permitted or authorized prohibited expenditure.

12.2. If a prima facie case has been established, as per paragraph 12.1 above, then MPAC, mayor or municipal manager (as may be relevant) must institute disciplinary action as follows:

a) Financial misconduct in terms of section 171 of the MFMA: in the case of an official that deliberately or negligently:

(i) contravened a provision of the MFMA which resulted in prohibited expenditure; or

(ii) made, permitted or authorised an irregular expenditure (due to non-compliance with any of legislation mentioned in the definition of irregular expenditure);

b) Breach of the Code of Conduct for Municipal Staff Members: in the case of an official whose actions in making, permitting or authorizing an prohibited expenditure constitute a breach of the Code; and

c) Breach of the Code of Conduct for Councillors: in the case of a Councillor, whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour or agreed with a resolution before council that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.

12.3. The MPAC, mayor or municipal manager or delegated officials (as may be relevant) must promptly report to the SAPS all cases of alleged:

a) Irregular expenditure that constitute a criminal offence; and

b) Theft and fraud that occurred in the municipality.

12.4. The Mayor must take all reasonable steps to ensure that all cases referred to in the above paragraph are reported to the South African Police Service if:

a) The charge is against the MM; or

b) The MM fails to comply with the above paragraph.

13. RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

13.1. The MM or delegated person must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:

a) in the case of unauthorised expenditure, is

i). authorised in an adjustment budget; OR

ii) certified by the municipal council, after investigation by MPAC, as irrecoverable and is written off by council; and

b) in the case of irregular or fruitless and wasteful expenditure, is after investigation by MPAC, certified by council as irrecoverable and written off by council.

13.2. Irregular expenditures resulting from breaches of the Public Office-Bearers Act must be recovered from the Councillor to whom it was paid.

13.3. Once it has been established who is liable for the unauthorised, irregular, fruitless and wasteful expenditure, the Municipal Manager must in writing request that the liable Councillor or official pay the amount within 30 days or in reasonable instalments.

13.4. Without limiting liability in terms of the common law or other legislation, the MM must recover any such expenditure, in full, from official or Councillor where:

a) In the case of a Councillor, the Councillor knowingly or after having been advised by the MM that the expenditure is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, instructed an official of RLM to incur the expenditure; and

b) In case of the official, the official deliberately or negligently incurred such expenditure.

13.5. The fact that the Council may have approved the expenditure for writing off or deemed it to be irrecoverable is no excuse in:

a) Either disciplinary or criminal proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such unauthorised, irregular or fruitless and wasteful expenditure; or

b) Recovery of such expenditure from such person.

13.6. If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditure must be recovered through the normal debt collection process of the municipality.

14 CONSEQUENCES OF NON-COMPLIANCE

14.1. Any official or councillor who does not comply with their reporting duties in terms of this policy could be found guilty of Financial Misconduct.

14.2. Any councillor or official of RLM will be committing an act of financial misconduct if that councillor or official deliberately or negligently makes or permits, or instructs another official of RLM to make, an unauthorised, irregular or fruitless and wasteful expenditure.

15. PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

15.1. If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation, threats such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM or the Mayor where applicable.

15.2. The MM or Mayor must immediately take appropriate action to ensure that protection of the official or councillor after receiving the above report.

15.3. Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official concerned, the MM or the Mayor, where applicable.

16 EFFECTIVE DATE

This policy will be effective upon adoption by Council.

17 REVIEW OF POLICY

This policy must be reviewed and updated:

a) Annually in line with the budget cycle and submitted with the budget policies; or

b) Sooner if new legislation, regulation or circulars are issued that will impact this policy.

SPEAKER OF RUSTENBURG LOCAL MUNICIPALITY

Date:

RUSTENBURG

LOCAL MUNICIPALITY

CASH MANAGEMENT AND INVESTMENT POLICY

PREAMBLE

WHEREAS section 13 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA") determines that the Rustenburg Local Municipality (hereafter "the Municipality") must within the prescribed legislative framework:

(a) conduct their cash management and investments; and

(b) invest money not immediately required.

AND WHEREAS in terms of section 13(2) of the MFMA, the Municipality must establish an appropriate and effective Cash Management and Investment Policy in accordance with the prescribed framework.

AND WHEREAS Councillors and officials as trustees of public funds, have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible.

AND WHEREAS all investments made by the Municipality must be in accordance with the Local Government: Municipal Finance Management Act, Municipal Investment Regulations (hereafter "the Regulations") promulgated in terms of the MFMA and in accordance with the Cash Management and Investment Policy of the Municipality.

NOW THEREFORE the Municipality adopts the following Cash Management and Investment Policy in compliance with the provisions of the MFMA and Regulations and to be known as the Cash Management and Investment Policy (hereafter "this policy").

THE RUSTENBURG LOCAL MUNICIPALITY

CASH MANAGEMENT & INVESTMENT POLICY

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	5
2.	INTRODUCTION	8
3.	LEGISLATIVE CONTEXT	9
4.	ADOPTION AND COMMENCEMENT OF THIS POLICY	9
5.	PURPOSE OF THIS POLICY	10
6.	SCOPE OF THIS POLICY	10
7.	OBJECTIVES OF THIS POLICY	11
8.	PERMITTED INVESTMENT TYPES	12
9.	PROHIBITED INVESTMENTS	13
10.	STANDARD OF CARE	14
11.	DELEGATION OF INVESTMENT PORTFOLIO MANAGEMENT	14
12.	REPORTING AND MONITORING	15
13.	DIVERSIFICATION	17
14.	COMPETITIVE SELECTION PROCESS AND INVITATION FOR QUOTATION	17
15.	CONTROL OVER INVESTMENT(S)	18
16.	INVESTEE LIMITS	19
17.	ELECTRONIC FUNDS TRANSFER	20
18.	EFFECTIVE CASH MANAGEMENT	20
19.	CASH COLLECTIONS	22

20.	PETTY CASH	23
21.	PAYMENT TO SUPPLIERS	24
22.	INVESTMENTS ETHICS AND PRINCIPLES	25
23.	CONFIDENTIALITY	26
24.	GENERAL INVESTMENT PRACTICE	27
25.	USE OF INVESTMENT MANAGERS	28
26.	ACCOUNTING FOR INVESTMENTS	30
27.	EXISTING INVESTMENTS	30
28.	INVESTMENT DENOMINATED IN FOREIGN CURRENCY PROHIBITED	31
29.	ANNUAL REVIEW OF THIS POLICY	31
	ANNEXURE “A”	32
	ANNEXURE “B”	40

1. DEFINITIONS

(1) In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the MFMA, Systems Act and Regulations, will have a corresponding meaning assigned thereto in terms of the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"Accounting Officer"**	Means the Municipal Manager appointed in terms of section 60 of the MFMA.
1.2	**"accrued interest"**	Means interest income that has been earned but not yet paid in cash.
	"C"	
1.3	**"Chief Financial Officer"**	Means a person designated in terms of section 80(2)(a) of the MFMA.
1.4	**"Council"**	Means the municipal council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution of the Republic of South Africa.
1.5	**"credit rating"**	Means a financial indicator to determine credit worthiness to be considered potential lender or investor.
	"I"	
1.6	**"investee"**	Means an institution with which an investment is placed, or its agent.

1.7	**"investment"**	Means in relation to funds of the Municipality: (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.
1.8	**"investment manager"**	Means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, Act 55 of 1989 and Stock Exchanges Control Act, Act 1 of 1985, contracted by a municipality or municipal entity to: (a) advise it on investments; (b) manage investments on its behalf; or (c) advise it on investments and management investments on its behalf.
"L"		
1.9	**"liquidity"**	Means the ease with which an asset can be turned into cash and the certainty of the value it will fetch.
1.10	**"long term investment"**	Means an investment that matures in more than 1 (one) year, generally made over a period of 5 (five) years or more.
"M"		
1.11	**"market value"**	Means the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
1.12	**"Mayor"**	Means, in terms of the provisions of section 1 of the MFMA, in relation to a municipality with an executive mayor, the councillor elected as the executive mayor of the municipality in terms of section 55 of the Structures Act.

1.13	**"Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.14	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.15	**"Municipal Manager"**	Means the Municipal Manager and Accounting Officer of the Municipality appointed in terms of the provisions of section 54A of the Systems Act and as referred to in the definition of "Accounting Officer" in section 1 of the MFMA, and also

		referred to in section 60 of the MFMA, and includes a person acting as an Accounting Officer, or the person to whom the Accounting Officer has delegated his/her authority to act.
"R"		
1.16	**"Regulation"**	Means the Local Government: Municipal Finance Management Act, Municipal Investment Regulations, promulgated in terms of the MFMA and published in Government Gazette No 27431 of 1 April 2005 under Government Notice R.308.
"S"		
1.17	**"Short term Investment"**	Means an investment with a maturity date of less than 1 (one) year.
1.18	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998.
1.19	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000.
"T"		
1.20	**"the/this policy"**	Means the Cash Management and Investment Policy of the Municipality as adopted by the Municipality in terms of section 13(2) of the MFMA.
1.21	**"Trust money"**	Means money held in trust on behalf of third parties in a trust contemplated in terms of section 12 of the MFMA.

2. INTRODUCTION

(1) As trustee of public funds, the Council has an obligation to ensure that all investments are made by the Municipality in the most efficient and effective manner.

(2) Money invested must be for the benefit of the whole of the community and must be governed by the principle objective to maximise returns from authorised investments, consistent with the secondary objective of minimising risk.

3. LEGISLATIVE CONTEXT

(1) This policy is established in terms of section 13(1) and section 13(2) of the MFMA which requires that the Municipality establish an appropriate and effective Cash Management and Investment Policy within which the Municipality must:

(a) conduct its cash management and investments; and

(b) invest money not immediately required in accordance with any framework which may be prescribed by law.

(2) In addition, the Regulations set out the framework within which all municipalities shall conduct their cash management and investment. The said regulations are annexed to this policy as **Annexure "A"**.

(3) This policy is consistent with the MFMA, the aforementioned gazetted framework and section 60(2) of the Systems Act.

(4) The Municipality shall at all times manage its banking accounts and investments, as well as implement this policy in compliance with the provisions of and the prescriptions made by the Minister of Finance in terms of the MFMA.

4. ADOPTION AND COMMENCEMENT OF THIS POLICY

(1) The Municipality shall adopt this policy which is consistent with the provisions of paragraph 3 above.

(2) All investments made by the Municipality or an investment manager on behalf of the Municipality must be in accordance with this policy and with any investment regulations promulgated by National Government.

(3) The effective date of this policy or any amendments thereto shall be the date of its adoption by Council.

5. PURPOSE OF THIS POLICY

The purpose of this policy is to secure the sound and sustainable management of the Municipality's surplus cash and investments.

6. SCOPE OF THIS POLICY

(1) This policy prescribes the manner in which the Municipality must conduct its cash management and investments. This policy further prescribes the obligations and the accountability of the Municipality as a trustee of public funds, and that cash resources are managed as effectively as possible by ensuring that such funds are invested with great care.

(2) This policy aims through effective cash flow management, having regard to legislative provisions, at gaining the highest possible return without undue risk to the investment during those periods when funds are not required.

(3) The policy governs the investment of money not immediately required by the Municipality for the defrayment of expenditure.

(4) This policy applies to all new and existing investments made by:

(a) the Municipality;

(b) all investment managers acting on behalf of the Municipality in making or managing investments.

(5) This policy does not apply to trust moneys administered by the Municipality where it is prescribed in the trust deed how the trust money is to be invested.

7. OBJECTIVES OF THIS POLICY

(1) To ensure compliance with the relevant legal and statutory requirements relating to cash management and investments.

(2) To ensure that investment of surplus funds of the Municipality forms part of the financial system of the Municipality.

(3) To create consistency in that the same procedure is followed in respect of each investment so as to conform to the requirements of transparency, equitability and fairness. In each case the preservation and safety of investments is a primary aim.

(4) To promote and ensure the need for investment diversification of the Municipality's investment portfolio across acceptable investees permitted types of investments and investment maturities.

(5) To ensure the liquidity needs of the Municipality are duly discounted and provided for.

(6) To ensure timeous reporting of the investment portfolio as required by the MFMA and in accordance with the Generally Recognised Accounting Practice (GRAP) and as required by the National Treasury.

(7) To establish a minimum acceptable credit rating and requirements for investments including:

(a) a list of approved investment types that may be made, subject to the provisions of this policy; and

(b) a list of approved institutions where or through which investments may be made, subject to the provision of this policy.

(8) To provide measures for ensuring implementation of this policy and internal control over, investment made as well as procedures for reporting on and monitoring of all investments made procedure for benchmarking and performance evaluation.

(9) To provide the assignment of roles and functions, any delegation of decision-making powers including the conditions for the use of investment managers, and their liability in the event of non-compliance with the provisions of this policy.

(10) To provide the procedures for the annual review of this policy.

8. PERMITTED INVESTMENT TYPES

(1) The Municipality shall only invest funds in any of the following investment types as set out and referred to in regulation 6 of the Regulations, being:

(a) securities issued by the National Government;

(b) listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;

(c) deposits with banks registered in terms of the Banks Act, Act 94 of 1990;

(d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, Act 45 of 1984;

(e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, Act 46 of 1984;

(f) banker's acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, Act 94 of 1990;

(g) guaranteed endowment policies with the intention of establishing a sinking fund;

(h) repurchase agreements with banks registered in terms of the Banks Act, Act 94 of 1990;

(i) municipal bonds issued by another municipality; and

(j) any other investment type as the Minister of Finance may identify by regulation in terms of section 168 of the MFMA, in consultation with the Financial Services Board.

9. PROHIBITED INVESTMENTS

(1) The Municipality shall not be permitted to make the following investments:

(a) investments in listed or unlisted shares or unit trusts;

(b) investments in stand alone or derivative instruments;

(c) investments denominated in, or linked to, foreign currencies;

(d) investments in market linked endowment policies.

(2) The Municipality shall not borrow funds for the purposes of investing, as stated in terms of the Borrowing Policy of the Municipality.

(3) Any investment in capital or money market instruments shall be held until maturity. The Municipality shall not buy or sell these instruments, to speculate with a view to making capital profits.

10. STANDARD OF CARE

(1) The Municipality must take all reasonable and prudent steps consistent with, and according to the provisions of this policy to ensure that it places its investments with credit-worthy institutions. The international rating given should be used to evaluate the creditworthiness of financial institutions.

(2) The investment shall be made with the judgement and care, under the prevailing circumstances, which a person of prudence, discretion and intelligence would exercise in the management of his/her own affairs, not for speculation, but for investment, and with primary regard to:

(a) the safety of its capital;

(b) the liquidity needs of the Municipality; and

(c) the probable income or return derived from the investment.

11. DELEGATION OF INVESTMENT PORTFOLIO MANAGEMENT

(1) The authority to make investments and fulfil all functions related herein is in terms of section 59 of the Systems Act delegated by the Council to the Chief Financial Officer who will exercise his/her power, function and duty to make investments on behalf of the Municipality within a policy framework determined by the Minister of Finance and in accordance with the provisions contained within this policy. This power may not be sub-delegated.

(2) The Chief Financial Officer shall make invitation and selection of competitive bids or offers from a list of approved institutions to make short-term investments as and when necessary.

(3) The Chief Financial Officer shall invite bids or offers from a list of approved institutions, in accordance with the applicable provisions of the Supply Chain Management Policy of the Municipality, and make investments in consultation with the Municipal Manager in respect of the long-term investment of funds.

12. REPORTING AND MONITORING

(1) The Accounting Officer, assisted by the Chief Financial Officer, shall in terms of section 71 of MFMA submit, on a monthly basis, a report describing in accordance with Generally Recognised Accounting Practice (GRAP) the investment portfolio of the Municipality as at the end of the month and such report shall contain at least the following particulars:

(a) the market value of each investment as at the beginning of the reporting period;

(b) any changes to the investment portfolio during the reporting period;

(c) the market value of each investment as at the end of the reporting period;

(d) applicable interest rates; and

(e) fully accrued interest or yield for the reporting period.

(2) There shall at all times be transparency, equitability, fairness and accountability in respect of every investment made and of the Municipality's investment portfolio. In this regard, details of all investment must form part of the monthly financial report by the Accounting Officer to the Mayor and the provincial treasury.

(3) There shall at all times be regular reporting mechanisms in place in order to assess the performance of the investment portfolio and to ensure that the investments comply with policy objectives, guidelines, applicable laws and regulations.

(4) The following investment reports shall be prepared:

(a) For the Chief Financial Officer:

(i) a daily summary of current investments for all Investees;

(ii) a detailed schedule of investment capital and interest maturing on the current day;

(iii) a daily summarised schedule of future maturities for all investments;

(iv) a monthly reconciliation of all interest accrued and interest received;

(v) each month, the weighted average actual return earned on investments for the month, together with a comparison to the previous 3, 6, 9 and 12 months, shall be calculated on a nominal annual compounded monthly basis and benchmarked against rates of return offered by other institutions.

(b) For the Mayor:

A monthly investment portfolio report (in accordance with the Generally Recognised Accounting Practice) to be submitted to the Mayor by the Accounting Officer, within 10 (ten) working days of the end of each month, as part of the section 71 report required in terms of the MFMA, detailing:

(i) the market value of each investment as at the beginning of the reporting period;

(ii) any changes in the investment portfolio during the reporting period;

(iii) the market value of each investment as at the end of the reporting period; and

(iv) fully accrued interest and yield for the reporting period.

(c) For Council:

(i) the Accounting Officer must table a quarterly report to Council within 30 (thirty) days after the end of each quarter on the cash withdrawals from the Municipality's bank account for investment purposes.

(d) For the Auditor-General:

(i) all investees shall, within 30 (thirty) days after the end of the financial year, notify the Auditor-General, in writing, of all investments held by them for and on behalf of the Municipality during that year, 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;

(ii) within 90 (ninety) days after opening up any new bank account, the Municipality shall notify the Auditor-General and the provincial treasury of the name, type and number of any new bank account opened by the Municipality; and annually before the start of a financial year, the name of each bank account where the Municipality holds a bank account, and the type and number of the account.

(iii) all banks, where the Municipality, at the end of a financial year holds a bank account or held a bank account at any time during a financial year, must –

a) within 30 days after the end of that financial year notify the Auditor-General in writing of such bank account including –

(i) the type and number of the account; and

(ii) the opening and closing balances of that bank account in that financial year; and

b) promptly disclose information regarding the account when so requested by the National Treasury or the Auditor-General.

13. DIVERSIFICATION

No more than 50% of the total investment portfolio may be invested with a single institution, except with the prior authorisation of Council.

14. COMPETITIVE SELECTION PROCESS AND INVITATION FOR QUOTATION

(1) No investments may be made without obtaining quotations from at least 3 (three) institutions or investees permitted in terms of this policy, for the terms for which the investment is to be placed.

(2) The selection of an investee for any investment shall be a competitive process in terms of the Supply Chain Management Policy of the Municipality.

(3) In the event of one or more of the investees offering a more beneficial rate for an alternative term, the other investees who previously quoted or invited to quote shall be approached for their rates on the alternative term.

(4) Written confirmation of the terms of the investments shall be prepared and signed with the investee in all cases.

(5) Save where other considerations or factors as provided in this policy apply the best rate offered shall secure the investment.

15. CONTROL OVER INVESTMENT(S)

(1) Proper records should be kept of all investment made. At the very least the following facts should be indicated for each investment: the institution, the funds, the interest rate and the maturity date.

(2) Interest correctly calculated should be received timeously together with any distributable capital.

(3) Investment documents and certificates shall be kept in a locked and fire-resistant safe.

(4) The Chief Financial Officer is responsible for ensuring that the invested funds are reasonably secure and should there be a measure of risk, such risk must be rated realistically.

(5) All investment made must be in the name of the Municipality and recorded as such by the Investee.

(6) The responsibility and the risk arising from any investment vests in the Municipality.

16. INVESTEE LIMITS

(1) Maximum investment levels shall be set for each approved Investee and these limits shall not be exceeded at the time of making the investment.

(2) The investment limit per deposit taking institution shall be calculated using the balance sheet figures obtained from the individual Investee's Reserve Bank DI900 return and taking into account:

(a) 5% of total equity divided by total assets multiplied by total deposits;

(b) the ratio of the individual limits per Investee, calculated above, as a percentage of the total limits, shall then be applied daily to the actual funds invested and available for investment. In this way a daily investment limit, as per the calculated ratio, shall be determined per Investee for any given level of total actual investments.

(3) Investee limits and ratios based on the above formulae shall be revised annually or as required upon the addition or deletion of an institution to or from the list of approved deposit taking Investees.

(4) The Municipality shall only invest with Investees having, as applicable, an investment grade rating of A.1 or better for short term investments and an A or better rating for long term investments from a nationally or internally recognised credit rating agency.

(5) The Municipality shall ensure that it places its investments only with credit-worthy Investees. The credit worthiness of every Investee shall be monitored throughout the year on an ongoing basis.

(6) Any additions to or deletions from the list of approved Investees or any changes to the investment limits assigned to each Investee shall be approved by the Chief Financial Officer in consultation with the Accounting Officer.

17. ELECTRONIC FUNDS TRANSFER

(1) Investments shall be made by electronic transfer.

(2) Strict segregation of duties shall be maintained in respect of the creator of the payment and the payment authoriser.

(3) Investment payments shall be authorised by the Chief Financial Officer.

18. EFFECTIVE CASH MANAGEMENT

(1) In order to ensure adequate and efficient cash management of the Municipality, the Chief Financial Officer must establish and implement at all times a cash management plan and reports which entails at least the following:

(a) daily cash flow reporting shall be prepared as follows:

(i) a summary of the preceding day, and month date, closing bank account and investment balances, cash receipts, payments and inter-bank transfers;

(ii) a detailed schedule of investment capital and interest maturing on the current day;

(iii) a summarised schedule of daily investment maturities for all existing investments;

(iv) a summary of daily cash receipts and payments, actual against forecast for the month to date; and

(v) a daily projection of cash receipts and payments through to the end of the current month;

(b) monthly reporting showing:

(i) comparisons of actual cash flow with forecast, current month and year to date;

(ii) an explanation of any variances in sub-paragraph (i) above;

(iii) updating the estimates on a monthly basis and in reporting provides comments or explanations regarding any significant cash flow deviation in any calendar month;

(iv) a summarised monthly projected cash flow over the next 12 (twelve) months;

(v) an analysis of actual year to date cash receipts and payments and projected cash flows for the remaining months of the current financial year to be submitted to National Treasury; and

(vi) the cash backing of statutory funds and reserves balances at the end of the month;

(c) every quarter preparing a revised detailed cash flow projection for the next 12 (twelve) months;

(d) regular reports indicating, when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when, if applicable, either long-term or short-term debt must be incurred; and

(e) preparing annually

(i) the annual estimates for the budget year of the municipality's cash flows per revenue sources divided into calendar months;

(ii) the annual cash flow budget for the new financial year.

(2) The Chief Financial Officer shall ensure regular and effective cash flow monitoring and forecasting which is essential for determining the timing and size of cash surpluses and deficits affecting investment decisions.

(3) The balance on the Municipality's current account shall be maintained at the minimum required level taking into account the day to day cash and expenditure requirements of the Municipality. Surplus cash shall be immediately invested in order to maximise interest earnings.

19. CASH COLLECTIONS

(1) All monies due to the Municipality must be collected as soon as possible and banked in a controlled and secure manner, on a daily basis as cash left in the safe can pose a security risk, necessitate additional insurance coverage and does not earn any interest.

(2) All cash shortages should be paid for immediately and banked to the municipal bank account the next business day.

(3) All surpluses should be recorded and banked to the municipal bank account and will be forfeited if not claimed after 3 years.

(4) Special deposits should be arranged for the larger amounts received to make sure that these are banked on the same day that they are received.

(5) It is essential that all amounts owed to the Municipality be levied by way of a debit and be dealt with in accordance with the Credit Control & Debt Collection Policy of the Municipality.

(6) Adequate cash receipting points shall be made available to the public in all areas to facilitate prompt payment of accounts. Every effort should be made to encourage consumers to pay directly, or via third party agents, into the Municipality's bank account by electronic means.

(7) The Municipality shall review the debt collection performance regularly comparing monies presently owed to the Municipality in relation to the total

income as well as a comparison to previous financial years in order to determine whether the debt collection is deteriorating or improving. Debt collection and credit control must be executed in terms of the provisions of the Credit Control & Debt Collection Policy of the Municipality

(8) The Chief Financial Officer shall regularly assess the daily available cash in the main bank account in order to determine the need for making daily call investments or making investment payments or withdrawals, whereas long-term investments need to be based on projections further into the future.

20. PETTY CASH

(1) The Chief Financial Officer will determine by way of written petty cash procedures the maximum amount and the nature of the petty cash disbursements, as well as managing the allocation of all petty cash floats.

(2) Payments by means of petty cash may be used internally, by officials of the Municipality for the purpose of acquiring goods and services that are small in nature and amount and may be required on an urgent basis.

(3) The provisions of the Supply Chain Management Policy of the Municipality concerning the acquiring of goods and services by way of petty cash, must be adhered to at all times.

21. PAYMENT TO SUPPLIERS

(1) The Accounting Officer, assisted by the Chief Financial Officer, shall establish written creditors' payment procedures in terms section 65(2) of the MFMA in order to ensure that the Municipality maintains an effective system

of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.

(2) The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the Municipality stipulate payment terms favourable to the Municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the Municipality.

(3) Suppliers shall be paid in accordance with the service level agreements concluded with such suppliers and the provisions of the Supply Chain Management Policy of the Municipality. The number of electronic batch payment runs shall be minimised and shall be done in a structured scheduled manner in order to facilitate efficient cash flow management.

(4) The Chief Financial Officer shall ensure that the Municipality optimises financial incentive opportunities arising from effecting earlier payments.

(5) In order to ensure continuous effective control of cash, any special payments to creditors shall only be made with the express approval of the Chief Financial Officer who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end or other regular processing.

22. INVESTMENTS ETHICS AND PRINCIPLES

(1) The Chief Financial Officer shall be responsible for investing the surplus revenues of the Municipality, and shall manage such investments in consultation with the Accounting Officer, as the case may be, and in

compliance with any policy directives formulated by Council and the prescriptions made by the Minister of Finance.

(2) Under no circumstances may any staff member be subjected to coercive measures of any description.

(3) No member of staff may accept any gift other than something that is so small (monetary value not exceeding R350.00 (Three hundred and fifty rand)) that it cannot possibly be seen as anything but a sign of goodwill, regardless of whether such gift influences such staff member in his/her work or is intended to do so. Excessive gifts and hospitality must be refused and avoided.

(4) The Chief Financial Officer must record and report all cases to the Accounting Officer where there is a contravention of this policy.

(5) No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions.

(6) No employee or councillor of the Municipality or their family may under any circumstances whatsoever on his/her own behalf or on behalf of any other person whether directly or indirectly, stipulate, claim or receive any consideration of whatever nature in connection with an investment made. This shall be confirmed annually by all Investees to the Auditor-General.

(7) No fee, commission or other reward may be paid or given, directly or indirectly, to a councillor or official of the Municipality, or to a spouse or close family member of such councillor or official, in respect of any investment made by the Municipality. This shall be confirmed annually by all Investees to the Auditor-General.

(8) All investments must be made without internal or external interference whether such interference comes from individual officials, councillors, agents, Investees or any other external body.

(9) The Municipality shall review its investments regularly and liquidate any investment that no longer has the minimum acceptable rating as specified.

(10) The Municipality must take all reasonable and prudent steps, consistent with the standard of care provided for in this policy to diversify its investment portfolio across institutions, types of investment and investment maturities. In this case it should be noted that a group of financial institutions would be treated as individual institutions.

(11) Investments made by or on behalf of the Municipality must:

(a) be made while maintaining a strict code of ethics and standards;

(b) be a genuine investment and not an investment made for speculation.

23. CONFIDENTIALITY

(1) Interest or investment rates shall not be divulged or disclosed to another institution or Investee.

(2) The Municipality's cash position and its future projected cash flows shall not be discussed with or disclosed to any Investee.

24. GENERAL INVESTMENT PRACTICE

(1) General principles:

(a) After determining whether cash is available for investment and fixing the maximum term of investment, the Chief Financial Officer shall consider the way in which the investment is to be made in conjunction with the Accounting Officer. Because rates can vary according to money market perceptions with regard to the term of investment, quotations for fixed deposits should be requested telephonically for a period within the limitations of the maximum term. All telephonic quotations must be recorded on a schedule and the accepted quotation must be confirmed in writing before the actual investment is made. The same procedure must be followed before re-investment is made with the same institution;

(b) Where a fixed deposit is made with an institution at a lower rate than the other quotations, reasons must be recorded by the Chief Financial Officer and reported to the Mayor as part of monthly financial report by the Accounting Officer.

(2) Payment of commission:

(a) The financial institution where a fixed deposit is made must issue a certificate with regard to each investment at the time when the investment is made, in which it states that the financial institution has not or will not pay any commission and has not or will not grant any other benefit for obtaining such investment to any employee or councillor of the Municipality or their family or an agent or any other such person, or to any person nominated by such agent or such other person, except where the Municipality has decided, in terms of duly authorising legislation, to appoint an agent, consultant or such other person, and the fee commission has been decided and approved by the Mayor before any investment is made with such a financial institution;

(b) In the case of long-term securities at insurance companies, any payment of commission to any agent, consultant or any other

person, must be clearly stated on the application form and approved by the Mayor in terms of duly authorising legislation and shall not exceed industry norms, before any investment is made;

(c) If any fee, commission or other reward is paid to an Investment Manager in respect of an investment made by the Municipality, both the Investee and the Investment Manager must declare such payment to the Council by way of certificate disclosing full details of the payment.

(3) "Call Deposits" and "Fixed Deposits" shorter than 12 (twelve) months:

(a) Quotations shall be solicited from a minimum of 3 (three) financial institutions bearing in mind the limits of the term for which it is intended to invest the funds. Should one of the institutions offer a better rate for a term, other than the term initially requested by the Municipality, the other institutions that were approached shall also be asked for quote a rate for the same term;

(b) It is acceptable to ask for quotations telephonically, as rates can generally change on a regular daily basis and time is a determining factor when an investment is made;

(c) The person responsible for requesting quotations from institutions should record the name of the institution, the name of the person who gave the telephonic quotation and the relevant terms and rates, and other facts such as whether the interest is payable on a monthly basis or on a maturity date. Written confirmation of the telephonic quotation accepted shall be given before the investment is made;

(d) Once the required number of quotations has been obtained, a decision shall be taken regarding the best terms offered and the institution with which the funds are going to be invested. The best offer is normally accepted, with thorough consideration of investment principles. No attempts may be made to make institutions compete with each other as far as their rates and terms are concerned. If institutions have been asked for a quotation with regard to a specific

package, the institution has to be told to offer their best rate in their quotation. The institution shall be informed that, once the quotation has been given, no further bargaining or discussions would be entered into in that regard;

(e) The above mentioned procedure should be followed regardless of whether the money is to be invested in a fixed deposit or on a call basis;

(f) The Municipality shall ensure that the investment document received is the genuine document, issued by an approved institution. The investment capital should be paid over only to the institution with which it is to be invested, and not to any agent;

(g) The Chief Financial Officer should seek professional advice whenever there is a degree of uncertainty regarding investment opportunities that are required to be evaluated.

25. USE OF INVESTMENT MANAGERS

(1) The Municipality may employ an Investment Manager to:

(a) advise it on its investments; and/or

(b) manage specific investments on its behalf.

(2) The appointment of an Investment Manager shall be in accordance with the Municipality's Supply Chain Management Policy. No employee, councillor or official of the Municipality or any family member of any of the aforegoing may be appointed as Investment Manager.

(3) All investments made by an investment manager on behalf of the Municipality shall be in accordance with this policy and the Regulations.

(4) Where any investment fee, commission or any other amount is paid by the Investee to the Investment Manager in respect of the Municipality's investments, both the Investee and the investment manager shall declare such payment to Council by way of a certificate disclosing the full details of the payment. Such amount shall not exceed industry norms.

(5) Investment Managers found guilty of non-compliance with this policy, as well as the Regulations, shall be liable for any loss or penalty suffered by the Municipality.

26. ACCOUNTING FOR INVESTMENTS

The Municipality's investments shall be accounted for as held to maturity (HTM) financial investments in accordance with the Municipality's approved accounting policies. The investments shall be measured as at balance sheet date at the amortised cost, using the effective interest rate method, less any write off for impairment or non collectability.

27. EXISTING INVESTMENTS

Nothing in this policy compels the Municipality to liquidate an investment which existed when the Regulations took effect merely because such investment does not meet the provisions of those regulations.

28. INVESTMENT DENOMINATED IN FOREIGN CURRENCY PROHIBITED

The Municipality may make an investment only if the investment is denominated in South African Rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

29. ANNUAL REVIEW OF THIS POLICY

(1) This policy will be reviewed annually or earlier if so required by legislation.

(2) Any changes to this policy must be adopted by Council and be consistent with the MFMA and the Regulations.

ANNEXURE "A"

GOVERNMENT GAZETTE, 1 APRIL 2005

GOVERNMENT NOTICES

NATIONAL TREASURY Notice No. R. 308 dated 1 April 2005 in Gazette No. 27431

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003 MUNICIPAL INVESTMENT REGULATIONS

The Minister of Finance, acting with the concurrence of the Minister for Provincial and Local Government, has in terms of Section 168, read with Section 13 and 99 (2)(g), of the Local Government : Municipal Finance Management Act, Act 56 of 2003, made the regulations as set out in the Schedule.

SCHEDULE

1. Definitions

In these regulations, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act, has the same meaning, and:

(1) **"Act"** means the Local Government: Municipal Finance Management Act, Act 56 of 2003;

(2) **"Investee"** means an institution with which an investment is placed, or its agent;

(3) **"Investment Manager"** means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, Act 55 of 1989 and Stock Exchanges Control Act, Act 1 of 1985, contracted by a municipality or municipal entity to:

(a) advise it on investments;

(b) manage investments on its behalf; or

(c) advise it on investments and manage investments on its behalf.

(4) **"trust money"** means money held in trust on behalf of third parties in a trust contemplated in terms of Section 12 of the Act.

2. Application

(1) These regulations apply to:

(a) all municipalities;

(b) all municipal entities; and

(c) all Investment Managers acting on behalf of, or assisting, a municipality or municipal entity in making or managing investments.

(2) These regulations do not apply:

(a) to a pension or provident fund registered in terms of the Pension Funds Act, Act 24 of 1956, or any subsequent legislation; or

(b) in respect of trust money administered by a municipality or municipal entity where a trust deed prescribes how the trust money is to be invested.

(3) Municipal pension or provident funds which do not comply with sub-regulation (2)(a) are exempted from these regulations until 30 June 2005.

(4) The Accounting Officer of a municipality and municipal entity must provide the National Treasury with details of all pension or provident funds that do

not comply with sub-regulation (2)(a) within 30 (thirty) days of promulgation of these regulations.

3. Adoption of Investment Policies

(1) The investment policy to be established by a municipality in terms of Section 13(2) of the Act, must be:

(a) adopted by the Council of the municipality; and

(b) consistent with the Act and these regulations.

(2) The board of Directors of a municipal entity must adopt an investment policy for the entity consistent with the Act and these regulations.

(3) All investments made by a municipality or municipal entity, or by an Investment Manager on behalf of a municipality or municipal entity, must be in accordance with the investment policy of the municipality or entity and these regulations.

4. Core elements of Investment Policies

(1) The investment policy of a municipality or municipal entity must:

(a) be in writing;

(b) give effect to these regulations; and

(c) set out:

(i) the scope of the policy;

(ii) the objectives of the policy, with due regard to the provisions of these regulations relating to:

(aa) the preservation and safety of investments as the primary aim;

(bb) the need for investment diversification; and

(cc) the liquidity needs of the municipality or municipal entity;

(iii) a minimum acceptable credit rating for investments, including :-

(aa) a list of approved investment types that may be made, subject to regulation 6;

(bb) a list of approved institutions where or through which investments may be made, subject to regulation 10;

(iv) procedures for the invitation and selection of competitive bids or offers in accordance with Part 1 of Chapter 11 of the Act;

(v) measures for ensuring implementation of the policy and internal control over investments made;

(vi) procedures for reporting on and monitoring of all investments made, subject to regulation 9;

(vii) procedures for benchmarking and performance evaluation;

(viii) the assignment of roles and functions, including any delegation of decision-making powers;

(ix) if Investment Managers are to be used, conditions for their use, including their liability in the event of non-compliance with the policy or these regulations; and

(x) procedures for the annual review of the policy.

5. Standard of Care to be exercised when making Investments

Investments by a municipality or municipal entity, or by an Investment Manager on behalf of a municipality or entity:

(a) must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs;

(b) may not be made for speculation but must be a genuine investment; and

(c) must in the first instance be made with primary regard being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality or municipal entity and lastly to the probable income derived from the investment.

6. Permitted Investments

A municipality or municipal entity may invest funds only in any of the following investment types:

(a) securities issued by the national government;

(b) listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;

(c) deposits with banks registered in terms of the Banks Act, Act 94 of 1990;

(d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, Act 45 of 1984;

(e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, Act 46 of 1984;

(f) banker’s acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990;

(g) guaranteed endowment policies with the intention of establishing a sinking fund;

(h) repurchase agreements with banks registered in terms of the Banks Act, 1990;

(i) municipal bonds issued by a municipality; and

(j) any other investment type as the Minister may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

7. Investments denominated in foreign currencies prohibited

A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

8. Payment of Commission

(1) No fee, commission or other reward may be paid to a councillor or official of a municipality or to a director or official of a municipal entity or to a spouse or close family member of such councillor, director or official in respect of any investment made or referred by a municipality or municipal entity.

(2) If an Investee pays any fee, commission or other reward to an Investment Manager in respect of any investment made by a municipality or municipal entity, both the Investee and the Investment Manager must declare such payment to the Council of the municipality or the board of directors of the municipal entity by way of a certificate disclosing full details of the payment.

9. Reporting requirements

(1) The accounting officer of a municipality or municipal entity must within 10 working days of the end of each month, as part of the Section 71 report

required by the Act, submit to the Mayor of the municipality or the board of directors of the municipal entity a report describing in accordance with generally recognised accounting practice the investment portfolio of that municipality or municipal entity as at the end of the month.

(2) The report referred to in sub regulation (1) above must set out at least:

(a) the market value of each investment as at the beginning of the reporting period;

(b) any changes to the investment portfolio during the reporting period;

(c) the market value of each investment as at the end of the reporting period; and

(d) fully accrued interest and yield for the reporting period.

10. Credit Requirements

(1) A municipality or municipal entity must take all reasonable and prudent steps consistent with its investment policy and according to the standard of care set out in regulation 5, to ensure that it places its investments with credit worthy institutions.

(2) A municipality or municipal entity must :-

(a) regularly monitor its investment portfolio; and

(b) when appropriate liquidate an investment that no longer has the minimum acceptable credit rating as specified in its investment policy.

11. Portfolio Diversification

A municipality or municipal entity must take all reasonable and prudent steps, consistent with its investment policy and according to the standard of care prescribed in regulation 5, to diversify its investment portfolio across institutions, types of investment and investment maturities.

12. Miscellaneous Provisions

(1) The responsibility and risk arising from any investment transaction vests in the relevant municipality or municipal entity.

(2) All investments made by a municipality or municipal entity must be in the name of that municipality or municipal entity.

(3) A municipality or municipal entity may not borrow money for the purpose of investment.

13. Existing Investments

Nothing in these regulations compels a municipality or municipal entity to liquidate an investment which existed when these regulations took effect merely because such investment does not comply with a provision of these regulations.

14. Commencement

These regulations take effect on 1 April 2005.

ANNEXURE "B"

LIST OF CURRENTLY APPROVED INVESTEES

A. Deposit taking institutions

ABSA Bank

FirstRand Bank

Investec Bank

Nedbank

Standard Bank

Public Investment Commissioners

Corporation for Public Deposits

B. Corporate bond issuers

None currently approved.

C. Municipal bond issuers

None currently approved.

D. Endowment policy issuers

E. National Government / Parastatals

RSA fixed income stock.

Eskom fixed income stock

RUSTENBURG LOCAL MUNICIPALITY

BORROWING FRAMEWORK POLICY AND GUIDELINES

Table of Contents

1. Purpose 3

2. Problem Statement 3

Guidelines and Procedures 4

5. Specific factors that must be considered when borrowing 5

6. Types of Borrowings 6

7. Hedging 8

8. Credit Rating 9

9. Refinancing 9

10. Security 9

11. Security 10

12. Provision for Redemption of Borrowings 10

13. Non-Repayment of Borrowings 10

14 Borrowing for Investment Purposes not Permitted 11

15. Other Borrowing Practices 11

16. Reporting and Monitoring Requirements 11

17. Internal Controls 11

18. National Treasury and Reporting Requirements 12

1. Purpose

(a) To establish a framework and guidelines for the borrowing of funds.

(b) To ensure compliance with statutory requirements and National Treasury borrowing regulations.

(c) To ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorised borrowings.

(d) To outline the appropriate actions of a prudent person standard in the context of managing overall debt.

(e) To maintain debt within specified limits and ensure adequate provision for the payment of debt and debt repayment **to** be sustainable.

2. Problem Statement

The Guidelines and Procedures have been written in compliance with relevant legislation, they offer certainty to the debt capital markets thereby ensuring a level of confidence in our municipal fiscal affairs. Consequently, the Municipality has access to a range of funding instruments for the provision of municipal infrastructure. Rustenburg Local Municipality ("Municipality"), in general, seeks to minimise its dependence on borrowings in order to curtail future revenue committed to debt servicing and redemption charges.

The Chief Financial Officer prudently manages interest rate, liquidity and credit risk exposures thereby obtaining the lowest possible interest rate for the Municipality's debt. The debt is taken on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by legislation. They also take into consideration the issues of the time value of money and to optimise the use of the term of the loan**.**

3. Legislation

The relevant legislation and regulations in terms of which borrowing decisions are governed are as follows:

- **Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) (See Annexure A)**
- **Constitution of the Republic of South Africa Act 108 of 1996 (See Annexure B)**

- **Municipal Regulations on Debt Disclosure (Local Government: Municipal Finance Management Act, Chapter 6) Government Gazette no. 29966, 15 June 2007) effective from 01 July 2007 for a municipality or municipal entity (See Annexure C).**
- **Municipal Finance Management Act No. 56 of 2003 Circular No.71 (See Annexure D)**

Guidelines and Procedures

4. General Approach to Borrowing

4.1.1 The Municipality may incur long term debt for the purpose of:

(a) Capital expenditure on infrastructure, property, plant or equipment to be used for the purpose of achieving the objectives of local government or

(b) Re-financing existing long-term debt as permitted.

4.1.2 The Municipality will, in general, seek to minimise its dependence on borrowings in order to reduce future revenue committed to debt servicing and redemption charges.

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

4.1.2 The Municipality shall maintain the Gearing Ratio to be below 45% and Debt service cost to be between 6% and 8%, in line with the MFMA Circular No.71

4.1.2 The fixing of debt repayments is a crucial consideration in meeting the legal requirements of the Municipality, that of annually producing a balanced budget.

4.1.2 Whilst the period for each loan debt may vary from time to time according to the needs of the Municipality in conjunction with various Lenders, presently the typical debt repayment period for loans is between five to twenty years, closely matching the underlying asset lives serviced by the loans.

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

4.1.2 There are from time to time various options offered from Financial Institutions which need to be treated on their merits and which could result in slightly lower interest rates being offered.

4.1.2 The Municipality's external borrowings have been mainly sourced from financial institutions amongst others commercial banks and development finance institutions.

4.1.2 Any official involved in the securing of loans by the Municipality must, when interacting with a prospective Lenders or when preparing documentation for consideration by a prospective Investors disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor.

4.1.2 Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

4.1.2 The prospective lenders must be furnished with the following:

(a) Audited annual financial statements for the preceding three financial years

(b) The approved annual budget

(c) The Integrated Development Plan

(d) Repayment schedules pertaining to existing long term debt

4.1.2 The Municipal Finance Management Act provides that the Municipality may not guarantee any debt of any entity except on the following conditions:

(a) The guarantee must be within limits specified in the municipality's approved budget

(b) The entity is a Municipal entity under its sole control and such guarantee is authorised by the council

4.1.2 Any guaranteed debt must be reflected in the approved business plan of the entity and must be authorised by the Municipality in the same manner and subject to the same conditions applicable to any other borrowings.

4.1.2 Neither the National nor Provincial Government may guarantee the debt of any Municipality.

4.1.2 All loans must be in the name of the Municipality

5. Specific factors that must be considered when borrowing

Surplus funds and external long term debt are used to meet the objectives of the Integrated Development Plan (IDP) which include the service delivery programme, economic and social development and other demands of the changing and growing city.

5.1 The factors to be considered when borrowing are:

(a) Revenue generating ability of asset

(b) Type and extent of benefits to be obtained from the borrowing

(c) Length of time the benefits will be received

(d) Beneficiaries of the acquisition or development

(e) Impact of interest and redemption payments on both current and forecasted income

(f) Current and future capacity of the property tax base to pay for borrowings and the rate of growth of the property tax base

(g) Likely movements in interest rates for variable rate borrowings

(h) Other current and projected sources of funds

i) Competing demands for funds

(i) j) Timing of money market interest rate movements and the long term rates on the interest rate curve

5.2 After taking **a, b, c, d** above into account, the borrowing requirement will be determined by:

5.2.1 Obtaining the total capital budget value – as per IDP and MTERF.

5.2.1 Determining internal funding – the municipality from time to time, will use its surplus funds from operations to fund its capital programmes in order to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail

5.2.1 Obtaining the figure for grants to be received – as allocated per national and provincial treasuries

5.2.1 Identifying cash shortages to be financed by external borrowings, after taking into account 5.2.2, and 5.2.3 above.

6. Types of Borrowings

Foreign borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

6.1 Short Term Borrowings

(a) The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.

(b) In terms of the Municipal Finance Management Act, incur short term debt only if the Chief Financial Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by Municipality, or is necessary due to an emergency that could not reasonably have been foreseen and cannot await Council approval.

(c) The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt.

(d) Examples of short-term debt are bank overdrafts and commercial paper bills

6.2 Long Term Borrowings

A Municipality may incur long-term debt only in accordance with and subject to any applicable provisions of MFMA, including section 19, and only for the purpose of–

(a) Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4) ; or

(b) Re-financing existing long-term debt subject to subsection (5).

Examples of long-term debt are as follows:

6.2.1 Annuity

(a) The loan amount, interest rate and repayment period offered by the financial institution are either fixed or variable.

(b) The calculation of the instalment payable on an annuity basis is simple and straightforward: the instalment of the loan can be repaid usually in equal six monthly instalments over the term of the loan.

6.2.1 Structured Finance Loans

(a) Structured finance is a service that generally involves highly complex financial transactions offered by many large financial institutions for companies with very unique financing needs.

(b) (It must be appreciated that before entering into any structured finance contract the Municipality, being a Statutory body, will carefully scrutinise all aspects of the structured finance loan agreement including seeking legal advice both from the Head: Legal and, where necessary, from Senior Legal Counsell to ensure that the Municipality is not participating in a structure which the South African Revenue Service may deem it to be one which leads to tax evasion.

(c) The Municipality will always adopt a prudent and carefully evaluated approach before entering into structured finance loan agreements

(d) The Municipality has not entered into any structured loan agreements recently, and in view of the tax implications under the present tax regime it is unlikely that it will enter into structured loan agreements in the near future. The loan amount, interest rate and repayment period offered by the financial institution are either fixed or variable. The calculation of the instalment payable on an annuity basis is simple and straightforward: the instalment of the loan can be repaid usually in equal six monthly instalments over the term of the loan.

6.2.1 Bonds

(e) A bond is an instrument used by Government, State-Owned Entity and Corporates to raise loan capital on the open market.

(f) Bond holders have the right to interest, usually paid on a semi-annual basis, and the repayment of the capital amount on maturity. The most critical variable factor in determining bond rates is the expected long term trend in inflation, in order to provide a return that equals inflation plus a risk premium.

(g) The higher the risk attached to a borrower, the higher will be the risk yield investors will demand.

(h) During its tenure, a bond will trade on the bond market at prevailing interest levels with bond prices inversely related to movements in interest rates.

7. Hedging

(a) Where the interest rate offered by the financial institution is on a variable basis, an Interest Rate Swap (IRS) may be taken out.

(b) An IRS agreement will need to be signed with the party agreeing to accept the variable rate and offer the fixed rate to the Municipality.

(c) An Interest Rate Swap Agreement must comply with the terms set out by the International Swap Dealers Association (ISDA).

8. Credit Rating

The Municipality has a Long-Term and Short-Term National Scale rating, which is reviewed on an annual basis. Currently the credit rating is being provided by Global Credit Rating (GCR).

9. Refinancing

(a) Section 46 of the Municipal Finance Management Act provides that the Municipality may refinance existing long term debt, if such refinancing is in accordance with the prescribed framework.

(b) The Municipality may borrow money for the purpose of re-financing existing long-term debt, provided that:

i. The existing long-term debt was lawfully incurred

ii. The re-financing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed

iii. The net present value of projected future payments (including principal and interest payments) after re-financing is less that the net present value of projected future payments before re-financing

iv. The discount rate used in projecting net present value referred to in the above paragraph and any assumptions in connection with the calculations must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

(c) No loans will be prematurely redeemed unless there is a financial benefit to the Municipality.

10. Security

(a) The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral.

(b) The Municipality may cede as security any category of revenue or rights of future revenue.

(c) Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

11. Security

(a) Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the Mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt.

(b) At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered:

i. The Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

ii. (ii) Invite the Public, the National Treasury and Provincial Treasury to submit written comments or representations to the council in respect of the proposed debt.

(c) A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of:

i. The essential repayment terms, including the anticipated debt repayment schedule; and

ii. (ii) The anticipated total cost in connection with such debt over the repayment period.

12. Provision for Redemption of Borrowings

(a) The Municipality may set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet repayment on the maturity date of the loan.

(b) Such sinking funds may also be invested directly with the Lender’s Bank.

(c) The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

(d) Use can also be made of guaranteed endowment policies to facilitate the payment on maturity date.

13. Non-Repayment of Borrowings

(a) The Municipality must honour all its borrowings obligations timeously as the failure to effect prompt payment will adversely affect the raising of future borrowings at favourable costs: failure even by one day, and even if only through

administrative oversight, will have severe repercussions, and may jeopardise the Municipality's favourable credit rating.

(b) In addition to the timeous repayment of the borrowings, the Municipality must adhere to the financial covenants stipulated in the loan agreements and the under mentioned are some examples of typical financial covenant requirements:

i. furnish the Lender with audited annual financial statements timeously

ii. long term credit rating not to decline below investment grade

iii. reporting of material changes in financial position of the Municipality

iv. Collection rates must not be less than a specified rate

v. Gearing, debt coverage and cost coverage ratios

14 Borrowing for Investment Purposes not Permitted

While in the past some Municipalities borrowed funds with the sole purpose of investing to earn a return their motive was clearly speculative and the cost of debt almost always more expensive than the return that the Municipality could derive by investing in permitted investments, consequently, as a principle, eThekwini Municipality does not borrow for investment purposes.

15. Other Borrowing Practices

Depending on economic conditions such as the shape of the interest yield curve, the Municipality may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve.

16. Reporting and Monitoring Requirements

Regular reporting mechanisms are in place in order to assess the performance of the borrowing portfolio and to ensure that the borrowings comply with policy objectives, guidelines, applicable laws and regulations.

17. Internal Controls

(a) The internal control procedure involves Internal Audit and Performance Management, and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis.

(b) In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.

(c) Controls deemed most important include:

(i) Control of collusion, separation of duties.

(ii) Custodial safekeeping of loan agreements and contracts.
(iii) Clear delegation of duties.
(iv) Checking and verification by senior officials of all transactions.
(v) Documentation of transactions and repayments.
(vi) Code of ethics and standards.
(vii) Procedure manuals.

(ii) Electronic Funds Transfer limits and a detailed procedure manual for the system.

18. National Treasury and Reporting Requirements

(a) Of the numerous returns submitted by the Municipality to National Treasury, one such report deals with the Municipality's external interest paid each month.

(b) Another return, prepared on a quarterly basis, requires the Municipality to itemise all its external borrowings for the quarter ended.

ANNEXURE A

LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003

CHAPTER 6 : DEBT

SHORT-TERM DEBT

45 (1) A municipality may incur short-term debt only in accordance with and subject to the provisions of this Act. A municipality may incur short-term debt only when necessary to bridge -

(a) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or

(b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

A municipality may incur short term debt only if -

1) a resolution of the municipal council, signed by the mayor , has approved the debt agreement : and

2) the accounting officer has signed the agreement or other document which creates or acknowledges the debt .

(3) For the purpose of subsection (2) (a.) a municipal council may -

1) approve a short term debt individually ; or

2) approve an agreement with a lender for a short-term credit facility to be accessed as and when required , including a line of credit or bank overdraft facility , provided that -

(i) the credit limit must be specified in the resolution of the council ;

(ii) the terms of agreement , including the credit limit , may be changed only by a resolution of the council ; and

(iii) if the council approves a credit facility that is limited to emergency use , the accounting office must notify the council in writing as soon as practical of the amount , duration and any debt incurred in terms of such a credit facility , as well as options for repaying such debt.

(4) A municipality -

1) must pay off short-term debt within the financial year ; and

2) may not renew or refinance short-term debt , whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

(a) No lender may wilfully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection (4)(a).

2) if a lender wilfully extends credit to a municipality in contravention of paragraph (a), the municipality is not bound to repay the loan or interest on the loan .

(6) Subsection (5)(b) does not apply if the lender -

(a) relied in good faith on written representations of the municipality as to the purpose of the borrowing; and

did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term debt.

LONG-TERM DEBT

(1) A municipality may incur long-term debt only in accordance with and subject to

any applicable provisions of this Act, including section 19, and only for the purpose of–

(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4) ; or

(b) re-financing existing long-term debt subject to subsection (5).

2) A municipality may incur long-term debt only if –

(a) a resolution of the municipal council, signed by the mayor , has approved the debt agreement ; and

the accounting officer has signed the agreement or other document which creates or acknowledges the debt .

(3) A municipality may incur long-term debt only if the accounting officer of the municipality-

1) has in accordance with subsection 21A of the Municipal Systems Act–

(i) at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided ;and

invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt ; and

(b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of -

(i) the essential repayment terms, including the anticipated debt repayment schedule; and

(ii) the anticipated total cost in connection with such debt over the repayment period.

4) Capital expenditure contemplated in subsection (1)(a) may include -

1) financing costs, including -

capitalised interest for a reasonable initial period;

costs associated with security arrangements in accordance with

section 48;

(i) discounts and fees in connection with the financing;

fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and

costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing

(b) costs of professional services directly related to the capital expenditure; and

such other costs as may be prescribed.

A municipality may borrow money for the purpose of re-financing existing long-term

debt, provided -

(a) the existing long-term debt was lawfully incurred;

the re-financing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed;

the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing and

the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2).

CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

A municipality may incur debt only if -

(a) the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value the Rand against any foreign currency;

section 48 (3) has been complied with, if security is to be provided by the municipality

SECURITY

48. (1) A municipality may, by resolution of its council, provide security for -

(a) any of its debt obligations;

(b) any debt obligations of a municipal entity under its sole control; or

(c) contractual obligations of the municipality undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.

A municipality may in terms of subsection (1) provide any appropriate security including

by -

(a) giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating an asset or right, or giving any other form of collateral;

undertaking to effect payment directly from money or sources that may become available and to authorise the lender or investor direct access to such sources to ensure payment of the secured debt or performance of the secured obligations, but this form of security may not affect compliance with section 8 (2)

undertaking to deposit funds with the lender, investor or third party as security;

agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;

ceding as security any category of revenue or rights for future revenue;

undertaking to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;

undertaking to retain revenues or specific charges, fees, tariffs or funds at a particular level or at a level sufficient to meet its financial obligations;

undertaking to make provision in its budgets for the payment of its financial obligations, including capital and interest;

agreeing to restrictions on debt that the municipality may incur in future until the secured debt is settled or or the secured obligations are met; and

(j) agreeing to such other arrangements as the municipality may consider necessary and prudent.

(3) A council resolution authorising the provision of security in terms of subsection (2)(a) -

1) must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and

if so, must indicate the matter in which the availability of the asset or right for provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the municipality, deal with asset

or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be.

DISCLOSURE

(1) Any person involved in the borrowing of money by a municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor -

disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and

take reasonable care to ensure the accuracy of any information disclosed.

A lender or investor may rely on written representations of the municipality, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.

MUNICIPAL GUARANTEES

50. A municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following conditions :

(a) The guarantee must be within limits specified in the municipality's approved budget:

a municipality may guarantee the debt of a municipal entity under its sole control only if the guarantee is authorised by the council in the same manner and subject to the same conditions applicable to a municipality in terms of this Chapter if it incurs debt

a municipality may guarantee the debt of a municipal entity under its shared control or of any other person, but only with the approval of the National Treasury, and then only if-

(i) the municipality creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or

(ii) the municipality purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the municipality's potential financial exposure as a result of such guarantee.

NATIONAL AND PROVINCIAL GUARANTEES

51. Neither the national nor a provincial government may guarantee the debt of a municipality or municipal entity except to the extent that Chapter 8 of the Public/New Finance Management Act provides for such guarantees.

CHAPTER 8 : RESPONSIBILITIES OF MUNICIPAL OFFICERS

REPORTS AND REPORTABLE MATTERS

MONTHLY BUDGET STATEMENTS

71. (1) The accounting officer of a municipality must no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to end of that month

Actual revenue, per revenue source;

actual borrowing

actual expenditure, per vote

actual capital expenditure, per vote

the amount of any allocations received

Rustenburg Local Municipality

Contract Management Policy

First Draft

March 2020

TABLE OF CONTENTS

Preamble	**3**
Definitions	**3**
Abbreviations	**5**
1. Introduction	**5**
2. Contracts	**7**
3. Role players in contract management	**7**
4. Custodian of bid and contract documents	**8**
5. Role of project management and contract administration	**8**
6. Scope and objectives	**8**
7. Procedure when drafting contracts	**9**
8. Procedure after drafting contracts	**9**
9. Procedure for review or cancellation of contracts	**10**
10. Amendment of a contract	**10**
11. Variation of orders	**11**
12. Reporting to the Council	**11**
13. Reporting to the National Treasury	**11**
14. Procedure for performance management	**12**
15. Procedure for contract price escalation	**13**
16. General and special contract conditions	**13**
17. Conclusion	**13**
ANNEXURES	
A: Contract Price Escalation	**14**
B: General and Special Conditions of Contract	**16**
C: Registration of Contracts	**30**
D: Register of all municipal contracts	**31**
E: Register of all contracts above R500 000,00 for a period exceeding three months	**32**
F: Report to the Council on contract management	**33**

PREAMBLE

The Constitution of the Republic of South Africa, 1996, states in section 195(1):

"Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles –

(b) Efficient, economic and effective use of resources must be promoted.
(f) Public administration must be accountable."

Section 217(1) of the Constitution states:

"When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."

In addition, section 217(2)(1) of the Constitution states:

"Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –
(a) categories of preference in the allocation of contracts; and
(b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination."

The Rustenburg Local Municipality's SCM Policy provides guidelines on the acquisition of goods and services.

All transactions undertaken by the Rustenburg Local Municipality involves a contract, whether explicitly agreed upon in writing, or implicitly implied through actions. Properly managed contracts by all stakeholders involved can ensure that services are delivered within specifications as set and agreed upon during the acquisition of services (*inclusive of escalation clauses in the contracts, refer to GCC annexure B)*.

Good contract management by all stakeholders involved is essential for good financial management and will contribute to the effectiveness and efficiency of service delivery. A centralised strategic point of contract management will give strategic direction to all departments within the Rustenburg Local Municipality. This policy must be read in conjunction with the Rustenburg Local Municipality's SCM policy.

DEFINITIONS

In this Policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and the following definitions are assigned to the following terms:

TERMS	DEFINITIONS
the Act or MFMA	The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
Circular	Communications from National Treasury by means of circulars to enhance compliance and accountability to SCM Regulation and the MFMA of 2003
Contract Specialist/Champion/Administrator	The manager/director/administrator responsible for all day to day activities
Head of department	Any Director or Chief Financial Manager of the Municipal, including any Director reporting directly to the Municipal Manager
Contract	The agreement that results from the acceptance of a bid by the Rustenburg Local Municipality
Long-term contract	A contract with a duration exceeding one year
Contract management	The holistic term for all role players involved in an agreement
Constitution	The Constitution of the Republic of South Africa, 1996
Contract alteration	Changing technical writing or input errors to the original agreement of the contract without changing the scope of the contract
Contract amendment	Changing the scope, nature, duration, purpose or objective of the agreement or contract (in the context of circular 62 and section 113(3) of the MFMA)
Competitive bidding process	A competitive bidding process referred to in the SCM policy of the Rustenburg Local Municipality
Competitive bid	A bid in terms of the competitive bidding process
Two stage bidding	Two stage bidding process referred to in the SCM policy of the Rustenburg Local Municipality
Final award	In relation to bids or quotations submitted for a contract, the final decision on which bid or quote to accept
Formal written price quotation	Quotations referred to in the SCM policy of the Rustenburg Local Municipality
Fruitless and wasteful expenditure	Expenditure that was made in vain and would have been avoided if reasonable care been taken
Regulation	The Municipal Supply Chain Management

	Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003
Sole supplier	Goods and services procured in terms of section 110(2) of the MFMA
Supply Chain Management Code of Conduct	The National Treasury's Code of Conduct for Supply Chain Management Practitioners and other role players in the Rustenburg Local Municipality
Systems Act	The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended
Treasury guidelines	Any guidelines on Supply Chain Management issued by the Minister in terms of section 168 of the Act
Unsolicited bid	Bids as defined in terms of section 113(1)(2)(3) of the MFMA
Supply Chain Management	A systems approach to manage the entire flow of goods and services that will create and optimise value for customers in the form of products and services which specifically satisfy customer demands
Service provider	An accredited service provider of the Rustenburg Local Municipality, goods and services required by the Municipal from time to time
Guide for accounting officers	The supply chain management guide for accounting officers/authorities from the National Treasury, Republic of South Africa, 2004

ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
CIDB	Construction Industry Development Board Act, 2000 (Act 38 of 2000
MM	The official appointed by the Council as Municipal Manager and who will be the accounting officer of the Rustenburg Local Municipality as contemplated in the Act
GCC	General Conditions of Contract
GCFO	Group Chief Financial Officer of the Rustenburg Local Municipality
MFMA	Municipal Finance Management Act, 2003 (Act 56 of 2003)
MSA	Municipal Systems Act, 2000 (Act 32 of 2000)
NT	National Treasury
SCC	Special Conditions of Contract
SCM	Supply Chain Management

SDA	Service Delivery Agreement
SLA	Service Level Agreement
PPPFA	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)

1 INTRODUCTION

This policy framework provides a guide to contract management and a tool for effective contract management and it applies to all municipal employees and contractors that are involved in the management of supplier contracts.

This policy gives effect to the following legislation:

1.1 Section 217 of the Constitution, which states:

> "When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."

1.2 Section 195(1)(a) to (i) of the Constitution

1.3 Section 116(1), (2) and (3) of the MFMA, which states:

> "(1) A contract or agreement procured through the supply chain management system of a municipality or municipal entity must—
> (a) be in writing;
> (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for—
> (i) the termination of the contract or agreement in the case of non- or underperformance;
> (ii) dispute resolution mechanisms to settle disputes between the parties;
> (iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
> (iv) any other matters that may be prescribed.
>
> (2) The accounting officer of a municipality or municipal entity must—
> (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity 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 of the municipality or municipal entity—

(i) to assist the accounting officer in carrying out the duties set out in paragraphs *(a)* and *(b)*; and
(ii) to oversee the day-to-day management of the contract or agreement; and

(d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, 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 of the municipality or municipal entity may be amended by the parties, but only after—
(a) 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; and
(b) the local community—

(i) has been given reasonable notice of the intention to amend the contract or agreement; and
(ii) has been invited to submit representations to the municipality or Municipal entity."

2 CONTRACTS

2.1 Types of contracts

The bidding documents should clearly state the type of contract to be entered into and contain the appropriate contract provisions.

- The most common types of contracts provide for payments based on lump sum prices, unit prices, reimbursable cost plus fees, or combinations thereof.

- Reimbursable cost contracts should be acceptable only in special circumstances, such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy.

- Such contracts should include appropriate incentives to limit costs and may only be concluded subject to the approval of the accounting officer/authority.

- It is advisable that the reasons and formal approval for following the reimbursement route are recorded for auditing purposes.

2.2 Any other regulations pertaining to the Municipal's SCM Policy

This policy applies when a municipality or a municipal entity –

- procures goods or services;

- ❖ disposes of goods no longer needed; and
- ❖ selects service providers and suppliers to provide assistance in the provision of municipal services including circumstances where chapter 8 of the Municipal Systems Act applies.

3 ROLE PLAYERS IN CONTRACT MANAGEMENT

3.1 Contract Administration/SCM
3.2 Legal Services
3.3 Contract Management/Project Manager/User department
3.4 All officials of the Rustenburg Local Municipality

4 CUSTODIAN OF BID AND CONTRACT DOCUMENTS

4.1 All bid and contract documents will be kept by the SCM Division.

4.2 No Directorate will keep original bid documents and contracts in his/her office.

4.3 Directorates will, however, be allowed to keep copies of contracts and bid documents for assessment and contract performance management purposes.

5 ROLE OF PROJECT MANAGER AND CONTRACT ADMINISTRATION

Project manager/User department	Contract administration
Nominated by the head of the section to manage the specific project. Often described as reporting officer in terms of the supplier's performance management system. Responsible for – a) quality control, financial management and other technical expertise needed for the success of the project; b) facilitating the signing of contracts with service providers; and c) assessing the performance in line with the Suppliers Performance Monitoring System (SPMS).	Official from the SCM Division responsible for contract administration. Responsible for – a) the safekeeping of all contract-related documents; and b) advising the reporting officer/project manager on the following: i. Drafting of the Service Level Agreement (SLA) ii. Contract expiry date iii. Price adjustments iv. Reporting on performance of the supplier to the accounting officer and the Council

6 SCOPE AND OBJECTIVES

6.1 The objective of this policy/procedure is to set out the procedure that should be followed when drafting, monitoring, cancelling or renewing contracts or agreements procured through the Municipal's SCM.

6.2 This policy/procedure applies to all contracts entered into by the Municipality as a result of its SCM Policy.

6.3 This policy/procedure should be read and used in conjunction with the Municipal's SCM Policy.

7 PROCEDURE WHEN DRAFTING CONTRACTS

7.1 All contracts of the Rustenburg Local Municipality should be in writing and should at least include the following:

- ❖ Termination of the agreement in case of non-performance or underperformance
- ❖ Dispute resolution mechanisms to settle disputes between the parties
- ❖ Price of the goods or services to be delivered to the Municipality and how performance will be evaluated
- ❖ Penalties in case of non-performance or underperformance
- ❖ Duration of the contract
- ❖ A periodic review of the contract or agreement once every three years in the case of a contract or agreement lasting longer than three years

7.2 All contracts that have serious financial implications for the Municipality should be handed over to the Municipal's legal adviser for review before being signed by the accounting officer or delegated official.

7.2.1 The following are regarded as contracts that have serious financial implications:

- ❖ A contract value to the amount of R200 001,00 or more; and/or
- ❖ a contract for a period of 12 months and more.

8 PROCEDURE AFTER DRAFTING CONTRACTS

8.1 After the contract has been signed by the Municipal Manager, it should be entered the contract register that should be maintained by the contract administration officer.

8.2 The register should at least include the following information (See Annexure D):

- Date that the contact was signed
- Contract value
- Contract start and end date
- Authority number
- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract
- Review date, if it is a contract of more than three years
- Remarks/Comments
- Financial implications, e.g. increase in rent amount

8.3 The contract administration officer should update this register monthly with all contracts entered into by the Municipal during that month.

8.4 A separate register should be maintained for contracts above R500 000 in addition to the register mentioned in 8.1 above. The following information should be included in that register (See Annexure E):

- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract
- Payments made to date
- Penalties paid by the municipality or contractor
- Amendment to the contract
- Remarks from site meeting or contract steering committee meeting that have impact on the contract
- Progress report from the head of department that procured the goods or services
- Financial implications

8.5 The contract administration officer should update this additional register monthly with all the information affecting the contract, and comments from the head of department that procured the goods.

9 PROCEDURE FOR REVIEW OR CANCELLATION OF CONTRACTS

9.1 The head of SCM should inform the relevant head of department and/or municipal manager about the date of the review of the contract, at a reasonable period before the review date.

9.2 In case of non-performance or underperformance by the contractor, remedies as outlined in the contract should be used by the Municipal.

10 AMENDMENT OF A CONTRACT

A contract or agreement procured through the SCM policy of the municipality or municipal entity may be amended by the parties, but only after—

a) 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; and the local community—

(i) has been given reasonable notice of the intention to amend the contract or agreement; and

(ii) has been invited to submit representations to the municipality or municipal entity.

11 VARIATION OF ORDERS

11.1 In cases where the estimated value of the envisaged changes in purchase does not vary more than 15% of the total value of the original contract, the contractor may be instructed to deliver the goods or render the services as such. In cases of measurable quantities, the contractor may be approached to reduce the unit price, and such offers may be accepted, provided that there is no escalation in price.

11.2 The accounting officer will be delegated to approve variation orders as per point 11.1 above.

12 REPORTING TO THE COUNCIL

12.1 The head of the SCM Division, with the assistance of the contract administration officer, should prepare monthly reports for submission to the accounting officer on the state of all contracts entered into through the Municipal's SCM system.

This report is required by section 116(d) of the MFMA.

12.2 The following information should be contained in the report (See Annexure F):

- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract

- Payments made to date
- Penalties paid by the municipality or contractor
- Amendments to the contract
- Remarks from site meeting or contract steering committee meeting that have impact on the contract
- Progress report from the head of department that procured the goods or services
- Any delays that might have an impact on the completion of the contract

13 REPORTING TO THE NATIONAL TREASURY

13.1 The Group Chief Financial Officer is required to submit information in respect of each contract and advertised quotations from R30 000 to R200 000 (VAT inclusive) and tenders from R200 0000 and above, and must be signed by all parties to the National Treasury.

13.2 A report must be submitted each time a contract is awarded and signed by no later than 15 days after the end of each month.

13.3 Completed reports are to be emailed to the National Treasury at contracts@treasury.gov.za or by facsimile to 012 326 5445.

13.4 The following information should be contained in the report:

- Name of the municipality
- Contract reference number
- Contract signing date
- Contract description
- Name of contractor
- Percentage equity ownership by black persons (no franchise prior to elections) based on information provided in Municipal Bid Document (MBD) 6.1
- Percentage equity ownership by black women based on information provided in MBD 6.1
- Percentage equity ownership by white women based on information provided in MBD 6.1
- Outsourced/subcontracted businesses to small businesses as a percentage of the annual turnover based on information provided in MBD 6.3, if applicable
- Percentage local content of final product in relation to the bid price based on the information provided in MBD 6.4, if applicable
- Total contract price (A)
- Total price of lowest acceptable bid (price of bid scoring the highest points for price) (B)
- Premium paid to promote specified goals (C) (C=A-B)
- Percentage premium paid (C/B x 100)

14 PROCEDURE FOR PERFORMANCE MANAGEMENT

14.1 Key components of an effective performance approach:

- ❖ Establish appropriate key performance indicators that are aligned with contract objectives
- ❖ Set clear targets
- ❖ Define monitoring and reporting process

14.2 The following KPIs must be applicable:

Quality	Level of goods/services delivered
Outputs	Total output delivered by supplier to deliver contract
Productivity	Measured output produced/delivered per unit (services performed per day
Cost	Total cost incurred to deliver service/good
Savings	Total savings delivered by the supplier to deliver the contract
Responsiveness	Lead-time to respond to requests
Customer delivery	Percentage of orders delivered

15 PROCEDURE FOR CONTRACT PRICE ESCALATION

15.1 An appropriate contract adjustment formula must be specified in the bid documents if deemed necessary (Annexure A).

15.2 Escalation notification must be in writing and presented before implementation for approval.

16 GENERAL AND SPECIAL CONTRACT CONDITIONS

16.1 To strive towards uniformity, all contracts must be based on the General Conditions of Contract (GCC), issued by the National Treasury (Annexure B).

16.2 Any aspect not covered by the GCC should be dealt with in the Special Contract Conditions (SCC).

16.3 These conditions should form an integral part of the bidding documents.

16.4 Accounting officers/authorities should ensure that the prescripts of the PPPFA and the regulations pertaining thereto, are adhered to.

16.5 The basis for bid evaluation and selection should be clearly outlined in the instructions to bidders and/or in the specifications.

CONCLUSION

This policy is applicable to all Rustenburg Local Municipality officials and must be implemented from the date of approval.

Annexure A

Contract Price Escalation

1 Price adjustments due to escalation

1.1 The procedure requires a careful analysis of all related aspects that will influence the adjusted price, including the cost for the additional administrative work.

1.2 If the accounting officer/authority resolves to allow price escalation as part of the contract, this should be specified in the bid documents, including the formula and the time frames at which intervals such price adjustments should be considered.

1.3 The following formula is recommended if adjustments of prices are approved:

1.3.1 Pa = The new escalated price to be calculated
1.3.2 (1-V) Pt = 85% of the original bid price
1.3.3 D1, D2= Each factor of the bid price, e.g. labor, transport, clothing, footwear, etc.
1.3.4 The total of the various factors D1, D2…etc. must add up to 100%
1.3.5 R1t, R2t = index figure obtained from new index (depends on the number of factors used)
1.3.6 R1o, R2o= index figure at time of bidding
1.3.7 VPt = 15% of the original bid price. This portion of the bid price remains firm, i.e. it is not subject to any price escalations

2 Price adjustments due to the fluctuation in the Rate of Exchange (ROE)

2.1 Rate of exchange claims relate to the fluctuation of other currencies in relation to the South African rand. When the government advertises bids which might involve imported contents, whether wholly or partially, the ROE and future fluctuations are of vital importance, especially if it is a transversal contract for delivery over a specified period of more than one year.

2.2 The decision of who should take responsibility for any absorption of the fluctuation of a currency is similar to a decision of allocating risk. In this regard, there are two extreme possibilities:

- The supplier should bear all the risk and it is prescribed that the price will be fixed for the tenure of the contract, irrespective of the fluctuation of the currency. In such a case the supplier is free to arrange forward cover and/or to increase his/her price at bidding stage to cater for any fluctuation, thereby taking the risk of not being the successful bidder. Whatever route the supplier opts to follow, it will probably lead to an increase in price at the original bidding stage. This might lead to a situation at the commencement of the

contract where the government will be obliged to pay more for the product than the retail price to the general public.

- ❖ The government can absorb the risk and suppliers may bid firm prices, subject to ROE variation. In such cases the supplier(s) may apply for price increases/decreases when the currency fluctuates in relation to the agreed currency. The problem in this regard is that the prices are not always adjusted when the Rand appreciates. In such cases, it is of vital importance that the accounting officer/authority ensures that prices are adjusted to the benefit of the State.

2.3 The ideal would be to find a balanced approach between the above extremes, considering other contributing factors that will influence the final price. According to proposals by the World Bank, price increases based on ROE should not be allowed if the tenure of a contract is less than 18 months. Due to the recent fluctuations of the Rand, this might be a very long period when seen in the South African context and a period of twelve months may be more appropriate.

2.4 The local and imported contents of the products under consideration will also have a vital impact on determining prices. Another aspect that will also impact on the determination of prices will be the frequency of price adjustments. If the contract allows for a monthly adjustment of prices, the supplier hardly bears any risk in this regard. Prescribing that price adjustments will only be considered at prescribed intervals (say every three months), it will, in a sense, split the risk between the State and the supplier.

2.5 It is therefore suggested that the accounting officer/authority, after thorough analysis of relevant information, determine on a case-by-case basis the optimum route to be followed for each commodity. It should, however, be emphasized that price adjustments based on ROE fluctuations should only be allowed on the imported contents of the commodity and only meet the suppliers' additional costs of the imported content.

Annexure B

General and Special Conditions of Contract

GOVERNMENT PROCUREMENT

GENERAL CONDITIONS OF CONTRACT

NOTES

The purpose of this document is to –

(i) draw special attention to certain general conditions applicable to government bids, contracts and orders; and
(ii) ensure that clients are familiar with the rights and obligations of all parties involved in doing business with the government.

In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.

- The General Conditions of Contract (GCC) will form part of all bid documents and may not be amended.
- Special Conditions of Contract (SCC) relevant to a specific bid, should be compiled separately for every bid (if applicable) and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC will prevail.

TABLE OF CLAUSES

1. Definitions
2. Application
3. General
4. Standards
5. Use of contract documents and information; inspection
6. Patent rights
7. Performance security
8. Inspections, tests and analyses
9. Packing
10. Delivery and documents
11. Insurance
12. Transportation
13. Incidental services
14. Spare parts
15. Warranty

16. Payment
17. Prices
18. Contract amendments
19. Assignment
20. Subcontracts
21. Delays in the supplier's performance
22. Penalties
23. Termination for default
24. Anti-dumping and countervailing duties and rights
25. Force Majeure
26. Termination for insolvency
27. Settlement of disputes
28. Limitation of liability
29. Governing language
30. Applicable law
31. Notices
32. Taxes and duties

General Conditions of Contract

1. Definitions

The following terms will be interpreted as indicated:

1.1 "Closing time" means the date and hour specified in the bidding documents for the receipt of bids.

1.2 "Contract" means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

1.3 "Contract price" means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.

1.4 "Corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution.

1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidised by its government and encouraged to market its products internationally.

1.6 "Country of origin" means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a

commercially recognised new product results that is substantially different in basic characteristics or in purpose or utility from its components.

1.7 “Day” means calendar day.

1.8 “Delivery” means delivery in compliance of the conditions of the contract or order.

1.9 “Delivery ex stock” means immediate delivery directly from stock actually on hand.

1.10 “Delivery into consignee’s store or to his site” means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.

1.11 "Dumping" occurs when a private enterprise abroad markets its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.

1.12” Force majeure” means an event beyond the control of the supplier, not involving the supplier’s fault or negligence, and was not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

1.13 “Fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.

1.14 “GCC” means the General Conditions of Contract.

1.15 “Goods” means all the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.

1.16 “Imported content” means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry, as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.

1.17 “Local content” means that portion of the bidding price which is not included in the imported content, provided that local manufacture does take place.

1.18 “Manufacture” means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.

1.19 “Order” means an official written order issued for the supply of goods, works or the rendering of a service.

1.20 “Project site,” where applicable, means the place indicated in bidding documents.

1.21 “Purchaser” means the organisation purchasing the goods.

1.22 “Republic” means the Republic of South Africa.

1.23 “SCC” means the Special Conditions of Contract.

1.24 “Services” means those functional services supplementary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.

1.25 “Written” or “in writing” means handwritten in ink or any form of electronic or mechanical writing.

2. Application

2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.

2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.

2.3 Where such special conditions of contract conflict with these general conditions, the special conditions will apply.

3. General

3.1 Unless indicated otherwise in the bidding documents, the purchaser will not be liable for any expense incurred in the preparation and submission of a bid. Where applicable, a non-refundable fee for documents may be charged.

3.2 With certain exceptions, invitations to bid are only published in the Government Tender Bulletin. The Government Tender Bulletin may be obtained directly from the

Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from www.treasury.gov.za

4. Standards

4.1 The goods supplied will conform to the standards mentioned in the bidding documents and specifications.

5. Use of contract documents and information; inspection

5.1 The supplier will not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person will be made in confidence and will extend only so far as may be necessary for purposes of such performance.

5.2 The supplier will not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1, except for purposes of performing the contract.

5.3 Any document, other than the contract itself mentioned in GCC clause 5.1, will remain the property of the purchaser and will be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.

5.4 The supplier will permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

6. Patent rights

6.1 The supplier will indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.

7. Performance security

7.1 Within thirty (30) days of receipt of the notification of contract awarded, the successful bidder will furnish the purchaser with the performance security of the amount specified in the SCC.

7.2 The proceeds of the performance security will be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.

7.3 The performance security will be denominated in the currency of the contract, or in a freely convertible currency acceptable to the purchaser and will be in one of the following forms:

(a) a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser

(b) a cashier's or certified cheque

7.4 The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance obligations under the contract, including any warranty obligations, unless otherwise specified in the SCC.

8. Inspections, tests and analyses

8.1 All pre-bidding testing will be for the account of the bidder.

8.2 If it is a bid condition that supplies to be produced or services to be rendered should, at any stage during production or execution or on completion, be subject to inspection, the premises of the bidder or contractor will be open, at all reasonable hours, for inspection by a representative of the department or an organisation acting on behalf of the department.

8.3 If there are no inspections requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections will be carried out, the purchaser will make the necessary arrangements itself, including payment arrangements with the testing authority concerned.

8.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses will be defrayed by the purchaser.

8.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost regarding these inspections, tests or analyses will be defrayed by the supplier.

8.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.

8.7 Any contract supplies may be inspected on or after delivery, may be tested or analysed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies will be held at the cost and risk of the supplier who will, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do comply with the requirements of the contract. Failing such removal, the rejected supplies will be returned at the supplier's cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.

8.8 The provisions of clauses 8.4 to 8.7 will not prejudice the right of the purchaser to cancel the contract because a breach of the conditions thereof, or to act in terms of Clause 23 of the GCC.

9. Packing

9.1 The supplier will provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing will be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case size and weights will take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.

9.2 The packing, marking, and documentation within and outside the packages will comply strictly with such special requirements as will be expressly provided for in the contract, including additional requirements, if any, specified in the SCC, and in any subsequent instructions ordered by the purchaser.

10. Delivery and documents

10.1 Delivery of the goods will be made by the supplier in accordance with the terms specified in the contract. The details of shipping and/or other documents to be furnished by the supplier are specified in the SCC.

10.2 Documents to be submitted by the supplier are specified in the SCC.

11. Insurance

11.1 The goods supplied under the contract will be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the SCC.

12. Transportation

12.1 Should a price other than an all-inclusive delivered price be required, this will be specified in the SCC.

13. Incidental services

13.1 The supplier may be required to provide any or all of the following services, including additional services, if any, specified in the SCC:

(a) performance or supervision of on-site assembly and/or commissioning of the supplied goods;
(b) furnishing of tools required for assembly and/or maintenance of the supplied goods;
(c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
(d) performance or supervision or maintenance and/or repair of the supplied goods, for a period agreed upon by the parties, provided that this service will not relieve the supplier of any warranty obligations under this contract; and
(e) training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

13.2 Prices charged by the supplier for incidental services, if not included in the contract price for the goods, will be agreed upon in advance by the parties and will not exceed the prevailing rates charged to other parties by the supplier for similar services.

14. Spare parts

14.1 As specified in the SCC, the supplier may be required to provide any or all the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:

(a) Such spare parts as the purchaser may elect to purchase from the supplier, provided that this election will not relieve the supplier of any warranty obligations under the contract
(b) In the event of termination of production of the spare parts –
    (i) advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and
    (ii) following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

15. Warranty

15.1 The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract will have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission by the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.

15.2 This warranty will remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise in the SCC.

15.3 The purchaser will promptly notify the supplier in writing of any claims arising under this warranty.

15.4 Upon receipt of such notice, the supplier will, within the period specified in the SCC and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.

15.5 If the supplier, having been notified, fails to remedy the defect(s) within the period specified in the SCC, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.

16. Payment

16.1 The method and conditions of payment to be made to the supplier under this contract will be specified in the SCC.

16.2 The supplier will furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfilment of other obligations stipulated in the contract.

16.3 Payments will be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.

16.4 Payment will be made in Rand unless otherwise stipulated in the SCC.

17. Prices

17.1 Prices charged by the supplier for goods delivered and services performed under the contract will not vary from the prices quoted by the supplier in his bid, with the

exception of any price adjustments authorised in the SCC or in the purchaser's request for bid validity extension, as the case may be.

18. Contract amendments

18.1 No variation in or modification of the terms of the contract will be made except by a written amendment signed by the parties concerned.

19. Assignment

19.1 The supplier will not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

20. Subcontracts

20.1 The supplier will notify the purchaser in writing of all subcontracts awarded under these contracts if not already specified in the bid. Such notification, in the original bid or later, will not relieve the supplier from any liability or obligation under the contract.

21. Delays in the supplier's performance

21.1 Delivery of the goods and performance of services will be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.

21.2 If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier will promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser will evaluate the situation and may, at his discretion, extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension will be ratified by the parties by amendment of contract.

21.3 No provision in a contract will be deemed to prohibit the obtaining of supplies or services from a national department, provincial department or a local authority.

21.4 The right is reserved to procure small quantities or to have minor essential services executed if an emergency arises outside of the contract if the supplier's point of supply is not situated at or near the place where the supplies are required, or if the supplier's services are not readily available.

21.5 Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations will render the supplier liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

21.6 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser will, without cancelling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract, and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

22. Penalties

22.1 Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser will, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

23. Termination for default

23.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part –

(a) if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;
(b) if the supplier fails to perform any other obligation(s) under the contract; or
(c) if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

23.2 In the event that the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to those undelivered, and the supplier will be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier will continue performance of the contract to the extent not terminated.

24. Anti-dumping and countervailing duties and rights

24.1 When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidised import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference will be paid forthwith on demand by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor with regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

25. Force Majeure

25.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier will not be liable for forfeiture of its performance security, damages, or termination for default if, and to the extent that, his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

25.2 If a force majeure situation arises, the supplier will promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier will continue to perform its obligations under the contract as far as is reasonably practical, and will seek all reasonable alternative means for performance not prevented by the force majeure event.

26. Termination for insolvency

26.1 The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

27. Settlement of disputes

27.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties will make every effort to resolve such a dispute or difference amicably by mutual consultation.

27.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

27.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

27.4 Mediation proceedings will be conducted in accordance with the rules of procedure specified in the SCC.

27.5 Notwithstanding any reference to mediation and/or court proceedings herein,

(a) the parties will continue to perform their respective obligations under the contract unless they agree otherwise; and
(b) the purchaser will pay the supplier any monies due the supplier.

28. Limitation of liability

28.1 Except in cases of criminal negligence or wilful misconduct, and in the case of infringement pursuant to Clause 6,

(a) the supplier will not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion will not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and

(b) the aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, will not exceed the total contract price, provided that this limitation will not apply to the cost of repairing or replacing defective equipment.

29. Governing language

29.1 The contract will be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties will also be written in English (section 5 (1-8) of the Rustenburg Local Municipality Language Policy of 2012).

30. Applicable law

30.1 The contract will be interpreted in accordance with South African laws, unless otherwise specified in the SCC.

31. Notices

31.1 Every written acceptance of a bid will be posted to the supplier concerned by registered or certified mail and any other notice to him will be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting will be deemed to be proper service of such notice.

31.2 The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, will be reckoned from the date of posting of such notice.

32. Taxes and duties

32.1 A foreign supplier will be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.

32.2 A local supplier will be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.

32.3 No contract will be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid the department must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Service.

Annexure C

Registration of contracts

Annexures A to C are typical annexures applicable to all municipal contracts. Information required may vary in detail depending on the nature of the project.

IN THE ANNEXURES

ANNEXURE	TITLE
D	Register of all municipal contracts
E	Register of all contracts above R500 000,00 for a period exceeding three months
F	Report to the Council on contract management

ANNEXURE D

REGISTER OF ALL MUNICIPAL CONTRACTS

DATE	CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES	REVIEW DATE	REMARKS/ COMMENTS

ANNEXURE E

REGISTER OF ALL CONTRACTS ABOVE R500 000,00 FOR A PERIOD EXCEEDING THREE MONTHS

DATE	CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES PAID	PAYMENT MADE TO DATE	AMENDMENTS TO CONTRACT

ANNEXURE F

REPORT TO THE COUNCIL ON CONTRACT MANAGEMENT

CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES	PAYMENT MADE TO DATE	PENALTIES PAID	AMENDMENTS TO CONTRACT

Approved/Not Approved

RECOMMENDED BY:

_____ _____
Chief Financial Officer Date

SUPPORTED BY:

_____ _____
Municipal Manager Date

APPROVED BY:

_____ _____
Council Date

Policy Review

Document Control

RUSTENBURG LOCAL MUNICIPALITY

STUDY AID POLICY

CONTENTS IN BRIEF

DEFINITIONS …….2

GOAL OF THE STUDY AID …….3

OBJECTIVES OF THE STUDY AID ……3

CRITERIA FOR THE GRANTING OF STUDY BURSARY SCHEMES…….3

FUNCTIONAL POLICY ……4

SPECIFIC REGULATIONS ……....6

UPHOLDING OF POLICY …….8

APPROVING OF STUDY AID BURSARY SCHEME…….8

REVIEW OF POLICY …….8

BREACH OF POLICY …….8

1. DEFINITIONS

The following definitions and principles will apply to the Municipality's Study Aid Policy. In this policy, the definitions mean:

1.1 Official – is a permanently employed employee in the service of the Municipality.

1.2 Study Aid – is a financial support granted to officials for approved study Purposes.

1.3 Institution - Educational institution registered in terms of SAQA requirements.

1.4 Council - The Rustenburg Local Municipality and includes the Mayoral Committee of the Rustenburg Local Municipality and any official acting by virtue of any power vested in the Rustenburg Local Municipality in connection with these by-laws and delegated officially to him.

1.5 Examinations - A once only final testing of the proficiency or knowledge of a student for a qualification (oral or written) in a particular subject/module prescribed by the institution.

1.6 Group discussions - The attendance of group discussions, study schools and class attendance organized by the institution, also the testing of proficiency or knowledge of a student to qualify for an examination.

1.7 Post graduate studies/qualification and Matric:

1.7.1 Degrees: Honors and higher
1.7.2 Diploma: Higher diploma, B. Tech Degrees
1.7.3 Certificate: Senior Certificate, Higher Certificate
1.7.4 Qualifications evaluated by the Human Sciences Research Council And/or SAQA as a Senior Certificate + 4 or more year.
1.7.5 Matric

1.8 SAQA Act – South African Qualification Authority Act, 1995 (No. 8 of 1995) – as amended.

1.9 LG SETA – Local Government Sector Education and Training Authority.

1.10 SDA - Skills Development Act, 1998 (N0. 97 of 1998) as amended.

1.11 SDL Act - Skills Development Levies Act, 1999 (No. 9 of 1999) as amended.

1.12 Learner – refer to a student in the form of an employee.

2. GOAL OF THE STUDY AID

To offer official's opportunities acquire qualifications to satisfy the Human Resource needs of the Council, as well as to enhance the career development needs of the officials.

3. OBJECTIVES OF THE STUDY AID

Is to encourage employees to engage in or continue their studies in order to:

3.1 To develop the skill and level of academic achievement of the Municipality;

3.2 To improve the quality of life of employees, their career prospects and

3.3 To improve productivity in the broader Country through the Municipality.

3.5 Increase the levels of investment in education and training in the Municipality and that the return of that investment be improved.

3.6 Encourage Management (Section 57 Managers):

3.6.1 To facilitate active learning in the workplace and;
3.6.2 To provide employees with opportunities to acquire new skills and knowledge;

4. CRITERIA FOR THE GRANTING OF STUDY BURSARY SCHEMES

4.1 Any course which is followed by an official should be applicable to the functions and activities of RLM authorities.

4.2 Courses may only be followed at educational institutions established, registered and approved by the South African Qualification Authority.

4.3 When an official is transferred to another directorate and or promoted within the same directorate with other functions and he/she decides to change his/her course, it would **not** be seen as the discontinuing of studies.

4.4 Before any change is effected, the qualification/course on which an official is busy with must be completed first and then she/he can be allowed to change thereafter.

4.5 Participation in the study aid will be limited to **one** recognized pre-graduate and post-graduate qualification per official.

4.6 If a learner finds it difficult to complete/continue with an approved recognized post-graduate qualification, he/she have **to pay back amount paid in full** already

for him/her in the qualification that is being discontinued before he/she can participate in another qualification.

4.7 Learner can change a post-graduate qualification registered with an educational institution if the qualification is discontinued by the institution and a **written proof must be provided** to that effect.

4.8 **Study aid may be granted to officials who –**

4.8.1 Have been appointed permanently in the service of the Council;

4.8.2 Qualify for admission to a particular course or remainder thereof at the educational institution;

4.8.3 Are identified to enroll for development programmes as part of career development and employment equity guidelines of Council .

4.8.4 Did not already make use of a study aid in completing a qualification.

4.8.5 Are suspended from the services of RLM and still waiting for the finalization of the disciplinary process

5. FUNCTIONAL POLICY

5.1 **Applying for a study aid:**

Officials shall apply in writing for a Study Aid on the prescribed application form.

5.2 **Approving of study aid:**

The allocation of Study Aid is delegated to the Director: Corporate Support Services.

The allocation of a study aid is valid for the total duration of the approved course that it has been granted for, subject to the availability of funds.

5.3 **Payment of study aid:**

No study aid shall be paid out for the first year of studies to an official unless the official's application for a Study Aid for a specific qualification has been approved.

A written agreement must be entered into between the official concerned and the Council wherein the provisions of these by-laws are reaffirmed, before any payments can be made.

No payments shall be made for the remaining years of studies before:

- previous examination results were submitted
- all the subjects/module have been passed.

5.4 **Composition of a study aid:**

5.4.1 Study expenses:

- The actual study expenses for registration, class, examination and/or course fees, as well as prescribed books, for the applicable year shall be paid to the employee/educational institution on submission of an official receipt/account or quotations to the minimum amount of R15 000.00 and maximum amount of R50 000.00, as per DCS guidance and approval and shall not include examination re-write.

- No subsistence and travelling or any other expenditure shall be paid for.

5.4.2 If the employee submits the quotation higher than the maximum amount, he/she shall be responsible for payment of the difference

5.5 **Condition/Obligations of Employee and Council:**

The Council may at any time in its sole discretion cancel the study aid if the Council is of the opinion that an official's progress is unsatisfactory or if he/she fails to comply with any other obligation in terms of this by-law or the study aid agreement.

A written agreement shall be entered into between the official and the Council in which the official commits himself/herself to serve in the Council as follows:

5.5.1 Work back for Council for a continuous period of one (1) year for each year paid out, commencing on the first day of the month following the successful academic year before leaving the services/employment of Council.

5.5.2 An employee will be required to remain in the Municipality's service for a period of **one year** for each year for which study aid was granted. This required period will come into effect annually on the date on which the last examination for that year was written. Where no examination was written but a master thesis was submitted, the employee will be required to remain in the Municipality's service for **one year** after his/her thesis has been finally accepted.

5.5.3 Should an employee leave the Municipality's service before the time frame mentioned in 5.5.2 for whatever reason (**resigns or voluntarily discontinues his/her service**) but excluding medical unfit, death and dismissal from service, an employee will be liable to pay the whole amount of the study aid back to council without interest for the qualification registered for.

5.5.4 When an official fails a subject(s)/module(s), such learner would be required to produce proof of payment of the failed subjects/modules before any applications for further study aid could be granted for the next semester subject(s)/module(s) or registration.

5.5.5 When an official leaves the service of RLM without completing the qualification or failed subjects that would not be considered as a work back on failed subjects or qualification.

5.5.6 RLM employee qualifies for a second qualification registration when he/she has reached a ceiling on a qualification he/she was studying or when the qualification she/he has registered for is discontinued by the institution.

6. SPECIFIC REGULATIONS

6.1 Merit Study Aid:

An official receiving a merit Study Aid from an educational institution can still apply for a Study Aid.

6.2 Special Leave:

Special leave shall be granted for examinations as mentioned in the Basic Conditions of Employment.

6.3 Study leave:

6.3.1 Study leave of three (3) full days including the day of examination shall be granted immediately after registration; this shall exclude public holidays and weekends.

6.3.2 Where a learner is required to write examination modules on two consecutive days only one day of examination shall be granted not a study leave

6.3.3 In order to be granted such leave, the employee must:

- Submit written proof of his/her examination roster;
- Submit application for special leave at least ten (10) working days prior to the date on which the special leave will commence;
- In the case of Master/Doctorates/honors studies submit proof of his/her thesis/dissertation roster; and
- Submit written proof of examination time table organized by the institution or testing of proficiency or knowledge to qualify for an examination.

6.3.4 An employee who is a part time or distance learning student and who is studying for an approved qualification, shall be granted study leave on the dates on which he/she is required to present him/herself as a candidate for such examination.

6.4 Rewriting Examinations:

- Special leave of one (1) full working day for the purpose of re-writing the examination shall be granted;
- Costs will **not** be covered by the Municipality.

6.5 Group discussions and Class Attendance:

6.5.1 Group discussion/class attendance one (1) day or according to class attendance roster.

6.5.2 Submit written proof of attendance of group discussions, study schools and class attendance organized by the institution.

6.5.3 No subsistence and travelling allowance is payable when officials have to attend group discussions.

6.5.4 The cost of extra voluntary lessons, supplementary examination fees, re-registration, supplementary textbooks, stationer, travelling and accommodation will be for **learner's own account**

7. UPHOLDING OF POLICY

The Director: Corporate Support Services will be responsible for the upholding of this policy.

8. APPROVAL OF STUDY AID SCHEME

The allocation of study aid is delegated to the Director: Corporate Support Services.

A study aid allocation is valid for the total duration of the specific course it has been granted for.

9. REVIEW OF POLICY

This policy will be reviewed annually or whenever necessary.

10. BREACH OF POLICY

Breach of this policy by an employee may lead to disciplinary action.

RUSTENBURG LOCAL MUNICIPALITY

POLICY: TRAVELLING AND SUBSISTANCE ALLOWANCE AND ATTENDANCE OF CONFERENCE, WORKSHOPS AND MEETINGS FOR EMPLOYEES AND COUNCILLORS

1. INTRODUCTION

To ensure the proper administration of all regulations regarding travelling and subsistence for employees, full-time and part time Councilors as well as their attendance of conferences, workshops and meetings, the formulation and upkeeping of a comprehensive policy is essential.

2. DEFINITIONS

"delegate"	Include any Employee who is delegated by the Council to attend seminars and congress, or who is delegated by the Municipal Manager to attend meetings, workshops and work outside the municipal area. Any Councilor nominated by the Council and / or Executive Mayor as representative on public bodies and delegated to attend meetings, congresses and some other functions.
"official transport"	vehicles of the Rustenburg Local Municipality, regarded as suitable by the Municipal Manager for the circumstances and trip to be undertaken.
"per night"	when staying overnight.

3. AIM OF THE TRAVELLING AND SUBSISTANCE ALLOWANCE AND ATTENDANCE OF CONFERENCES, WORKSHOPS AND MEETINGS POLICY FOR EMPLOYEES.

The aim of the policy is to create an organized and effective framework to enable Employees and Councilors to attend official business of the Council, and to cover reasonable expenses therefore, by paying the relevant travelling- and subsistence allowances, within specifically approved stipulations.

4. SPECIFICATION OF THE POLICY

By formulating a policy for travelling and subsistence allowances, and the attendance of conferences, workshops and meetings for Employees and Councilors, the Council aims at the following targets:

4.1 To establish a fixed base for the travelling and subsistence arrangements of employees.
4.2 To accommodate the unique travelling and subsistence needs of employees.
4.3 To lay down a policy on the usage of all official vehicles as well as vehicles in terms of the transport allowance scheme for purposes as stated in this policy.
4.4 To establish a fixed framework for the attendance of official meeting, congresses, seminars, external training sessions and workshops outside the jurisdictional area of the Rustenburg Local Municipality.

5. UP KEEP OF POLICY

Adjustments to the policy shall take place under the following circumstances:

5.1 Should the Council's approach to the policy change.
5.2 Should new legislation by means of laws, ordinances and / or regulations require adjustments to the policy.
5.3 When adjustments to the inflation rate necessitate adjustments to the tariffs, which should be considered annually with income-/expenditure budget.

6. ATTENDANCE OF CONGRESSES, SEMINARS AND WORKSHOPS

6.1 Attached is a list of the Associations and Institutes, which congresses and seminars are attended by delegates of the Council, as will be amended in accordance with guidelines from SALGA and in addition the Executive Mayor may be invited from time to time to become a member of other institutions, organizations, etc

6.2 Delegates

6.2.1 Municipal Manager

Although the Municipal Manager has to attend certain congresses/seminars either officially or as a member, he may also attend other congresses/seminars, and should indicate during the budget-meeting which congresses /seminars he intends to attend, for approval by the Council.

6.2.2 Councilors

The general provision for Councilors, individual Directors must provide on their budgets for Councilors in their Directorates, to attend specific conferences, seminars, workshops and meetings, relevant to the duties of each Directorate, on a separate vote number.

After the delegates have been assigned, Councilors may, due to unique personal circumstances, change assignments. In such cases, the Municipal Manager and the Executive Mayor shall be informed of the change.

6.2.3 Functionaries

The Municipal Manager and Political Head and Director concerned shall resolve on the employee delegation to attend a specific congress / seminar and that the functionaries be rotated to enhance capacity building.

6.2.4 Executive members of Institutes

It may occur that employees are selected to serve on the Executive Committees of Institutions. As this is a special privilege for the employee concerned, and the public image of the Council is extended at the same time, such an employee will, regardless of his salary level, also be delegated to attend a specific congress/ seminar, provided that he is not already a Director of a Directorate or functionary, subject thereto that any employee delegation is limited to two employees is limited to two employees (including the Director of the Directorate).

Employees who are elected on the executive committees of institutes should be free to attend the meetings of the institute concerned, provided that travelling and subsistence allowance and special leave with remuneration be limited to one institute only.

6.2.5 SALGA North West Workgroups

In case where Employees and Councilors serve on any advisory / technical committee of SALGA, permission is granted to attend one- or more than one day workshops, or advisory / technical committee meetings,provided that such delegations be limited to two persons.

7. SUBSISTENCE TO EMPLOYEES AND COUNCILORS

7.1 If an Employee or Counciloris delegated to attend a seminar/meeting- or have to work outside the area of the Rustenburg
Local Municipality, the subsistence as in 7.1.2.1 is payable, subject to the conditions as specified below:

7.1.1Seminars/meetings and work outside the municipal area

a. All invitations shall be judged to determine usefulness to the Council, and accreditation by SALGA to Local Government.

b. Employees must be delegated by the Director concerned to attend seminars.

c. Councilors must be delegated by the Executive Mayor or Council to attend meetings, congresses, seminars and other functions, and if delegated by the Executive Mayor, a report shall be submitted to Council afterwards.

d. The Managers in the executive offices of the Council are authorized to approve applications of Councilors for a one day visit or stay overnight where official meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight.

e. The Municipal Manager is authorized to approve for Councilors to stay overnight for a period of more than two consecutive days, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

f. Employees must be delegated by the Municipal Manager to attend workshops, meetings and also work outside the municipal area, as follows:

g. Where work has to be done outside the municipal area, excluding the following: Inspections during working hours, work with regard to the electricity supply network, water supply network or work done on property of the Council, health inspections at dairies and dairy-farms, fire- and ambulance services and duties of the Driver / Security Officer of the Executive Mayor, for trips outside the area of Rustenburg Local Municipality, as done with the scope of the daily operational duties.

7.1.2(a) The Director is authorized to approve applications of officials to stay overnight where meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

7.1.2(b) The Municipal Manager is authorized to approve for officials to stay overnight for a period of more than two consecutive days, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

7.1.2.1 When staying overnight for seminars/meetings:

a. If it is approved for a delegate to sleep over, an allowance of R196.00 per night (for no booked accommodation) shall be payable, if the delegate does not use hotel accommodation. If hotel accommodation is used (booked accommodation), the actual cost of the accommodation will be payable, to a maximum of R 1 300.00/night (inclusive of dinner, breakfast and parking). The delegate shall submit an inclusive quotation, as provided by the hotel, to the Budget and Treasury Office and the cheque will be made payable to the hotel.

Council may only approve accommodation that exceed R1300

- during peak holiday periods

- when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in the country or in that particularly geographical area.

In the event where the available accommodation is more expensive, the Municipal Manager, in consultation with the Executive Mayor, should reconsider a higher amount.

b. Incidental costs that are in line with SARS determination shall be payable to a delegate where the delegate is absent from his /her usual place of residence.

c. If a delegate has supper while staying overnight when attending a congress, seminar, meeting, course or workshop, the voucher for the meal may be claimed to the maximum of SARS determination, on condition that delegates submit documentary proof of actual expenditure.

d. Overnight accommodation must be limited to instances where the distance by road exceeds 500 kilometers to and from the destination (return journey).

e. For purposes of calculating the starting time of the proceedings of a congress or meeting, the meeting of the delegate shall be seen as part of the congress- or meeting-procedure.

f. For calculation of the travelling –time, the forward journey is considered to take place on the day of the commencement of the proceedings. If however, the availability of petrol, the normal estimated travelling time (also of employees from remote areas), the additional time for booking-in at accommodation, parking, plus time for registration at the congress or meeting, should necessitate departure from home before 06:00, the Municipal Manager shall take these aspects into account and may approve earlier departure, authorizing the trip to start on such days or days as deemed necessary by the Municipal Manager, with due consideration of 7.1.2.1(h).

g. In case of return-trips, 18:00 is taken to be a reasonable time to be back home, taking into account the available of transport to the home of the delegate concerned, at the said time, with due consideration of 7.1.2.1(h).

h. The Municipal Manager may grant approval to delegates from remote areas to stay over in Rustenburg the night prior to departure at 06:00, or the night of arrival back in Rustenburg at 18:00, if transport from- and to their homes are not available.

i. Secure parking at hotels, parking garages as well as Toll-fees will be reimbursed over and above the incidental costs payable per day, provided that documentary proof of the actual expenditure is submitted.

7.1.2.2 When staying overnight for work outside municipal area

a. When a delegate/ employee has to stay overnight when involved in Council work outside the municipal area and sleeping facilities are available for free, incidental costs as per SARS determination per day or part of a day is payable.

b. When an employee has to stay overnight when involved in Council work outside municipal area and sleeping facilities for free are not available, an amount as determined in 7.1.2.3 shall be applicable.

7.1.2.3 When staying overnight for courses or training:

a. If it is approved for an employee to sleep over, an allowance in accordance with the actual expenditure shall be payable provided that R500.00 per night not be exceeded.

b. Incidental costs that are in line with SARS determination shall be payable to a delegate where the delegate is absent from his /her usual place of residence.

c. If an employee has supper while staying overnight when attending a course or workshop, the voucher for the meal may be claimed to the maximum of SARS determination, on condition that delegate submit **documentary proof of actual expenditure.**

d. Overnight accommodation must be limited to instances where the distance by road exceeds 500 kilometers to and from the destination (return journey).

e. Incidental costs that are in line with SARS determination shall be payable to a delegate sent for training, if they are accommodated where no meals are supplied over week-ends. Should all meals be provided with the accommodation, no incidental costs will be payable.

f. Secure parking at hotels, parking garages as well as Toll-fees will be reimbursed over and above over and above the incidental costs payable per day, provided that documentary proof of the actual expenditure is submitted.

7.1.2.4 When not staying overnight

a. Any delegate who attend a one-day congress, seminar, course, meeting or workshop outside the area of the Rustenburg Local Municipality, (except those mentioned in paragraph 7.1.2.4 (c) and (d), or is outside the area of the Rustenburg Local Municipality for work purposes (except those mentioned in paragraph 7.1.1 (d) and 8.2), may claim his/her incidental costs per day.

b. The purpose of the incidental costs is only to compensate employees who are not at their office or workplace during their normal lunch break.

c. In respect of meetings, ad hoc visits, etc. in terms of which a delegate has been instructed by SALGA and other institutions on its behalf, they shall be responsible for such travelling and subsistence allowance, according to their policy.

d. Where an organization other than the Council pays a sitting allowance, no day allowance as determined in clause 7.1.2.4 (a) supra, will be payable.

7.1.3 Applicants invited to attend interviews

7.1.3.1 Incidental costs is payable to applicants from outside the jurisdictional area of the Rustenburg Local Municipality. If it is necessary to stay overnight due to certain circumstances, the Municipal Manager may approve an amount of R 500.00 per person per night.

7.1.3.2 Should applicants attend interviews for posts in Rustenburg on invitation, an amount equal to the AA-tariffs as amended from time to time to a maximum engine capacity of 3000 cm³ shall be payable, for running costs.

7.1.3.3 If proof of toll paid is submitted, the amount will be refunded.

7.1.3.4 An amount of the AA – tariff of a leaded running cost for a vehicle with engine capacity of 1800cm³ - 2000 cm³ shall be payable to interviewees.

8. TRAVELLING ALLOWANCE PAYABLE TO EMPLOYEES/ COUNCILORS OF THE COUNCIL

8.1 If employees or councilors are delegated or if they pay visits outside the municipal area, the following travelling allowance
is payable, subject to the conditions as stated below:

a. If official transport is provided, the petrol, oil and other specific costs of the official vehicle concerned will be refunded, subject thereto that the necessary documentation is submitted.

b. If an employee or councilor uses a private vehicle, excluding a transport allowance scheme vehicle, compensation will be refunded in accordance with the AA-tables, as amended from time to time, and applicable on an annual distance of 30 000 km for fixed costs, and a maximum engine capacity of 3 000 cc, for running costs.

(i) Fixed cost:

An amount per kilometer, as indicated on the AA-tables for vehicles that travel an annual distance of 30 000 km, based on the purchase price of the vehicle used (Refer to Auto Dealers Digest), to a maximum amount of 100% of the employee's annual salary, plus

(ii) Running cost per kilometer, based on the engine cubic capacity of the vehicle concerned, with a maximum of 3 000 cm³, as indicated in the AA-tables, as may be amended from time to time.

c. If a transport allowance scheme vehicle is used, the running cost is payable in accordance with the AA-tables, as may be amended from time to time, as follows:

Engine capacity of the vehicle concerned, to a maximum engine capacity of 3 000 cc.

d. If travelling by train, the price of a first class train ticket is payable.

e. If travelling by air, when economic class is not available a business class ticket may be bought, subject to it being approved b the Municipal Manager beforehand. Travelling cost to the nearest airport in accordance with this resolution as stipulated by the Municipal Manager, also including parking fees, bus tickets between the airport and accommodation, as well as freight, if necessary, in regard of which satisfactory written proof shall be submitted, is payable. No connection or transfer flights from Sun City to Johannesburg International Airport will be considered.

f. If travelling by luxury bus, the cost of a return-ticket is payable.

g. If proof of toll paid, as well as parking fees are submitted, the amount will be refunded.

The following reservations are applicable to the above-mentioned conditions:

8.2 Notwithstanding any stipulation included in the Policy, trips outside the area of the Rustenburg Local Municipality shall be considered as trips within municipal area in the following instances:

If work is being done in regard of:

a. The rural electricity network, within the supply-area of the Council.

b. Water supply network within the supply-area of the Council and the Bospoort Water-Scheme.

c. Any other property of the Council within the areas as mentioned in (a) and (b) above.

d. Inspection of dairies and dairy- farms.

e. Duties of the Driver / Security Officer of the Mayor for trips outside the area of the Rustenburg Local Municipality.

f. Fire and Ambulance Services.

9. <u>Accountability</u>

9.1 If any employee or councilor is delegated to attend a seminar/meeting/workshop and has received the necessary allowances and is prevented from attending, due to whatever circumstances, after the matter has been assessed, all monies shall be paid back immediately. Failing this, the monies shall be deducted from the monthly salary of the employee or councilor concerned. If this is not done, discipline will proceed, after the matter has been assessed. This expenditure will be classified as fruitless expenditure.

9.2 Delegates / representatives to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event, failing which the Council will take the necessary steps to recover all expenses incurred by an association, or by the Council, to enable such delegate / representative

to attend, provided that such delegate / representative be afforded the opportunity to submit reasons for not being able to be present from commencement to conclusion of such an event.

10. VISIT ABROAD

10.1 Applications for official trips abroad are handled in terms of the attached guidelines of the Department of Foreign Affairs for Local Government Officials, as provided by SALGA and guidelines from the Office of the MEC (circular attached).

10.2 Incidental Costs during visits abroad will be in line with the SARS determination, or as recommended by SALGA, whichever is greater.

11. USE OF OFFICIAL VEHICLES

This part of the policy deals mainly with the use of official vehicles outside the municipal area, but when applying this paragraph, the stipulations as stated in paragraph 8.2 shall be taken into account as well.

11.1 Outside trips undertaken by employees participating in the Transport Scheme.

A Transport Allowance Scheme vehicle must be used, and the employee concerned must be compensated in accordance with paragraph 8.1 (c), regardless of the approved fixed kilometers per month applicable to the position.

11.2 Outside trips undertaken by employees other than those mentioned in paragraph 11.1.

11.2.1 If employees other than those mentioned in paragraph 11.1 undertake trips outside the municipal area, official transport shall be used.

11.2.2 If no official is available, employees making use of their private vehicles shall be compensated in accordance with paragraph 8.1 (b).

12. HIRING OF VEHICLES AND FLIGHTS

Should an employee have to attend a seminar/congress/meeting as a delegate of the Council, and travels by air, train or bus to the destination, a vehicle may be hired from an acknowledged vehicle hire company for official journeys regarding the seminar/congress/meeting, subject to the following conditions:

a. The cylinder capacity of the vehicle may not exceed 1 600cm³.

b. If there are more than four delegates, two vehicles or a microbus may be hired.

c. If a microbus is hired, the cylinder capacity may exceed 1 600 cm³.

d. Delegates may use the hired vehicle for private journeys in the vicinity of the seminar. A log sheet shall be kept for all journeys with the hired vehicle. Private journeys exceeding the free kilometers/day as provided by the hiring company, will be for the account of the delegate hiring the vehicle.

e. Economy class tickets may only be purchased for flights of 5 hours or less.

f. The Municipal Manager may approve business class travel for employees with disabilities or for those with special needs.

g. All accounts for hire vehicles shall be certified as correct by the delegate hiring the vehicle before submitting it to the Budget and Treasury Office.

h. Arrangements which cannot be accommodated by this paragraph (Hiring of Vehicles) can be authorized by the Municipal Manager.

13. RESPONSIBILITY OF THE MUNICIPAL MANAGER

The Municipal Manager accepts responsibility to apply travel and subsistence arrangements and the attendance of Conferences, Workshops and meetings in terms of the stipulations of the policy.

14. RESPONSIBILITY OF THE DIRECTORS

The Directors and Managers in the Executive Offices recognize and accept the responsibility to see to it that recommendations to the Municipal Manager around travel and subsistence arrangements and the attendance of Conferences, Workshops and Meetings shall comply with all stipulations of this policy.

15. FORMS

15.1 General travel and subsistence arrangements

When applying for travel and subsistence allowances and arrangements, the attached form shall be completed in full, for visits outside the Municipal area. For visits within the Municipal area with an official vehicle, the specific attached form (Application for use of an Official Vehicle) shall be completed in full.

16. CONTROL MEASURES

16.1 Approval of journeys undertaken in terms of this policy, is as follows:

16.1.1 Congress / Seminars / Meetings / Work

Municipal Manager and Officials

Delegates to be determined by means of this policy.

16.1.2 Journeys outside the municipal area:

The Director is authorized to approve applications of officials to stay overnight where meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight , provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.

The Municipal Manager is authorized to approve for officials to stay overnight for a period of more than two consecutive days, provided that such applications are accompanied by Financial Comments from BTO confirming availability of funds.
The Managers in the executive offices of the Council are authorized to approve applications of Councilors for a one day visit or stay overnight where official meetings are scheduled for two consecutive days and the circumstances are of such nature that they have to stay overnight.

16.1.2.2 Other Officials

Applications for journeys outside the municipal area for day visits only to be approved by the applicable Director or Managers in the Executive Offices subject to availability of funds.

16.2Availability of Funds

Directors and Managers in the Executive Offices shall see to it that sufficient funds be provided annually for the purpose of this policy. Where there are insufficient funds due to unforeseen circumstances, a veriment or adjustment should be done, in order to make funds available.

17. RESPONSIBILITY FOR THE UP KEEP POLICY

The responsibility for the administrative up keep of the policy is as follows:

Adjustments to tariffs:	Director: Finance
Other adjustments:	Director: Corporate Support Services

RUSTENBUG LOCAL MUNICIPALITY
LIST OF ASSOCIATIONS AND INSTITUTES

The following associations and institutes qualify for delegations from the Council to attend their Congress, Seminars and Annual General Meetings:

Directorate: Corporate Support Services
The South African Institute for Local Government Management.
Southern African Institute of Management Services.
Institute of Municipal Personnel Practitioners of South Africa.
National Occupational and Safety Association.

Director: Public Safety
Institute of Traffic Officers of Southern Africa.
South African Fire Services Institute.
South African Institute of License Officers.
Emergency and Disaster Management Association of Southern Africa.
North West Traffic Control Coordination Committee (Provincial).
Crime Prevention and Liaison Committee.
Working Group on the Road Transport Quality System (National).
National Traffic Control Coordinating Committee.
S.A. Road Federation.

Directorate: Infrastructure Development and Management
Institute of Municipal Engineers of Southern Africa.
Institute of Civil Engineers.
Institute of Solid Water Management.
Water Institute of South Africa.
Association of Municipal Electricity Undertakings (Southern Africa).
South African National Committee on Illumination.

Directorate: Community Development
Institute of Environmental Health.
South African Institute for Librarian and Information Science.
IMASA.
IERM (Institute of Environmental and Recreation Management).
South African Horticultural Affiliated Services Association.
South African Landscaping Institution.
South African Nursery Association.
Interior Plants capers Association.
Fertilizer Society of South Africa.
SAIEH (South African Institute of Environmental Health, Inclusive of 12 Professional Boards).
HPCSA (Health Professions Council of South Africa).
South African Nursing Council (Individual membership affiliation).

Directorate: Planning and Development

Institute of Environment and Recreation Management.
South African Institute of Town and Regional Planners.

Directorate: Finance

Institute of Municipal Finance Officers.

IMFO	(Institute of Municipal Finance Officers)
SARPA	(SA Revenue Protection Association).
SALGA	(Provincial and National).
GOVERNMENT	(All Provincial and National Government Departments related to Local Government Activities).
USER GROUP	(Workgroup w.r.t. Supplier of Financial system).

General

SALGA NORTH WEST
Technical Committees of SALAGA North-West.

SALGA

Bargaining Council.
Intergovernmental Management Forum which is established in terms of section 41 of the Constitution.

Office of the Municipal Manager.
Institute of the Internal Auditors (IIA).

RUSTENBURG LOCAL MUNICIPALITY



Budget Policy

TABLE OF CONTENTS

DEFINATIONS 3

1. PURPOSE OF THE POLICY 8

2. BUDGET PRINCIPLES AND PREPARATION 8

2.1. Appropriate of Funds for Expenditure 8

2.2. Funded Budget 8

2.3. Budget Guidelines 8

2.4. Budget Allocation and Submission by Directorates 9

2.5. SDBIP and Cash Flow Projections 9

2.6. Depreciation and Finance Charges 9

2.7. Impact of Increases on Rates and Tariffs 10

2.8. Aggregate Rate Revenue 10

2.9. Labour Budget 10

3. OPERATING BUDGET 10

3.1. Provision for Accrued Leave 10

3.2. Provision for Bad Debts 10

3.3. Interest Earned 11

3.4. Provision for Maintenance of Fixed Assets 11

4. CAPITAL BUDGET II

4.1. Capital Budget Preparation 11

4.2. Capital Replacement Reserve 12

5. BUDGET ADJUSTMENTS 13

5.1. Adjustments Budget 13

5.2. Virement Process 14

6. UNSPENT FUNDS / ROLL OVER OF BUDGET .....15-16$

DEFINITIONS

“Allocation", means-
(a) a municipality's share of the local government's equitable share referred to in section 214(1) (a) of the Constitution;
(b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
(c) an allocation of money to a municipality in terms of a provincial budget; or
(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"aggregated expense and aggregated revenue ", means- the total income and/or expense which has been adjusted to remove distorting factors which are generally contra entries and are ad hoc, once off. or outside of the control of the Municipality. These include but are not limited to Xstrata's electricity, housing, internal charges, ‘below the line’ items, the 2010 stadium and other relevant ad hoc items.

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget,” means an annual budget-
(a) approved by a municipal council, or
(b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

“Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including-
(a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
(b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
(c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

“chief financial officer” means a person designated in terms of section 80(2) (a) of the MFMA;

“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 or power, includes an instruction or request to perform or to assist in performing the duty and which must be in writing;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA

"financial statements", means statements consisting of at least-
(a) a statement of financial position;
(b) a statement of financial performance;
(c) a cash-flow statement;
(d) any other statements that may be prescribed; and
(e) any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on 30 June each year

"financing agreement" includes any loan agreement, lease, and installment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means-
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorized expenditure";

"investment", in relation to funds of a municipality, means-
(a) the placing on deposit of funds of a municipality with a financial institution; or
(b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"Municipal Structures Act" means the Local Government; Municipal Structures Act, 1998 (Act No. 117 of 1998);

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

“long-term debt" means debt repayable over a period exceeding one year;

"executive mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialized or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"-
(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose.

National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"

"official", means-
(a) an employee of a municipality or municipal entity;
(b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
(c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"operating capital"- means
the cash funds required to cater for at least two months operating capital requirements and includes payment of creditors and provision for timing differences in payment of major electricity accounts

"overspending"-
(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year; "quarter" means any

of the following periods in a financial year:

(a) 1 July to 30 September;
(b) 1 October to 31 December;
(c) 1 January to 31 March; or
(d) 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-
(a) projections for each month of-
(i) revenue to be collected, by source; and
(ii) operational and capital expenditure, by vote;
(b) service delivery targets and performance indicators for each quarter; and
(c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognized accounting practice," means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

"unauthorized expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

(a) overspending of the total amount appropriated in the municipality's approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
(c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b)r (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;

"budget transfer" means the transfer of funds between line items within a vote of the operating budget

"vote" means-
(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.
"**same category of expenditure" means –**
(a) ~~**having the same item number or description e.g." item number 044 or general expenses**~~"

Having the same item number or description, e.g. Item number IE00036 or Employee related.

1. PURPOSE OF THE POLICY

The purpose of this policy is to promote sound and sustainable management budgeting in terms of the Municipal Financial Management Act (MFMA), S160 (6) of the Constitution and S 11(3) (h), (m) of Municipal Structures Act (MSA).

The municipality derives its legislative and executive authority to prepare, approve and implement the budget from S11 (3) (h) and (i) of the MSA, which includes the imposing and recovery of rates, taxes, levies, duties, service fees and surcharges on fees

2. BUDGET PRINCIPLES AND PREPARATION

2.1. Appropriate of Funds for Expenditure

The municipality may only incur expenditure in terms of an approval budget and within the limits of the amounts appropriated for the different votes in an approved budget, except where otherwise provided for in the MFMA and supporting regulations.

2.2. Funded Budget

Each annual and adjustments budget shall reflect a surplus and be fully funded, realistic, credible, viable and implementable.

Any unappropriated surplus from previous financial years shall be appropriated, as far as it is not required to finance the operating capital or for other operational purposes, to the municipality's Capital Replacement Reserve (CRR).

Any impending deficit shall be rectified in an adjustments budget. If a deficit arises at the end of a financial year the deficit will immediately be rectified in the adjustments budget for the ensuing financial year, and not offset against any unappropriated surplus carried forward from preceding financial years.

2.3. Budget Guidelines

The Chief Financial Officer shall prepare Budget Guidelines within the timeframe of the Budget/IDP Time schedule which contain the principles, objectives and strategies for the forthcoming budget. These will take cognizance of prevailing economic factors and guidelines issued by National and Provincial Government.

The Budget Guidelines give general direction to the budget process, indicate affordable budget growth and envisaged tariff increases. Within these principles the guidelines will provide the maximum incremental increase for each vote which must be used as the basis of preparation of the budget.

2.4. Budget Allocation and Submission by Directorates

The allocation of budget by the Director must be within the strategic direction of Council and the reviewed IDP and SDBIP.

The budget guidelines provide the allowable budgetary increment for each vote. The Director has the discretion to allocate budget to line-items within the vote, except where the chief financial officer determines provision must be made in terms of the municipality's approved policies, and contractual and statutory commitments. For example, salaries, depreciation charges, finance charges, insurance costs, skills development levies and administrative charges.

The Director shall justify the budget allocation for each vote and line-item. In motivating the allocations, the director will provide appropriate quarterly performance indicators and service delivery targets. Such indicators and targets shall be prepared with the approval of the municipal manager and the mayor.

Each Director must submit their budget within the budgetary guidelines. Submission of budgets which exceed the maximum incremental increase and/or do not provide appropriate evidence of funding for capital projects will not be considered as a submission of the directorate's budget.

2.5. SDBIP and Cash Flow Projections

The SDBIP submitted from each directorate shall include the following components:

i. Monthly projections of revenue to be collected for each source
ii. Monthly projections of expenditure (operating and capital) and revenue for each vote
iii. Quarterly projections of service delivery targets and performance indicators for each vote
iv. Ward information for expenditure and service delivery
V. Detailed capital works plan broken down by ward over three years

Each directorate shall provide a monthly cash flow projection for the by line item level for the operating budget and individually for each capital item. These cash flow projections will be consolidated into the SDBIP.

Draft SDBIP's will be submitted each May to coincide with final budget approval.

2.6. Depreciation and Finance Charges

Depreciation expenses shall be provided for in the operating budget. The cash surplus generated from depreciation expenses on fixed assets financed from external borrowings shall be transferred to the investments created to redeem such borrowing. The cash surplus generated by non-loan funded assets will be transferred to the Capital Replacement Reserve.

Depreciation and finance charges shall be charged to or apportioned between the directorates or votes to which the projects relate.

Depreciation and finance charges together shall not exceed 15% of the aggregate expenses in the operating budget of each annual or adjustments budget.

2.7. Impact of Increases on Rates and Tariffs

When considering the annual budget, council will take into account the impact of proposed increases in rates and service tariffs on the monthly accounts of households. The impact of increases will be assessed on a fair sample of randomly selected accounts. The Council will endeavor to limit the average additional impact of an increase to the consumer price index.

If an increase above the consumer price index for a major tariff can be justified, the relevant director will release a press statement prior to budget consultation.

2.8. Aggregate Rate Revenue

The municipality shall strive to maintain the revenue from property rates at not less than 25% of the aggregated revenues.

2.9. Labour Budget

The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and not exceed 30% of the aggregate expenses of the operating budget of the annual or adjustments budget. In applying this principle the remuneration of political office bearers and other councilors will be excluded from this percentage. Salaries are included in allowable increment limit of each vote.

3. OPERATING BUDGET

3.1. Provision for Accrued Leave

The municipality shall establish and maintain a provision for accrued leave entitlements equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year, and budget appropriately for contributions to the provision in each annual budget.

3.2. Provision for Bad Debts

The municipality shall establish and maintain a provision for bad debts in accordance with its rates and tariffs policies and realistic collection rates, and

budget appropriately for contributions to the provision in each annual budget and review in the adjustments budget.

3.3. Interest Earned

Interest earned on the municipality's investments shall be budgeted for in the revenue budget and an expense provided for transfer to the accumulated reserve based on the opening investment balance.

3.4. Provision for Maintenance of Fixed Assets

In each annual and adjustments budget there shall be adequate provision for the maintenance of fixed assets in accordance with the fixed asset management and accounting policy. At least 5% of the aggregated expense of each budget shall be set aside for maintenance. This amount includes salary and vehicle costs.

4. CAPITAL BUDGET

4.1. Capital Budget Preparation

Every Director in consultation with the Chief Financial Officer will prepare a draft Capital Budget in respect of the ensuing financial year and a draft Capital Programme for the following two financial years based on the following principles:-

- Year Two of the current Capital Budget shall become Year 1 of the next year's Budget and Year Three of the current Capital Programme shall become Year Two
- New projects may enter the Capital Budget in Year 3.

No capital project will be accepted for inclusion into the budget unless it is accompanied by the projected cost covering all financial years until the project is operational, future operational costs and revenue and cash flow for the project. For a new project to be considered as part of the budget it must be fully motivated and accompanied by a complete project appraisal.

The Capital Budget and Capital Programme shall

(a) indicate separately projects which are -
- committed projects;
- related to maintaining existing services/ infrastructure; o financed by grants and subsidies; and o other projects

(b) include the following in connection with new projects:-

- full motivations, including details of their impact on the operating budget. These projects must be accompanied by a complete project appraisal and life cycle costing.

- a monthly cash flow projection for the first full financial year of a project. The cash flow must differentiate between external payments and internal work performed.

- The status of the project in the Integrated Development Plan and motivation as to how the Integrated Development Plan will be supported.

- Evidence of secured funding for grant projects

(c) indicate projects that have been deleted from the previous programme and the reasons for deletion.

The tabled capital budget of the annual or adjustments budget will be properly balanced in that proposed capital expenses must be matched by funding which is realistic and from secured sources. Grant funded projects can only be included year 1 of the budget if the grant funding and the project's meeting of grant conditions has been confirmed in writing by the granting body.

Before approving a capital project, the Council must consider:

- the projected cost of the project over all the ensuing financial years until the project becomes operational,

- the future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on the operating budget (i.e. on property rates and service tariffs).

Before approving the capital budget of the annual or adjustments budget, the council shall consider the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets, and other ordinary operational expenses associated with any item on the capital budget.

Significant delays and under spend in implementation of the capital budget will result in reallocation of that budget as part of the adjustments budget.

4.2. Capital Replacement Reserve

The council shall maintain a Capital Replacement Reserve (CRR) for the purpose of financing capital projects and acquisition and replacement of assets. The CRR must be cash backed and before any asset can be budgeted for from the CRR financing must be available within the reserve. If there is insufficient cash in the CRR, transfers must be budgeted for and adjusted.

The reserve shall be established from the following sources of revenue:

- Unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
- Interest on the investments of the CRR appropriated;
- Profit on sale of land
- royalties
- Further amounts appropriated as contributions in each annual or adjustments budget; and
- Net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.

5. BUDGET ADJUSTMENTS

5.1. Adjustments Budget

The Executive Mayor may table an adjustments budget where:

- There is material under collection of revenue
- To appropriate additional revenue that has become available but only to revise or accelerate spending on programmes already budgeted for
- To authorise unforeseeable and unavoidable expenditure supported by appropriate documentation in relation to the Exemption Report which is approved by the Mayor, Municipal Manager and Chief Financial Officer
- To authorise utilisation of projected savings between votes
- To authorise spending of unspent funds as at previous year within legislative prescripts.
- Budget adjustment of conditional grants funds to purposes within that specified in the relevant conditional grant framework can be done administratively and there must be a confirmation in writing from the relevant granter.
- Budget adjustment of transport can be done administratively to and from different directorates / department. All the request must come from The Director Technical Services and Infrastructure and the final approval of the budget must be done by the Chief Financial Officer.

All recommendations for budget adjustments must contain the financial comment by the Chief Financial Officer prior to consideration by the Mayoral Committee and Council.

Only Council may approve an adjustments budget.

5.2. Virement Process

Budget transfers refer to movement of budget funds between ~~line items within a vote~~ Votes within a Directorate.

All budget transfer proposals must be:

- completed on the appropriate documentation and forwarded to Budget Office for checking and implementation
- the effect of the budget transfer in the next two budget years should be indicated
- signed by the Director responsible for the vote
- approved in line with Council's System of Delegation *<Council resolution to accompany approval of policy>.*

Approval of budget transfers in the Operating Budget:

- are recommended by the Director for final approval by the Chief Financial Officer

Expenditure may only be committed or incurred after final approval.

The allowable percentage, number and amount of budget transfers per vote and per directorate will be reported to the Management on a monthly basis.

Projected cash flows in the SDBIP must be adjusted in line with budget transfers.

The following restrictions apply to budget transfers:

- Virement should not be permitted in relation to the revenue side of the budget;
- Virement between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management;
- Virement from the Capital Budget to the operating budget should not be permitted;
- Virement towards personnel expenditure should not be permitted;

- Virement to or from the following items should not be permitted: Bulk purchases, debt impairment, interest charged, depreciation, grants to individuals, revenue foregone, insurance and VAT;
- Virement should not result in adding new projects to the Capital Budget;
- Virement of conditional grants funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted;
- Virement must be allowed within the same directorate.
- Virement on capital project for the same group of assets must be allowed (e.g. Fleet).

- ~~There should be prudent limits on the amount of funds that may be moved to and from votes and sub-votes. Virement is limited to 5% of the aggregated expenditure per annum;~~
- ~~**The limitation of 5% should be on the approved total of the same expenditure category within the same vote. (vote being the directorate).**~~

- No (Virement may be made where it would result in over expenditure of a line item

- If the budget transfer relates to an increase in the work force establishment, then the required approval processes and Council's existing recruitment policies and procedures will apply.

- **Virement** from the following categories can only be undertaken by the Chief Financial Officer, and) it must be within the relevant vote:
  - Salaries and allowances
  - **No virement should be allowed on protective clothing, shift allowance, temporary workers and overtime.**
  - Depreciation
  - Capital Costs (Interest and Redemption)
  - Appropriations
  - Contributions to Funds
  - Administration Costs
  - Municipal Rates and Services (Rates, Water, Electricity, Refuse and Sewerage)
  - Bulk services

- An approved Virement does not give expenditure authority, and expenditure resulting from approved Virement is subject to the supply chain management policy of Council
- ~~Virement may not be made across votes~~
- Virement may not be made across Directorates (e.g LED to BTO)
- Virement may not be approved within the first three months of a financial year.

6. UNSPENT FUNDS / ROLL OVER OF BUDGET

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, except for funds relating to capital expenditure appropriated in terms of S 19 of the MFMA that are committed to identifiable projects.

Unspent conditional grants may be rolled over to the next financial year only if National Treasury has confirmed in writing whether or not the municipality may retain as a rollover any unspent funds because they are committed to identifiable projects. Conditions of the grant fund shall be taken into account in applying and approving rollover of funds.

Application for rollover of funds shall be forwarded to the budget office by the 15th of April each year to be included in next year's budget for adoption by Council in May. When applying to rollover the unspent funds, the directorates must supply Budget Office with the following information:-

- Details of each of the projects to which funds are committed;
- A progress report on the state of the implementation of each projects;
- The amount of funds committed to each project, and the conditional allocation from which the funds come from; and
- An indication of the time-period within which the funds are to be spent.

Requests for rollover of funds after 15 April will not be considered.

The budget for the current financial year will be reduced by the amount of the rollover required for the next financial year. Only existing projects can be rolled over and no new projects can be created.

There can be no rollover of operating budget. Any operational grants that are anticipated to be unspent at year end should be provided for in the new budget at the time of preparation.

Minor adjustments to the rolled over budget (to a maximum of 10% per project) shall be done during the first budget adjustment in the new financial year after taking into account revised expenditure up to the end of the previous financial year.

RUSTENBURG

LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

PREAMBLE

(1) **WHEREAS** section 152(1)(b) of the Constitution of the Republic of South Africa, Act 108 of 1996 (hereinafter referred to as "the Constitution") provides that one of the objects of Local Government is to ensure that the provision of services to communities occurs in a sustainable manner;

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

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

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

(4) **AND WHEREAS** section 18(1)(a), read with sub-section (2) of the Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA") provides that an annual budget of the Municipality should be funded from realistically anticipated revenues to be collected taking into account projected revenue for the current year based on collection levels to date and the actual revenue collected in the previous financial years;

(5) **AND WHEREAS** section 4(1)(c) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act") provides that the Council of a Municipality has the right to finance the affairs of the Municipality by charging fees for services, imposing surcharges on fees, rates on property

and, to the extent authorised by national legislation, other taxes, levies and duties;

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

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

(8) **AND WHEREAS** in terms of the provisions of section 95 of the Systems Act, the Rustenburg Local Municipality (hereinafter referred to as "the Municipality"), in relation to the levying of rates and other taxes and the charging of fees for municipal services and within its financial and administrative capacity, must:

(a) establish a sound customer management system which aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality, and where applicable a service provider;

(b) establish mechanisms for consumers of municipal services and ratepayers to give feedback to the Municipality or other service provider regarding the quality of the municipal services and performance of the service provider;

(c) take reasonable steps to ensure that users of municipal services are informed of the costs involved in municipal service provision, the reasons for the payment of municipal service fees and the manner in which monies raised from such municipal service are utilised;

(d) where the consumption of municipal services has to be measured, take reasonable steps to ensure that the consumption by individual users of municipal services is measured through accurate and verifiable metering systems;

(e) ensure that persons liable for payments receive regular and accurate statements that indicate the basis for calculating the amounts due;

(f) provide accessible mechanisms for those persons to query or verify statements and accounts and metered consumption;

(g) provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the Municipality which includes the declaring of disputes and procedures which allows for the dealing with such disputes;

(h) provide mechanisms to monitor the response time and efficiency in complying with sub-paragraph (g) above; and

(i) provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for municipal services;

(9) **AND WHEREAS** and in terms of the provisions of section 96 of the Systems Act, the Municipality must collect all money which is due and payable to it subject to the provisions of the Systems Act and other applicable legislation and for this purpose must adopt, maintain and implement a Credit Control and Debt Collection Policy which complies with the provisions of the Systems Act and is consistent with the Rates and Tariff Policies of the Municipality;

NOW THEREFORE the Municipality has adopted this policy in compliance with the provisions of the above referred to sections and specifically the provisions of section 97 of the Systems Act, to be known as the “Credit Control and Debt Collection Policy” which provides the contents for this policy.

THE RUSTENBURG LOCAL MUNICIPALITY:

CREDIT CONTROL AND DEBT COLLECTION POLICY

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTORY PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	9
2.	AIM AND PURPOSE	22
3.	TITLE AND APPLICATION	23
4.	COMMENCEMENT AND VALIDITY	24
5.	RESPONSIBLE AUTHORITY	24
6.	GENERAL PRINCIPLES FOR CREDIT CONTROL AND DEBT COLLECTION	25

CHAPTER 2

DUTIES AND FUNCTIONS

7.	DUTIES AND FUNCTIONS OF THE COUNCIL AND/OR MUNICIPALITY	28
8.	DUTIES AND FUNCTIONS OF COUNCILLORS AND EMPLOYEES OF THE MUNICIPALITY	29
9.	DUTIES AND FUNCTIONS OF THE EXECUTIVE MAYOR	30
10.	DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER	31
11.	DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS	33

CHAPTER 3

PERFORMANCE EVALUATION AND REPORTING

12.	TARGETS AND PERFORMANCE OBJECTIVES	35
13.	INCOME AND COLLECTION TARGETS	35
14.	CUSTOMER SERVICE TARGETS	35
15.	ADMINISTRATIVE PERFORMANCE	36
16.	REPORTING	37

CHAPTER 4

CUSTOMER CARE AND MANAGEMENT

17.	CUSTOMER CARE AND MANAGEMENT PRINCIPLES	39
18.	COMMUNICATION	39
19.	PROVISION OF MUNICIPAL SERVICES TO CUSTOMERS, MUNICIPAL SERVICE AGREEMENT AND CUSTOMER REGISTRATION	40
20.	DEPOSIT	49
21.	METERING	53
22.	PRE-PAYMENT METER SYSTEM	61
23.	STATEMENTS AND BILLING	62
24.	REFUNDS	70
25.	PAYMENT FACILITIES AND METHODS FOR PAYMENT	71
26.	INCENTIVE SCHEMES	73
27.	ENQUIRIES, DISPUTES AND SERVICE COMPLAINTS	73
28.	QUERIES AND SERVICE COMPLAINTS	74
29.	SECTION 102(2) DISPUTES	77
30.	GRANTING AN EXTENSION OF THE PERIOD IN WHICH TO MAKE PAYMENT OF AMOUNTS DUE IN TERMS OF AN ACCOUNT	80
31.	ARRANGEMENTS TO PAY ARREARS IN CONSECUTIVE INSTALMENTS	81
32.	CATEGORIES OF DEBTORS AND GUIDELINES FOR THE GRANTING OF EXTENSIONS OF DUE DATES FOR PAYMENT OR THE ENTERING INTO OF ARRANGEMENTS FOR THE PAYING OFF OF ARREARS	84

CHAPTER 5

CREDIT CONTROL AND DEBT COLLECTION MEASURES AND OTHER INSTANCES FOR THE LIMITATION, DISCONNECTION OR TERMINATION OF MUNICIPAL SERVICES

33.	DIFFERENT DEBT COLLECTION AND CREDIT CONTROL MEASURES	89
34.	NOTICE OF DEMAND	90
35.	THE LIMITATION, DISCONNECTION OR TERMINATION OF THE MUNICIPAL SERVICES OF WATER AND ELECTRICITY	91
36.	RECONNECTION OR REINSTATEMENT OF MUNICIPAL SERVICES	94
37.	TERMINATION OF MUNICIPAL SERVICES BY CUSTOMER	95
38.	TERMINATION OF MUNICIPAL SERVICES AGREEMENT BY THE MUNICIPALITY	95
39.	TEMPORARY DISCONNECTION AND RECONNECTION	96
40.	LEVYING OF PENALTIES AND INTEREST CHARGES ON ARREARS	97
41.	THE INSTITUTION OF DEBT COLLECTION PROCEDURES AND LEGAL PROCEEDINGS TO RECOVER DEBT	97
42.	FULL AND FINAL SETTLEMENT	99
43.	JOINT AND SEVERAL LIABILITIY OF OWNERS, TENANTS AND OCCUPIERS	99
44.	JOINT AND SEVERAL LIABILITY OF OWNERS, TENANTS AND OCCUPIERS FOR ARREARS REGARDING RATES	100

CHAPTER 6

CUSTOMER ASSISTANCE

45.	RATE REBATE	101
46.	FREE BASIC SERVICES	101
47.	INDIGENT SUPPORT	101

CHAPTER 7

PROVISION FOR BAD AND IRRECOVERABLE DEBT

48.	PROVISIONS FOR BAD DEBT	102
49.	IRRECOVERABLE BAD DEBT AND WRITE OFFS	103

CHAPTER 8

GENERAL PROVISIONS

50.	RIGHT OF ACCESS OR ENTRY TO PROPERTY AND INSPECTION	107
51.	UNAUTHORISED ACTIVITIES – THEFT, FRAUD AND TAMPERING	108
52.	CLEARANCE CERTIFICATES	110
53.	DAMAGE TO MUNICIPAL SERVICE INFRASTRUCTURE	111
54.	REPORTING DEFAULTERS	112
55.	PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS	113
56.	NOTICE	113
57.	NON LIABILITY OF THE MUNICIPALITY	114
58.	CODE OF ETHICS	114
59.	AUTHENTICATION OF DOCUMENTS	116
60.	PRIMA FACIE EVIDENCE	116
61.	PROVISION OF INFORMATION	116
62.	AVAILABILITY OF POLICY AND BY-LAWS	116
63.	BY-LAW TO GIVE EFFECT TO THIS POLICY	117

SCHEDULES

SCHEDULE 1	AGREEMENT FOR MUNICIPAL SERVICES

CHAPTER 1

INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder and words or expressions to which a meaning has been assigned in terms of the provisions of the Systems Act and the Tariff Policy or By-Law or the Rates Policy or By-Law of the Municipality, will have a corresponding meaning assigned thereto in terms of such policies or by-laws. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"account"**	Means the account opened for a customer in the financial system of the Municipality and in respect of which an account number is allocated, and in context also refer and include the entries and activities and/or arrears reflected on the account, containing and reflecting the liability of the consumer for the payment of rates, tariffs, levies, fees and the consumption of municipal services, which includes charges in respect of the following: (a) electricity consumption; (b) water consumption; (c) refuse removal and disposal; (d) sewerage services and sewer availability fees; (e) interest; and (f) miscellaneous and sundry fees and collection charges.

1.2	**"arrears"**	Means any amount due, owing and payable in respect of rates, tariffs, levies, fees and for the consumption of municipal services in terms of this policy and includes *inter alia*: (a) the principal amount; (b) collection charges; (c) interest; (d) default charges; (e) connection and disconnection fees; (f) any other amount owed to the Municipality not referred to above; and which was not paid on or before the payment date.
	"B"	
1.3	**"billing"**	Means proper notification and invoicing of a statement to a customer of amounts levied for rates, tariffs, levies, fees and the consumption of municipal services including all other amounts and charges due in terms of this policy as well as the net accumulated balance of the account.
1.4	**"billing cycle"**	Means the time period in respect of which a customer is liable to effect payment to the Municipality for rates, tariffs, levies, fees and consumption of municipal services, being a monthly cycle in respect of the tariffs, levies, fees and consumption of municipal services, and either a monthly or an annual cycle in respect of rates, and which cycle ends on the payment date.
	"C"	
1.5	**"Chief Financial Officer"**	Means a person appointed by the Council and designated by the Municipal Manager of the Municipality to manage the financial administration of the Municipality and who remains directly

		accountable to the Municipal Manager as contemplated in terms of the provisions of section 80(2)(a) read with the provisions of section 1 and section 81 of the MFMA.
1.6	**"collection charges"**	Means all costs incurred by the Municipality during the process of recovering monies due and payable to it, or arrears, including the charges which may be recovered by the Municipality in terms of section 75A of the Systems Act and includes: (a) the cost of reminding a customer of monies due and payable or arrears; (b) the cost of the termination, disconnection, restriction and reinstatement of municipal services; (c) the cost of any notice rendered, sent or delivered; (d) all legal cost, including attorney and client cost incurred in the recovery of arrears; and (e) any commission and other expenses relating to the recovery of arrears payable by the Municipality to any person or service provider.
1.7	**"consumer"**	Means any person or entity consuming or receiving municipal services, irrespective of whether such a person has concluded a service level agreement with the Municipality, and may also include a person who illegally and unlawfully connects to the municipal services infrastructure or who illegally and unlawfully gains access to or usage of the municipal services or who consumes any municipal services unlawfully. This also includes beneficiaries of RDP houses and documented beneficiaries of deceased estates who are still awaiting transfers.

1.8	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.9	**"credit control"**	Includes all the functions relating to the collection of monies owed to the Municipality by consumers. Credit control under this definition starts once an account is in arrears or any consumer connects to any service infrastructure or consumes any municipal service lawfully or unlawfully.
1.10	**"credit controller"**	Means a person appointed by the Municipality to manage *inter alia*, the financial and administration credit control and debt collection of the Municipality's debtors.
1.11	**"customer"**	Means the owner of the premises or in exceptional circumstances a tenant, and includes a person or entity liable to the Municipality for the payment of tariffs, levies, fees and municipal consumption charges in terms of a service agreement concluded with the Municipality, and may include a person who applied to the Municipality to become a Registered Indigent in terms of the Indigent Policy, and who is not the owner of the premises, but who is: (a) the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or (b) the party to whom the residential property is awarded in the event of a divorce; or (c) where a deceased estate has not been wound up: (i) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

		(ii) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or (iii) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or (iv) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate; and who simultaneously with the application for indigent support in terms of the Indigent Policy, applied for the provision of municipal services in terms of this policy to be granted an account and to conclude a service agreement with the Municipality, and whose application has been approved by the Municipality, and as such has concluded a service agreement with the Municipality.
1.12	**"customer management"**	Means focusing on the customer's needs in a responsive and proactive manner to encourage payment, thereby limiting the need for credit control.
"D"		
1.13	**"day(s)"**	Means a normal calendar day which include a Saturday, Sunday and public holidays.
1.14	**"debt collection"**	Means the functions relating to the collection of arrears and includes the restructuring of such debt, and procedures and mechanisms for the collection of all monies due and payable to the Municipality in terms of this policy, and in respect of rates, tariffs,

		levies, fees and municipal consumption charges for municipal services, in order to ensure financial sustainability and the uninterrupted delivery of municipal services in the interest of the community.
1.15	**"debtor"**	Means any person, including a customer or consumer, who has failed to make payment of a debt due, owing and payable to the Municipality on or before the payment date.
1.16	**"dispute"**	Means a dispute as contemplated in terms of the provisions of section 102(2) of the Systems Act.
"E"		
1.17	**"equipment"**	Includes any building or other structure, pipe, pump, wire, cable, meter, engine, any apparatus, tools, device, connection system or network, service protection device, reticulation network or supply mains or any part of any of the aforegoing supplied or used in the supply, distribution or conveyance of municipal services or the measurement of consumption of such services, or any other accessories to any of the aforementioned.
1.18	**"exceptional circumstances"**	Means such circumstances which in the sole discretion of the Chief Financial Officer constitute an exception.
1.19	**"Executive Mayor"**	Means the Executive Mayor of the Municipality as elected in terms of section 55 of the Structures Act.
"H""		
1.20	**"household"**	Means the total number of persons who permanently resides and occupy a single premise for residential purposes.
"I"		
1.21	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality renders to Registered Indigents and households

		headed by Registered Indigents in terms of the Indigent Policy of the Municipality.
1.22	**"interest"**	Means the charge levied on arrears as referred to in the provisions of section 75A(1)(b) of the Systems Act and at the rate as resolved by the Council.
	"M"	
1.23	**"Mayoral Committee"**	Means the Mayoral Committee as envisaged in terms of the provision of section 60 of the Structures Act.
1.24	**"MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.25	**"MPRA"**	Means the Local Government: Municipal Property Rates Act, Act 6 of 2004.
1.26	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or

		(c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.27	**"Municipal Manager"**	Means the Municipal Manager of the Municipality appointed in terms of the provisions of section 54A of the Systems Act and as referred to in the definition of "Accounting Officer" in section 1 of the MFMA, and also referred to in section 60 of the MFMA, and includes a person acting as an Accounting Officer, or the person to whom the Accounting Officer has delegated his/her authority to act.
1.28	**"municipal services" or "services"**	Means a service that a Municipality provides or may provide in terms of its powers and functions to or for the benefit of the local community irrespective of whether: (a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76 of the Systems Act or by engaging an external mechanism contemplated in section 76; or (b) fees, charges or tariffs are levied in respect of such service or not.
"O"		
1.29	**"occupier"**	Means any person who occupies premises or part thereof, without taking cognisance of the title under which he or she occupies the premises.
1.30	**"official application form"**	Means the application form provided in Schedule 1 to this policy.
1.31	**"owner"**	Means: (a) the person in whose name the property is registered; (b) in the case where the person in whose name the property is registered, is insolvent or

		deceased, or is disqualified in terms of any legal position, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, usufructuary, servitude holder or any other duly authorised of appointed representative; (c) in the case where the Municipality or service provider is unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon; (d) in the case of a lease agreement entered into for a period of 30 (thirty) years or longer, or for the natural life of the lessee or any other person mentioned in the lease, or is renewable from time to time at the will of the lessee indefinitely or for a period of periods which, together with the first period of the lease, amounts to 30 (thirty) years, the lessee or any other person to whom he has ceded his right, title and interest under the lease, or gratuitous successor to the lessee; (e) in relation to: (i) a piece of land delineated on a sectional title plan and which is registered in terms of the Sectional Title Act, Act 95 of 1986, without limiting it to the developer or body corporate in respect of the common property; (ii) a section as defined in the Sectional Title Act, Act 95 of 1986, the person in whose name that section is registered in terms of a "sectional title deed", including the lawfully appointed representative or agent of such person;

		(f) any legal entity including but not limited to: (i) a company registered in terms of the Companies Act, Act 61 of 1973, a trust inter vivos, trust mortis causa, a close corporation registered in terms of the Close Corporation Act, Act 69 of 1984 and any voluntary organisation; (ii) any provincial or national government department, or local authority; (iii) any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and (iv) any embassy or other foreign entity in whose name the property is registered; (g) in relation to property owned by the Municipality and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and (h) in relation to property owned by or under the control or management of the Municipality while held under a lease or any express or tacit extension thereof or under any other contract or under servitude or right analogous thereto, the person so holding the immovable property.
"P"		
1.32	**"payment date"**	Means the date by which any amount due, owing and payable should have been paid.
1.33	**"person"**	Means any natural or juristic person, local government body or like authority or an organ of state as defined in terms of section 239 of the Constitution, a company incorporated under any

		law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association, club or trust.
1.34	**"prepayment meter"**	Means a meter whereby payment for municipal services is first made elsewhere and credit is transferred to such meters by means of a token or coded number or credit card or other means and such meter is programmed and dispenses pre-purchased municipal services as it is consumed by the consumer at a predetermined rate or charge.
1.35	**"prepayment measuring system"**	Means a meter and ancillary devices, approved by the Municipality designed to measure and allocate to a consumer the quantity of municipal services pre-purchased by the consumer.
1.36	**"premises"**	Means any property or any building or structure above or below ground levels on property and may include any vehicle, aircraft or vessel.
1.37	**"property"**	Means: (a) immovable property registered in the name of a person/owner including in the case of a sectional title scheme, a sectional title unit registered in the name of any person/ owner; (b) a right registered against immovable property in the name of a person excluding a mortgage bond registered against the property; (c) any piece of land, the external surface boundaries of which are delineated on: (i) a general plan or diagram registered in terms of the Land Survey Act, Act 9 of 1927 or in terms of the Deeds Registries Act, Act 47 of 1937 or; (ii) a sectional plan registered in terms of the Sectional Titles Act, Act 95 of 1986;

		which is situated within the area of the Municipality; (d) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or (e) public service infrastructure.
	"R"	
1.38	**"rates"**	Means a municipal rate on property levied in terms of section 229(1)(a) of the Constitution and section 2(1) the MPRA.
1.39	**"Registered Indigent"**	Means a person who has applied to the Municipality in terms of the Indigent Policy to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent on the Indigent Register as contemplated in the Indigent Policy of the Municipality.
	"S"	
1.40	**"service agreement"**	Means the written agreement concluded between the Municipality and a customer for the provision of municipal services to premises once the Municipality has approved the customers official application form for the rendering of such services to the customer and which contains the terms and conditions upon which the Municipality will render such services to the customer.
1.41	**"service provider"**	Means the Municipality as well as any external entity that provides municipal services to the consumer on behalf of the Municipality, pursuant to a service delivery agreement entered into with Municipality in terms of section 80 of the Systems Act, and may also include any authorised agent of the Municipality.

1.42	**"statement"**	Means the statement furnished to a customer reflecting the status of the account of the customer, or the liability of the consumer where such a consumer has no account, for the payment of rates, tariffs, levies, fees and the consumption of municipal services and which reflects the amount due to the Municipality by such customer/consumer in respect of the rates, tariffs, levies, fees and municipal services consumed and which includes charges in respect of the following: (a) electricity consumption; (b) water consumption; (c) refuse removal and disposal; (d) sewerage services and sewer availability fees; (e) interest; and (f) miscellaneous and sundry fees and collection charges.
1.43	**"Structures Act"**	Local Government: Municipal Structures Act, Act 117 of 1998.
1.44	**"Systems Act"**	Local Government: Municipal Systems Act, Act 32 of 2000.
"T"		
1.45	**"tamper"**	Means any interference with, damage to, alteration of, by-passing of any connection to, or removal of any equipment and includes the consumption of or use of any municipal services not in accordance with this policy.
1.46	**"tariff policy"**	Means the Tariff Policy of the Municipality as envisaged in terms of the provisions of section 74 of the Systems Act.
1.47	**"Tariff Schedule"**	Means the Tariff Schedule as referred to in the Tariff Policy and approved by Council.

1.48	**"tenant"**	Means a person who is entitled to the use and enjoyment of premises for the payment of rent as a result of an agreement concluded with a person who has the right to extent such rights regarding the premises.
1.49	**"this policy"**	Means the Credit Control and Debt Collection Policy of the Municipality.

2. AIM AND PURPOSE

(1) This policy constitutes the policy of the Municipality as contemplated in terms of the provisions of section 96(b) of the Systems Act, read with the provisions of section 97 of the same act.

(2) This policy further provides for and gives effect to those matters set out in the provisions of section 95 of the Systems Act.

(3) The aim and purpose of this policy is to:

(a) ensure that all monies due and payable to the Municipality in respect of rates, tariffs, fees, levies, municipal services, surcharges on such fees, charges, tariffs, levies and interest which has accrued on any amounts due and payable in respect of the aforegoing and any collection charges in respect thereof, are collected promptly and efficiently;

(b) provide for credit control and debt collection procedures and mechanisms;

(c) provide relief for Registered Indigent account holders;

(d) provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and the estimates of income as set out in the annual budget of the Municipality less the acceptable provision for bad debt as provided in Chapter 6 of this policy;

(e) provide for the levying of interest on arrears;

(f) provide for collection charges on the payment of any arrears;

(g) provide for the extension of time for the payment of arrears;

(h) provide for the dealing with disputes declared in terms of the provisions of section 102(2) of the Systems Act;

(i) provide for matters relating to the unauthorised consumption, theft and/or damages of or to equipment or municipal services;

(j) to provide for conditions relating to the supply of municipal services and the termination of municipal services or for restrictions on the provisions of municipal services when payments are in arrears;

(k) to provide for mechanism whereby statements or meter reading services may be queried or verified;

(l) to provide for mechanisms where irrecoverable debt is written off;

(m) to provide for penalties for non-compliance with the policy;

(n) to provide for incentives and disincentives in order to ensure cost effective debt collection; and

(o) to enable the Municipality to collect all budgeted income in order to fund its operational requirements in respect of service delivery to the community within its municipal area.

3. TITLE AND APPLICATION

(1) This policy is known as the Credit Control and Debt Collection Policy of the Rustenburg Local Municipality and is applicable to the municipal area of the Municipality.

(2) This policy revokes and replaces all previous policies, decisions and/or *ad hoc* paragraphs within any other policy, regarding the subject matter of this policy.

(3) This policy further applies to all monies due and payable to the Municipality for:

(a) rates levied in terms of the MPRA;

(b) fees, charges and tariffs levied in terms of section 75A of the Systems Act;

(c) the provision of municipal services by the Municipality, respective of whether such municipal service(s) is provided by the Municipality itself or on behalf of the Municipality through a service provider;

(d) interest which has or will accrue in respect of any arrears;

(e) collection charges; and/or

(f) municipal services provided through prepayment meters, as well as any fees, surcharges on fees and/or tariffs in respect thereof.

4. COMMENCEMENT AND VALIDITY

This policy shall come into full force and effect upon the acceptance hereof by the Council of the Municipality by resolution.

5. RESPONSIBLE AUTHORITY

(1) The responsible authority for the adoption and implementation of this policy is the Municipality and where applicable the Council of the Municipality.

(2) The Executive Mayor of the Municipality, in collaboration with his/her Mayoral Committee, as the supervisory authority in terms of the provisions of section 99 of the Systems Act, is responsible for and must:

(a) oversee and monitor the implementation and enforcement of this policy as well as the Credit Control and Debt Collection By-Law of the Municipality;

(b) oversee and monitor the performance of the Municipal Manager in implementing this policy and the Credit Control and Debt Collection By-Law of the Municipality;

(c) if and when necessary, evaluate or review this policy or the Credit Control and Debt Collection By-Law of the Municipality, in order to improve the efficiency of the credit and debt collection mechanisms, processes and/or procedures; and

(d) at such intervals as may be determined by the Council, report to a meeting of the Council on the execution of its supervisory duty.

(3) The Municipal Manager or any service provider, as the implementing authority in terms of the provisions of section 100 of the Systems Act, is responsible for and must:

(a) implement and enforce this policy and the Credit Control and Debt Collection By-Law of the Municipality;

(b) establish effective administrative mechanisms, processes and procedures in order to collect monies due and payable to the Municipality in accordance with this policy and the Credit Control and Debt Collection By-Law of the Municipality; and

(c) at such intervals as may be determined by the Council report the prescribed particulars to a meeting of the supervisory authority referred to in sub-paragraph (2) above.

6. GENERAL PRINCIPLES FOR CREDIT CONTROL AND DEBT COLLECTION

(1) The administrative integrity of the Municipality must be maintained in the implementation and enforcement of this policy.

(2) All customers must complete an official application form, formally requesting the Municipality to provide municipal services to such customers and to a specific premise. The rights and obligations of the customer and the Municipality are set out in the service application form and the service agreement, as well as the terms and conditions upon which the Municipality will provide the municipal services to the customer.

(3) Upon the approval of an application by the Municipality, the official application form will constitute a service agreement between the customer and the Municipality, which service agreement sets out the terms and conditions upon which the Municipality will provide the municipal services to such customer. The Municipal Manager may from time to time direct that a new service agreement be concluded with existing customers. The credit-worthiness and other information which the Municipality deems necessary in order to approve an application may be obtained and confirmed by the Municipality.

(4) A copy of the official application form, the terms and conditions upon which the Municipality will provide the municipal services and extracts of this policy and the relevant Credit Control and Debt Collection By-Law of the Municipality, must be handed to every customer upon request at such fees as may be prescribed by Municipality.

(5) The Municipality will render a statement to the customer and will endeavour to cause it to be accurate and understandable and to be delivered to an address indicated by the customer.

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

(7) The customer is entitled to efficient, effective and reasonable responses to enquiries and the resolution of disputes.

(8) Enforcement of payment, collection of arrears and the termination or restriction of municipal services for non-payment must be prompt and consistent.

(9) Unauthorised consumption, connection and reconnection of municipal services, the tampering with or theft of meters, municipal service supply equipment and

the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to summary disconnections, penalties, loss of rights and criminal prosecution.

(10) Incentives and disincentives may be used as part of the debt collection procedures.

(11) The debt collection process must be cost-effective and efficient.

(12) The effectiveness of the implementation of this policy by the Municipality will be regularly and efficiently reported on and monitored.

(13) The official application forms will be used to, *inter alia*, identify the category of customers according to this policy, credit risk and to determine the relevant levels of municipal services and deposits required as well as the premises in respect of which these municipal services should be rendered.

(14) Targets for performance in both customer service and debt collection will be set and pursued, as well as remedies implemented for non-performance.

(15) Customers that meet the criteria of the Municipality set out in the Indigent Policy to be recognised as Registered Indigents must be identified and supported, but must take note that their status as Registered Indigents will be listed for credit rating and reporting purposes.

CHAPTER 2

DUTIES AND FUNCTIONS

7. DUTIES AND FUNCTIONS OF THE COUNCIL AND/OR MUNICIPALITY

(1) To approve a budget in terms of the applicable provisions of the MFMA, consistent with the Integrated Development Plan of the Municipality and having regards to the needs of communities, ratepayers and residents.

(2) To determine and impose rates, fees, charges and tariffs to finance the budget of the Municipality and to take reasonable steps to collect funds due to the Municipality.

(3) To facilitate sufficient funds to enable the Municipality to give access to basic municipal services to the poor.

(4) To provide for provision for bad debts, in line with the payment record of customers as reflected in the financial statements of the Municipality.

(5) To set an improvement target for debt collection, in line with acceptable accounting ratios and resources available to the Municipal Manager.

(6) To provide a reporting framework for customer care, credit control and debt collection.

(7) To consider and approve a by-law to give effect to this policy.

(8) To revise the budget should the targets of the Municipality for customer care and management, credit control and debt collection not be met.

(9) To take disciplinary and/or legal action against Councillors, officials and service providers who/which do not execute the policies and by-laws of the Municipality, or act improperly in terms of such policies and by-laws.

(10) To delegate the required authority to monitor and enforce this policy to the Executive Mayor, Municipal Manager and Chief Financial Officer of the Municipality, as may be required in terms of section 59 of the Systems Act.

(11) To ensure sufficient capacity within the Directorate: Finance, for the implementation of this policy by the Municipality or to appoint a service provider to execute certain functions in terms of this policy.

(12) To assist the Municipal Manager in the execution of his/her duties, if and when required.

(13) To provide funds for the training of staff.

(14) To monitor the performance of the Executive Mayor and the Mayoral Committee regarding their respective roles in credit control and debt collection, supervising the implementation and enforcement of this policy and the Credit Control and Debt Collection By-Law.

8. DUTIES AND FUNCTIONS OF COUNCILLORS AND EMPLOYEES OF THE MUNICIPALITY

(1) To hold regular ward meetings to discuss matters relating to debt collection and credit control.

(2) To adhere to and convey the policies of the Municipality to customers.

(3) To adhere to the Code of Conduct for Councillors as set out in Schedule 1, and the Code of Conduct for Municipal Staff Members as set out in Schedule 2 to the Municipal Systems Act.

(4) To give inputs regarding applications to be registered as a Registered Indigent and related matters.

(5) To treat all customers with dignity and respect at all times.

(6) To exercise their duties in a honest and transparent manner.

(7) To ensure the proper functioning of the ward committee system.

(8) To address any unacceptable level of indebtedness within his/her ward as advised from time to time by the Executive Mayor, and the Councillor concerned:

(a) must without delay convene a meeting of the ward committee and report the matter to the committee or meeting for discussion and advice; and

(b) make appropriate recommendations to the Executive Mayor.

9. DUTIES AND FUNCTIONS OF EXECUTIVE MAYOR

(1) To ensure that the budget of the Municipality, cash flow and targets for debt collection are met and enforced in terms of this policy.

(2) To monitor the performance of the Municipal Manager in the implementation and enforcement of this policy.

(3) To review and evaluate this policy and the Credit Control and Debt Collection By-Law of the Municipality in order to improve the efficiency of the customer care and management, credit control and debt collection procedures, mechanisms and processes of the Municipality.

(4) To report to the Council on the above referred to matters at intervals of 3 (three) months.

10. DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

(1) To implement a sustainable and proficient customer care management system.

(2) To implement this policy effectively and efficiently and to utilise the delegation system of the Municipality as provided for in terms of the provisions of section 59 of the Systems Act, to do so.

(3) To implement and maintain an appropriate accounting and credit control system.

(4) To bill customers by delivering statements.

(5) To demand payments of statements by not later than the payment date.

(6) To levy interest and collection fees on arrears.

(7) To appropriate payments received.

(8) To collect arrears.

(9) To provide different payment methods to customers and debtors.

(10) To determine, execute and enforce customer care and management and credit control and debt collection measures.

(11) To determine all relevant work procedures for, *inter alia*, public relations, arrangements, the dealing with disputes declared in terms of the provisions of section 102(2) of the Systems Act, the disconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.

(12) To instruct the attorneys of the Municipality to proceed with legal processes.

(13) To set performance targets for staff.

(14) To determine control and performance procedures.

(15) To monitor and enforce the performance of contracts with service providers who render services to the Municipality pertaining to credit control and debt collection as envisaged in terms of the provisions of section 116(2) of the MFMA.

(16) To report to the Executive Mayor as required in terms of the provisions of section 100(c) of the Systems Act.

(17) To appoint staff to execute and enforce the provisions of this policy and the by-laws executed in terms of this policy.

11. DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

(1) Members of the community, ratepayers and residents have the duty to comply with the provisions of sections 5(2) of the Systems Act.

(2) To pay rates, levies, fees, charges and duties levied by the Municipality on or before the payment date in respect of all services consumed.

(3) To obtain a duplicate statement at the help desk of the Municipality where a statement has not been furnished by the Municipality.

(4) To notify the Municipality when municipal services are no longer required at a property(ies), and of any address or contact detail changes of the consumer.

(5) To safeguard and maintain service meters in a readable condition and to notify the Municipality immediately in the event that any meter is no longer accurate or functioning correctly.

(6) To observe and comply with the mechanisms, processes and policies of the Municipality in exercising their rights.

(7) To allow municipal officials reasonable access to their premises or property to execute any required functions regarding the municipal services including the reading of meters measuring consumption.

(8) To comply with the by-laws and other legislation of the Council of the Municipality.

(9) To refrain from tampering with municipal services, equipment and/or property of the Municipality and not to consume any municipal services unlawfully.

(10) To comply with the obligations, duties, terms and conditions in terms of which the Municipality provides municipal services.

CHAPTER 3

PERFORMANCE EVALUATION AND REPORTING

12. TARGETS AND PERFORMANCE OBJECTIVES

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

13. INCOME AND COLLECTION TARGETS

The Council must set targets for the reduction of unpaid amounts for rates, fees, charges, tariffs and the consumption of municipal services, the increase of payments, the collection of arrears and the effective administration of accounts for these charges and the collection of the amounts due in terms of such statements, on or before the payment date as set out in such statements.

14. CUSTOMER SERVICE TARGETS

The Municipality has identified the following customer-targets and the Municipality sets as its aim the compliance with these targets.

(1)	Response time to a consumer on queries and service complaints:	Provide a reference number and acknowledge receipt within 7 (seven) days.
(2)	Resolution of/or response to queries and service complaints:	14 (fourteen) days from acknowledgement of receipt as referred to above, to resolve and/or respond to queries and service complaints.
(3)	Dealing with a dispute duly declared in terms of section 102(2) of the Systems Act:	As per the various time frames stipulated in this policy.

(4)	Date of delivery of first statement to new customers:	By second billing cycle after date of conclusion of a services agreement.
(5)	Reconnection time for municipal services which have been disconnected or suspended:	Within 24 (twenty four) hours after payment/arrangement acceptable to the Municipality has been made.
(6)	Meter reading cycle:	Meters should be read on a monthly basis.
(7)	Applications to be recognised as Registered Indigents:	Within second billing cycle response for approval or disapproval, as well as provision of subsidy.
(8)	Debt turnover ratio:	45 (forty five) days.
(9)	Issuance of clearance amounts payable:	10 (ten) working days.
(10)	Issuance of clearance certificate following payment of clearance amount:	7 (seven) working days from actual payment at cashiers and EFT into Municipality bank account from the same bank as Municipality or 10 (ten) working days following EFT from a bank that is not the bank where the Municipality keep its primary bank account.

15. ADMINISTRATIVE PERFORMANCE

The Council of the Municipality must set targets for the collection of debt and the application of debt collection mechanisms, based on the following principles:

(1) Debt collection must be prompt, efficient and cost effective, based on the following principles:

(a) the cost of the collection should not exceed the capital debt amount and recoverable charges and interest;

(b) the cost of the collection must be recovered from the defaulting customer; and

(c) reasonable steps must be taken to limit the cost of debt collection to the Municipality provided that the limitation on costs for debt collection does not hamper the prompt and efficient collection of the debt.

(2) Queries and disputes must be promptly addressed and disposed of.

(3) The debt collection mechanisms, as provided for in this policy must be applied without favour, consistently and equally against all debtors.

16. REPORTING

(1) The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor, as supervisory authority in terms of the provisions of section 99 of the Systems Act, read with the provisions of section 100(c).

(2) The report contemplated in sub-paragraph (1) above must contain particulars on:

(a) debt collection and cash collection statistics, showing detailed debt collection information, high level debt recovery information (numbers of customers, number of enquires and disputes, arrangements for the payment of debt, the arrears showing the different stages of maturity of debt). Where possible, the statistics should be divided into the following categories: wards, business (commerce and industry), domestic, state, institutional and other such divisions as required by from time to time by the Municipal Manager; and

(b) performance on all areas against targets agreed to in this policy.

(3) If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by 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.

(4) The Executive Mayor, as supervisory authority, shall, at intervals of 3 (three) months, report to the Council in terms of the provisions of section 99(c) of the Systems Act.

CHAPTER 4

CUSTOMER CARE AND MANAGEMENT

17. CUSTOMER CARE AND MANAGEMENT PRINCIPLES

The Municipality must manage its interaction with its customers in a responsible and pro-active manner with the aim of enhancing the payments for rates, fees, charges, tariffs and the consumption of municipal services, the reduction of arrears and to create a positive and co-operative relationship between the customer or consumer and the Municipality, and where applicable, a service provider.

18. COMMUNICATION

(1) The Municipality must publish the annual budget of the Municipality in terms of the provisions of section 22 of the MFMA and regulation 18 of the Municipal Budget and Reporting Regulations which will include the rates, fees, charges and tariffs the Municipality intends to adopt and has in fact adopted.

(2) This policy must be available in English and be made available by general publication and on specific request, and must also be available for perusal at the offices of the Municipality. This policy is also a "budget related policy" as contemplated in terms of the provisions of section 17(3)(e), section 21(1)(a) and 21(1)(b) of the MFMA and regulation 7 of the Municipal Budget and Reporting Regulations.

(3) Ward Councillors will be required to hold regular ward meetings, at which customer care and debt collection issues must be given prominence.

(4) On approval of this policy, a comprehensive communication plan will be devised and implemented in order to inform customers of the provisions of this policy in

respect of incentives, payment terms and arrangements in conjunction with the ward committees.

19. PROVISION OF MUNICIPAL SERVICES TO CUSTOMERS, MUNICIPAL SERVICE AGREEMENT AND CUSTOMER REGISTRATION

(1) Within the limits of its resources, municipal services will be provided by the Municipality to consumers, who are the owners of the premises to which the municipal services are provided or relate or in exceptional circumstances a tenant, and who have applied by way of the official application form for such services to be provided to the said premises indicated on the application form (as per Schedule 1 to this policy) and whose application was, in the discretion of the Municipality, approved by the Municipality. The approval of the application by the Municipality will constitute a service agreement between the Municipality and the consumer, and constitute the opening of the account for the consumer. Once a consumer's application is approved, the consumer becomes a customer. The service agreement so concluded between the Municipality and the customer, together with the provisions of this policy and the applicable By-Laws of the Municipality shall in all respects govern the supply of the municipal services to the customer and the supply of the municipal services to the customer will at all times be subject to and provided in accordance with and upon the condition stipulated in the said agreement, policy and by-laws.

(2) The Municipality accepts that it has limited resources which in turn limit the nature and extent of municipal services that can be provided. The Municipality, having due regard to the Legislative Framework within which it operates, must endeavour to increase payments, reduce arrears and to extend the services it can provide. That said, the Municipality can only provide services within its ability and available resources.

(3) Notwithstanding the limitations as per clause 19(2), and in regards to clause 6 (4) of this policy, the Municipality shall endeavour to ensure that the accurate

capture and verification of Customer information that is captured on its systems and applications, which will assist the Municipality in achieving the following

(a) Customer will receive a statement at a valid address, as indicated by the customer and validated by the Municipality

(b) The successful serving of Notices and other correspondence will increase, thus improving the success of Credit Control

(c) Improve the Contactability rate of Customers that are in the Debt Collection process

(4) The Municipality is in the process of phasing out the practice of opening accounts and concluding service agreements with accounts opened and service agreements concluded in the past for persons that do not fall within the definition of "customer", as set out in this policy. Such accounts will be closed and phased out upon the termination of the service agreement to which the account relates. However, these accounts are still valid and persons with whom the Municipality concluded service agreements, and for whom the accounts were opened in the past, will have the rights extended in this policy to a customer, and such persons will for all intents and purposes be considered as "customers" in terms of this policy.

(5) No new accounts will be opened and no service agreements concluded by the Municipality with persons who do not qualify as a "customer", as defined in this policy. The Municipality however reserves the right to make an exception to this provision in this policy should a person who does not qualify as a "customer" in terms of this policy, satisfies the Municipality that there are exceptional circumstances requiring the status of "customer" to be extended to that person. A further exception to the afore referred to provision pertains to persons who apply to the Municipality to become a Registered Indigent, in terms of the Indigent Policy of the Municipality, for which applications the following conditions apply:

(a) the applicant for the indigent support must be:

(i) the holder of an account with the Municipality for the provision of municipal services to the premises referred to in sub-

paragraph (a) above, who has concluded a service agreement with the Municipality, as referred to above; or

(ii) in an instance where the applicant for the indigent support is not the holder of an account and has not concluded a service agreement with the Municipality, as required by sub-paragraph (i) above: the applicant must:

(aa) be the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or

(bb) be the party to whom the residential property is awarded in the event of a divorce; or

(cc) be, where a deceased estate has not been wound up:

(aaa) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

(bbb) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or

(ccc) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or

(ddd) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate;

(dd) submit, simultaneously with the application for indigent support in terms of the Indigent Policy, an application for the provision of municipal services as referred to above, applying to the Municipality to be granted an account and to conclude a service agreement with the Municipality; and

(b) the total household income of all the household occupants in the indigent household (a household headed by a Registered Indigent, as defined and referred to in the Indigent Policy of the Municipality) above the age of 18 (eighteen) years on the residential property, may not exceed the amount as determined by Council from time to time. Currently the income amount is deemed to be less or equal to the amount received by two sate pensioners as determined annually by the Minister of Finance; and

(c) the premises to which the municipal services are rendered (or to be rendered) or relate must be a "residential property", as classified in terms of the categories of properties in terms of the provisions of the Rates Policy and By-Law of the Municipality, and must be utilised solely for residential purposes, as well as situated within the municipal area of the Municipality; and

(d) the applicant may not be the registered owner of more than one immovable property nationally and internationally; and

(e) be a full-time occupant of the residential property or where the registered owner is unable to occupy the property due to no fault of such registered owner, the spouse or minor children may satisfy the occupancy requirement; and

(f) where applicable, must have a prepayment electricity meter, a water management device or a prepayment water meter installed.

(6) Any person who consumes or utilises any municipal services without entering into a service agreement with the Municipality and or who does not have an account for such services, shall be liable for the rates, fees, charges and tariffs relating to such municipal services, as provided for in this policy and the relevant

By-Laws of the Municipality to the Municipality as if such a person had an account and concluded a service agreement with the Municipality and as such will be considered as a customer.

(7) Where any premises and/or consumer is provided with municipal services or municipal services are consumed or utilised at the premises and/or by the consumer, it shall be deemed that a service agreement has been concluded between the Municipality and the consumer and/or owner of the premises on the terms prevailing at the time and the owner of the premises will be billed and be liable for payment of the fees, charges and tariffs relating to such municipal services.

(8) The municipal services will only be provided by the Municipality to a customer under and upon the following conditions:

(a) Where the services are services that a municipality can provide and to the extent that the ability and resources of the Municipality allow the provision of such services.

(b) On approval by the Municipality of the written application for the municipal services which has been made on the prescribed form attached hereto as Schedule 1.

(c) The information and documentation required by the Municipality being furnished to the Municipality to its satisfaction.

(d) The amount of the deposit as prescribed in terms of this policy being paid to the Municipality, and deposited as security, or any other acceptable security, in the sole discretion of the Municipality, having been furnished to the Municipality.

(e) The applicant is an owner as defined in this policy or a holder of an account as contemplated in this policy.

(f) If the customer is an existing customer of the Municipality and any amount in respect of any rates, tariffs, fees, levies, municipal services, surcharges on such rates, fees, charges, tariffs, levies and interest which has accrued on any amounts due and payable in respect of the

afore going and any collection charges in respect thereof, is in arrears, then:

(i) such arrears must be paid; or

(ii) an agreement for payment of the arrears in terms of this policy must have been entered into and payment in terms thereof must not be in arrears.

(g) The Municipality has verified through its billing system that the customer does not have an outstanding account in respect of any rates or municipal services relating to any other premises or accounts.

(9) The application form with which a customer applies to be provided with municipal services must at least contain the following information:

(a) confirmation by the customer that the customer is aware of and understands the contents of the form;

(b) acceptance by the customer of the provisions of the by-laws relating to the provision of the municipal services and acceptance of liability for the cost of the said services rendered until the service agreement is terminated or until such time as any arrears have been paid;

(c) name and full details of the customer;

(d) Any Unique Identifier such as but not limited to Identity Number or Passport Number with Date of Birth and Biometric Data (e) address and stand/ erf number of premises to or on which the municipal services are to be rendered;

(f) address where the statement must be sent;

(g) extent and source of income of the customer;

(h) name and address of the applicant's employer, where appropriate;

(i) the purpose for which the municipal services will be supplied;

(j) the date on which the customer requires provision of the municipal services;

(k) an undertaking by the customer:

(i) that the customer is liable for the costs of debt collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees; and

(ii) that any alleged non-receipt of a statement does not exempt the customer from the duty to enquire from the Municipality as to the outstanding debt on the statement and to make payment to the Municipality of the debt;

(l) the type of municipal services to be supplied to the customer.

(10) The municipality must take reasonable steps to validate and or verify the information as per 8(c-h) provided by the customer in the application form

(10) When a customer makes application to the Municipality for the provision of municipal services, the Municipality must inform the customer of the different levels of services available and the tariffs and/or charges associated with each level of service and, where applicable, different metering options.

(11) The Municipality must ensure that the registration of new and existing customers is efficiently performed in regard to the following:

(a) new customer registrations must be correctly administered with the fully completed application form being duly signed by the customer and upon approval by the Municipality, duly countersigned by the Municipality;

(b) these service agreements must be retained and be readily accessible to authorised persons and employees of the Municipality only;

(c) the employees of the Municipality with customer contact must endeavour to update personal records of customers whenever customers liaise with the Municipality.

(12) A customer may at any time apply to the Municipality, in writing, to alter the level of municipal services elected in terms of the service agreement entered into,

provided that such services are available and that any costs and expenditure associated with altering the level of services will be payable by the customer.

(13) A customer shall be liable for the payment of prescribed tariffs, fees, levies, municipal services consumed and surcharges on such, fees, charges, tariffs, levies and interest which has accrued on arrears and any debt collection charges in respect thereof.

(14) If the Municipality declines an application for the provision of municipal services or is unable to render such municipal services on the date requested for the provision of such municipal services to commence, or is unable to render the municipal services, the Municipality will inform the customer of such refusal and/or inability, the reasons therefore and, if applicable, when the Municipality will be able to provide such municipal services.

(15) The Municipality may, if circumstances require, enter into a special service agreement for the provision of municipal services without requiring the customer to which such municipal services are to be rendered to submit an application form and upon different terms and conditions than those stipulated in the service agreement annexed hereto as Schedule 1, provided that such a special service agreement does not amount to unfair discrimination against customers of whom it is required to apply for the provision of municipal services as set out in Schedule 1, especially if the rendering of the municipal services warrants or requires the imposition of conditions not contained in the prescribed form.

(16) An application for the provision of municipal services for a period of less than one year shall be regarded as an application for a temporary supply of such services and shall be considered at the discretion of the Municipality, which may specify any special conditions to be satisfied in such case.

(17) When the application for the provision of municipal services relates to the supply of electricity, the application must be processed and if approved the municipal

service of electricity must be available within the periods stipulated in NRS 047-1:2005, Edition 3, Electricity Supply Quality of Service.

(18) The Municipality may, if it deems necessary, require a third party to be bound jointly and severally as surety and co-principal debtor with the consumer for the payment of any prescribed levies, fees, charges and tariffs under these By-Laws.

(19) Municipal services shall be paid for by the consumer at the prescribed tariff or charge set out in the Tariff Policy of the Municipality and the accompanying Tariff Schedule thereto.

(20) If a customer uses a municipal service for a category or usage type other than that for which it is provided by the Municipality in terms of the service agreement with the customer, and as a consequence, is charged at a rate lower than the rate which should have been charged, the Municipality may make an adjustment of the amount charged in accordance with the rate which should have been charged and recover from the customer according to the tariffs and charges payable in accordance with such adjustment and may also review the amount of the deposit held in terms of this policy.

(21) If amendments to the prescribed tariff or charges formulated in terms of the Tariff Policy for municipal services provided, become operative on a date between measurements for the purpose of rendering a statement:

(a) it shall be deemed that the same quantity of municipal services was provided for in each period of twenty four hours during the interval between measurements;

(b) any prescribed tariff or charge shall be calculated on a pro rata basis in accordance with the tariff or charge that applied immediately before such amendment; and

(c) any fixed charge shall be calculated on a pro rata basis in accordance with the charge that applied immediately before such amendment and such amended change.

Where municipal services used by a consumer are charged at different tariff rates, the consumption shall be metered separately for each rate.

20. DEPOSIT

(1) At the time when the consumer makes written application to the Municipality applying for the provision of municipal services by the Municipality to a property, as set out and regulated in terms of the this policy, the consumer shall upon the approval of the application become a customer and shall first pay to the Municipality the deposit as set out in this policy, read with the Tariff Schedule, before such municipal services will be provided by the Municipality.

(2) Subject to the contents of sub-paragraph (6) below, the amount of the deposit in respect of a municipal account of a customer is calculated as set out below, and if the amount cannot be calculated the amount as set out in the Tariff Schedule, which may vary according to different categories of consumers, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination, and shall be determined by the Municipality in accordance with the Tariff Policy, this policy, any applicable by-laws of the Municipality and/or resolutions of the Council.

(3) The paying of a deposit is also required in the instance where the municipal services of water and electricity are provided by means of a prepayment meter system as provided in this policy.

(4) The deposit shall be used as security for payment of any service charges which are due or may become due to the Municipality arising out of the provision of

municipal services, or the payment of any amount the customer may be liable for to the Municipality, or for any damage to equipment of the Municipality.

(5) The amount of the deposit payable by a customer shall be determined by the Municipality and will be set out in the provisions of the Tariff Policy and Tariff Schedule of the Municipality.

(6) In the case of Large Power Users (LPU) equal or greater than 500KVA, deposit for all existing customers will be managed on an ongoing basis in terms of the following principles:

(a) When a customer gets into arrears with the payment of his electricity accounts and the Municipality holds zero deposit, there will be an immediate review of his Consumer agreement and the required deposit will be raised on his account.

(b) When a customer gets into arrears with his account and the Municipality holds inadequate deposit, the deposit will only be reviewed once the threshold of the credit risk matric is breached.

(c) Where an existing customer with a good payment recorded applies for a substantial increase in his supply capacity or an additional point of delivery, additional deposit must be called for.

(d) Customer has acceptable payment recorded and pays by Direct Debit or EFT, Customer has 7 (seven) days, from bill date, in which to pay monthly account. A 7 (seven)days' notice, from final payment date, is given in cases of default before termination of supply.

(7) The Municipality may implement the paying of deposits by either a minimum deposit payable in the amount equal to twice the amount of the average monthly consumption pertaining to the property as calculated by the duly authorised municipal official, calculated for a period of 2 (two) months immediately preceding the payment of the deposit (if available), or in instances where it is not possible to calculate the amount of the deposit set out in the premise, prescribe a deposit amount for different categories of consumers, debtors, service providers, services, service standards and geographical areas, as

determined annually by the Municipality, and set out in the Tariff Schedule of the Municipality.

(8) The Municipality may increase a deposit payable in respect of an arrear account as may be determined annually by the Council in terms of the Tariff Schedule of the Municipality.

(9) The deposit shall, after the disconnection of a customer service in terms of this policy by the Municipality, be automatically increased to an amount as determined annually by the Council in terms of its Tariff Schedule for disconnected accounts. The deposit shall be adjusted upwards in terms of this paragraph notwithstanding that the customer is also liable for a service reconnection fee. The Municipality may in case of disconnection of an unpaid arrear account, allocate the deposit to the arrear account and the new increased deposit must be paid before the municipal service is reconnected.

(10) The Municipality may also increase a deposit payable in respect of municipal services if the consumer uses the municipal service for a different usage type as for which the municipal services were provided for by the Municipality and as applied for.

(11) The Municipality may from time to time review the amount of the deposit in respect of any account and may increase or decrease the deposit, if such an adjustment is justifiable.

(12) The Municipality will not pay any interest to a customer on the deposit made by a customer and held by the Municipality.

(13) Upon the termination of the service agreement between the Municipality and a customer the deposit paid by a customer will be offset against any and all

arrears or other outstanding amounts or balances owed to the Municipality. The balance of such a deposit will be refunded to the customer in terms of this policy.

(14) The different deposits provided for in terms of this paragraph will be reviewed annually both in terms of this policy and in terms of the Tariff Schedule. The Municipality shall maintain a register of deposits for this purpose. The total sum of deposits received shall constitute a short term liability in the books of account of the Municipality.

(15) The Municipality may require a customer to whom municipal services are provided, and who was not previously been required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period.

(16) A deposit shall be forfeited to the Municipality if it has not been claimed within 3 (three) years of the termination of the service agreement.

(17) The payment of a deposit shall not be regarded as being a payment or part payment of any accounts due for the supply of municipal services for the purposes of obtaining any discount provided for in the Tariff Policy.

(18) For the purposes of the implementation of the Indigent Policy of the Municipality and the rendering of indigent support to Registered Indigents, accounts will be opened for Registered Indigents without requiring the payment of any deposit. This arrangement will immediately terminate if the status of the Registered Indigent changes.

(19) Notwithstanding the provisions of this paragraph regarding the calculation of the amount of the deposit, the Municipality may in its sole discretion elect to increase the amount of the deposit if the consumer applying for an account, or the customer with an existing account is, or becomes a credit risk to the Municipality.

21. METERING

(1) The Municipality shall at the customer's cost, in the form of a direct charge or prescribed fee, or if and when the Municipality so decides at the Municipality's cost, provide, install and maintain appropriately rated metering equipment, installed at the point of delivery/metering, for measuring the municipal services delivered to a premises. The metering device shall be provided and installed by the Municipality and shall at all times remain the property of the Municipality irrespective of the manner in which it is attached or installed in or on the premises.

(2) The Municipality will endeavour, within its financial capabilities, to ensure accurate meter reading and/or measuring of consumption at fixed monthly intervals with the minimum delay between the connection of the municipal services and the first and subsequent billing, except in the case of prepayment meter system. The consumption in respect of the municipal services shall be determined by the reading of the appropriate meter or meters, and read at the determined monthly intervals except in instances where consumption shall be estimated in terms of this policy.

(3) Nothing contained in this policy shall be construed as imposing on the Municipality an obligation to cause any meter or measuring device installed by the Municipality on any premises to be measured or read at the end of a month or any other fixed period, and the Municipality may estimate the quantity of municipal services supplied over any period during the interval between successive measurements of the meter and render a statement to a consumer for the quantity of service so estimated.

(4) For the purposes of determining the consumption of the municipal services by a consumer, having regard to the metering system, it will be deemed unless the contrary is proved, that:

(a) the consumption is represented by the difference between the measurements taken at the beginning and at the end of a given period;

(b) the measuring device or meter was accurate during such period;

(c) the readings and/or entries in the records of the Municipality were correctly made;

(d) provided that if municipal services are supplied or taken by a consumer without it passing through the meter, the estimate of the Municipality of the consumption of the service consumed, shall be deemed to be correct; and

(e) regarding electricity meters, a meter shall be conclusively presumed to be registering accurately if it satisfies the requirements prescribed in NRS 057 Part 3 – Electricity Metering: Minimum Requirements.

(5) In the following instances the Municipality will be allowed to utilise estimate consumption for billing purposes:

(a) if the Municipality is, for whatsoever reason and irrespective of whether it is due to the fault of the consumer, or the Municipality, not able to read any meter;

(b) if the meter is defective or becomes inaccurate or defective, and an adjustment is required to be made;

(c) where a consumer vacates premises and a final reading is not possible;

(d) where municipal services supplied by the Municipality to any premises is in any way taken by the consumer without such service passing through any measuring device, for the period from the last previous reading of the meter until the date it is discovered that the municipal services are being used by the consumer without such services passing through the said meter;

(e) in the event of any unauthorised activity taking place pertaining to a measuring device or meter or municipal services as referred to in the provisions of this policy dealing with unauthorised activities, theft, fraud and tampering; and

(f) before a meter or measuring device is installed.

(6) An estimate, as referred to above, shall be based on any one of the following criteria, as the Municipality may decide, taking into account, where applicable and making allowance for seasonable or other variations which may affect the consumption of the municipal service:

(a) the average daily or monthly consumption (depending on the requirement of the estimate) of the municipal service to the premises during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period prior to the date on which the estimate is required;

(b) the average daily or monthly consumption (depending on the requirement of the estimate) of the municipal service to the premises during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period after the date on which the estimate is required;

(c) the average daily or monthly consumption (depending on the requirement of the estimate) of municipal services to premises or several premises, which are comparable in size, nature and use to the premises for which the estimate is required, during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period prior to the date on which the estimate is required;

(d) the average daily or monthly consumption (depending on the requirement of the estimate) of the municipal service to premises or several premises, which are comparable in size, nature and use to the premises for which the estimate is required during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period after the date on which the estimate is required;

(e) in instances where a meter was found to be defective or incorrectly measuring, or tampered with to give an inaccurate reading of the

quantity of municipal services, the percentage error or inaccuracy of the meter as determined;

(f) in instances were no meter or measuring device has been installed, the estimated consumption shall be based on the average consumption of the municipal service to the immediate area in which the premises are situated;

(g) any such consumption or other data in the possession of the Municipality which can assist the Municipality in arriving and making an estimate.

(7) In instances where a consumer is charged and/or liable toward the Municipality for the payment of municipal consumption charges based on estimated consumption as contemplated in this policy, the statement reflecting the estimated consumption will be adjusted to reflect actual consumption once the Municipality is able to obtain the actual reading of the meter concerned.

(8) Where the consumer requires a special reading, the Municipality must on receipt of a written notice from a consumer, of not less than 14 (fourteen) days notice and subject to the payment of the prescribed charge, measure the quantity of municipal service supplied to a consumer at a time or on a day other than that upon which it would normally be measured.

(9) A consumer is entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof. This request must be made as a query in terms of the procedure prescribed in this policy.

(10) The Municipality will inform a customer when a meter replacement is to be made.

(11) The consumer shall at all times during the business hours between 8am and 5pm ensure that the Municipality has free and undisturbed access to metering

equipment and the consumer shall accept any cost occasioned to permit such access including the cost of relocating any meter, if necessary.

(12) The following provisions will apply to the testing of meters:

(a) a meter shall be conclusively presumed to be registering accurately when it is tested and found to be within the limits of error as provided for in the applicable standard specifications for such a meter;

(b) the Municipality shall have the right to test its metering equipment. If it is established by test or otherwise that such metering equipment is defective or inaccurate, the Municipality shall:

(i) in the case of a conventional meter, adjust the statement rendered;

(ii) in the case of prepayment meters:

(aa) render a statement where the meter has been under-registering; or

(bb) issue a free token where the meter has been over-registering;

(c) the customer shall be entitled to have the metering equipment tested by the Municipality on payment of the prescribed fee and by way of lodging a query as provided for in this policy with the Municipality querying the accuracy of the measuring device or meter. If the metering equipment is found not to comply with the meter accuracy requirements, applicable to the relevant meter, an adjustment to the customer's account shall be made and the aforesaid fee shall be refunded;

(d) when a customer requires the accuracy of a measuring device or meter to be tested or verified the Municipality shall inform the customer of the prescribed range of accuracy applicable for the measuring device or meter as well as the cost implications, or estimated cost implications, occasioned by the testing or the measuring device or meter;

(e) a consumer is entitled, on giving the Municipality reasonable notice of the consumer's intention, to be present at the testing of any meter in which the consumer is interested;

(f) a customer shall have the right, at his own cost, to have the metering equipment tested by an accredited independent testing authority approved by the Municipality [and the result of such test shall be final and binding on both parties];

(g) meters shall be tested in the manner as provided for in the applicable standard specifications for the specific meter, or where the meter is a water meter, the meter must conform to the specifications as prescribed in terms of the Water Services Act, Act 108 of 1997 and where the measuring device or meter is:

(i) a meter to which regulations relating to water meters published under the Trade Metrology Act, Act 77 of 1973 are applicable, it will be deemed to be defective if, when tested in accordance with SABS Code 1529 Part 1, it is found to have a percentage error in over-registration or under-registration greater than that permitted for a meter in use in terms of that specification;

(ii) a meter of a size greater than 100mm diameter but not exceeding 800mm diameter to which the specification referred to sub-paragraph (12)(g)(i) is not applicable, it will be deemed to be defective, when tested in accordance with SABS Code 1529 Part 4-1998 if it is found to have a percentage error in over-registration or under-registration greater than permitted by a meter in terms of that specification;

(iii) a prepayment water measuring system, it shall be deemed to be defective if, when tested in accordance with SABS Code 1529 Part 9 – 2002, it is found to have a percentage error in over-registration or under- registration greater than that permitted in terms of that specification;

(h) the Municipality's finding as to the accuracy of a meter, after testing has been carried out, shall be final;

(i) the Municipality shall before removing a meter for testing take a reading of the meter and the current meter reading period shall be terminated at the time of the taking of such a reading;

(j) if after testing a meter the Municipality is satisfied that the meter is not registering correctly, it shall render the consumer an adjusted statement as referred to above;

(k) if the outcome of any test shows that a measuring device or meter is:

(i) within a prescribed range of accuracy, the consumer will be liable for the costs of such test and any other amounts outstanding. Such costs may be debited against the customer's account to which the measuring device or meter relates;

(ii) outside a prescribed range of accuracy, the Municipality will be liable for the costs of such test and the consumer must be informed of the amount of any credit to which the consumer is entitled;

(l) if the measuring device or meter if found to be defective, the Municipality must:

(i) repair the measuring device or meter or install another device which is in good working order, without charge to the customer, unless the costs thereof are recoverable from the customer due to the measuring device or meter being tampered with; and

(ii) determine the quantity of municipal service for which the customer will be charged in lieu of the quantity measured by the defective measuring device or meter by making an estimate as provided for in this policy;

(m) any meter removed for testing by the Municipality must be retained intact and be available for inspection for a period of 3 (three) months after testing.

(13) The Municipality will allow readings of meters taken by consumers and submitted either telephonically, by fax or personally under the following conditions:

(a) provided the Municipality may obtain readings at any point in time to verify readings taken by the consumer, and in particular that the Municipality obtains any final reading should the consumer furnish the

Municipality with a termination notice or move to another supply address;

(b) an audit reading during the normal reading cycles shall be obtained by the Municipality once every 6 (six) months;

(c) the Chief Financial Officer may, however cancel the voluntary reading convenience on any customer's account if the consumer fails to ensure that the audit reading referred to in above is obtained or should the consumer fail to render readings on 2 (two) consecutive occasions.

(14) The Municipality reserves the right to meter the supply of municipal services to shops and flats, tenement houses, sectional titles and similar buildings for the buildings as a whole or for individual units or for groups of units.

(15) The Municipality may require the installation at the customer's expense of a measuring device or meter to each dwelling unit, in separate occupancy, on any premises, for use in determining the quantity of municipal services supplied to each such unit provided that where fixed quantity delivery systems are used, a single measuring device may be used to supply more than one unit.

22. PRE-PAYMENT METER SYSTEM

The Municipality may avail the municipal services of electricity and water by means of a pre-payment metering system to which the following provisions apply:

(a) a customer may convert from a conventional meter to a pre-payment meter upon payment to the Municipality for the installation thereof and a deposit in an amount equal to the consumption of municipal services of such customer for the month preceding such installation;

(b) no pre-payment meter will be installed or activated by the Municipality where there is any outstanding amount due to the Municipality in respect of the account of a customer, except where an arrangement has been entered into with regards to the debt;

(c) customers whose supply of municipal services have been terminated or disconnected on at least 3 (three) occasions as a result of non-payment, are compelled to install a pre-paid meter before any re-connection will be made;

(d) no refund of the amount for which the customer purchased prepaid municipal services (water and electricity) shall be given at the point of sale;

(e) when a customer vacates any premises where a pre-payment meter is installed, no refund for the credit remaining in the meter shall be made to the customer by the Municipality;

(f) the Municipality shall not be liable for the reinstatement of credit in a pre-payment meter lost due to tampering with, or the incorrect use or the abuse of, pre-payment meters and/or tokens;

(g) the Municipality may appoint vendors for the sale of credit for pre-payment meters and shall not guarantee the continued operation of any vendor services;

(h) where a customer is indebted to the Municipality for municipal services consumed or for any other service supplied by the Municipality, including rates, or for any tariff, fees or charges previously raised against the customer in connection with any service rendered, the deduction will be at a rate of 70/30 where 30% will be credit to the arrear account for services and 70% allocated for prepaid purchases ~~Municipality may cease the purchasing of any additional prepaid services;and~~

(i) the provisions relating to Metering and the Limitation, Disconnection and Termination of the Municipal Services of Water and Electricity, as set out in this policy, apply *mutatis mutandis* to prepayment metering system.

23. STATEMENTS AND BILLING

(1) Customers who concluded a service agreement with the Municipality and/or who are liable to pay property rates to the Municipality, will receive a statement,

at such applicable time in the billing cycle, which reflects the amounts due and payable to the Municipality for tariffs, fees, charges, the consumption of municipal services and/or property rates.

(2) The customer shall be liable for the payment of all rates, tariffs, fees, charges and the consumption of municipal services as levied and charged in terms of the prescribed Rates Policy, Tariff Policy, Tariff Schedule and applicable by-laws of the Municipality.

(3) The Municipality may, in addition to the charges levied for municipal services consumed or provided, levy a monthly fixed charge, annual fixed charge or once-off fixed charge in respect of the provision of municipal services in accordance with the Tariff Policy, Tariff Schedule and applicable by-laws of the Municipality.

(4) Where a fixed charge is levied as referred to above it shall be payable by every customer irrespective of whether such municipal services are used or accessed by the customer.

(5) A statement will be furnished in accordance with the applicable billing cycle and the due date for the payment of the statement will be stated on the statement.

(6) A statement will be furnished in accordance with the applicable billing cycle at the last recorded address of the customer with the Municipality.

(7) It is the responsibility of a customer to ensure that the postal and/or physical address of such customer, where such customer wishes to receive the statement, and other contact details of such customer are correct and up to date in respect of the records thereof with the Municipality. Any incorrect or outdated information does not excuse any customer from the duty and obligation to make payment to the Municipality of the amount due to the Municipality by such customer.

(8) It is the customer's responsibility to make enquiries and ensure timeous payments in the event of statements not being received and such receipt of the statement is not a precondition to the duty and responsibility of a customer to effect payment thereof to the Municipality.

(9) Where a statement is not paid in full, any lesser amount tendered and accepted by the Municipality, shall not be deemed to be in full and final settlement of such statement and acceptance shall be without prejudice to any of the rights of the Municipality.

(10) Where any payment made to the Municipality by negotiable instrument and such negotiable instrument is subsequently dishonoured by a bank, the Municipality:

(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 a default on payment and will be entitled to utilise debt collection mechanisms as provided in this policy and to levy the relevant costs thereof against the customer's account;

(c) may insist on cash payments for all future statements; and

(d) may hand such customer over to the legal representatives of the Municipality for further legal action.

(11) A customer is entitled to request a duplicate statement from the Municipality at the cost of such customer.

(12) The Municipality will endeavour to ensure:

(a) accurate monthly billing with the application of appropriate and correct prescribed rates, fees, levies, tariffs and service charges and other related amounts due and payable;

(b) the timeous dispatch of statements to all customers;

(c) adequate provision and efficient operation of pay facilities throughout the Municipality;

(d) arrangements with third party institutions to accept payments on behalf of the Municipality. The responsibility to ensure that payments are reflected on the account however remains vested with the customer;

(e) appropriate hours of business to facilitate account payments;

(f) credit timeously any payment against the correct customers account;

(g) to provide easily understandable statements this will contain the following information:

(i) the consumption or estimated consumption of municipal services as determined for the measuring or consumption period;

(ii) the measuring or consumption period for municipal services;

(iii) the amount due based on the measured or estimated consumption;

(iv) the amount due and payable for property rates levied, fees, levies, tariffs and charges for municipal services rendered or fixed in terms of this policy;

(v) the amount in arrears, if any, and a notification that the Municipality shall be entitled to limit, disconnect or terminate the municipal services of water and electricity should the account remain in arrears;

(vi) the interest payable on any arrears, and collection charges in so far as they may be relevant;

(vii) the due date for payment.

(13) The Municipality may, in the event of a customer being in arrears, convey the following information to the customer in any such manner as the Municipality deems appropriate, including incorporating same into the statement, that:

(a) the customer may conclude an agreement as provided for in this policy with the Municipality for payment of the arrears in instalments, at the Municipality;

(b) if no such agreement, as envisaged above, is entered into the Municipality will be entitled to limit, disconnect or terminate municipal services;

(c) legal action may be instituted against any customer for the recovery of any amount in arrears and the customer will be held liable for payment of the legal costs;

(d) the defaulting customer's name may be listed with a credit bureau or any other equivalent body as a defaulter;

(e) the account may be handed over to a debt collector or attorney for collection;

(f) proof of registration, as a Registered Indigent, in terms of the Municipality's Indigent Policy must be handed in before the due date; and

(g) the municipal services may be limited, disconnected or terminated should the arrears remain unpaid.

(14) An error or omission in any statement or the failure by the Municipality to render a statement does not relieve a customer of the obligation to pay any amount due and payable. A customer remains liable for the payment of all amounts whether a statement has been rendered or not. The onus shall be on the customer to satisfy himself/ herself that the statement rendered is in accordance with the prescribed rate, tariff, levy or charge as set out in the Tariff Policy, Tariff Schedule and by-laws of the Municipality.

(15) Payments of statements must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via agents, the money must be received in the Municipality's bank account on or before the due date and not later than close of business on the said date.

(16) If payment of a statement is received after the due date, a late payment charge or interest as may be prescribed must be paid by the customer to the Municipality.

(17) The Municipality may hold any amount paid by a customer which is in excess of an existing debt in credit for the customer in anticipation of future rates, fees, levies and charges that may become owing in the future.

(17) In addition to the notices referred to in this policy, customers with large service accounts may also be managed by telephonic and personal contact directly with them.

(18) Where a body corporate is responsible for the payment of any arrears to the Municipality in respect of a sectional title development, the liability of the body corporate shall be extended to the members thereof, jointly, unless a member can proof that the member has already paid he/she/it's portion of the debt directly to the Municipality.

(20) Payment/s or amounts received will be allocated by the Municipality, and irrespective of the description or allocation afforded thereto by the person effecting the payment, to the oldest debt first and thereafter to current charges in the following order:

(a) interest;

(b) administration costs;

(c) legal and credit control charges;

(d) any other charges by the Municipality;

(e) refuse;

(f) sewer;

(g) rates;

(h) water;

(i) electricity.

(21) The amount due and payable on an account constitutes a consolidated debt, and any payment made of an amount less that the total amount due, will be allocated in reduction of the consolidated debt in the order specified above.

(22) The municipality may in terms of section 102, of Municipal Systems Act

a) Consolidate any separate accounts of persons liable for payments to the Municipality

b) Credit a payment by such a person against any account of that person

(22) Where an account remains in arrears for more than 60 (sixty) days:

(a) the debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter; and

(b) the arrears may be handed over to a debt collector or an attorney for the collection of the arrears and/or the institution of legal steps against the debtor.

(c) the Municipality must implement procedures for the removal of any adverse information such as a default or judgment as contemplated in the National Credit Amendment Act No 19 0f 2014 ("NCAA").

(23) Arrears of consumers who make no further use of, or has no further access to municipal services are considered inactive debtors who will automatically be handed over to a debt collector or an attorney for the collection of the arrears and/or the institution of legal steps against such a debtor, provided that:

(a) the amount owing on such an inactive account is more than R 500.00 (five hundred rand);

(b) if smaller than R500.00 (five hundred rand) then recovery of such amount due will be subject to consideration of the cost- benefit ratio and whether such action shall be taken will be in the sole discretion of the Chief Financial Officer of the Municipality.

(24) Any consumer who is in arrears will not be allowed to submit any building plans for approval, or any applications for rezoning, consents or approvals in terms of the Municipality's Land Use Management Scheme and the applicable legislation.

(25) All information relating to accounts, statements and billing of customers are not public information and may not be disclosed by the Municipality, other than as provided for in law or in terms of the policy.

(26) in terms of section 118 (3) of the Act, an amount due for municipal service fees, surcharge on fees , property rates and other municipal taxes , levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property . Accordingly _

a) All municipal debts must be paid by the owner of such property without prejudice to any claim which the municipality may have against another person

b) The owner of such property shall be liable for charges incurred in connection with such property during his or her ownership and shall remain liable irrespective of the change of ownership;

c) The Municipality reserves the right to cancel a contract with the customer in default and register the owner of such property for services on the property; and

d) The municipality will not provide any services on the property until all municipal debts on the property have been paid in full or suitable arrangements have been made to pay such debts.

(27) Where the property is owned by more than one person, each owner shall jointly and severally liable, the one paying the other to be absolved–, for all municipal debts charged on the property.

(28) Owners shall be held jointly and severally liable, the one paying the other to be absolved , with their tenants who are registered as customers for debts on their property, except for property rates.

(29) Refuse removal shall form part of the property debt payable by the owner of the property

(30) Directors of Companies , members of Close Corporations and Trustees shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety, they must pay a deposit equivalent to twice the usual deposit paid for opening accounts.

(31) the municipality may apply to the Companies and Intellectual Property Commission to re-register a deregistered company or close corporation for the purposes of recovering the amounts owed by that company or close corporation for all municipal debts which have accrued and shall recover the costs of registration from the directors or members accordingly

24. REFUNDS

(1) Any customer may apply in writing for a refund of a credit balance on an account of such customer, provided that no other account of such customer, or an account regarding any premises to which the account with the credit balance of such customer relates, is payable or in arrears.

(2) A written application for a refund should state the account number of the account on which the refund is requested, the amount of the refund, as well as the details of the bank account in which the refund should be deposited. The written application must be signed by the customer or the customer's authorised representative, in which instance the written application must be accompanied by a written power of attorney signed by the customer in terms of which the customer authorises the representative to apply for the refund on the customer's behalf.

(3) Refund applications will be considered, verified and processed by the Municipality in terms of its internal financial and accounting procedure.

~~(4)~~ Refunds for an amount of less than R100.00 (hundred rand) will not be granted by the Municipality as the cost and administrative burden associated with effecting such refund is not administratively and cost effective to the Municipality.

~~(5)~~(4)

~~(6)~~(5) The manner in which the Municipality elects to affect the refund remains in the discretion of the Municipality and may include a refund by either electronic transfer or by the issue a cheque.

~~(7)~~(6) A credit balance in respect of the account of a customer may be utilised to set off any arrears on any other account of such customer with the Municipality or any account regarding the premises to which the account with the credit balance of such customer relates, before the refund is effected.

~~(8)~~(7) The Municipality is entitled to write back or appropriate any unclaimed money arising from a credit balance of a customer, if such amount is not claimed by such customer within a period of 3 (three) years from the date upon which it became due to the customer.

~~(9)~~(8) The Municipality shall be entitled to utilise any sundry refundable deposit kept by the Municipality towards the payment of any arrears.

25. PAYMENT FACILITIES AND METHODS FOR PAYMENT

(1) The Municipality must operate and maintain suitable payment facilities which are accessible to all customers.

(2) Direct or electronic payments can be made into the bank account of the Municipality. The customer must state the account number allocated to the customer by the Municipality as the reference on the proof of payment and if payment is made in respect of more than 1 (one) account, the respective account numbers must be stated. It is and remains the duty of the customer, at the time of payment, to inform the Municipality of the details of the account(s) for which the customer affected a direct or an electronic payment into the bank account of the Municipality in order for the Municipality to be able to correctly assign the payment made by the customer.

(3) The Municipality may in terms of the provisions of section 103 of the Systems Act, with the consent of a customer, approach an employer to secure a debit or stop order arrangement to effect payments of the customer's account.

(4) The use of an agent by a customer to effect payment of the debt of such customer as well as the timeous payment of such debt to the Municipality is at the sole risk of the customer.

Any direct deposits or electronic fund transfers of monies into the bank account of the Municipality, without the appropriate and correct reference details will be allocated in the books of the Municipality to a suspense account and it will remain the responsibility of the customer who made such deposit to ensure that the payment is allocated to the account of the customer.

(5)

(6) Municipal payment facilities will be maintained subject to acceptable levels of activity and having regard to the operational costs thereof.

(7) The Chief Financial Officer shall allocate payments made by the customers according to the pre-determined priorities set out in this policy.

26. INCENTIVE SCHEMES

1. The Municipality may, in order to encourage prompt payment by customers and/or to reward regular payments made by customers or payments made by means of debit or stop orders or the full settlement of any arrangement for the paying off of debt in instalments, consider incentives to such customers from time to time and may enter into any arrangements available in law, including those provisions in section 103 of the Systems Act, and section 71 of NCA.

2. The Council may from time to time implement incentives to promote prompt payment of accounts by encouraging ratepayers /consumers who are in arrears in respect of the payment of their accounts to clear their outstanding debt within a reasonable period of time.

(d) The incentives offered in this policy may only be valid for a limited period of time, where after the Council may revert to normal sanctions to those customers who remain in default. The following incentive is offered when arrangement is made to settle debt outstanding.

(i) interest that remain unpaid in the outstanding balance will be granted written back when a once off payment/settlement is made within 30 days.

27. ENQUIRIES, DISPUTES AND SERVICE COMPLAINTS

(1) The Municipality will, within its administrative and financial ability, establish:

(a) a central office to deal with and address enquiries, disputes and/or service complaints received from customers;

(b) a centralised database dealing with enquiries, disputes and/or service complaints received from customers, in order to effectively address such enquiries, disputes and/or service complaints;

(c) appropriate training for employees of the Municipality dealing with the public to enhance communications and service delivery and to effect the prompt and effective method for dealing with enquiries, disputes and/or service complaints; and

(d) a communication mechanism to provide feedback on the application of the policies on customer care and management, credit control and debt collection, enquiries, disputes and/or service complaints, or any other issues of concern to the Municipal Manager, Executive Mayor and/or Council.

(2) A consumer may lodge a query consisting of questioning the accuracy of a statement or questioning any aspect regarding the provision of municipal services, including the accuracy of a measuring device or meter.

(3) A consumer may lodge a service complaint consisting of a complaint regarding the manner in which the Municipality is delivering the municipal service or any complaint regarding any other aspect or attribute of the municipal service or any other public service rendered by the Municipality including the customer care and customer management of the Municipality.

(4) A consumer may lodge a dispute as contemplated in section 102(2) of the Systems Act concerning any specific amount claimed by the Municipality from that consumer.

28. QUERIES AND SERVICE COMPLAINTS

(1) A query or service complaint may be lodged with the Municipality by a consumer in writing and must be addressed to the office of the Chief Financial Officer or such official as designated by the Chief Financial Officer to deal with queries or service complaints. The query or service complaint must contain the account number of the municipal account to which the query or service complaint relates if applicable, if the details of the query or service complaint as well as the contact details and identity of the consumer lodging the query or service complaint.

(2) The office of the Chief Financial Officer shall register the query or service complaint, provide a reference number and acknowledgment of receipt to the

consumer lodging the query or service complaint within 7 (seven) days from receipt of the query or service complaint, and register the query or service complaint and its reference number in a register kept for this purpose.

(3) The office of the Chief Financial Officer will commence dealing with the query or service complaint by first determining whether the query or service complaint must be dealt with by the office of the Chief Financial Officer, or whether it should rather be dealt with by the office of another responsible directorate more suitable to address the query or service complaint, in which instance the office of the Chief Financial Officer must immediately refer the query or the service complaint to such a directorate which directorate in turn must in writing acknowledge receipt of the query or service complaint and investigate the complaint.

(4) The Municipality, either the office of the Chief Financial Officer or the applicable directorate, must within 14 (fourteen) days from acknowledging receipt of the query or service complaint investigate the query or service complaint and inform the consumer who has lodged the query or service complaint of the outcome of the investigation in writing. The consumer must also be simultaneously informed of the consumer's right of appeal, as set out herein below. If the query or service complaint was not dealt with by the office of the Chief Financial Officer then the applicable directorate who dealt with the query or service complaint must also inform the office of the Chief Financial Officer of the outcome of the matter, in order to allow for the office of the Chief Financial Officer to record the fact that the matter was dealt with, in the register referred to above.

(5) Notwithstanding the lodging of a query or service complaint the consumer remains liable for the payment of the amount claimed by the Municipality in an instance where the query or service complaint pertains to an amount claimed by the Municipality or to make payment for municipal services in an instance where the query or service complaint relates to a municipal service or other public service provided by the Municipality. If the outcome of a query or service complaint indicates that the Municipality claimed payment of an amount or part

of the amount which is not due, the Municipality will effect the necessary adjustment to the account and provide the required credit.

(6) A consumer who is aggrieved by the outcome of a query or service complaint lodged by the consumer may appeal the outcome, to which appeal process the following provisions apply:

(a) an appeal must be made in writing, setting out the details of the query or service complaint initially lodged by the consumer, the outcome which was received pertaining thereto from the Municipality as well as the grounds of the appeal and the contact details and identity of the consumer lodging the appeal;

(b) an appeal must be lodged with the office of the Municipal Manager within 21 (twenty one) days after the consumer received the outcome of the query or service complaint from the Municipality;

(c) if the appeal relates to the testing of any measuring device or meter the Municipality may require the consumer to make payment of an amount as determined by the Municipality to effect the testing of the measuring device or meter prior to the Municipality proceeding to deal with the appeal. If the outcome of the appeal is in favour of the consumer who lodged the appeal then such amount shall be refunded;

(d) once the office of the Municipal Manager has received a properly noted appeal, the office of the Municipal Manager must within 7 (seven) days proceed to request the office of the Chief Financial Officer or the applicable directorate who dealt with the query or service complaint to which the appeal relates to provide a written report in response to the grounds of appeal, within 14 (fourteen) days from being requested to do so, setting out the reasons of the outcome of the query or service complaint. The Municipal Manager may request any party to provide further detail or information as required to assist in the consideration of the appeal or to clarify any issues;

(e) the Municipal Manager shall then within 14 (fourteen) days after having received the response of the office of Chief Financial Officer or the applicable directorate and any additional information requested,

consider the appeal and inform the consumer who lodged the appeal of the outcome in writing;

(f) if the appeal relates to the testing of any measuring device or meter the following provisions will apply to the appeal process:

(i) the Municipal Manager shall consider the appeal within 14 (fourteen) days after having received the outcome of the test results of the tests conducted; and

(ii) the provisions relating to the testing of a measuring device or meter as set out in this policy will apply *mutatis mutandis*;

(g) the decision of the Municipal Manager is final;

(h) the Municipal Manager may condone the late lodging of an appeal or any other procedural irregularity pertaining to an appeal in a written notice expressly doing so.

29. SECTION 102(2) DISPUTES

A dispute declared by a consumer in terms of the provisions of section 102(2) of the Systems Act, must be declared and dealt with as follows:

(a) a consumer who wishes to declare a dispute in terms of the provisions of section 102(2) of the Systems Act, must declare such dispute in writing to the office of the Municipal Manager of the Municipality by means of a written declaration of the dispute, which writing must contain and set out the following:

(i) the account number to which the dispute relates;

(ii) the specific amount(s) to which the dispute relates;

(iii) a detailed description of the dispute and the grounds upon which and the reasons why the dispute is being declared together with any supporting documentation;

(iv) the redress requested by the consumer;

(v) the signature of the consumer who/which is the account holder of the account to which the dispute relates, or if the dispute is

being declared by a person other than the holder of the account to which the dispute relates, a power of attorney by the holder of the account to which the dispute relates authorising the person who declares the dispute to do so, which must accompany the written declaration of the dispute;

(b) a consumer who declares a dispute will only be entitled to the protection afforded to the consumer in terms of the provisions of section 102(2) of the Systems Act, if the dispute is declared as provided in terms of this policy;

(c) upon receipt of the written declaration of the dispute, the office of the Municipal Manager will within 7 (seven) days after receipt of the written declaration of dispute, refer the dispute to the office of the Chief Financial Officer or any delegated official of the Municipality, who will investigate the dispute and within 14 (fourteen) days after having received the dispute, make a finding on the outcome thereof as to the redress, if any, to be afforded to the consumer who declared the dispute;

(d) the office of the Chief Financial Officer or any delegated person must communicate the finding to the office of the Municipal Manager within the above stated 14 (fourteen) days, who in turn must communicate the finding of the Chief Financial Officer or any delegated official to the consumer who declared the dispute, within 7 (seven) days after having received the finding of the Chief Financial Officer or any delegated official;

(e) a consumer who is aggrieved by the finding of the Chief Financial Officer or any delegated official may lodge an appeal against the finding of the Chief Financial Officer or any delegated official in accordance with the below stated provisions;

(f) an appeal lodged against the finding of the Chief Financial Officer or any delegated official on a dispute declared by a consumer, must:

(i) be lodged in writing to the office of the Municipal Manager and comply *mutatis mutandis* to the provisions of sub-paragraph (a) above;

(ii) be lodged within a period of 7 (seven) days after the date on which the finding of the Chief Financial Officer or any delegated official was dispatched to the consumer by the office of the Municipal Manager; and

(iii) be decided on by the Municipal Manager of the Municipality who may be advised by an attorney from the Panel of Attorneys of the Municipality, who must decide the outcome of the appeal and communicate the decision on the outcome of the appeal to the consumer who lodged the appeal within 14 (fourteen) days after the appeal has been received;

(g) the decision made by the Municipal Manager on an appeal lodged by the consumer who declared the appeal against the finding of the Chief Financial Officer or any delegated official , shall be final and binding on the parties and constitutes the disposal and end of the dispute declared in terms of section 102(2) of the Systems Act;

(h) where a dispute has been declared and such dispute has been dealt with as set out above, the subject matter of such a dispute is disposed of and the consumer who declared the dispute may not declare a further dispute on the subject decided matter, or any part thereof;

(i) the declaring of a section 102(2) dispute as contemplated above, does not excuse the consumer from paying, or suspend the obligation to pay the amount which forms the subject of the dispute, or any other amount due to the Municipality in terms of the statement containing the amount which forms the subject of the dispute;

(j) if the finding of the Chief Financial Officer or any delegated official or the Municipal Manager in the event of an appeal, is that an adjustment on an account is warranted to the benefit of the consumer who lodged the appeal, the relevant account will be credited accordingly.

30. GRANTING AN EXTENSION OF THE PERIOD IN WHICH TO MAKE PAYMENT OF AMOUNTS DUE IN TERMS OF AN ACCOUNT

(1) If a customer is not able to make payment to the Municipality of the amount due in terms of the statement of such a customer, on the due date of the said statement, the Municipality may, in its sole discretion and on receipt of a written application from the debtor, grant an extension of the period in terms of which payment of such statement must be made by the customer, on the following conditions:

(a) the customer shall apply in writing to the office of the Chief Financial Officer for an extension of the due date by which a debt reflected on a statement or portion thereof, must be paid to the Municipality;

(b) the written application referred to above must stipulate the account number of the customer, the reasons why the extension of the due date is required, details of the financial position of the customer as well as the contact details and identity of the customer;

(c) the written application must be received by the office of the Chief Financial Officer prior to the due date for payment of the amount due in terms of the statement;

(d) the office of the Chief Financial Officer will consider the application by the customer as soon as reasonably possible and inform the customer of whether or not the application was granted, wholly or in part, and also stipulate the date upon which payment of the amount as reflected in the statement must be made in lieu of the due date as indicated on the statement;

(e) no extension may be granted to any customer who is under administration in terms of the Magistrates Court Act, Act 32 of 1944 or who has an arrangement with the Municipality to pay off previous arrears in instalments or within an extended time or against whom debt collection measures have been implemented;

(f) an extension for payment granted by the Municipality in terms of this policy, is subject to the customer signing an acknowledgment of debt for the arrear amount(s) not paid to the Municipality on the due date as reflected on the statement.

(2) If the customer fails to make payment of the amount reflected in the statement, or such amount as indicated by the office of the Chief Financial Officer, on the

date indicated by the office of the Chief Financial Officer, then the customer will be in arrears with such an amount and the provisions of this policy will apply and the customer will become a debtor.

31. ARRANGEMENTS TO PAY ARREARS IN CONSECUTIVE INSTALMENTS

(1) If a debtor is in arrears with the payment of an account to the Municipality, the Municipality may, in its sole discretion, enter into a written arrangement for the payment of the arrears, on the following conditions:

(a) only a debtor or a person authorised in writing on behalf of a juristic person which is the debtor, will be allowed to enter into and sign an agreement or arrangement for the payment of any arrears;

(b) the written agreement has to be signed on behalf of the Municipality by the duly authorised official;

(c) the debtor must acknowledge the fact that the arrears are due and payable and that the debtor will continue to make payment to the Municipality of the debtor's current account while simultaneously reducing the arrears in terms of the arrangement and must sign a separate acknowledgement of debt;

(d) any debtor who did not honour a previous arrangement or agreement will not be considered for a new agreement or arrangement unless exceptional circumstances exist;

(e) the debtor must agree that the arrears will be settled by making consecutive monthly instalment payments which must be maintained and any default will result in the whole outstanding amount becoming immediately due and payable and the municipal services, if applicable, being limited or disconnected without further notice, upon the debtor's default;

(f) the Municipality shall seize the further levying of interest, on the arrears in the event of an arrangement being entered into. Should the debtor fail to honour the arrangement, any interest not levied, will immediately be levied at the prescribed rate at the time and the entire amount due

as interest will also become immediately due and payable together with the balance of the arrears;

(g) the period over which as well as the monthly instalment which the debtor will be paying in terms of the arrangement to extinguish the arrears and interest, if any, will be agreed between the debtor and the Municipality with the provison that if the amount for the instalments or the period is not acceptable to the Municipality, the Municipality may decline to enter into the arrangement, and the debtor will be held liable for the immediate payment of the arrears and interest;

(h) a debtor will be required to complete a debit order for the payment of the instalments payable in terms of the arrangement;

(i) no arrangement for the payment of arrears will be longer than a period of 18 (eighteen) months. The Municipality may on an individual basis allow a longer period than the aforementioned 18 (eighteen) months for the payment of arrears, if exceptional circumstances exist that in the opinion of the Municipality warrants such an extension;(2) The Municipality is entitled to require a debtor to comply with any or all of the following requirements in the event of an arrangement being granted:

(a) sign a consent to judgement and agreement containing the terms of the arrangement which may include terms in addition to those contained in this policy;

(b) provide a garnishee order/emolument order/stop order, if the debtor is employed;

(c) acknowledge liability of all costs including legal costs incurred; and

(d) prove levels of income and make reasonable payment of arrears based on the ability to pay.

(3) The Municipality, in exercising its discretion to conclude an arrangement with a debtor for the paying of arrears may also have regard to a debtor's:

(a) credit record;

(b) consumption of municipal services;

(c) level of the municipal service;

(d) whether previous arrangements to pay off arrears were entered into with the debtor and whether any were complied with; and

(e) any other relevant factors.

(4) A copy of the arrangement will be made available to the debtor.

(5) If a debtor fails to comply with an arrangement for the payment of arrears, the total of all outstanding amounts, including the arrears, any interest thereon, administration fees, costs incurred in taking relevant action, and penalties, including payment of a higher deposit, will be immediately due and payable and the Municipality will be entitled to limit or disconnect any municipal services being delivered to the said debtor, without further notice.

(6) The Municipality may at any time deviate from the arrangement guidelines provided in this policy, but only upon the written recommendation from the Chief Financial Officer to do so, which recommendation must be approved in writing by the Municipal Manager of the Municipality.

(7) In the event of debtor entering into an arrangement with the Municipality to pay the arrears off in a single instalment, the Municipality will write off interest on the arrears as at the date of the payment of the arrears.

(8) Arrangements made outside the 18 (eighteen) month period will require written requested by the debtor to the office of the CFO. The request shall be accompanied by, at minimum, a 3 months bank statement, proof of identification and where necessary proof of ownership/authority over the property.

32. CATEGORIES OF DEBTORS AND GUIDELINES FOR THE GRANTING OF EXTENSIONS OF DUE DATES FOR PAYMENT OR THE ENTERING INTO OF ARRANGEMENTS FOR THE PAYING OFF OF ARREARS

In exercising its discretion whether or not to grant and extension of the period in terms of which the customer may make payment of an account, or to enter into an arrangement for the paying off arrears in instalments or any other applicable action to be taken by the Municipality regarding customers whose accounts are in arrears, the Municipality may also take into account the following guidelines and norms applicable to different the different categories of debtors referred to below:

OWNERS OF RESIDENTIAL PROPERTY	
DEBT	**PAYMENT / ARRANGEMENT**
R0 - R5 000	**No arrangements will be made, and the accounts must be settled in full**
~~R0.00 to R1 000.00~~ *R5 001 - R10 000*	40% of the outstanding debt must be paid by the debtor immediately as a down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of ***3 (three)*** months or sooner.
~~R1001 to R3000~~ ***R10 001.00 - R20 000.00***	**30%** of the outstanding debt must be paid by the debtor immediately as a down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of ***6 (Six)*** months or sooner.
~~R3001 to R5000~~ *R20 001.00 - R40 000.00*	20% of the outstanding debt must be paid by the debtor immediately as down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 12 (twelve) months or sooner.
R40 001.00 +	**15%** of the outstanding debt must be paid by the debtor immediately as a down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 18 (twenty four) months or sooner.

For all arrangements above R100 000 the Municipal Manager and/or the Chief Financial Officer must give authorisation

OWNERS OF BUSINESSES, COMMERCIAL, INDUSTRIAL AND/OR MINING PROPERTY	
DEBT	**PAYMENT / ARRANGEMENT**
~~R0.00 – R8 000.00~~ R0 – R40 000	No arrangement is allowed for this amount and the full outstanding amount must be paid by the debtor.
~~R8 001.00 – R100 000.00~~ R40 001 – R150 000	50% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 6 (six) months or sooner.
R150 001.00 – R500 000	30% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in monthly instalments within a period of 6 (six) months or sooner.
R500 001 +	25% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in monthly instalments within a period of 12 (twelve) months or sooner.

For all arrangements above R100 000 the Municipal Manager and/or the Chief Financial Officer must give authorisation

~~SPORTING BODIES AND CULTURAL INSTITUTIONS~~	
~~DEFAULT~~	~~PAYMENT / ARRANGEMENT~~
~~All debts:~~	~~50% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 3 (three) months or sooner.~~

OWNERS OF PROPERTY USED FOR RELIGIOUS PURPOSES, PUBLIC BENEFIT ORGANISATIONS, WELFARE ORGANISATIONS, CHARITABLE INSTITUTIONS, ANIMAL WELFARE, MUSEUMS, LIBRARIES, ART GALLERIES AND BOTANICAL

GARDENS, YOUTH DEVELOPMENT ORGANISATIONS AND/OR CULTURAL INSTITUTIONS AND EDUCATION	
DEFAULT	**PAYMENT / ARRANGEMENT**
R0 - R10 000	No arrangement is allowed for this amount and the full outstanding amount must be paid by the debtor.
R10 001 – R5 0 000	**50%** of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 6 (six) months or sooner.
R50 001 – R100 000	**25%** of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 12 (twelve) months or sooner.
~~All debts~~: *R100 001+*	**20%** of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 18 (eighteen) months or sooner.

~~**RETIRED, DISABLED AND/OR REGISTERED INDIGENTS (AS REFERRED TO IN THIS POLICY)**~~	
~~**DEFAULT**~~	~~**PAYMENT / ARRANGEMENT**~~
~~All debts:~~	~~A assessment must be made to determine the amount that can be afforded by such debtors for the outstanding debt plus the current amount and the recoverability thereof.~~
	~~An affordable arrangement must be negotiated and paid, together with the current amount, on a monthly basis before the due date.~~
	~~Arrangements for this category of debtor will be free of interest, should the payment arrangement be complied with strictly.~~
	~~Debtors, who qualify and become Registered Indigents, may apply to the Municipality to have their arrear payments written~~

	~~off, once only, during ownership/occupation of the property. Relief will be provided for persons who qualify therefor in terms of the provisions of the Indigent Policy of the Municipality.~~

DEBTORS UNDER ADMINISTRATION	
DEFAULT	**PAYMENT / ARRANGEMENT**
All debts:	The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
	The administrator is to open a new account on behalf of the debtor, with a new deposit – No account is to be opened/operated in the debtor's name as the debtor is not entitled to accumulate debt (refer to the provisions of section 74S of the Magistrates Courts Act, Act 32 of 1944.
	As soon as the Municipality is informed about the status of the debtor being placed under administration, the debtor is to be placed on limited services levels. The customer will be compelled to install a prepaid electricity meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the prepaid meter.
	Should there be any default on the current account the supply of services is to be limited or disconnected and the debt incorporated into the administration for the collection of this debt.

COUNCILLORS AND EMPLOYEES OF THE MUNICIPALITY:	
DEFAULT	**PAYMENT / ARRANGEMENT**
All debts:	In accordance with the provisions item 12A of Schedule 1 of Systems Act, a Councillor may not be in arrears to the Municipality for rates and/or services charges for a period longer than 3 (three) months. In order to ensure timeous payment of Councillors' accounts, all Councillors shall be subject to an automatic

	deduction instituted against the Councillor allowance payments, on a monthly basis.
	In accordance with the provisions of Item 10 of Schedule 2 of Systems Act, an employee of the Municipality may not be in arrears to the Municipality for rates and/or services charges for a period longer than 3 (three) months, In order to ensure timeous payment of employees' accounts, all employees shall be subject to an automatic deduction instituted against the employees' salary payments, on a monthly basis, and the Municipality shall deduct any arrear amounts from the salary of such an employee after this period, which deduction is 25% of the gross salary of the employee, as in line with s34(2)(d) of the Basic conditions of Employment Act.

CHAPTER 5

CREDIT CONTROL AND DEBT COLLECTION MEASURES AND OTHER INSTANCES FOR THE LIMITATION, DISCONNECTION OR TERMINATION OF MUNICIPAL SERVICES

33. DIFFERENT DEBT COLLECTION AND CREDIT CONTROL MEASURES

(1) The Municipality shall be entitled to utilise and implement any one or more of the following debt collection and credit control measures in respect of any arrears and as provided for in this policy:

(a) a notice of demand;

(b) the limitation, disconnection or termination of the municipal services of water and electricity;

(c) the raising of penalties and interest charges on arrears;

(d) the institution of debt collection procedures and legal proceedings to recover debt.

(e) ~~blocking of prepaid meter purchases~~

(2) As a result of the provisions of section 75A, as contained in Chapter 8 of the Systems Act, entitling a Municipality to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality and to recover collection charges and interest on any outstanding amount, the institution of legal proceedings to recover debt shall not constitute a "debt collection and credit control measure" for the purpose of and as contemplated in the provisions of section 102(1), read with section 102(2) of the Systems Act, as the Municipality's right to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality as well as collection charges and interest on any outstanding amount, is not a debt collection and credit control measure provided for in Chapter 9 of the Systems Act, but a statutory right of the Municipality provided for in Chapter 8.

34. NOTICE OF DEMAND

(1) When a consumer is in arrears the Municipality shall serve a notice of demand claiming payment of the arrears within 14 (fourteen)working days from the date depicted on the notice of demand, and informing the consumer of the Municipality's right to limit, disconnect or terminate the municipal services of water and electricity should the arrears remain unpaid.

(2) The failure to serve a notice of demand does not relieve a consumer from paying such arrears.

(3) The notice of demand must contain the following:

(a) the amount in arrears and any interest payable;

(b) that the consumer's name may be listed with a credit bureau or any other equivalent body as a defaulter;

(c) that the account may be handed over to a debt collector or attorney for collection and/or the institution of legal steps; and

(d) and that the Municipality has the right to limit, disconnect or terminate the municipal services of water and electricity should the arrears remain unpaid, or the consumer's actions allow the Municipality to limit, disconnect or terminate the municipal services, without further notice;

(e) that, in the event of the limitation or discontinuation of the water or electricity provision services, the consumer is afforded an opportunity to make representations to the Municipality as to why the Municipality should not proceed to limit or discontinue the water supply services to the consumer, which representation must be made by the consumer within 14 (fourteen) days from the date of the notice of demand.

(4) The right to be afforded reasonable notice of the Municipality's intention to limit or discontinue the water supply services to a consumer or to be afforded an

opportunity to make representations to the Municipality as to why the Municipality should not proceed to limit or discontinue the water or electricity supply services to the consumer as referred to above, shall not apply in instances where:

(a) other consumers would be prejudiced;

(b) there is an emergency situation;

(c) the consumer has interfered with a limited or discontinued service.

(5) A notice of demand sent through ordinary post shall be deemed to be delivered and actionable should the debtor fail to make payment on the account or arrangement to settle the account.

35. THE LIMITATION, DISCONNECTION OR TERMINATION OF THE MUNICIPAL SERVICES OF WATER AND ELECTRICITY

(1) The Municipality shall be entitled, subject to the 14 (fourteen) day notice period referred to above, to limit the municipal service of water, disconnect the municipal service of electricity or to terminate the provision of municipal services altogether, save for the provision of a limited supply of potable water, to a consumer, in the following instances:

(a) failure to pay arrears subsequent to a notice of demand being served;

(b) failure to rectify a breach of any of the provisions of this policy, or any other Policy, By-Law of the Municipality or statutory provision, after being notified of the said breach;

(c) failure to conclude or honour the terms and conditions of an arrangement to pay arrears in consecutive instalments;

(d) failure to comply with a condition of supply relating to any municipal service imposed by the Municipality;

(e) if there has been any unlawful obstruction of or interference with any equipment or services;

(f) if the consumer supplies or attempts to supply or "on sell" such municipal service to a person who is not entitled thereto or permits such service to continue;

(g) if the Municipality fails to obtain actual readings for a period of 3 (three) consecutive months and the consumer was notified in writing by the Municipality to avail the readings but fails to respond within the prescribed time;

(h) the building on the premises to which services were provided has been demolished;

(i) at the written request of the consumer;

(j) if there has been a material abuse of the municipal services by the consumer;

(k) if the execution of necessary and/or required repairs or maintenance necessitates;

(l) in instances of emergencies where the provision of certain municipal services are not possible; and

(m) if there has been any unlawful connection, or any unauthorised activity relating to any municipal installations or services or the services are used for the conducting of a category of use other than that for which the consumer is registered.

(2) The costs of any limitation, disconnection or termination of municipal services and the restoration or re-connection thereof, including any interest thereon, administration fees, additional charges, costs incurred in taking relevant action and any penalties, including the payment of a higher deposit, payable in terms of this policy, will be payable by the consumer in full to the Municipality before any reconnection or restoration of the municipal services will take place.

(3) The Municipality shall have the right to limit, disconnect or terminate municipal services in accordance with this policy if there is any arrears and irrespective of whether payment has been made in full or in part for or towards the municipal service which has been limited, disconnected or terminated.

(4) Notwithstanding that a municipal service connection to an approved installation may have already been completed, the Municipality may at its absolute discretion, refuse to supply municipal services to that installation, until all arrears by the same consumer in respect of that or any other service connection, whether or not on the same premises, have been paid.

(5) An arrangement to pay arrears in consecutive instalments entered into after the municipal services was limited, disconnected or terminated, will not result in the municipal services being restored or reconnected until the arrears, any interest, administration fees, costs incurred in taking relevant action and any penalties, including payment of a higher deposit, are paid in full.

(6) The Municipality may without notice, limit, disconnect or terminate the provision of municipal services, including the supply of water and the supply of water and electricity services provided through pre-payment meters (which could include the restricting and/or allocation of credit purchases for pre payment meters) to any premises, and without prejudice any of the Municipality's rights, including the right to enter upon such premises and carry out, at the consumer's expense, such emergency work, as the Municipality may deem necessary and in the following circumstances:

(a) in an emergency where the Municipality considers it necessary as a matter of urgency to prevent any wastage of municipal services, unauthorised use of municipal services, damage to property, danger to life or pollution of municipal services, and national disaster or if sufficient municipal services are not available;

(b) where a consumer uses the municipal services for any purpose or deals with the supply of the municipal services in any manner which the Municipality has reasonable grounds for believing interferes in an improper or unsafe manner or is found to interfere in an improper or unsafe manner with the efficient supply of the municipal services to any other consumer. Where the consumer causes or allows any other consumer to connect to the services supplied to him, the Municipality may limit, disconnect or terminate such municipal service but shall

restore such service as soon as reasonably possible once the cause for the disconnection has been permanently remedied or removed;

(c) where a consumer causes a situation which is in the opinion of the Municipality constitutes a danger or potential danger to a person or property or a contravention of relevant legislation;

(d) where a consumer interferes with the supply to any other consumer;

(e) where there is a serious or grave risk to any person or property;

(f) for reasons of community safety or the safety of emergency personnel;

(g) where *prima facie* evidence exists of a consumer and/ or any person having tampered with or contravened the provisions of this policy the Municipality shall have the right to disconnect the supply of municipal services immediately and without prior notice to the consumer or premises where the contravention has taken place;

(h) if there has been material abuse of the municipal services;

(i) if the use of municipal services is creating unacceptable environmental damage or water pollution.

36. RECONNECTION OR REINSTATEMENT OF MUNICIPAL SERVICES

(1) The Municipality shall reconnect or reinstate municipal services limited, disconnected or terminated in terms of this policy, if:

(a) the arrears have been paid by the debtor, or an arrangement for the paying of the arrears in instalments has been concluded between the Municipality and the debtor; and

(b) the costs of any limitation, disconnection or termination of municipal services and the restoration or re-connection thereof, including any interest administration fees, additional charges, costs incurred in taking relevant action and any penalties, including the payment of a higher deposit, payable in terms of this policy, have been paid by the debtor; and

(c) there are no other grounds to continue the limitation, disconnection or termination provided in this policy.

(2) The Municipality may when restoring or reinstating municipal services limited, disconnected or terminated as a result of non-payment or a breach of the terms of their policy, install or convert a conventional measuring device or meter with a prepayment metering system in order to execute credit control.

37. TERMINATION OF MUNICIPAL SERVICES BY CUSTOMER

If the customer is of the intention to terminate the services agreement with the Municipality or to terminate one or more of the municipal services being rendered to the customer, the customer shall give notice in writing, of not less than 7 (seven) days to the Municipality of this intention, by completing the relevant service discontinuation and account closure forms as prescribed by the Municipality requesting the Municipality to terminate the services agreement concluded with the Municipality and/or the provision of the municipal service(s). Until such time as the service agreement or municipal services have been terminated the customer remains liable for all and any charges, fees, tariffs, levies and the consumption charges of municipal services.

38. TERMINATION OF MUNICIPAL SERVICES AGREEMENT BY THE MUNICIPALITY

The Municipality may terminate the services agreement for the provision of a municipal services which the Municipality concluded with a customer, by notice in writing of not less than 30 (thirty) days:

(a) if the customer has not used the municipal service(s) during the preceding 6 (six) months and has not made arrangements to the satisfaction of the Municipality for the continuation of the relevant municipal service;

(b) if the Municipality has made an arrangement with another service provider to provide the municipal service concerned to the customer;

(c) the customer has vacated the premises to which the agreement concerned relates;

(d) if the customer has failed to comply with the provisions of this policy and the applicable by-laws and has failed to rectify such failure following notice to do so;

(e) the building on such premises has been demolished or declared unsafe for occupation;

(f) the customer has failed to pay the prescribed charges, fees, tariffs, levies, consumption charges or other amounts due to the Municipality.

39. TEMPORARY DISCONNECTION AND RECONNECTION

(1) The Municipality shall at the request of the customer and when reasonably possible, temporarily disconnect and reconnect the supply of municipal services for the consumer to effect an installation on the premises requiring the disconnection of the municipal services, upon payment of the prescribed fee for such disconnection and reconnection.

(2) The Municipality may temporarily disconnect or alter or move or change the supply of municipal services to any premises without notice, for the purpose of effecting repairs or carrying out tests or for any other legitimate purpose.

Regarding the temporary disconnection of the electricity supply, the Municipality will endeavour to give effect and implement to the provisions of NRS 047-1:2005 Edition 3 relating to planned disconnections.

40. LEVYING OF PENALTIES AND INTEREST CHARGES ON ARREARS

(1) The Municipality may in terms of section 75A of the Systems Act charge interest on arrears at the interest rate determined by the Council from time to time.

(2) Where any payment made to the Municipality is later dishonoured by the bank, the Municipality may levy such cost and administration fees against an account of the customer as approved from time to time by the Council and set out in the Tariff Schedule referred to in the Tariff Policy.

(3) All legal costs, including attorney and own client costs, incurred in the recovery of arrears shall be levied and recovered from the debtor.

(4) Where any action is taken by the Municipality in demanding payment from the debtor or reminding the debtor by means of telephone, fax, email, letter or otherwise, that the account of the said debtor is in arrears and that payments on the account are overdue, a penalty fee may be levied against the account of the debtor in the amount as set out in the Tariff Schedule of the Municipality.

(5) Where any municipal service is disconnected as a result of non-compliance with the provisions of this policy by the debtor, the Municipality shall be entitled to levy and recover the standard disconnection fee, as determined by the Municipality from time to time, from the debtor in terms of the Municipality's Tariff Schedule.

41. THE INSTITUTION OF DEBT COLLECTION PROCEDURES AND LEGAL PROCEEDINGS TO RECOVER DEBT

(1) Where an account remains in arrears for more than 60 (sixty) days: the debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter and the arrears may be handed over to a debt collector or an attorney for the collection of the arrears and/or the institution of legal steps against the debtor.

(2) The Chief Financial Officer must exercise strict control over this process and must require regular progress reports from attorneys, debt collectors and/or other parties concerned.

(3) The Municipality must ensure that the terms, conditions, duties and obligations of any service providers appointed by the Municipality to collect outstanding debts, are sufficiently documented in a service level agreement and the Chief Financial Officer must ensure that the terms and conditions of the service level agreement are complied.

(4) Once arrears have been handed to an attorney or other person for the collection of the arrears any further arrangements, agreements or communications must be made directly with such attorney or debt collector within the boundaries of this Credit Control and Debt Collection Policy.

(5) In terms of the provisions of section 103 of the Systems Act the Municipality may:

(a) with the consent of the debtor, enter into an agreement with the employer of the debtor in order to deduct from the salary or wages of such debtor:

(i) any outstanding amounts due to the Municipality in terms of this policy; or

(ii) such regular monthly amounts as may be agreed and

(b) provide special incentives for:

(i) employers to enter into such agreements; and

(ii) debtors to consent to such agreements.

(6) Any and all collection and/or legal fees occasioned by the debt collection process are payable by the debtor concerned.

(7) In the event that the Municipality has listed a consumer with a Credit Bureau and the consumer has subsequently settled their obligation in terms of the listing, the Municipality shall inform the Credit Bureau within 7 (seven) days of such payment and request the removal of the listing

42. FULL AND FINAL SETTLEMENT

If a consumer tenders payment of an amount less than the amount that is due and payable to the Municipality or tenders payment of any arrears, and such payment is accepted by the Municipality, such payment will not be in full and final settlement of the amount due and payable or arrears, irrespective of the consumer indicating that such payment is in full and final settlement, unless it is part of a written agreement between the consumer and the Municipality in terms of which the Municipality expressly states that it is prepared to accept the payment in full and final settlement.

43. JOINT AND SEVERAL LIABILITY OF OWNERS, TENANTS AND OCCUPIERS

Notwithstanding any other provision in this policy, the owner, tenant or occupier of premises to which municipal services are provided, or in respect of which any levies, fees, charges or tariffs are imposed or levied, are jointly and severally liable for the payment of any consumption charges, levies, fees, charges or tariffs, despite any contractual obligation or arrangement to the contrary between any of the said parties, and irrespective of whether a municipal services agreement was concluded between the Municipality and such owner, tenant or occupier of the premises regarding the provision of the municipal services to which the consumption charges, levies, fees, charges or tariffs relate.

44. JOINT AND SEVERAL LIABILITY OF OWNERS, TENANTS AND OCCUPIERS FOR ARREARS REGARDING RATES

(1) In terms of section 28 of the MPRA the Municipality may recover arrears for rates in whole or in part from the owner, tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier, subsequent to written notice to the tenant or occupier. The Municipality may recover these arrears only after the Municipality has served a written notice on the tenant or occupier.

(2) The amount the Municipality may recover from the tenant or occupier of a property in terms of sub-paragraph (1) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.

(3) Any amount the Municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier of the owner.

(4) The tenant or occupier of a property must, on request by the Municipality, furnish the Municipality with a written statement specifying all payment to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipality.

CHAPTER 6

CUSTOMER ASSISTANCE

45. RATE REBATE

Rate rebates will be granted as set out in the Rates Policy and By-Law of the Municipality.

46. FREE BASIC SERVICES

The Municipality will provide the free basic municipal services as set out in the Tariff Policy and By-Law of the Municipality. In the event that any municipal service is limited, disconnected or terminated in terms of this policy the free portion of such municipal services provided for in terms of this section and the Tariff Policy and By-Law, will also not be unlimited for as long as the municipal service remains limited, disconnected or terminated.

47. INDIGENT SUPPORT

The Municipality may extend indigent support to any consumer on application to the Municipality in the prescribed manner as set out in the Municipality's Indigent Policy.

CHAPTER 7

PROVISION FOR BAD AND IRRECOVERABLE DEBT

48. PROVISIONS FOR BAD DEBT

(1) The Municipality must ensure that there is an acceptable and sufficient provision for bad debt in the budget of the Municipality.

(2) The annual provision for bad debt shall be provided for as follows:

(a) 90% of all outstanding debts which are unpaid for a period of 90 (ninety) days or more, based on the estimated age analysis of the financial year end of which the financial statements are drawn up for; and

(b) 50% for 60 days based on the estimated age analysis of the financial year end of which the financial statements are drawn up for.

(3) Provision for bad debt is provided for in respect of the following services and amounts debited to customer accounts:

(a) rates;

(b) sewerage;

(c) water;

(d) electricity;

(e) refuse;

(f) basic electricity;

(g) basic water; and

(h) sundry debtors.

(4) The Chief Financial Officer must keep record of all provisions in accordance with general recognised accounting practices.

(5) The Chief Financial Officer must report to the Municipal Manager in a prescribed form and must review and adjust the provisions with the adjustment budget.

49. IRRECOVERABLE BAD DEBT AND WRITE OFFS

(1) The main purpose of writing off bad debts is to ensure:

(a) consistency in writing off bad debts;

(b) proper authorisation at appropriate levels for write offs;

(c) efficient and effective debt collection.

(2) Bad debts will be written off if the Municipality is satisfied that:

(a) recovery will cause undue hardship to the debtor or debtor's dependents;

(b) recovery is uneconomical or not cost effective;

(c) the provisions of all other policies of the Municipality, such as the Indigent Policy have been considered and where applicable applied;

(d) any debt collection and credit control measures implemented by the Municipality were exhausted and/or ineffective and/or not cost effective;

(e) a full report of all amounts to be written off is to be presented to the Council on a quarterly basis for approval;

(f) the write-off's in respect of the arrears of Registered Indigents will be undertaken in terms of the Indigent Policy of the Municipality;

(g) in the event of a claim against an insolvent estate, pursuing a claim against the estate bears the risk of a contribution or the prospect that no dividend will be received;

(h) a deceased estate has no liquid assets to cover the arrears following the final distribution of the estate or if the estate has not been reported to the Master and there is no reasonable prospect of recovering the arrears from the Estate;

(i) the arrears have, in law, prescribed and the prescription of the debt has been claimed and relied on by the consumer;

(j) the debtor is untraceable or cannot be identified in order to proceed with further action;

(k) the debtor has emigrated leaving no assets of value and it is not cost effective to pursue the claim further;

(l) it is not possible to quantify or prove the arrears;

(m) a court has ruled that the claim is not recoverable;

(n) the arrears are due to an irreconcilable administrative error by the Municipality including any alterations not affected timeously in the Municipality's records or the levying of interest in an instance where the capital was not in arrears;

(o) such amount constitutes the remainder of arrears on which the Municipality accepted an offer made in full and final settlement of such arrears, which offer is not for the entire amount of the arrears, but which is accepted in writing by the Municipal Manager;

(p) arrears may be written off to bad debts where the Municipality:

(i) expropriates any property; or

(ii) purchases any property; or

(iii) undertakes any obligations to develop any property.

(3) Arrears may be written off as bad debts where a property has been forfeited to the State in terms of the Prevention of Organised Crime Act, Act 121 of 1998; or where the occupants have been evicted from Council, Provincial or State-owned premise;

(4) Upon approval of successful indigent registration, the applicant's arrear debt will be written off. This will only occur only once per person. Where such a customer exceeds the allocated subsidy and fails to pay, the said customer will be subjected to this policy. Furthermore should a customer lose his/her status as a Registered Indigent due to his/her financial recovery, such a customer will

immediately be subject to the provisions of this policy should the account again fall into arrears.

(5) Where an exemption has been granted in terms of the Rates Policy of the Municipality to a ratepayer from the payment of property rates, such ratepayer will with effect from the date of such exemption, have its arrears in respect of its account, if any, written off;

(6) Should any tampering with or bypassing of any measuring device or meter be discovered, any arrears written-off in terms hereof, will become payable with immediate effect and any other action as per any legislation or policy which applies to such tampering and/or bypassing will be instituted;

(7) Where a ratepayer's status, entitling it to an exemption in terms of the Rates Policy of the Municipality, changes so that the ratepayer is no longer entitled to an exemption, any arrears written off subsequent to the changing of the status of the ratepayer will be reversed and become due and payable again;

(8) Any request for the writing off of arrears for an amount above R1 000.00 (one thousand rand) must be made to the Council. Such a request must be made in writing and must be submitted to Council for approval together with documentation indicating the applicable account number, the debtors full details, full details of the premises concerned in respect of the arrears, the arrears as well as a motivation for the requested write-off referring to the grounds set out in this policy allowing for a write off in the particular circumstances. The request must be compiled and submitted to Council for approval by way of a resolution as an irrecoverable debt write off. Arrears of less than R1 000.00 (one thousand rand) may be written off by means of a written resolution from the Municipal Manager supported by a written report and recommendation from the Chief Financial Officer and the details regarding the debtor and the arrears referred to above, must be included in the said report and recommendation.

(9) Notwithstanding the contents of the afore going paragraphs, the Municipality is under no obligation to write-off any particular debt and any approval of a write–off of arrears remains within the sole discretion of the Municipality.

(10) The Municipality is entitled to reverse any amount it has written-off upon it being discovered that a debtor has mislead (whether intentionally or negligently) the Municipality in terms of any information, documentation or representation made by such debtor in order to receive such write-off, in which event the Municipality is entitled to immediately effect the reversal of any write-off against the account of a debtor.

(11) The Municipality may write-back any amount previously written-off by it on behalf of a debtor where the account of such debtor, at any time, reflects a credit balance.

(12) Any write off of any arrears which was in error shall not bind the Municipality and be written back.

(13) The Municipality shall apply the terms of this policy fairly and consistently and in an open and transparent manner.

(14) Where a debt has in law prescribed and the consumer claims and relies on the extinguishing of the debt as the result of prescription of the debt, as envisaged in sub-paragraph (2)(i) above, the Municipal Manager has the delegated authority, which must be exercised in consultation with the Chief Financial Officer, to confirm that the debt has in fact prescribed and is accordingly written off. The Municipal Manager must report on all debts which have been written off as a result of the prescription thereof to Council.

CHAPTER 8

GENERAL PROVISIONS

50. RIGHT OF ACCESS OR ENTRY TO PROPERTY AND INSPECTION

(1) In terms of the provisions of section 101 of the Systems Act and section 41 of the MPRA, the Municipality must be given access to premises by the owner or occupier thereof or the customer or consumer of the municipal services thereon or thereto (cumulatively referred to hereafter as "person in control") at all reasonable hours, or in the event of an emergency at any time, in order to request information, carry out an inspection and examination, to read, inspect, install or repair any measuring device or meter or service connection for reticulation, or to limit, disconnect or terminate the provision of any municipal services, or to value the premises, or to execute any lawful act or conduct any lawful service, or to ensure compliance with any by-law of the Municipality or statute.

(2) Where, for whatever reason, access to a measuring device or meter or premises is not possible, the Municipality may:

(a) by written notice require the person in control to restore access at his/her own expense within a specified period; and

(b) where access to such a measuring device or meter or premises is required as a matter of urgency or in an emergency, the Municipality may without prior notice restore access to the measuring device, meter or premises and recover the costs in respect thereof from the person in control.

(3) A person in control who fails or refuses to provide access to the Municipality will be liable for the costs incurred by the Municipality, to gain access to the measuring device or meter or premises.

(4) If the Municipality considers it necessary, in order to enable the Municipality to perform any function properly and effectively in terms of this Policy, or any other policy or by-law of the Municipality, it may:

(a) by written notice require the person in control, at their own expense, to do specified work within a specified period;

(b) in the event of an emergency conduct the necessary work without any notice and cause the person in control to reimburse the Municipality for any expenses incurred in the execution of such work.

(5) If the work referred to above is carried out for the sole purpose of establishing whether a contravention of this policy has been committed and no such contravention has taken place the Municipality shall bear the expense and cost connected therewith.

(6) Any person representing the Municipality must on request provide his or her identification and allow the consumer to verity the authority of the representative with the Municipality.

51. UNAUTHORISED ACTIVITIES – THEFT, FRAUD AND TAMPERING

(1) Any person who is illegally connected to municipal services, tampers with measuring devices or meters, the reticulation network or any other equipment of the Municipality for the provision of municipal services, and/or any person who commits any unauthorised activity, theft of, or damage to any infrastructure or equipment of the Municipality (also referred to as an “unauthorised activity”) will be prosecuted and subjected to a credit control fine of R1500.00 per tempered service

(2) No person shall in any manner, or for any reason whatsoever tamper with, interfere with, vandalise, fix advertising medium to, or deface any measuring device or meter or service connection or service protective device or supply

mains or equipment of the Municipality, or illegally connect into the municipal services of any other consumer or the Municipality.

(3) The provision of municipal services to any premises, and/or consumer, will be terminated immediately upon the Municipality becoming aware of any unauthorised activity in respect thereof as contemplated in this policy.

(4) The Municipal Manager must implement a monitoring system in order to identify consumers who commit any unauthorised activity.

(5) The Municipality reserves the right to institute legal action, including the laying of criminal charges and/or to take any other legal action against any person who commits an unauthorised activity.

(6) The Municipality may reward any whistle blower who reports unauthorised activity to the Municipality.

(7) An owner of premises will be held liable and fined for any unauthorised activity committed by an occupier of such premises.

(8) In the event of any unauthorised activity, the Municipality shall have the right to recover an amount based on estimated consumption as provided for in this policy. The estimated consumption by the Municipality shall be prima facie evidence of the consumption in the event of any unauthorised activity.

(9) Where a person illegally reconnects the supply of a municipal service which was disconnected by the Municipality in accordance with this policy, then the consumer shall be liable for all charges for such municipal service consumed between the date of disconnection and the date the supply is found to be reconnected and any other charges raised in this regard.

(10) Notwithstanding any other rights that the Municipality may have in terms of this policy, the Municipality may, in the event of any unauthorised activity, summarily terminate the supply of municipal services and may take any such steps as the Municipality may deem necessary to effect such termination, including, but not limited to the right to remove the measuring device or meter physically from the premises.

(11) Any contravention of this paragraph, whether intentional or negligent shall be sufficient to constitute an offence and unless the contrary is proved by the consumer, it shall be deemed that the contravention was due to an intentional act or omission of the person charged.

52. CLEARANCE CERTIFICATES

(1) In terms of the provisions of section 118 of the Systems Act a registrar of deeds may not register the transfer of property situated within the municipal area of the Municipality, except on production to such registrar of a prescribed certificate issued by the Municipality, which certifies that all amounts which became due in connection with such property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the 2 (two) years preceding the date of application for such certificate, have been fully paid.

(2) if a clearance certificate is requested in terms of section 118 (1) of the Act, and payment is only made for two years preceding the date of application for the certificate, the balance of the debt shall remain as a charge against the property.

(3) The certificate shall be endorsed with the balance owing as a charge against the property in order to bring the same to the attention of the seller, buyer and conveyance. The onus is on the conveyance to advise his or her clients accordingly.

(4) The municipality may institute legal proceedings against the seller or purchaser of the property to recover the balance owed.

(5) The municipality reserves the right to follow any of the legal mechanisms available to it in order to recover the balance of the debt, including, lodging an urgent application to interdict the sale of the property until the debt is

paid in full or an irrecoverable bank guarantee for the full outstanding debt, on date of registration of transfer has been furnished by the conveyance.

(6) Information and contact details of the purchaser provided on the revenue clearance certificate shall be used as details of the new owner (purchaser) for the purposes of billing for rates, services and consolidated accounts until the same has been changed by the purchaser.

(7) In the case of the transfer of immovable property by a trustee of an insolvent estate the provisions of this paragraph are subject to section 89 of the Insolvency Act, Act 24 of 1936.

(8) An amount due for municipal services, fees, surcharges on fees, property rates and other municipal rates, levies and duties provided for in this policy, is a charge upon the property and which amount enjoys preference, over any mortgage bond registered against the property from the date of registration of the transfer of the property into the name of the owner.

(9) If the owner of the property is not the person who has entered into a services agreement with the Municipality for the supply of municipal services to a property, the owner will become liable for the payment of the charges referred to in section 118(1)(b) of the Systems Act relating to the property, once the owner of the property applies for a clearance certificate in terms of section 118 of the System Act.

53. DAMAGE TO MUNICIPAL SERVICE INFRASTRUCTURE

(1) A consumer shall be liable for all and any costs to the Municipality arising from any damage to, or loss of any measuring device or meter or municipal service infrastructure relating to the provision of municipal services to premises, unless such damage is shown to have been occasioned by an Act of God or an act or omission of the Municipality, or caused by an abnormality in the supply of municipal services to the premises.

(2) In the event of any damage occurring to any measuring device or meter or municipal service infrastructure relating to the provision of municipal services to premises, the consumer shall report and inform the Municipality as soon as the consumer becomes aware of the damage.

(3) Where it can be reasonably established that there has been intentional tempering of any measuring device or meter or municipal service infrastructure, resulting in the removal of such any measuring device or meter or municipal service infrastructure by the Directorate Technical and Infrastructure, a credit control reconnection fee of R2500.00 shall be payable prior to the service being reinstituted or reinstalled

54. REPORTING DEFAULTERS

(1) The Municipality may in its discretion report any person that is indebted to the Municipality, to any company or organisation that collates and retains information regarding defaulters.

(2) The information to be included in such report shall be the available personal information of the defaulter or in the event that the defaulter is a legal person, the statutory details of the legal entity including information pertaining to the responsible officer of such legal person.

55. PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS

(1) When submitting a tender for the provision or delivery of goods, each potential tenderer must prove to the satisfaction of the Municipality that all accounts for which the tenderer is liable, have been paid up to date and that all accounts for which each and every director, member, partner or trustees of the tenderer is liable have also been paid up to date.

(2) The municipality will at its sole discretion check whether all the municipal accounts are up to date, copies of all accounts sent to the tenderer and to each director, member, owner, partner, or trustees must be attached to the tender documents.

(3) Where a tenderer's place of business or business interests are outside the jurisdiction of the municipality a Revenue Clearance Certificate from the Municipality must be produced.

(4) Before awarding a tender, the municipal debts of the tenderer and each director, member , owner, partner or trustee of the tenderer must be paid in full.

(5) Where payments are due to a creditor in respect of goods or services provided to the Municipality or in terms of any contractual arrangement with the municipality may be set off against such payments.

(6) This policy applies to quotations, public tenders and tenders in terms of section 36 of the Supply chain management policy

56. NOTICE

(1) Any notice given by the Municipality in terms of this policy, the Credit Control and Debt Collection By-Law, the Tariff Policy and By-Law, the Rates Policy and By-Law, the Water By-Law, the Electricity By-Law or any other legislation shall, unless the contrary is proven by the person/entity to whom the notice was addressed, be regarded as having been served:

(a) when it has been delivered to that person personally;

(b) when it has been left at that person's place of residence or place of business or employment with a person apparently over the age of 16 (sixteen) years;

(c) when it has been posted by pre-paid registered or certified mail to that person's last known residential address or business address and an acknowledgment of the posting thereof from the postal service is obtained;

(d) when it has been served on that person's agent or representative in any of the manners provided for in this policy;

(e) when it has been posted in a conspicuous place on the premises to which the notice relates;

(f) when it has been faxed to that persons fax number and a confirmation of the successful sending of the fax is obtained;

(g) when it has been emailed to that persons email address and a confirmation of the successful sending of the email is obtained.

(2) In the case where compliance with a notice is required within a specified number of days, such period shall be deemed to commence on the date of service of the notice.

(3) When any notice or other document must be authorised or served on the owner, occupier or holder of any property or right in any property, it is sufficient if that person is described in the notice or other document as the owner, occupier or holder of the property or right in question, and it is not necessary to address that person by name.

(4) Any legal process is effectively and sufficiently served on the Municipality when it is delivered to the Municipal Manager or a person in attendance at the Municipal Manager's office.

(5) Any person on whom a notice is served shall, comply with its terms or when a time is specified, comply with the terms of the notice within the specified time.

57. NON LIABILITY OF THE MUNICIPALITY

The Municipality nor any employee, official, person, body, organisation or corporation acting on behalf of the Municipality shall be liable for any loss or damages of whatsoever nature howsoever arising whether, direct or consequential, suffered or sustained by any person as a result of or arising from the provision, limitation, disconnection or termination, interruption or any other abnormality arising from the supply of municipal services, or any act or omission done by the Municipality or any employee, official, person, body, organisation or corporation acting on behalf of the Municipality.

58. CODE OF ETHICS

(1) All the officials of the Municipality shall embrace the spirit of Batho Pele and treat all consumers and debtors with dignity and respect at all times.

(2) Employees of the Municipality shall execute their duties in terms of this policy in an honest and transparent manner whilst protecting the confidentiality of information of consumers and debtors in accordance with the provisions of the Promotion of Access to Information Act, Act 2 of 2000.

59. STAFF AND COUNCILLORS IN ARREARS

(1) Item 10 of schedule 2 of the Act (Code of Conduct for Municipal Staff Members) states that –

a. 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 months; and

b. A municipality may deduct outstanding amounts from a staff member's salary after this period; and

(2) The municipality shall liase with the relevant staff on repayment of their arrears

(3) No special treatment shall be afforded to staff members whose accounts are in arrears

(4) Any staff member who has breached the code will be dealt with in accordance with disciplinary procedures adopted by the municipality in terms of the Act

(5) Item 12 A schedule 1 of the Act states that a Councillor may not be in arrears to the municipality for rates and service for a period longer than three months

(6) The Municipal Manager shall liase with the Mayor and issue necessary salary deduction where appropriate for the councillors

60. AUTHENTICATION OF DOCUMENTS

Any document requiring authentication by the Municipality shall be sufficiently authenticated if signed by the Municipal Manager, or by a person duly authorised to do so, on behalf of the Municipality, by resolution of the Municipality and shall constitute prime facie proof of the authenticity, existence and contents of the document.

61. PRIMA FACIE EVIDENCE

In legal proceedings by, or on behalf of the Municipality, a certificate reflecting an amount due and owing to the Municipality, the identity of the debtor and any such other details as may be included in such a certificate and which is signed by the Municipal Manager, or by a person dully authorised to do so, on behalf of the Municipality, by resolution of the Municipality, shall subject to the provisions of section 3 of the Law of Evidence Amendment Act, Act 45 of 1988, upon its mere production constitute prima facie evidence of the contents of the certificate.

62. PROVISION OF INFORMATION

A consumer, debtor, owner, occupier or person within the area of supply of the Municipality must provide the Municipality with accurate information requested by the Municipality that is reasonably required by the Municipality for the implementation or enforcement of this policy.

63. AVAILABILITY OF POLICY AND BY-LAWS

(1) A copy of this policy and the Credit Control & Debt Collection By-Law of the Municipality shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the Systems Act.

(2) The Municipality shall take all required legal steps to inform consumers, debtors, owners and occupiers of the content of this policy.

(3) A copy of this policy and the Credit Control & Debt Collection By-Law of the Municipality shall be available for inspection at the offices of the Municipality at all reasonable times.

(4) A copy of this policy and the Credit Control & Debt Collection By-Law of the Municipality may be obtained from the Municipality against payment of an amount as determined by the Council.

64. BY-LAW TO GIVE EFFECT TO THIS POLICY

The Municipality shall adopt a by-law known as the Credit Control & Debt Collection By-Law to give effect to the implementation and enforcement of this policy.

PO Box _____ • Rustenburg • Tel: _____ (office hours) • Email: _____ •

• Cashier hours: 07:45 – 15:30 (Mondays to Fridays) • 07:45 – 12:00 (Saturdays) •

ACCOUNT NO.:													
RECEIPT NO.:													

****Mark if applicable with a "X"**

Type of Application:	Domestic		Commercial / Industrial		Institutional	
Type of Customer:	Individual	CC	Partner	Pty (Ltd)	Lessee	Owner
Particulars of Applicant						
Name of corporate entity:						
Registration number of corporate entity:						
VAT Registration No.: (if applicable)						
Surname:			**Initials:**			
ID Number:						
Marital status:	Married	Unmarried	Single	Divorce	Widowed	
If married – in / out of community of property:						
Occupation:						
Tel. No. (Home):			**Tel. No. (Work):**			
Cellphone No.:			**E-mail:**			
Details of spouse where married in community of property:						
Surname:			**Initials:**			
ID Number:						
Occupation:						
Tel. No. (Work):			**Cellphone No.:**			
E-mail:						
Address of Applicant: (for purposes of statement delivery and physical address for the delivery of notices and documents)						

Physical Address:			
		Postal Code:	
Postal Address:			
		Postal Code:	
Next of Kin: (family members)			
1. Name:		Tel. No.:	
Physical Address:			
2. Name:		Tel. No.:	
Physical Address:			
Employer's Details:	Name:		
Physical Address:			
Tel. No.:		Period in Service:	
Gross Monthly Income:			
Source of monthly income, if other than salary:			
Credit References: (Please provide at least 2 credit references)			
Name of Company:			
Physical Address:			
Account Number:		Tel. No.:	
Name of Company:			
Physical Address:			
Account Number:		Tel. No.:	
Particulars of Owner (if not Applicant)			
Name of corporate entity:			
Registration number of corporate entity:			
Surname:		Initials:	
ID Number:			

Occupation:					
Tel. No.:		**Cellphone No.:**			
Physical Address:					
		Postal Code:			
Property to which municipal services must be provided					
Suburb:					
Zone:		**Stand No.:**			
Street Name:		**Street No.:**			
Number of persons over the age of 18 years living on the property:					
Type of municipal services to be provided:					
Water Supply Services:	**Communal Standpipe:**				
	Yard Connection:				
	In-house Connection:				
	Other:				
Sanitation Services:	**Night Soil Removal:**				
	Water borne sewerage:				
	Other:				
Electricity:	**Single:**				
	3 Phase electricity:				
	Pre-paid:				
	Other:				
	Temporary supply:				
	Permanent supply:				
Refuse removal Services:					
Date on which provision of services should commence:					
Payment Details:	**Deposit Amount Payable:**	**R**			
Method of payment:	Cash	Cheque	EFT	Credit Card	
If applicable: Other methods of payment:					

Discontinuation of Services					
Address at which service is to be discontinued:					
Discontinue the following:	Electricity	Water	Sewerage	Refuse	
At the above address on this date:					
And refund deposit, less any amount owing to:					
With Bank Details:	**Bank:**		**Branch:**		
	Account No.:				

Conditions of Agreement
Certified copies of documents to be produced/submitted
1. Identification document must be produced. 2. In case of Tenant: (i) Copy of the Lease Agreement; OR (ii) A letter from the owner must be submitted. 3. In case of Close Corporation: (i) Ck2 Document submitted; (ii) Resolution submitted. 4. In case of a Company: (i) Company Articles of Incorporation submitted; (ii) Resolution submitted.
Definitions
The headings of the paragraphs in this Agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of, nor modify, nor amplify, the terms of this Agreement, nor any paragraph thereof. **"Customer"** means the person indicated as "applicant" on the form page of this Agreement, irrespective of whether he/she/it or someone else actually consumed or use the service or not. **"Domicilium"** means the chosen address where notices must be delivered. **"Municipality"** means the Rustenburg Local Municipality. All other words shall bear the normal meaning of such word.
Authorisation

I guarantee that I am duly authorised by the Applicant to apply for the supply of this/these services and to sign the application form and this agreement. I hereby admit that I am liable, and hold myself bound to for the due and proper payment of any amounts due to the Municipality and which arises as a result of the supply and provision of the municipal services by the Municipality and the payment of the fees, charges and tariffs levied by the Municipality in relation to the said municipal services or the availability thereof, should it be found that I signed this agreement without proper authorisation.

Conditions for the supply and provision of municipal services

1. The supply and provision of and payment for the municipal service(s), fees, charges and tariffs levied by the Municipality shall be subject to and in accordance with the laws of SA, the By-laws of the Municipality and the Policies adopted from time to time by the Municipality, and which specifically govern or stand in relationship to the provision of the services.
2. I acknowledge that I/we have read and understand the contents of the relevant By-laws and Policies, which were available to me. The contents of the Credit Control and Debt Collection Policy and By-Law, the Tariff Policy and Tariff By-Law, the Rates Policy and Rates By-Law, Water Services By-Law and Electricity By-Law of the Municipality are herewith incorporated into this agreement by reference and the terms and conditions contained therein shall apply to the legal relationship between me and the Municipality.

Jurisdiction

Without prejudice to the rights of the Municipality, at its option, to institute proceedings in any other court having jurisdiction, the Municipality and the Customer hereby consent in terms of section 45 of the Magistrate Court Act, Act 32 of 1944, to the Municipality taking legal action for the enforcement of any rights under or arising from this agreement in a Magistrate Court, which has jurisdiction in respect of the Customer, in terms of section 28(1) of the Magistrates Court Act, notwithstanding the above will the parties have the right to approach the Supreme Court.

Payment for services

The Customer shall be liable for the payment of all and any municipal services consumed by the customer and/or delivered, supplied or rendered to the premises referred to in this agreement as well as the relevant and applicable fees, charges and tariffs levied by the Municipality regarding such services, before or on the date indicated on the monthly statement.

The Customer is also liable for the costs of debt collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees, if applicable.

The Customer agrees that the non-receipt of a statement does not exempt the Customer from the duty to enquire from the Municipality the outstanding debt on the account and to make payment to the Municipality of the debt.

Direct payments

Direct payments for electronic payments can be made into the bank account of the Rustenburg Local Municipality: _____ Bank

Branch: _____

Account No.: _____

Branch Code: _____

In order to allow for the Municipality to process electronic payments, the Customer must state the municipal account number as reference with the deposit, and four (4) official business days must be allowed for processing.

Waiver

The Customer hereby expressly renounces the benefits of the non reason or profound cause of the existence of the debt, the cases where there is a element of bookkeeping or accounting calculation is involved, the revision of accounts, no value recorded and, if there is more than one debtor, the debtor is jointly or separately liable for the debt or the creditor obtains the right to first act against the guarantor before the main debtor is excused.

Domicilium

The Customer chooses as the address where notices must be delivered, the address indicated as street address on the front page of this agreement.

Change of address and/or information

The Customer expressly undertake to inform the Municipality within 3 (three) days after such occurrence:

1. or any change of any address indicated on the front page of this agreement;
2. of the change of any particulars or personal circumstances indicated on the front page of this agreement.

Discontinuation of service

The Customer specifically agrees to inform the Municipality immediately in writing when the service is no longer required and specifically accept responsibility for the payment of services consumed as a result of any failure to inform the Council that the service is no longer required.

Indemnity

I hereby indemnify and hold harmless the Municipality or any employee, official, person, body, organisation or corporation acting on behalf of the Municipality from any liability of whatsoever nature for any loss or damages of whatsoever nature howsoever arising whether, direct or consequential, suffered or sustained, as a result of or arising from the provision, limitation, disconnection or termination, interruption or any other abnormality arising from the supply of municipal services, or any act or omission done by the Municipality or any employee, official, person, body, organisation or corporation acting on behalf of the Municipality.

Deposit

A deposit shall be forfeited to the Municipality if it has not been claimed within twelve (12) months or the termination of the service agreement.

I hereby confirm that I have read, know and understand the contents of this agreement and agree to be bound thereby.

_____ _____

APPLICANT **MUNICIPALITY**

_____ _____

DATE **DATE**

_____

SIGNATURE OF OWNER
(if not Applicant)

_____

DATE

FOR OFFICE USE ONLY				
Deposit paid:	Date:			
	Amount:			
	Receipt No.:			
Account Number:				
Commencement of date of service:				
Area Code:				
Meter reading on commencement of services:			Electricity:	
			Water:	

-

RUSTENBURG

LOCAL MUNICIPALITY

INDIGENT POLICY

PREAMBLE

(1) **WHEREAS** the provision of free basic municipal services by a Municipality is part of the broader social agenda and anti-poverty strategy of the South African Government, the Rustenburg Local Municipality (hereafter "the Municipality"), must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the Municipality have access to at least the minimum level of basic municipal services in terms of section 152(1)(b) and 153(b) of the Constitution of the Republic of South Africa, 108 of 1996 (hereafter the Constitution);

(2) **AND WHERE AS** a Municipality, as the third sphere of government, therefore has a constitutional duty to assist the National and Provincial spheres of government in the realisation of the abovementioned rights;

(3) **AND WHEREAS** the key purpose of this Indigent Policy is to ensure that households with no or a lower income level are not denied basic municipal service, and to ensure the sustainability of the rendering of these municipal services to indigent consumers, within the financial and capacity restraints of the Municipality;

(4) **AND WHEREAS** the Indigent Policy must be maintained for so long as the Municipality is able to, without compromising the financial stability and functioning of the Municipality;

(5) **AND WHEREAS** it is of importance to set appropriate and sustainable threshold levels and subsidies of tariffs for indigent consumers;

(6) **AND WHEREAS** the Municipality requires qualifying indigent consumers to register as such and to agree to the terms, conditions and restrictions of the Municipality by completing the Municipality's application documentation;

NOW THEREFORE, the Council adopts the following Indigent Policy.

THE RUSTENBURG LOCAL MUNICIPALITY:

INDIGENT POLICY

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTORY PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	7
2.	ABBREVIATIONS	17
3.	AIM AND PURPOSE	18
4.	TITLE AND APPLICATION	18
5.	COMMENCEMENT AND VALIDITY	18
6.	RESPONSIBLE AUTHORITY	18
7.	POLICY PRINCIPLES	19
8.	POLICY OBJECTIVES	20
9.	LEGISLATIVE FRAMEWORK	21
10.	POLICIES, STRATEGIES AND GUIDELINES	22
11.	FUNDING	22
12.	TARGETING OF INDIGENT HOUSEHOLDS	23
13.	QUALIFICATION CRITERIA	24

CHAPTER 2

ASSISTANCE PROCEDURES

ITEM NO.	ITEM	PAGE NO.
14.	COMMUNICATION	28
15.	INSTITUTIONAL ARRANGEMENTS	29
16.	APPLICATION	29
17.	ASSESSMENT AND SCREENING APPLICANTS	31
18.	RECOMMENDATION	32
19.	INDIGENT COMMITTEE	33
20.	CONTINUOUS EVALUATION	35
21.	RIGHT OF APPEAL	35

CHAPTER 3

INDIGENT SUPPORT

ITEM NO.	ITEM	PAGE NO.
22.	THE EXTENT OF INDIGENT SUPPORT	37

CHAPTER 4

PROCESS MANAGEMENT

ITEM NO.	ITEM	PAGE NO.
23.	VALIDITY PERIOD	43
24.	PUBLICATION OF REGISTER OF INDIGENT HOUSEHOLDS	44
25.	TERMINATION OF INDIGENT SUPPORT	46
26.	AUDIT AND REVIEW	46
27.	EXIT PROGRAMME	46

CHAPTER 5

MISCELLANEOUS PROVISIONS

ITEM NO.	ITEM	PAGE NO.
28.	DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER	48
29.	PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION	48
30.	METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY	49
31.	RESTORING SERVICES TO QUALIFIED HOUSEHOLDS	49
32.	DEPOSITS	50
33.	MONITORING AND REPORTING	51
34.	CAPACITY BUILDING	51
35.	IMPLEMENTATION AND REVIEW OF THIS POLICY	52

CHAPTER 1
INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the Systems Act, the MFMA, the Credit Control & Debt Collection Policy and By-law, the Tariff Policy and By-law, as well as the Rates Policy and By-law of the Municipality, will have a corresponding meaning assigned thereto in terms of such policies or by-laws. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"annual budget"**	Means the budget approved by the Councillor any particular financial year, and shall include any adjustments to such a budget.
1.2	**"annually"**	Means once every financial year.
1.3	**"applicant"**	Means the person applying to the Municipality to be afforded the status of a Registered Indigent in terms of this policy.
	"B"	
1.4	**"basic municipal service"**	Means a municipal service necessary to ensure an acceptable and reasonable quality of life, which service, if not provided, would endanger public health or safety or the environment.
	"C"	
1.5	**"Chief Financial Officer"**	Means the person appointed by the Council and designated by the Municipal Manager to manage the financial

		administration of the Municipality and who remains directly accountable to the Municipal Manager as contemplated in terms of the provisions of section 80(2)(a) read with section 1 and section 81 of the MFMA.
1.6	**"child"**	Means a minor person.
1.7	**"Constitution"**	Means the Constitution of the Republic of South Africa, 108 of 1996.
1.8	**"consumer"**	Means a person or entity consuming or receiving municipal services, and may include a customer or a tenant of a customer irrespective of whether such a person has concluded a service agreement with the Municipality, and may also include a person who illegally and unlawfully connected to the municipal services infrastructure or who illegally and unlawfully gained access to or usage of the municipal services.
1.9	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.10	**"Credit Control & Debt Collection Policy" and "Credit Control &Debt Collection By-Law"**	Means the Credit Control and Debt Collection Policy as adopted by the Council of the Municipality and the Credit Control & Debt Collection By-Law adopted in terms of the provisions of section 96 and section 98 of the Systems Act.
1.11	**"customer"**	Means the owner of the premises or in exceptional circumstances a tenant, and includes a person or entity liable to the Municipality for the payment of tariffs, levies, fees and municipal consumption charges in terms of a service agreement concluded with the Municipality, and may include a person who applied to the Municipality to become a Registered Indigent in terms of this policy, and who is not the owner of the premises, but who is: (a) the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or

		(b) the party to whom the residential property is awarded in the event of a divorce; or (c) where a deceased estate has not been wound up: (i) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or (ii) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or (iii) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or (iv) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate; and who simultaneously with the application for indigent support in terms of this policy, applied for the provision of municipal services in terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality to be granted an account and to conclude a service agreement with the Municipality, and whose application has been approved by the Municipality, and as such has concluded a service agreement with the Municipality.
"D"		
1.12	**"deemed indigent"**	Means individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll. A deemed indigent means an individual who's property value does not exceed R150 000.00 or

		Who has a total house hold income not exceed that of a registered indigent according to data available to the municipalty.
"E"		
1.13	**"equitable share"**	Means an allocation made by the National Government during a financial year, in its fiscal allocation, gazetted through the Division of Revenue Act (hereinafter "the DORA"), in order to assist municipalities to fund various expenses including expenses such as free basic services.
"F"		
1.13	**"free basic alternative energy"**	Means any other form of basic energy excluding electricity (including solar home system) deemed necessary to support basic energy needs of an indigent household as determined from time to time, and funded by the Government.
1.14	**"free basic electricity"**	Means a limited amount of free electricity deemed necessary to provide basic services as determined and funded by the National Government.
1.15	**"free basic sanitation"**	Means the prescribed minimum standard of services rendered to households including informal households, necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic waste-water and sewage prescribed in terms of the Act, under regulation 2 of Government Notice GN R509 in Gazette Notice 22355 of 8 June 2001 or as amended from time to time, or any substitution for that regulation;
1.16	**"free basic water supply"**	Means the prescribed minimum standard of water supply services necessary for the reliable supply of sufficient quantity and quality of water to household including informal households to support life and personal hygiene, prescribed in terms of the Act under regulation 3 Government Notice GN R509 in Gazette

		Notice 22355 of 8 June 2001, as amended from time to time, or any substitution for that regulation.
1.17	**"financial year"**	Means the period starting from 1 July in any year and ending on 30 June of the following year.
"H"		
1.18	**"household"**	Means the total number of persons who permanently reside in and occupy a single premise for residential purposes.
"I"		
1.19	**"Indigent Household"**	Means a household headed by a Registered Indigent.
1.20	**"Indigent Management System"**	Means the system consisting of designated officials of the Municipality supported by an electronic management system, equipped and designated to process applications for indigent support and used by the Municipality for the management of the Indigent Register.
1.21	**"Indigent Policy" or "this policy"**	Means the Indigent Policy, adopted by the Council of the Municipality.
1.22	**"Indigent Register"**	Means a record of the Registered Indigents established and maintained by the Municipality as per the provisions of this policy.
1.23	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality renders to Registered Indigents and households headed by Registered Indigents.
"M"		
1.24	**"Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003 and the regulations promulgated in terms of this act.
1.25	**"Municipal Manager"**	Means the Municipal Manager of the Municipality appointed in terms of the provisions of section 54A of the Systems Act and as referred to in the definition of "Accounting Officer" in section 1 of the MFMA, and also referred to in section 60 of the MFMA, and includes a person acting as an Accounting

		Officer, or the person to whom the Accounting Officer has delegated his/her authority to act.
1.26	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "the RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: the Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.27	**"Municipal Property Rates Act" or "MPRA"**	Means the Local Government: Property Rates Act, Act 6 of 2006 and the regulations promulgated in terms thereof.
1.28	**"municipal service" or "services"**	Means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether: (a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76; and (b) fees, charges or tariffs are levied in respect of such service or not.

1.29	**"municipal tariff" or "tariff"**	Means a fee, charge or tariff for services which the Municipality may set for the provision of a municipal service to the local community, and includes a surcharge on such fee, charge or tariff.
	"O"	
1.30	**"occupier"**	Means any person who occupies premises or part thereof, without taking cognisance of the title under which he or she occupies the premises, and occupant has a corresponding meaning.
1.31	**"owner"**	Means: (a) the person in whose name the property is registered; (b) in the case where the person in whose name the property is registered, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, usufructuary, servitude holder or any other duly authorised of appointed representative; (c) in the case where the Municipality or service provider is unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon; (d) in the case of a lease agreement entered into for a period of 30(thirty) years or longer, or for the natural life of the lessee or any other person mentioned in the lease, or is renewable from time to time at the will of the lessee indefinitely or for a period of periods which, together with the first period of the lease, amounts to 30 (thirty) years, the lessee or any other person to whom he has ceded his right, title and interest under the lease, or gratuitous successor to the lessee; (e) In relation to:

		(i) a piece of land delineated on a sectional title plan and which is registered in terms of the Sectional Title Act, Act 95 of 1986, without limiting it to the developer or body corporate of the common property; (ii) a section as defined in the Sectional Title Act, Act 95 of 1986, the person in whose name that section is registered in terms of a "sectional title deed", including the lawfully appointed representative or agent of such person; (f) any legal entity including but not limited to: (i) a company registered in terms of the Companies Act, Act 61 of 1973, a trust inter vivos, trust mortis causa, a close corporation registered in terms of the Close Corporation Act, Act 69 of 1984 and any voluntary organisation; (ii) any provincial or national government department, or local authority; (iii) any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and (iv) any embassy or other foreign entity in whose name the property is registered; (g) in relation to property owned by the Municipality and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and (h) in relation to property owned by or under the control or management of the Municipality while held under a lease or any express or tacit extension thereof or under any other contract or under servitude or right analogous thereto, the person so holding the immovable property.

"P"		
1.32	**"premises"**	Means any property or any building or structure above or below ground levels on property and may include any vehicle, aircraft or vessel.
1.33	**"prepayment meter"**	Means a meter whereby payment for municipal services is first made elsewhere and credit is transferred to such meters by means of a token or coded number or credit card or other means and such meter is programmed and dispenses pre-purchased municipal services as it is consumed by the consumer at a predetermined rate or charge.
1.34	**"Programme Officer"**	Means an official duly authorised by the Municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken and for recommending applicants for approval to receive indigent support.
1.35	**"property"**	Means: (a) immovable property registered in the name of a person/owner including in the case of a sectional title scheme, a sectional title unit registered in the name of any person/owner; (b) a right registered against immovable property in the name of a person excluding a mortgage bond registered against the property; (c) any piece of land, the external surface boundaries of which are delineated on: (i) a general plan or diagram registered in terms of the Land Survey Act, Act 9 of 1927 or in terms of the Deeds Registries Act, Act 47 of 1937 or; (ii) a sectional plan registered in terms of the Sectional Titles Act, Act 95 of 1986; which is situated within the area of the Municipality;

		(d) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or (e) public service infrastructure.
	"R"	
1.36	**"rates"**	Means a municipal rate on property levied in terms of the provisions of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.37	**"Rates Policy"**	Means the Rates Policy of the Municipality as adopted by the Municipality in terms of the provisions of section 3(1) of the MPRA.
1.38	**"Registered Indigent"**	Means a person, qualifying to be registered as an indigent in terms of this policy, who has applied to the Municipality in terms of this policy to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent in the Indigent Register or any persons deemed to be an indigent by the municipality.
	"S"	
1.39	**"service agreement"**	Means the written agreement concluded between the Municipality and a customer for the provision of municipal services to premises once the Municipality has approved the customers' official application form for the rendering of such services to the customer and which contains the terms and conditions upon which the Municipality will render such services to the customer.
1.40	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998 and the regulations promulgated in terms thereof.
1.41	**"subsidised services"**	Means the municipal services, the costs of which are either subsidised in full or in part by the Municipality.
1.42	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000 and the regulations promulgated in terms thereof.

"T"		
1.43	**"Tariff Policy"**	Means the Tariff Policy of the Municipality adopted in terms of the provisions of section 74(1) of the Systems Act.
1.44	**"Tariff Schedule"**	Means the schedule containing details pertaining to the levels and application of the various fees, charges or tariffs as approved by the Council from time to time.
1.45	**"tenant"**	Means a person who is entitled to the use and enjoyment of premises for the payment of rent as a result of an agreement concluded with a person who has the right to extent such rights regarding the premises.
"V"		
1.46	**"Verification Officer"**	Means an official duly authorised by the Municipality to assist with the management of applications for indigent support, to visit households and verify the applicant's application and to recommend that the applicant is either a suitable or not a suitable candidate for approval to receive indigent support.

2. ABBREVIATIONS

In this policy the following abbreviations will be used to signify the meaning or entity as indicated:

CDW	Community Development Worker
DORA	Division of Revenue Act, as enacted at the beginning of April every year
DWAF	The National Department of Water Affairs and Forestry
ESG	Equitable Share Grant
IDP	Integrated Development Plan
kWh	Kilowatt hour
LED	Local Economic Development
MFMA	Local Government: Municipal Finance Management Act, Act 56 of 2003
MIG	Municipal Infrastructure Grant

MPRA	Local Government: Municipal Property Rates Act, Act 6 of 2006
UIF	Unemployment Insurance Fund

3. AIM AND PURPOSE

The aim and purpose of this policy is to ensure that Registered Indigents have access to basic municipal services, to ensure that the subsidy scheme for Registered Indigents forms part of the financial management system of the Municipality and to provide procedures and guidelines for the subsidisation of basic municipal services and tariff charges to the Registered Indigents.

4. TITLE AND APPLICATION

(1) This policy is known as the Indigent Policy of the Municipality and is applicable to the municipal area of the Municipality.

(2) This policy revokes all previous policies, decisions and/or *ad hoc* clauses within any other policy, regarding the subject matter of this policy.

5. COMMENCEMENT AND VALIDITY

This policy shall come into full force and effect upon the acceptance thereof by the Council of the Municipality by resolution.

6. RESPONSIBLE AUTHORITY

(1) The responsible authority for the adoption and implementation of this policy is the Municipality, and where applicable the Council of the Municipality.

(2) In terms of the provisions of section 62 of the MFMA, the Municipal Manager of the Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose, take all reasonable steps to ensure *inter alia* that the Municipality has and implements:

(a) The Tariff Policy referred to in section 74 of the Systems Act. Section 74(2)(c) of the Systems Act provides that the Tariff Policy must reflect *inter alia* that indigent households must have access to at least basic municipal services through:

(i) tariffs that cover only operating and maintenance cost;

(ii) special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of service; or

(iii) any other direct or indirect method of subsidisation of tariffs for indigent households.

(b) A Credit Control and Debt Collection Policy referred to in section 96(b) of the Systems Act. Section 97(1)(c) of the Systems Act provides that a Credit Control and Debt Collection Policy must provide for the provision for debtors who are Registered Indigents that is consistent with its rates and tariff policies and any national policy on indigents.

(3) The Chief Financial Officer will ensure that this policy is integrated with the Municipality's financial planning and processes, as well as the taking into account of the effect of this policy in the annual budget of the Municipality.

7. POLICY PRINCIPLES

The Municipality undertakes to promote the following principles regarding this policy:

(a) the Municipality will ensure that the funding portion designated for free basic municipal services, allocated as part of the equitable share received annually from National Government and other budgetary

provisions, is utilised for the benefit of Registered Indigents only and not to subsidise rates and service charges of those who can afford to pay same;

(b) the Municipality will link this policy with the Municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programmes;

(c) the Municipality will promote an integrated approach to free basic municipal service delivery;

(d) the Municipality will engage the local community in the development and implementation of this policy;

(e) the Municipality will ensure that any relief and/or support provided in terms of this policy is constitutional, practical, fair, equitable, justifiable and does not amount to unfair discrimination;

(f) the Municipality will provide indigent support within the available limits of their financial capacity in order not to jeopardise the financial stability of the Municipality or the sustainability of the provision of municipal services to all the customers of the Municipality and the community as a whole;

(g) the Municipality will review and amend the qualification criteria for indigent support on a regular basis and when necessary;

(h) the payment of basic municipal services should be affordable to the Registered Indigent; and

(i) an approved community communications programme, embodying the principles of transparency and fairness, must be implemented in respect of the indigent support programme.

8. POLICY OBJECTIVES

The objectives of this policy are the following:

(a) to provide basic municipal services to the community in a sustainable manner within the financial and administrative capacity of the Municipality;

(b) to ensure the financial sustainability of free basic municipal services through the determination of appropriate tariffs that contribute to such sustainability through fair and reasonable cross subsidisation;

(c) to establish a framework for the identification and management of indigent households, including a socio-economic analysis and an exit strategy to assist the indigent household to escape the burden of indigence;

(d) to provide procedures and guidelines for the subsidisation of basic municipal services and tariff charges to Registered Indigents;

(e) to ensure co-operative governance with other spheres of government; and

(f) to enhance the institutional and financial capacity of the Municipality to implement this policy.

9. LEGISLATIVE FRAMEWORK

This policy is designed and must be implemented within the framework of *inter alia* the following legislation:

(a) The Constitution;

(b) The Systems Act;

(c) The MFMA;

(d) The Promotion of Administrative Justice Act, Act 3 of 2000;

(e) The Promotion of Access to Information Act, Act 2 of 2000;

(f) The MPRA;

(g) The Water Service Act, Act 108 of 1997 and Regulations thereto; and

(h) The Waste Act, Act 59 of 2008 and the Regulations thereto

10. POLICIES, STRATEGIES AND GUIDELINES

There are several strategies and guidelines relating to free basic services which compliment this policy and which must be recognised and taken into account in the implementation of this policy, including:

(a) National Policy on Free Basic Services, National Policy on Free Basic Water, National Policy on Free Basic Electricity, National Policy for the provision of Basic Refuse Removal Services to Indigent Households.

(b) Free Basic Water Strategy and Guideline prepared by the DWAF.

(c) Free Basic Sanitation Strategy and Guidelines also prepared by DWAF.

(d) Guidelines on tariffs for municipal solid waste services prepared by the Department of Environmental Affairs and Tourism.

(e) Electricity Basic Support Tariff (Free Basic Electricity) Policy,1 April 2003, prepared by the Department of Minerals and Energy.

(f) National Policy on Free Basic Alternative Energy, 2007.

(g) The Property Rates Act, which provides for zero-rating of low value properties up to a value of R15000, thereby ensuring that households on these properties gain access to a package of public services for free.

11. FUNDING

The following internal and external sources of funding are available to the Municipality to provide basic municipal services to Registered Indigents:

(1) Internal Sources:

(a) Cross subsidies generated from the netted trading surplus from Trading Services or Economical Services, as referred to and categorised in terms of the Tariff Policy of the Municipality.

(b) The core administration revenue of the Municipality which include revenue generated by *inter alia* property rates.

(2) External sources:

The national fiscus, through the Equitable Share Grant (ESG) and Municipal Infrastructure Grant (MIG). This amount may be varied on a yearly basis according to the new allocation for a particular financial year.

12. TARGETING OF INDIGENT HOUSEHOLDS

(1) The implementation of this policy and the effective targeting of indigent persons will largely depend on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the Municipality.

(2) The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent persons.

(3) Against the background of such socio-economic analysis, and within its financial and institutional capacity, the Municipality must decide which targeting method should be applied.

(4) The Municipality may apply the following targeting methods:

Targeting approach		Application
1.	Service levels	Lowest service levels normally in informal settlements and rural areas.

2.	Property value	Applicable only to Registered Indigents in respect of subsides or RDP housing to a value determined in addition to the rebate in terms of the MPRA.
3.	Gross household income	The total household income may not exceed the sum of two times the amount of state funded social grants (old age pension – beneficiary older than 75 years) ~~plus two foster child grants~~ currently as set out on the **National Budget pronouncement on government grants.**
4.	Geographical (Zone) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

(5) The Municipality may use any one of the above targeting methods or any combination thereof for the assessment and evaluation of an application by any person for indigent support and in determining whether any person applying for such indigent support qualifies for such support.

13. QUALIFICATION CRITERIA

(1) The Municipality shall, from time to time, determine the qualification criteria for a person to become a Registered Indigent in order to receive indigent support, provided that until the Municipality determines otherwise, the following criteria shall apply:

(a) the premises to which the municipal services are rendered (or to be rendered) or relate must be a "residential property", as classified in terms of the categories of properties in terms of the provisions of the Rates Policy and By-Law of the Municipality, and must be utilised solely for residential purposes (no activity other than residential activity to be executed on the premises, i.e. no spaza shop or rental of rooms), as well as situated within the municipal area of the Municipality; and

(b) the applicant applying for the indigent support, must be:

(i) the holder of an account with the Municipality for the provision of municipal services to the premises referred to in sub-paragraph (a) above, who has concluded a service agreement with the Municipality, as referred to and defined in terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality; or

(ii) in an instance where the applicant for the indigent support is not the holder of an account and has not concluded a service agreement with the Municipality, as required by sub-paragraph (i) above: the applicant must:

(aa) be the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or

(bb) be the party to whom the residential property is awarded in the event of a divorce; or

(cc) be, where a deceased estate has not been wound up:

(aaa) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

(bbb) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or

(ccc) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or

(ddd) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate;

(dd) submit, simultaneously with the application for indigent support, an application for the provision of municipal services in terms of the provisions of the Credit Control & Debt Collection Policy and By-Law of the Municipality, applying to the Municipality to be granted an account and to conclude a service agreement with the Municipality; and

(c) the total household income of all the household occupants, of the indigent household to which the application relates, above the age of 18 (eighteen) years, on the residential property may not exceed the amount as determined by Council from time to time. **This amount will be aligned to the National Budget pronouncement on government grants.**

(e) the applicant must be a full-time occupant of the primary residential property owned; and

(f) where applicable, the applicant must have a prepayment electricity meter, a water management device or a prepayment water meter installed in terms of any applicable by-law or policy of the Municipality, as read with any approved tariff;

(g) the applicant must be a natural person.

(h) the Households within the following categories of properties will be deemed to be indigent households:

(a) the property is used for residential purposes only as reflected in General Valuation roll;
(b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property;
(c) municipal value of property does not exceed maximum value R150 000.

(2) The Municipality may call upon an applicant, a Registered Indigent or a debtor (as defined in terms of the provisions of the Credit Control & Debt Collection Policy of the Municipality) at any time to produce documents in support of their claim for indigency or Registered Indigent status, and may approach any person in order to verify any claim made by an applicant.

(3) ~~The Municipality may, should it be satisfied that sufficient evidence is available, register a debtor as an indigent under the definition of a Deemed Indigent without the consent or application of the debtor as mentioned in paragraph (2) above. Applying on behalf of the debtor for the debtor to be registered as indigent.~~

CHAPTER 2

ASSISTANCE PROCEDURES

14. COMMUNICATION

(1) The Municipality must develop a community communication strategy, embodying the principles of transparency and fairness, in terms of which communities will be informed and educated on the contents of this policy in order to provide a clear understanding of the provisions of this policy and the implementation thereof.

(2) Regular information dissemination and awareness campaigns by the Municipality must be undertaken to eliminate unrealistic expectations both in terms of qualifying criteria for indigent status, the extent of the benefits accorded to Registered Indigents, as well as municipal service delivery in general.

(3) The methods of communication that the Municipality may utilise include, but will not be limited to:

(a) Ward committees;

(b) Community Development Workers (CDW's);

(c) Local radio stations and newspapers;

(d) Municipal accounts;

(e) Imbizo's and road shows; and

(f) Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

(4) The Municipality must communicate the following to the community:

(a) what the Municipality is trying to achieve with regard to the Indigent Policy;

(b) how the Municipality will be going about implementing the Indigent Policy;

(c) what the value for indigent and non-indigent households is;

(d) who qualifies for the indigent support and how the Municipality has determined this;

(e) how qualifying households should access the indigent support; and

(f) the financial constraints of the Municipality which limits the levels of sustainable indigent support that can be provided.

15. INSTITUTIONAL ARRANGEMENTS

The Municipality shall appoint officials, or engage existing staff, or Community Development Workers (CDW's) who have been trained in terms of the Municipality's directions, to assist with the development and implementation of this policy. Furthermore, the Municipality shall establish indigent registration points, the cost of which may be funded through the equitable share allocation, in its municipal area.

16. APPLICATION

(1) A person applying for indigent support must duly complete an official indigent support application form as prescribed by the Municipality (Schedule "A").

(2) Such application form shall be available at the main office of the Municipality and at approved registration points established by the Municipality, as referred to above and on the Municipality's web site

(3) The duly completed application form for the indigent support must be accompanied by the following documentation when such application for indigent support is lodged with the Municipality:

(a) the latest municipal account for the household, if there is such an account;

(b) a certified copy of the account holders' and/or applicant's identity document, where the original is not available and presented to the Municipality for the purposes of making a copy by the Municipality;

(c) proof of the income of **all** occupants residing on the premises to which the municipal services are rendered (or to be rendered) or relate, above the age of 18 (eighteen) years, i.e. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card or a certificate that confirms registration as "looking for employment";

(d) bank statements of all the occupants residing on the premises above the age of 18 (eighteen) years, for the last 3 (three) months, certified by the bank and a sworn affidavit from each occupant that no other bank accounts exist;

(e) in the absence of any proof to be submitted either through sub-paragraphs (3)(c) or (3)(d) above, a sworn affidavit must be submitted by the applicant together with the documentation required in terms of paragraphs (3)(a) and (3)(b) above;

(f) proof of property ownership or proof of the existence of the criteria set out in paragraph 13(1)(b)(ii) above; and

(g) such other documentation as the Municipality reasonably determines from time to time.

(4) The Municipality may require any other documentation or information from the applicant which the Municipality may deem necessary to assess and evaluate the application.

(5) As part of the application the applicant must consent to the verification of the information submitted by them, by the Municipality, a credit bureau or any other similar agency performing external scans, as referred to in this policy.

(6) All applications must be confirmed and declared under oath and be signed before a Commissioner of Oath.

(7) Upon approval of successful indigent registration, the applicant's arrear debt will be written off. This will only occur only once per person. In the event that the indigent falls into arrears the Credit Control and Debt Collection Policy shall apply.

17. ASSESSMENT AND SCREENING APPLICANTS

Upon receiving of a duly completed application form from the applicant, together with the accompanying documentation as referred to above, all information must be verified by the Programme Officer or a person approved by the Municipality as follows:

(1) Indigent Management System Check

The information on the Municipality's Indigent Management System must be checked to determine whether an applicant or the household is already registered within the system as well as to determine dates when the existing applicants should be reviewed.

(2) Date Capture

The application date must be captured in an Indigent Management System as per the application form. The record must be flagged in the system as being an "application in progress".

(3) Verification – Site Visit

The Indigent Management System must assign an application to a duly appointed Verification Officer to perform an on-site verification. The Verification Officer must verify the information on the registration application form, visit the applicant and visually confirm the details supplied by the applicant and prepare a report in writing as to his/her observations, which report must accompany the application when the Verification Officer refers same. The Verification Officer is also allowed to collect such additional information pertaining to the application as he/she deems fit. The Verification Officer must assess the application and if the Verification Officer is of the view that the application has merits he shall proceed to refer the application for an external scan as stipulated in sub-paragraph (4) below. This information shall be entered into the Indigent Management System within 72 (seventytwo) hours after receiving the information from the Verification Officer.

(4) Verification – External Scans

An external scan of applicants recommended as suitable candidates for indigent support in terms of sub-paragraph (3) above, must be conducted with UIF, SARS, Department of Welfare, Retail and credit bureau(s). The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must then also be captured in the Indigent Management System within 72 (seventy two) hours after receiving the information from the Verification Officer. The external scan must be done separately from the site verification.

18. RECOMMENDATION

Once the verification has been completed, the Indigent Management System must generate a recommendation based on the information captured in the database. Those applicants that qualify for indigent support in accordance with the system are then to be referred to the Indigent Committee for final approval.

19. INDIGENT COMMITTEE

(1) The Municipality shall have an Indigent Committee tasked with the execution of the functions allocated to the said committee in this policy. The Chief Financial Officer, in consultation with the Municipal Manager, shall appoint the members of the committee from officials of the Municipality having the required financial, legal and administrative skills to serve on this committee, and the committee shall be known as the "Indigent Committee". This committee must meet at least twice a month and must ensure that systems are put in place to ensure communication between the Indigent Committee and the Ward Committees in the Municipality in order to ensure that the provisions of this policy are implemented, that it functions and filters down to the community. The Indigent Committee must monitor in conjunction with Ward Councillors, Ward Committees, CDW's and other persons or organisations it may appoint, the execution and functioning of the indigent support programme.

(2) The main task of the committee will be to see to the implementation of this policy, the proper functioning of the Indigent Management System of the Municipality, and to approve applications for indigent support. Once an application for indigent support is submitted to the committee, the date on which the application was submitted to the Indigent Committee shall be noted in the Indigent Management System, in order to track the status of the application within the process.

(3) The Indigent Committee must consider each recommended application, assess and evaluate it on its own merits, taking duly cognisance of all the information submitted by the applicant and any other knowledge or information which members of the Indigent Committee may have in respect of the applicant.

(4) The Indigent Committee may require any further information from the applicant they deem necessary in order to assist them in making a fair and justifiable assessment and may conduct site visits or require the applicant to attend an interview with the Indigent Committee.

(5) The Municipality's Finance Department will assist the Indigent Committee and will review its financial system to determine if the applying household is on its system and if so, what the levels of consumption have been and the levels of payment from that household.

(6) After the fair and objective assessment of each application, the Indigent Committee shall either approve or reject such an application.

(7) Approved applicants must be included in the Municipality's financial system and the Municipal Manager must sign off on the approved application before the Municipality proceeds to connect or re-connect and provide the municipal services to the Registered Indigent.

(8) In the event of a successful application, the Indigent Management System must be updated to show this, the system must be flagged to indicate that the application has been approved and a letter must be sent to the applicant, within 7 (seven) days, informing him/her of the approval of his/her application, the extent of the municipal services to which the applicant is entitled and the period for which the registration will remain valid. The applicant will be regarded as a Registered Indigent once the Indigent Management System is updated to reflect the approval of the application.

(9) In the event that the application is declined, it must be captured as such in the Indigent Management System, and the system must be flagged and a letter

sent to the applicant informing him/her of the refusal and the reason therefore the Indigent Committee must provide reasons, which are to be captured on the Indigent Management System, recording why an application has been declined.

20. CONTINUOUS EVALUATION

The Indigent Management System must generate, on an annual basis, a list of site visits to be performed at Indigent Households of the Registered Indigents, and assign these to a Verification Officer. The Verification Officer must evaluate each Indigent Household the same as a new application and any changes in circumstances must be noted and -submitted to the Indigent Committee. This is to ensure that the system is kept current and that indigent support is in fact extended to those who require and still qualify for it.

21. RIGHT OF APPEAL

An applicant who feels aggrieved and whose rights are affected by a decision taken by the Municipality in respect of his/her application may lodge an appeal against that decision, which appeal must be dealt with as follows:

(a) an appeal must be made in writing, setting out the details of the decision which are being appealed against, as well as the full details of the application or request initially lodged by the appellant, the outcome which was received pertaining thereto from the Municipality as well as the grounds of the appeal and the contact details and identity of the appellant lodging the appeal;

(b) an appeal must be lodged with the office of the Municipal Manager within 21 (twentyone) days after the appellant received the decision of the Municipality against which the appeal lies;

(c) once the office of the Municipal Manager has received a properly noted appeal, the office of the Municipal Manager must within 7

(seven) days proceed to request the office of the Chief Financial Officer or the Indigent Committee to provide a written report in response to the grounds of appeal, within 14 (fourteen) days from being requested to do so, setting out the reasons for the decision of the Municipality. The Municipal Manager may request any party to provide further detail or information as required to assist in the consideration of the appeal or to clarify any issues;

(d) the Municipal Manager shall then within 14 (fourteen) days after having received the response of the office of Chief Financial Officer or the Indigent Committee and any additional information requested, consider the appeal and inform the appellant who lodged the appeal of the outcome in writing;

(e) the decision of the Municipal Manager is final;

(f) the Municipal Manager may condone the late lodging of an appeal or any other procedural irregularity pertaining to an appeal in a written notice expressly doing so.

CHAPTER 3

INDIGENT SUPPORT

22. THE EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to a Registered Indigent, will be determined based on budgetary allocations for a particular financial year and the municipal tariffs determined for each financial year as part of the Municipality's budget process and as set out in the Tariff Schedule, as referred to in the Municipality's Tariff Policy and By-Law. The extent of the indigent support provided by the Municipality is as follows:

(1) Electricity

(a) The National Electricity Basic Service Support Tariff (Free Basic Electricity) Policy, 1 April 2003, published under Government Notice 1693 in Government Gazette No. 25088 of 4 July 2003, provides that 50 (fifty) kWh per month is considered to be adequate electrical energy to meet the needs for lightning, media access, limited water heating and basic ironing (or basic cooking) for a poor household on the national electrical grid.

(b) The National Policy on Free Basic Alternative Energy, 2007, published under Government Notice 391 in Government Gazette No. 29760 of 2 April 2007, provides for, and is intended to provide indigent households with alternative energy where electricity is not available because the indigent households are not on the national electrical grid. The Policy provides that a municipality must give energy to the value equivalent to the cost of 50kWh, to an unelectrified indigent household.

(c) Taking into account the above mentioned, the Municipality will provide Free Basic Electricity/Alternative Energy in the following manner:

(i) Electricity for households on the national electricity grid

(aa) All Registered Indigents will receive 50 (fifty) kWh electricity per month fully subsidised.

(bb) Unused free electricity units will not be carried over to the next month. Any meter tampering will result that the subsidisation will be withdrawn. In the event of the electricity supplied by Eskom directly, the Municipality will pay over an amount to Eskom equal to 50 (fifty) kWh of electricity per month based on the customers registered with the Municipality as indigent and not based on any indigent records submitted by Eskom, from their own records.

(ii) Alternative sources for households not on a national electricity grid

(aa) The Municipality will give energy to non-grid indigent households to the value equivalent to the cost of 50kWh per month, (or as prescribed the National Policy on Free Basic Alternative Energy from time to time) or an amount as determined and provided for by the Council in the annual budget from time to time and as published in terms of the Tariff Schedule, as referred to in the Tariff Policy and By-Law of the Municipality. The Municipality may provide a voucher to the Registered Indigent to obtain the energy from an approved merchant or supplier, in lieu of energy.

(bb) Alternative energy sources are *inter alia* paraffin, liquefied petroleum gas, coal and bio-ethanol gel.

(2) Water

(a) The Municipality will provide Registered Indigents with 6 (six) kilolitres of water per month fully subsidised or an amount as determined and provided for by the Council in the annual budget from time to time.

(c) The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the Tariff Policy applicable for the financial year.

(3) Sewerage

(a) The minimum standard for basic water supply services as prescribed in terms of Regulation 2 of the Regulations Relating to Compulsory Nationals Standards and Measures to Conserve Water, published under Government Notice R509 in Government Gazette No. 22355 of 8 June 2001 and promulgated in terms of the Water Services Act, Act 108 of 1997, are as follows:

(i) the provision of appropriate health and hygiene education; and

(ii) a toilet which is safe, reliable, environmentally sound, easy to keep clean, provides privacy and protection against the weather, well ventilated, keeps smells to a minimum and prevents the entry and exit of flies and other disease-carrying pests.

(b) All Registered Indigents shall be fully subsidised for sewerage levied.

(c) The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the Tariff Policy applicable for the financial year.

(4) Refuse Removal

(a) The minimum standard for basic refuse removal as prescribed in terms of paragraph 8 of the National Policy for the Provision of Basic Refuse Removal Services to Indigent Households, published under Government Notice 413 in Government Gazette No. 34385 of 22 June 2011, are as follows:

(i) Spatial and settlements demarcation for Basic Refuse Removal Services:

(aa) More than 40 (forty) dwelling units per hectare (high density): Frequent and reliable formal collection and disposal of solid waste to a landfill is required.

(bb) 10 (ten) to 40 (forty) units per hectare (medium density): Communal collection and formal disposal of household refuse and litter is required.

(cc) Less than 10 (ten) dwelling units per hectare (low density): On-site disposal of general household waste in areas so designated by the Municipality and in accordance with the relevant guidelines for on-site disposal provided by the Municipality.

(ii) Collection frequency (applicable to medium and high density settlements): The collection frequency is dependent on the composition and the volumes of waste generated. The most appropriate collection frequency in medium and high density settlements is set out as:

(aa) At least once a week for purely biodegradable domestic waste but on-site composting should be promoted.

(bb) At least once a month for recyclable materials in rural areas.

(cc) At least once fortnightly for recyclable materials in urban areas.

(iii) Issuance of free receptacles:

(aa) The Municipality must provide appropriate free receptacles for refuse storage.

(bb) The number of free receptacles provided for household should be calculated based on the number of individuals residing in the household.

(cc) The Municipality should device appropriate strategies to maintain a constant and consistent supply of such free receptacles.

(dd) Most communities do not consider the provision of skips as a "service". Where this alternative is unavoidable, the Municipality should ensure that the refuse is collected for placement in the skip as part of the service. Skips must be serviced frequently enough to avoid littering or dumping.

(b) All Registered Indigents shall be fully subsidised for the basic levy for refuse removal for one service connection as provided for by Council in the annual budget from time to time.

(c) The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the Tariff Policy applicable for the financial year.

(5) Property Rates

(a) Notwithstanding the rebate provided for in the provisions of MPRA applicable to residential properties, all Registered Indigents shall be fully subsidised for the payment of property rates provided for by Council in the annual budget from time to time and subject to the provisions of the Municipal Property Rates Act.

(b) The subsidy shall not be more than the applicable tariff for that year, and will be applied for the duration of that particular financial year. This subsidy shall form part of the Tariff Schedule applicable for the financial year.

(6) Interest

No interest shall be levied against the arear debt of a registered indigent pending.

(7) Exclusion

Nothing in this policy shall be interpreted as creating any right in favour of an applicant or Registered Indigent to be supplied with any municipal services or to have municipal services provided to the Indigent Household where any municipal service is not currently available at such site. Subsidies awarded to Registered Indigents shall apply only to those municipal services available at the site.

CHAPTER 4

PROCESS MANAGEMENT

23. VALIDITY PERIOD

(1) Save for the provisions of sub-paragraph (2) below, the validity period of assistance will be for the duration that the applicant remains a Registered Indigent and whilst so registered meets the criteria for registration as an indigent. Indigent households, in terms of the audit and review process, will be subjected to scrutiny and occasional inspection to determine any change in status. The Municipality may at any time revoke the status of a Registered Indigent who no longer qualifies as such or who breaches terms of this policy or any other policy or by-law of the Municipality.

(2) Indigent support is granted to a Registered Indigent for a period of 12 (twelve) months from approval of the applicant's application for indigent support. A Registered Indigent must re-apply for indigent support at the end of the 12 (twelve) month period depending on his/her circumstances.

(3) A Registered Indigent shall lose their status as such and immediately cease to be entitled to any benefits as a Registered Indigent in the event that the Registered Indigent no longer qualifies in terms of this policy to be registered as an indigent. The Municipality shall remove the details of any person who whilst registered as an indigent ceases to qualify as such, from the Indigent Register.

24. ARREARS AND EXCESS USAGE OF ALLOCATIONS

(1) On becoming a Registered Indigent, the arrears on the account of the Registered Indigent may be written off as provided for in the Credit Control & Debt Collection Policy & By-Law of the Municipality.

(2) The Municipality may implement restrictions on the provisions of municipal services to Registered Indigents where the said municipal services are subsidised by the Municipality in terms of this policy. A Registered Indigent shall accept and consent to such restrictions as part of the terms and conditions upon which the Municipality provides indigent support to a Registered Indigent. Where restrictions are not possible the Registered Indigent shall be responsible for paying for the consumption utilised in excess of the approved subsidy quantity.

(3) Upon the approval of an application for indigent support the water and electricity meters and measuring devices on the premises to which the municipal services are being rendered or relate will be converted to prepayment meters, at the cost of the Municipality, in order to enforce restrictions and measure the provisions of the said municipal services.

(4) If a prepayment meter cannot be installed immediately, the Registered Indigent may be subjected to restriction measures to only allow for the monthly-subsidised municipal services.

(5) The writing off of any arrears is strictly subject to the provision that the premises to which the municipal services are being rendered or relate may not be sold within a period of 2 (two) years from the date that Registered Indigent is registered. In the case of the premises being sold inside a period of 2 (two) years the arrear debt, excluding any further accumulated interest, will be

recovered before a clearance certificate in terms of section 118 of the Systems Act is issued by the Municipality.

25. TERMINATION OF INDIGENT SUPPORT

Indigent support to a Registered Indigent will be terminated under the following circumstances:

(a) upon death of the Registered Indigent;

(b) upon sale of the premises to which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate;

(c) when circumstances in the indigent household have improved to the extent where the income threshold, as determined by the Municipality in terms of this policy, is exceeded;

(d) if there is any tampering or interference with the meters or measuring devices or restriction devices installed at the premises to which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate;

(e) if the Registered Indigent is found to misrepresent about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:

(i) all arrears and interest as provided for in the Credit Control and Debt Collection Policy of the Municipality will be written back as if the write off had not taken place, and become payable immediately;

(ii) the credit control and debt collection measures as set out in the Credit Control & Debt Collection Policy and By-Law will apply; and

(iii) the Registered Indigent will not be eligible to apply for indigent support for a period of 5 (five) years.

26. AUDIT AND REVIEW

(1) The Municipality may conduct regular audits on Registered Indigents on the Indigent Register with regard to the information furnished by Registered Indigents, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of Registered Indigents. Registered Indigents shall be required to furnish such information as requested by the Municipality to conduct the audits from time to time.

(2) The frequency of audits will depend on the institutional capacity of the Municipality to do so. Quarterly targeted audits and reviews should be undertaken to ensure the verification and re-registration of each Registered Indigent at least once in a 3 (three) year cycle.

(3) The Municipality reserves the right to send officials or its agents to indigent households from time to time for the purpose of conducting an on-site audit.

(4) Where any doubt exists regarding the current status of a Registered Indigent, the matter should immediately be referred to the Indigent Committee for verification at any time.

27. EXIT PROGRAMME

(1) Registered Indigents and the members of the indigent household headed by that Registered Indigent must be prepared to participate in exit programmes co-ordinated by the Municipality in collaboration with other government departments and the private sector.

(2) As part of its broader poverty reduction programme the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible. Registered indigent and indigent households must partake in these programmes if so required by the Municipality.

(3) The Municipality must promote exit from indigence by:

(a) identifying Registered Indigents for inclusion in public works projects;

(b) initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;

(c) facilitation of opportunities to enter the informal trade market;

(d) facilitation of food security projects; and

(e) liaison with National and Provincial departments to include Registered Indigents and other indigent persons in their public works programmes.

CHAPTER 5

MISCELLANEOUS PROVISIONS

28. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

(1) The Chief Financial Officer or his/her delegate will be responsible to compile and administer the database for Registered Indigents registered in terms of this policy.

(2) Registration will take place in terms of this policy on a continuous basis and in accordance with the programme of quarterly targeted audits and reviews. The Municipality may decide to launch special registration campaigns from time to time.

(3) The Chief Financial Officer or his/her delegate will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.

29. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

(1) Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared. Non-compliance will make the application for indigent support invalid.

(2) Any applicant who supply false information will be disqualified from further participation in the indigent support scheme and be liable for the immediate repayment of all subsidies received and all debts including arrears and interest

thereon that have previously been written off. The Municipality may furthermore institute criminal proceedings, as it may deem fit.

(3) Registered Indigents shall immediately notify the Municipality of any changes in his/her or the indigent household's indigent status or circumstances where such change would mean that the Registered Indigent no longer meets the criteria for registration.

30. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY

(1) No amount of money shall be paid to any Registered Indigent, but the subsidy shall be transferred, credited or indicated ona monthly basis:

(a) towards the Registered Indigent's municipal account in respect of the premisesto which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate; and/or

(b) on the prepayment metering system installed on the premises to which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate.

(2) Any credits or subsidies shall be based on the monthly current account of the Registered Indigent only and in accordance with the Tariff Policy.

(3) Subsidies, credits and vouchers shall not be transferable and no unused portion shall carry forward.

31. RESTORING SERVICES TO QUALIFIED HOUSEHOLDS

When a person qualifies and is registered as a Registered Indigent, any municipal services rendered to or relating to the premises to which the indigent support relates

which are at that time disconnected or terminated by the Municipality, shall be reinstated by the Municipality without any cost to the Registered Indigent. If services are to be restricted, discontinued or terminated in terms of the Credit Control & Debt Collection Policy after the Registered Indigent was registered as such, the approved tariff for reconnection will be payable by the Registered Indigent.

32. DEPOSITS

(1) In terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality, all consumers must apply for the provision of municipal services before such services are rendered to a particular premises and such services will only be rendered once the consumer's application is approved by the Municipality and a written service agreement is concluded, at which time the consumer becomes a customer of the Municipality. On application for the provision of municipal services the consumer applying for the rendering of the municipal services must pay a deposit as prescribed by the Municipality.

(2) For the purposes of this policy and the rendering of indigent support to Registered Indigents, accounts will be opened for Registered Indigents without requiring the payment of any deposit. This is made possible through the fact that the value of services levied against these accounts is fully offset on a monthly basis against the applicable subsidy. This arrangement will immediately terminate if the status of the Registered Indigent changes.

(3) *Where a person is allocated housing as per the RDP project, accounts will be opened without requiring any deposit.*

33. MONITORING AND REPORTING

The Chief Financial Officer must report monthly on the status and implementation of indigent support in the Municipality to the Municipal Manager, via the Municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect, with reference to the financial year and month to which the report relates, on the:

(a) number of application for indigent support received;

(b) the number of application for indigent support approved;

(c) number of Registered Indigents currently in the Municipality;

(d) amount of subsidy allocated per subsidy category;

(e) total amount spent by the Municipality on indigent support;

(f) amount of debt accumulating and debt recovery information (number of customers; enquires; arrangements for the paying off of debt in instalments; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

(g) performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:

  (i) number of applications for indigent support dealt with;

  (ii) time taken to process and finalise applications;

  (iii) site visits undertaken; and

  (iv) awareness and exit initiatives;

(h) changes in the status of Registered Indigents.

34. CAPACITY BUILDING

The Municipality must ensure that all officials and councillors are appropriately capacitated in the contents, effect, implementation and workings of this policy in order

to ensure that this policy is implemented and extended to indigent persons who need the support extended by this policy to them.

35. IMPLEMENTATION AND REVIEW OF THIS POLICY

(1) This policy shall be implemented once approved by Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008, and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.

(2) In terms of the provisions of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

APPLICATION TO BE REGISTERED ASA REGISTERED INDIGENT

MUNICIPAL ACCOUNT INFORMATION

Account No.:		**Date of application:**	
Account Name:		**Erf No.:**	
Street name:			
House No.:	**Pre-paid No.:**		
Total valuationbelow a R100 000.00:	**YES / NO**	**Tax Rebate form:**	**YES / NO**

APPLICANT'S PERSONAL INFORMATION

Surname of applicant:				
Full Names:				
Identity Number:				
Physical address:				
Postal address:				
		Postal Code:		
Telephone No.:	**Home:**		**Work:**	
	Cell:		**Fax:**	
Marital Status:	**Married**	**Single**	**Divorced**	**Widowed**
Husband/Life partner:	**Birth date:**		**ID Number:**	
Wife/Life partner:	**Birth date:**		**ID Number:**	
Husband's Pension No.:			**Wife's Pension No.:**	
Name of Employer of applicant:				
Employer's address:				
Contact number of Employer:				

(delete which is not applicable)	
1. Do you own a motor vehicle?	**YES / NO**
If Yes, what is the registration number?	
2. Do you have a clothing/furniture account?	**YES / NO**
3. Do you have a spaza shop or any other business activity on the premises to which the municipal services are rendered or relate to?	**YES / NO**
If Yes, what is your gross monthly income from that business?	**R**
4. Do you have tenants in your premises?	**YES / NO**
If Yes, how many tenants do you have?	
What is your total rental income?	**R**
5. Do you own other property?	**YES / NO**
If Yes, address of property(ies):	

Personal particulars of all occupants above the age of 18 years residing on the premises to which the municipal services are rendered or rebate to:

ID Number	Surname	Initials	Employed (Yes/No)	Gross monthly income	Source of income

DOCUMENTS REQUIRED

The applicant is required to submit the following documents and the Municipality will not process the application if the required documentation is not provided.

(a) the latest municipal account for the household, if there is such an account;

(b) a certified copy of the account holder's and/or applicant's identity document;

(c) proof of the income of **all** occupants residing on the premises to which the municipal services are rendered (or to be rendered) or relate, above the age of 18 (eighteen) years, i.e. a letter from

his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card or a certificate that confirms registration as "looking for employment";

(d) bank statements of all the occupants residing on the premises above the age of 18 (eighteen) years, for the last 3 (three) months, certified by the bank and a sworn affidavit from each occupant that no other bank accounts exist;

(e) in the absence of any proof to be submitted either through sub-paragraphs (c) or (d) above, a sworn affidavit must be submitted by the applicant together with the documentation required in terms of paragraphs (a) and (b) above;

(f) written proof of property ownership or written proof of the existence of the criteria set out in paragraph 13(1)(b)(ii) of the Indigent Policy of the Municipality which are as follows:

(i) 2 (two) affidavits from mayor persons confirming that the applicant is a child heading a household accompanied by the death certificate(s) of the child's parents and written proof that the residential property is registered in the name of the deceased parent or deceased parents of that child; or

(ii) the divorce order awarding the residential property to the applicant; or

(iii) the appointment letter of the executor of the estate and affidavit by the executor confirming that one of the following scenarios is applicable:

(aa) the residential property is registered in the name of the deceased and the applicant is the heir to whom the registered property has been bequeathed;

(bb) the applicant is the surviving spouse who was married in community of property to the deceased, together with any other heirs, if any, and that the residential property is registered in the name of that deceased; or

(cc) that a portion of the residential property is registered in the name of the deceased and that the applicant is the surviving registered owner of the remainder or a portion of the remainder of the property; and

(g) such other documentation as the Municipality reasonably determines from time to time.

DECLARATION BY APPLICANT

I the undersigned, _____ **(full names and surname printed)** hereby apply to be registered as a Registered Indigent in order to receive indigent support in terms of the Indigent Policy of the Municipality, and do solemnly hereby declare under oath that:

(a) All the particulars furnished by me in this form, including the total gross income of myself and all the occupants above the age of 18 years residing on the premises, are to the best of my knowledge true and correct;

(b) I undertake that if the particulars furnished in this form should change for any reason, I will immediately notify theMunicipality in writing thereof;

(c) I, nor any other occupant residing on the premises, own any other immovable property in the Republic of South Africa, apart from the property indicated on the account for which this application is made;

(d) I understand that should my monthly consumption exceed the free allocation of water and remain unpaid, my supply may be restricted by a flow control washer or any other method the Municipality may deem fit, and I will then only have access to my free allocation of water;

(e) I understand and agree that I may be subjected to restriction measures to only allow for the monthly subsides municipal services;

(f) I agree that if I have misrepresented myself in the qualifying criteria in order to benefit from Municipality's indigent support, I would be committing an offence and all benefits that have been received in terms of the indigent support will be reversed. Any amounts due will be for my account and I will be subject to normal debt collection procedures;

(g) I am a South African citizen;

(h) The Municipality may conduct any investigation, internal or external, including credit checks at any credit bureau to confirm any of the information provided by me and I hereby agree to any on-site visit by and municipal official;

(i) I accept that his application, if successful, will only be valid for 12 (twelve) months from date of approval and the onus will be on me to re-apply, if necessary, the end of the 12 (twelve) month period;

(j) This application will be subject to the terms and conditions as contained in the Indigent Policy of the Municipality as well as the Credit Control & Debt Collection Policy and By-Law of the Municipality;

(k) I agree that the information contained in this document is not confidential. A list of approved applicants (Registered Indigents) will be handed to Councillors, and will be publicly displayed;

(l) Due to the uncertainty of the availability of funds, the amount of allocation as well as the period of payment cannot be guaranteed by the Municipality.

_____ _____

SIGNATURE/THUMB PRINT OF APPLICANT **DATE**

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMPLETED BY:	
COUNCILLOR:	

CHECKED BY:_____ **DATE:**_____

APPROVED/NOT APPROVED:

ACCOUNTANT:_____ **DATE:**_____

CAPTURED BY:_____ **DATE:**_____

VERIFICATION FORM

Name: Verification Officer	
Ward number:	
Address visited:	
Date visited:	
Individual consulted:	
Declaration by Verification Officer	
I declare that I paid a visit to the premises as stated above. I am in possession of a copy of the prescribed application form and declare that the details contained therein have been verified by me. I am of the opinion that the contents of the application form are true and correct/false or incomplete.	
If false or incomplete, complete the following:	
Recommendation:	
Reasons for my decision:	
I, _____ (full names), , recommend that support is not granted. **_____ SIGNED** **_____ DATE**	
If information found to be correct, complete the following:	

I, _____ (full names), , recommend that support be granted. **_____ _____** **SIGNED DATE**
Date received back from Verification Officer:

RUSTENBURG LOCAL MUNICIPALITY



Budget Policy

TABLE OF CONTENTS

DEFINATIONS 3

1. PURPOSE OF THE POLICY 8

2. BUDGET PRINCIPLES AND PREPARATION 8

2.1. Appropriate of Funds for Expenditure 8

2.2. Funded Budget 8

2.3. Budget Guidelines 8

2.4. Budget Allocation and Submission by Directorates 9

2.5. SDBIP and Cash Flow Projections 9

2.6. Depreciation and Finance Charges 9

2.7. Impact of Increases on Rates and Tariffs 10

2.8. Aggregate Rate Revenue 10

2.9. Labour Budget 10

3. OPERATING BUDGET 10

3.1. Provision for Accrued Leave 10

3.2. Provision for Bad Debts 10

3.3. Interest Earned 11

3.4. Provision for Maintenance of Fixed Assets 11

4. CAPITAL BUDGET II

4.1. Capital Budget Preparation 11

4.2. Capital Replacement Reserve 12

5. BUDGET ADJUSTMENTS 13

5.1. Adjustments Budget 13

5.2. Virement Process 14

6. UNSPENT FUNDS / ROLL OVER OF BUDGET .....15-16$

DEFINITIONS

“Allocation", means-
(a) a municipality's share of the local government's equitable share referred to in section 214(1) (a) of the Constitution;
(b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
(c) an allocation of money to a municipality in terms of a provincial budget; or
(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"aggregated expense and aggregated revenue ", means- the total income and/or expense which has been adjusted to remove distorting factors which are generally contra entries and are ad hoc, once off. or outside of the control of the Municipality. These include but are not limited to Xstrata's electricity, housing, internal charges, ‘below the line’ items, the 2010 stadium and other relevant ad hoc items.

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget,” means an annual budget-
(a) approved by a municipal council, or
(b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

“Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including-
(a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
(b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
(c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

“chief financial officer” means a person designated in terms of section 80(2) (a) of the MFMA;

“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 or power, includes an instruction or request to perform or to assist in performing the duty and which must be in writing;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA

"financial statements", means statements consisting of at least-
(a) a statement of financial position;
(b) a statement of financial performance;
(c) a cash-flow statement;
(d) any other statements that may be prescribed; and
(e) any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on 30 June each year

"financing agreement" includes any loan agreement, lease, and installment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means-
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorized expenditure";

"investment", in relation to funds of a municipality, means-
(a) the placing on deposit of funds of a municipality with a financial institution; or
(b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"Municipal Structures Act" means the Local Government; Municipal Structures Act, 1998 (Act No. 117 of 1998);

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

“long-term debt" means debt repayable over a period exceeding one year;

"executive mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialized or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"-
(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose.

National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"

"official", means-
(a) an employee of a municipality or municipal entity;
(b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
(c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"operating capital"- means
the cash funds required to cater for at least two months operating capital requirements and includes payment of creditors and provision for timing differences in payment of major electricity accounts

"overspending"-
(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year; "quarter" means any

of the following periods in a financial year:

(a) 1 July to 30 September;
(b) 1 October to 31 December;
(c) 1 January to 31 March; or
(d) 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-
(a) projections for each month of-
(i) revenue to be collected, by source; and
(ii) operational and capital expenditure, by vote;
(b) service delivery targets and performance indicators for each quarter; and
(c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognized accounting practice," means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

"unauthorized expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

(a) overspending of the total amount appropriated in the municipality's approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
(c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b)r (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;

"budget transfer" means the transfer of funds between line items within a vote of the operating budget

"vote" means-
(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.
"**same category of expenditure" means –**
(a) ~~**having the same item number or description e.g." item number 044 or general expenses**~~"

Having the same item number or description, e.g. Item number IE00036 or Employee related.

1. PURPOSE OF THE POLICY

The purpose of this policy is to promote sound and sustainable management budgeting in terms of the Municipal Financial Management Act (MFMA), S160 (6) of the Constitution and S 11(3) (h), (m) of Municipal Structures Act (MSA).

The municipality derives its legislative and executive authority to prepare, approve and implement the budget from S11 (3) (h) and (i) of the MSA, which includes the imposing and recovery of rates, taxes, levies, duties, service fees and surcharges on fees

2. BUDGET PRINCIPLES AND PREPARATION

2.1. Appropriate of Funds for Expenditure

The municipality may only incur expenditure in terms of an approval budget and within the limits of the amounts appropriated for the different votes in an approved budget, except where otherwise provided for in the MFMA and supporting regulations.

2.2. Funded Budget

Each annual and adjustments budget shall reflect a surplus and be fully funded, realistic, credible, viable and implementable.

Any unappropriated surplus from previous financial years shall be appropriated, as far as it is not required to finance the operating capital or for other operational purposes, to the municipality's Capital Replacement Reserve (CRR).

Any impending deficit shall be rectified in an adjustments budget. If a deficit arises at the end of a financial year the deficit will immediately be rectified in the adjustments budget for the ensuing financial year, and not offset against any unappropriated surplus carried forward from preceding financial years.

2.3. Budget Guidelines

The Chief Financial Officer shall prepare Budget Guidelines within the timeframe of the Budget/IDP Time schedule which contain the principles, objectives and strategies for the forthcoming budget. These will take cognizance of prevailing economic factors and guidelines issued by National and Provincial Government.

The Budget Guidelines give general direction to the budget process, indicate affordable budget growth and envisaged tariff increases. Within these principles the guidelines will provide the maximum incremental increase for each vote which must be used as the basis of preparation of the budget.

2.4. Budget Allocation and Submission by Directorates

The allocation of budget by the Director must be within the strategic direction of Council and the reviewed IDP and SDBIP.

The budget guidelines provide the allowable budgetary increment for each vote. The Director has the discretion to allocate budget to line-items within the vote, except where the chief financial officer determines provision must be made in terms of the municipality's approved policies, and contractual and statutory commitments. For example, salaries, depreciation charges, finance charges, insurance costs, skills development levies and administrative charges.

The Director shall justify the budget allocation for each vote and line-item. In motivating the allocations, the director will provide appropriate quarterly performance indicators and service delivery targets. Such indicators and targets shall be prepared with the approval of the municipal manager and the mayor.

Each Director must submit their budget within the budgetary guidelines. Submission of budgets which exceed the maximum incremental increase and/or do not provide appropriate evidence of funding for capital projects will not be considered as a submission of the directorate's budget.

2.5. SDBIP and Cash Flow Projections

The SDBIP submitted from each directorate shall include the following components:

i. Monthly projections of revenue to be collected for each source
ii. Monthly projections of expenditure (operating and capital) and revenue for each vote
iii. Quarterly projections of service delivery targets and performance indicators for each vote
iv. Ward information for expenditure and service delivery
V. Detailed capital works plan broken down by ward over three years

Each directorate shall provide a monthly cash flow projection for the by line item level for the operating budget and individually for each capital item. These cash flow projections will be consolidated into the SDBIP.

Draft SDBIP's will be submitted each May to coincide with final budget approval.

2.6. Depreciation and Finance Charges

Depreciation expenses shall be provided for in the operating budget. The cash surplus generated from depreciation expenses on fixed assets financed from external borrowings shall be transferred to the investments created to redeem such borrowing. The cash surplus generated by non-loan funded assets will be transferred to the Capital Replacement Reserve.

Depreciation and finance charges shall be charged to or apportioned between the directorates or votes to which the projects relate.

Depreciation and finance charges together shall not exceed 15% of the aggregate expenses in the operating budget of each annual or adjustments budget.

2.7. Impact of Increases on Rates and Tariffs

When considering the annual budget, council will take into account the impact of proposed increases in rates and service tariffs on the monthly accounts of households. The impact of increases will be assessed on a fair sample of randomly selected accounts. The Council will endeavor to limit the average additional impact of an increase to the consumer price index.

If an increase above the consumer price index for a major tariff can be justified, the relevant director will release a press statement prior to budget consultation.

2.8. Aggregate Rate Revenue

The municipality shall strive to maintain the revenue from property rates at not less than 25% of the aggregated revenues.

2.9. Labour Budget

The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and not exceed 30% of the aggregate expenses of the operating budget of the annual or adjustments budget. In applying this principle the remuneration of political office bearers and other councilors will be excluded from this percentage. Salaries are included in allowable increment limit of each vote.

3. OPERATING BUDGET

3.1. Provision for Accrued Leave

The municipality shall establish and maintain a provision for accrued leave entitlements equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year, and budget appropriately for contributions to the provision in each annual budget.

3.2. Provision for Bad Debts

The municipality shall establish and maintain a provision for bad debts in accordance with its rates and tariffs policies and realistic collection rates, and

budget appropriately for contributions to the provision in each annual budget and review in the adjustments budget.

3.3. Interest Earned

Interest earned on the municipality's investments shall be budgeted for in the revenue budget and an expense provided for transfer to the accumulated reserve based on the opening investment balance.

3.4. Provision for Maintenance of Fixed Assets

In each annual and adjustments budget there shall be adequate provision for the maintenance of fixed assets in accordance with the fixed asset management and accounting policy. At least 5% of the aggregated expense of each budget shall be set aside for maintenance. This amount includes salary and vehicle costs.

4. CAPITAL BUDGET

4.1. Capital Budget Preparation

Every Director in consultation with the Chief Financial Officer will prepare a draft Capital Budget in respect of the ensuing financial year and a draft Capital Programme for the following two financial years based on the following principles:-

- Year Two of the current Capital Budget shall become Year 1 of the next year's Budget and Year Three of the current Capital Programme shall become Year Two
- New projects may enter the Capital Budget in Year 3.

No capital project will be accepted for inclusion into the budget unless it is accompanied by the projected cost covering all financial years until the project is operational, future operational costs and revenue and cash flow for the project. For a new project to be considered as part of the budget it must be fully motivated and accompanied by a complete project appraisal.

The Capital Budget and Capital Programme shall

(a) indicate separately projects which are -
- committed projects;
- related to maintaining existing services/ infrastructure; o financed by grants and subsidies; and o other projects

(b) include the following in connection with new projects:-

- full motivations, including details of their impact on the operating budget. These projects must be accompanied by a complete project appraisal and life cycle costing.

- a monthly cash flow projection for the first full financial year of a project. The cash flow must differentiate between external payments and internal work performed.

- The status of the project in the Integrated Development Plan and motivation as to how the Integrated Development Plan will be supported.

- Evidence of secured funding for grant projects

(c) indicate projects that have been deleted from the previous programme and the reasons for deletion.

The tabled capital budget of the annual or adjustments budget will be properly balanced in that proposed capital expenses must be matched by funding which is realistic and from secured sources. Grant funded projects can only be included year 1 of the budget if the grant funding and the project's meeting of grant conditions has been confirmed in writing by the granting body.

Before approving a capital project, the Council must consider:

- the projected cost of the project over all the ensuing financial years until the project becomes operational,

- the future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on the operating budget (i.e. on property rates and service tariffs).

Before approving the capital budget of the annual or adjustments budget, the council shall consider the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets, and other ordinary operational expenses associated with any item on the capital budget.

Significant delays and under spend in implementation of the capital budget will result in reallocation of that budget as part of the adjustments budget.

4.2. Capital Replacement Reserve

The council shall maintain a Capital Replacement Reserve (CRR) for the purpose of financing capital projects and acquisition and replacement of assets. The CRR must be cash backed and before any asset can be budgeted for from the CRR financing must be available within the reserve. If there is insufficient cash in the CRR, transfers must be budgeted for and adjusted.

The reserve shall be established from the following sources of revenue:

- Unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
- Interest on the investments of the CRR appropriated;
- Profit on sale of land
- royalties
- Further amounts appropriated as contributions in each annual or adjustments budget; and
- Net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.

5. BUDGET ADJUSTMENTS

5.1. Adjustments Budget

The Executive Mayor may table an adjustments budget where:

- There is material under collection of revenue
- To appropriate additional revenue that has become available but only to revise or accelerate spending on programmes already budgeted for
- To authorise unforeseeable and unavoidable expenditure supported by appropriate documentation in relation to the Exemption Report which is approved by the Mayor, Municipal Manager and Chief Financial Officer
- To authorise utilisation of projected savings between votes
- To authorise spending of unspent funds as at previous year within legislative prescripts.
- Budget adjustment of conditional grants funds to purposes within that specified in the relevant conditional grant framework can be done administratively and there must be a confirmation in writing from the relevant granter.
- Budget adjustment of transport can be done administratively to and from different directorates / department. All the request must come from The Director Technical Services and Infrastructure and the final approval of the budget must be done by the Chief Financial Officer.

All recommendations for budget adjustments must contain the financial comment by the Chief Financial Officer prior to consideration by the Mayoral Committee and Council.

Only Council may approve an adjustments budget.

5.2. Virement Process

Budget transfers refer to movement of budget funds between ~~line items within a vote~~ Votes within a Directorate.

All budget transfer proposals must be:

- completed on the appropriate documentation and forwarded to Budget Office for checking and implementation
- the effect of the budget transfer in the next two budget years should be indicated
- signed by the Director responsible for the vote
- approved in line with Council's System of Delegation *<Council resolution to accompany approval of policy>.*

Approval of budget transfers in the Operating Budget:

- are recommended by the Director for final approval by the Chief Financial Officer

Expenditure may only be committed or incurred after final approval.

The allowable percentage, number and amount of budget transfers per vote and per directorate will be reported to the Management on a monthly basis.

Projected cash flows in the SDBIP must be adjusted in line with budget transfers.

The following restrictions apply to budget transfers:

- Virement should not be permitted in relation to the revenue side of the budget;
- Virement between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management;
- Virement from the Capital Budget to the operating budget should not be permitted;
- Virement towards personnel expenditure should not be permitted;

- Virement to or from the following items should not be permitted: Bulk purchases, debt impairment, interest charged, depreciation, grants to individuals, revenue foregone, insurance and VAT;
- Virement should not result in adding new projects to the Capital Budget;
- Virement of conditional grants funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted;
- Virement must be allowed within the same directorate.
- Virement on capital project for the same group of assets must be allowed (e.g. Fleet).

- ~~There should be prudent limits on the amount of funds that may be moved to and from votes and sub-votes. Virement is limited to 5% of the aggregated expenditure per annum;~~
- ~~**The limitation of 5% should be on the approved total of the same expenditure category within the same vote. (vote being the directorate).**~~

- No (Virement may be made where it would result in over expenditure of a line item

- If the budget transfer relates to an increase in the work force establishment, then the required approval processes and Council's existing recruitment policies and procedures will apply.

- **Virement** from the following categories can only be undertaken by the Chief Financial Officer, and) it must be within the relevant vote:
  - Salaries and allowances
  - **No virement should be allowed on protective clothing, shift allowance, temporary workers and overtime.**
  - Depreciation
  - Capital Costs (Interest and Redemption)
  - Appropriations
  - Contributions to Funds
  - Administration Costs
  - Municipal Rates and Services (Rates, Water, Electricity, Refuse and Sewerage)
  - Bulk services

- An approved Virement does not give expenditure authority, and expenditure resulting from approved Virement is subject to the supply chain management policy of Council
- ~~Virement may not be made across votes~~
- Virement may not be made across Directorates (e.g LED to BTO)
- Virement may not be approved within the first three months of a financial year.

6. UNSPENT FUNDS / ROLL OVER OF BUDGET

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, except for funds relating to capital expenditure appropriated in terms of S 19 of the MFMA that are committed to identifiable projects.

Unspent conditional grants may be rolled over to the next financial year only if National Treasury has confirmed in writing whether or not the municipality may retain as a rollover any unspent funds because they are committed to identifiable projects. Conditions of the grant fund shall be taken into account in applying and approving rollover of funds.

Application for rollover of funds shall be forwarded to the budget office by the 15th of April each year to be included in next year's budget for adoption by Council in May. When applying to rollover the unspent funds, the directorates must supply Budget Office with the following information:-

- Details of each of the projects to which funds are committed;
- A progress report on the state of the implementation of each projects;
- The amount of funds committed to each project, and the conditional allocation from which the funds come from; and
- An indication of the time-period within which the funds are to be spent.

Requests for rollover of funds after 15 April will not be considered.

The budget for the current financial year will be reduced by the amount of the rollover required for the next financial year. Only existing projects can be rolled over and no new projects can be created.

There can be no rollover of operating budget. Any operational grants that are anticipated to be unspent at year end should be provided for in the new budget at the time of preparation.

Minor adjustments to the rolled over budget (to a maximum of 10% per project) shall be done during the first budget adjustment in the new financial year after taking into account revised expenditure up to the end of the previous financial year.

RUSTENBURG

LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

PREAMBLE

(1) **WHEREAS** section 152(1)(b) of the Constitution of the Republic of South Africa, Act 108 of 1996 (hereinafter referred to as "the Constitution") provides that one of the objects of Local Government is to ensure that the provision of services to communities occurs in a sustainable manner;

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

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

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

(4) **AND WHEREAS** section 18(1)(a), read with sub-section (2) of the Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA") provides that an annual budget of the Municipality should be funded from realistically anticipated revenues to be collected taking into account projected revenue for the current year based on collection levels to date and the actual revenue collected in the previous financial years;

(5) **AND WHEREAS** section 4(1)(c) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act") provides that the Council of a Municipality has the right to finance the affairs of the Municipality by charging fees for services, imposing surcharges on fees, rates on property

and, to the extent authorised by national legislation, other taxes, levies and duties;

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

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

(8) **AND WHEREAS** in terms of the provisions of section 95 of the Systems Act, the Rustenburg Local Municipality (hereinafter referred to as "the Municipality"), in relation to the levying of rates and other taxes and the charging of fees for municipal services and within its financial and administrative capacity, must:

(a) establish a sound customer management system which aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality, and where applicable a service provider;

(b) establish mechanisms for consumers of municipal services and ratepayers to give feedback to the Municipality or other service provider regarding the quality of the municipal services and performance of the service provider;

(c) take reasonable steps to ensure that users of municipal services are informed of the costs involved in municipal service provision, the reasons for the payment of municipal service fees and the manner in which monies raised from such municipal service are utilised;

(d) where the consumption of municipal services has to be measured, take reasonable steps to ensure that the consumption by individual users of municipal services is measured through accurate and verifiable metering systems;

(e) ensure that persons liable for payments receive regular and accurate statements that indicate the basis for calculating the amounts due;

(f) provide accessible mechanisms for those persons to query or verify statements and accounts and metered consumption;

(g) provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the Municipality which includes the declaring of disputes and procedures which allows for the dealing with such disputes;

(h) provide mechanisms to monitor the response time and efficiency in complying with sub-paragraph (g) above; and

(i) provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for municipal services;

(9) **AND WHEREAS** and in terms of the provisions of section 96 of the Systems Act, the Municipality must collect all money which is due and payable to it subject to the provisions of the Systems Act and other applicable legislation and for this purpose must adopt, maintain and implement a Credit Control and Debt Collection Policy which complies with the provisions of the Systems Act and is consistent with the Rates and Tariff Policies of the Municipality;

NOW THEREFORE the Municipality has adopted this policy in compliance with the provisions of the above referred to sections and specifically the provisions of section 97 of the Systems Act, to be known as the “Credit Control and Debt Collection Policy” which provides the contents for this policy.

THE RUSTENBURG LOCAL MUNICIPALITY:

CREDIT CONTROL AND DEBT COLLECTION POLICY

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTORY PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	9
2.	AIM AND PURPOSE	22
3.	TITLE AND APPLICATION	23
4.	COMMENCEMENT AND VALIDITY	24
5.	RESPONSIBLE AUTHORITY	24
6.	GENERAL PRINCIPLES FOR CREDIT CONTROL AND DEBT COLLECTION	25

CHAPTER 2

DUTIES AND FUNCTIONS

7.	DUTIES AND FUNCTIONS OF THE COUNCIL AND/OR MUNICIPALITY	28
8.	DUTIES AND FUNCTIONS OF COUNCILLORS AND EMPLOYEES OF THE MUNICIPALITY	29
9.	DUTIES AND FUNCTIONS OF THE EXECUTIVE MAYOR	30
10.	DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER	31
11.	DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS	33

CHAPTER 3

PERFORMANCE EVALUATION AND REPORTING

12.	TARGETS AND PERFORMANCE OBJECTIVES	35
13.	INCOME AND COLLECTION TARGETS	35
14.	CUSTOMER SERVICE TARGETS	35
15.	ADMINISTRATIVE PERFORMANCE	36
16.	REPORTING	37

CHAPTER 4

CUSTOMER CARE AND MANAGEMENT

17.	CUSTOMER CARE AND MANAGEMENT PRINCIPLES	39
18.	COMMUNICATION	39
19.	PROVISION OF MUNICIPAL SERVICES TO CUSTOMERS, MUNICIPAL SERVICE AGREEMENT AND CUSTOMER REGISTRATION	40
20.	DEPOSIT	49
21.	METERING	53
22.	PRE-PAYMENT METER SYSTEM	61
23.	STATEMENTS AND BILLING	62
24.	REFUNDS	70
25.	PAYMENT FACILITIES AND METHODS FOR PAYMENT	71
26.	INCENTIVE SCHEMES	73
27.	ENQUIRIES, DISPUTES AND SERVICE COMPLAINTS	73
28.	QUERIES AND SERVICE COMPLAINTS	74
29.	SECTION 102(2) DISPUTES	77
30.	GRANTING AN EXTENSION OF THE PERIOD IN WHICH TO MAKE PAYMENT OF AMOUNTS DUE IN TERMS OF AN ACCOUNT	80
31.	ARRANGEMENTS TO PAY ARREARS IN CONSECUTIVE INSTALMENTS	81
32.	CATEGORIES OF DEBTORS AND GUIDELINES FOR THE GRANTING OF EXTENSIONS OF DUE DATES FOR PAYMENT OR THE ENTERING INTO OF ARRANGEMENTS FOR THE PAYING OFF OF ARREARS	84

CHAPTER 5

CREDIT CONTROL AND DEBT COLLECTION MEASURES AND OTHER INSTANCES FOR THE LIMITATION, DISCONNECTION OR TERMINATION OF MUNICIPAL SERVICES

33.	DIFFERENT DEBT COLLECTION AND CREDIT CONTROL MEASURES	89
34.	NOTICE OF DEMAND	90
35.	THE LIMITATION, DISCONNECTION OR TERMINATION OF THE MUNICIPAL SERVICES OF WATER AND ELECTRICITY	91
36.	RECONNECTION OR REINSTATEMENT OF MUNICIPAL SERVICES	94
37.	TERMINATION OF MUNICIPAL SERVICES BY CUSTOMER	95
38.	TERMINATION OF MUNICIPAL SERVICES AGREEMENT BY THE MUNICIPALITY	95
39.	TEMPORARY DISCONNECTION AND RECONNECTION	96
40.	LEVYING OF PENALTIES AND INTEREST CHARGES ON ARREARS	97
41.	THE INSTITUTION OF DEBT COLLECTION PROCEDURES AND LEGAL PROCEEDINGS TO RECOVER DEBT	97
42.	FULL AND FINAL SETTLEMENT	99
43.	JOINT AND SEVERAL LIABILITIY OF OWNERS, TENANTS AND OCCUPIERS	99
44.	JOINT AND SEVERAL LIABILITY OF OWNERS, TENANTS AND OCCUPIERS FOR ARREARS REGARDING RATES	100

CHAPTER 6

CUSTOMER ASSISTANCE

45.	RATE REBATE	101
46.	FREE BASIC SERVICES	101
47.	INDIGENT SUPPORT	101

CHAPTER 7

PROVISION FOR BAD AND IRRECOVERABLE DEBT

48.	PROVISIONS FOR BAD DEBT	102
49.	IRRECOVERABLE BAD DEBT AND WRITE OFFS	103

CHAPTER 8

GENERAL PROVISIONS

50.	RIGHT OF ACCESS OR ENTRY TO PROPERTY AND INSPECTION	107
51.	UNAUTHORISED ACTIVITIES – THEFT, FRAUD AND TAMPERING	108
52.	CLEARANCE CERTIFICATES	110
53.	DAMAGE TO MUNICIPAL SERVICE INFRASTRUCTURE	111
54.	REPORTING DEFAULTERS	112
55.	PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS	113
56.	NOTICE	113
57.	NON LIABILITY OF THE MUNICIPALITY	114
58.	CODE OF ETHICS	114
59.	AUTHENTICATION OF DOCUMENTS	116
60.	PRIMA FACIE EVIDENCE	116
61.	PROVISION OF INFORMATION	116
62.	AVAILABILITY OF POLICY AND BY-LAWS	116
63.	BY-LAW TO GIVE EFFECT TO THIS POLICY	117

SCHEDULES

SCHEDULE 1	AGREEMENT FOR MUNICIPAL SERVICES

CHAPTER 1

INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder and words or expressions to which a meaning has been assigned in terms of the provisions of the Systems Act and the Tariff Policy or By-Law or the Rates Policy or By-Law of the Municipality, will have a corresponding meaning assigned thereto in terms of such policies or by-laws. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"account"**	Means the account opened for a customer in the financial system of the Municipality and in respect of which an account number is allocated, and in context also refer and include the entries and activities and/or arrears reflected on the account, containing and reflecting the liability of the consumer for the payment of rates, tariffs, levies, fees and the consumption of municipal services, which includes charges in respect of the following: (a) electricity consumption; (b) water consumption; (c) refuse removal and disposal; (d) sewerage services and sewer availability fees; (e) interest; and (f) miscellaneous and sundry fees and collection charges.

1.2	**"arrears"**	Means any amount due, owing and payable in respect of rates, tariffs, levies, fees and for the consumption of municipal services in terms of this policy and includes *inter alia*: (a) the principal amount; (b) collection charges; (c) interest; (d) default charges; (e) connection and disconnection fees; (f) any other amount owed to the Municipality not referred to above; and which was not paid on or before the payment date.
	"B"	
1.3	**"billing"**	Means proper notification and invoicing of a statement to a customer of amounts levied for rates, tariffs, levies, fees and the consumption of municipal services including all other amounts and charges due in terms of this policy as well as the net accumulated balance of the account.
1.4	**"billing cycle"**	Means the time period in respect of which a customer is liable to effect payment to the Municipality for rates, tariffs, levies, fees and consumption of municipal services, being a monthly cycle in respect of the tariffs, levies, fees and consumption of municipal services, and either a monthly or an annual cycle in respect of rates, and which cycle ends on the payment date.
	"C"	
1.5	**"Chief Financial Officer"**	Means a person appointed by the Council and designated by the Municipal Manager of the Municipality to manage the financial administration of the Municipality and who remains directly

		accountable to the Municipal Manager as contemplated in terms of the provisions of section 80(2)(a) read with the provisions of section 1 and section 81 of the MFMA.
1.6	**"collection charges"**	Means all costs incurred by the Municipality during the process of recovering monies due and payable to it, or arrears, including the charges which may be recovered by the Municipality in terms of section 75A of the Systems Act and includes: (a) the cost of reminding a customer of monies due and payable or arrears; (b) the cost of the termination, disconnection, restriction and reinstatement of municipal services; (c) the cost of any notice rendered, sent or delivered; (d) all legal cost, including attorney and client cost incurred in the recovery of arrears; and (e) any commission and other expenses relating to the recovery of arrears payable by the Municipality to any person or service provider.
1.7	**"consumer"**	Means any person or entity consuming or receiving municipal services, irrespective of whether such a person has concluded a service level agreement with the Municipality, and may also include a person who illegally and unlawfully connects to the municipal services infrastructure or who illegally and unlawfully gains access to or usage of the municipal services or who consumes any municipal services unlawfully. This also includes beneficiaries of RDP houses and documented beneficiaries of deceased estates who are still awaiting transfers.

1.8	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.9	**"credit control"**	Includes all the functions relating to the collection of monies owed to the Municipality by consumers. Credit control under this definition starts once an account is in arrears or any consumer connects to any service infrastructure or consumes any municipal service lawfully or unlawfully.
1.10	**"credit controller"**	Means a person appointed by the Municipality to manage *inter alia*, the financial and administration credit control and debt collection of the Municipality's debtors.
1.11	**"customer"**	Means the owner of the premises or in exceptional circumstances a tenant, and includes a person or entity liable to the Municipality for the payment of tariffs, levies, fees and municipal consumption charges in terms of a service agreement concluded with the Municipality, and may include a person who applied to the Municipality to become a Registered Indigent in terms of the Indigent Policy, and who is not the owner of the premises, but who is: (a) the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or (b) the party to whom the residential property is awarded in the event of a divorce; or (c) where a deceased estate has not been wound up: (i) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

		(ii) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or (iii) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or (iv) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate; and who simultaneously with the application for indigent support in terms of the Indigent Policy, applied for the provision of municipal services in terms of this policy to be granted an account and to conclude a service agreement with the Municipality, and whose application has been approved by the Municipality, and as such has concluded a service agreement with the Municipality.
1.12	**"customer management"**	Means focusing on the customer's needs in a responsive and proactive manner to encourage payment, thereby limiting the need for credit control.
"D"		
1.13	**"day(s)"**	Means a normal calendar day which include a Saturday, Sunday and public holidays.
1.14	**"debt collection"**	Means the functions relating to the collection of arrears and includes the restructuring of such debt, and procedures and mechanisms for the collection of all monies due and payable to the Municipality in terms of this policy, and in respect of rates, tariffs,

		levies, fees and municipal consumption charges for municipal services, in order to ensure financial sustainability and the uninterrupted delivery of municipal services in the interest of the community.
1.15	**"debtor"**	Means any person, including a customer or consumer, who has failed to make payment of a debt due, owing and payable to the Municipality on or before the payment date.
1.16	**"dispute"**	Means a dispute as contemplated in terms of the provisions of section 102(2) of the Systems Act.
"E"		
1.17	**"equipment"**	Includes any building or other structure, pipe, pump, wire, cable, meter, engine, any apparatus, tools, device, connection system or network, service protection device, reticulation network or supply mains or any part of any of the aforegoing supplied or used in the supply, distribution or conveyance of municipal services or the measurement of consumption of such services, or any other accessories to any of the aforementioned.
1.18	**"exceptional circumstances"**	Means such circumstances which in the sole discretion of the Chief Financial Officer constitute an exception.
1.19	**"Executive Mayor"**	Means the Executive Mayor of the Municipality as elected in terms of section 55 of the Structures Act.
"H""		
1.20	**"household"**	Means the total number of persons who permanently resides and occupy a single premise for residential purposes.
"I"		
1.21	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality renders to Registered Indigents and households

		headed by Registered Indigents in terms of the Indigent Policy of the Municipality.
1.22	**"interest"**	Means the charge levied on arrears as referred to in the provisions of section 75A(1)(b) of the Systems Act and at the rate as resolved by the Council.
	"M"	
1.23	**"Mayoral Committee"**	Means the Mayoral Committee as envisaged in terms of the provision of section 60 of the Structures Act.
1.24	**"MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.25	**"MPRA"**	Means the Local Government: Municipal Property Rates Act, Act 6 of 2004.
1.26	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or

		(c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.27	**"Municipal Manager"**	Means the Municipal Manager of the Municipality appointed in terms of the provisions of section 54A of the Systems Act and as referred to in the definition of "Accounting Officer" in section 1 of the MFMA, and also referred to in section 60 of the MFMA, and includes a person acting as an Accounting Officer, or the person to whom the Accounting Officer has delegated his/her authority to act.
1.28	**"municipal services" or "services"**	Means a service that a Municipality provides or may provide in terms of its powers and functions to or for the benefit of the local community irrespective of whether: (a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76 of the Systems Act or by engaging an external mechanism contemplated in section 76; or (b) fees, charges or tariffs are levied in respect of such service or not.
"O"		
1.29	**"occupier"**	Means any person who occupies premises or part thereof, without taking cognisance of the title under which he or she occupies the premises.
1.30	**"official application form"**	Means the application form provided in Schedule 1 to this policy.
1.31	**"owner"**	Means: (a) the person in whose name the property is registered; (b) in the case where the person in whose name the property is registered, is insolvent or

		deceased, or is disqualified in terms of any legal position, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, usufructuary, servitude holder or any other duly authorised of appointed representative; (c) in the case where the Municipality or service provider is unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon; (d) in the case of a lease agreement entered into for a period of 30 (thirty) years or longer, or for the natural life of the lessee or any other person mentioned in the lease, or is renewable from time to time at the will of the lessee indefinitely or for a period of periods which, together with the first period of the lease, amounts to 30 (thirty) years, the lessee or any other person to whom he has ceded his right, title and interest under the lease, or gratuitous successor to the lessee; (e) in relation to: (i) a piece of land delineated on a sectional title plan and which is registered in terms of the Sectional Title Act, Act 95 of 1986, without limiting it to the developer or body corporate in respect of the common property; (ii) a section as defined in the Sectional Title Act, Act 95 of 1986, the person in whose name that section is registered in terms of a "sectional title deed", including the lawfully appointed representative or agent of such person;

		(f) any legal entity including but not limited to: (i) a company registered in terms of the Companies Act, Act 61 of 1973, a trust inter vivos, trust mortis causa, a close corporation registered in terms of the Close Corporation Act, Act 69 of 1984 and any voluntary organisation; (ii) any provincial or national government department, or local authority; (iii) any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and (iv) any embassy or other foreign entity in whose name the property is registered; (g) in relation to property owned by the Municipality and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and (h) in relation to property owned by or under the control or management of the Municipality while held under a lease or any express or tacit extension thereof or under any other contract or under servitude or right analogous thereto, the person so holding the immovable property.
"P"		
1.32	**"payment date"**	Means the date by which any amount due, owing and payable should have been paid.
1.33	**"person"**	Means any natural or juristic person, local government body or like authority or an organ of state as defined in terms of section 239 of the Constitution, a company incorporated under any

		law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association, club or trust.
1.34	**"prepayment meter"**	Means a meter whereby payment for municipal services is first made elsewhere and credit is transferred to such meters by means of a token or coded number or credit card or other means and such meter is programmed and dispenses pre-purchased municipal services as it is consumed by the consumer at a predetermined rate or charge.
1.35	**"prepayment measuring system"**	Means a meter and ancillary devices, approved by the Municipality designed to measure and allocate to a consumer the quantity of municipal services pre-purchased by the consumer.
1.36	**"premises"**	Means any property or any building or structure above or below ground levels on property and may include any vehicle, aircraft or vessel.
1.37	**"property"**	Means: (a) immovable property registered in the name of a person/owner including in the case of a sectional title scheme, a sectional title unit registered in the name of any person/ owner; (b) a right registered against immovable property in the name of a person excluding a mortgage bond registered against the property; (c) any piece of land, the external surface boundaries of which are delineated on: (i) a general plan or diagram registered in terms of the Land Survey Act, Act 9 of 1927 or in terms of the Deeds Registries Act, Act 47 of 1937 or; (ii) a sectional plan registered in terms of the Sectional Titles Act, Act 95 of 1986;

		which is situated within the area of the Municipality; (d) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or (e) public service infrastructure.
	"R"	
1.38	**"rates"**	Means a municipal rate on property levied in terms of section 229(1)(a) of the Constitution and section 2(1) the MPRA.
1.39	**"Registered Indigent"**	Means a person who has applied to the Municipality in terms of the Indigent Policy to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent on the Indigent Register as contemplated in the Indigent Policy of the Municipality.
	"S"	
1.40	**"service agreement"**	Means the written agreement concluded between the Municipality and a customer for the provision of municipal services to premises once the Municipality has approved the customers official application form for the rendering of such services to the customer and which contains the terms and conditions upon which the Municipality will render such services to the customer.
1.41	**"service provider"**	Means the Municipality as well as any external entity that provides municipal services to the consumer on behalf of the Municipality, pursuant to a service delivery agreement entered into with Municipality in terms of section 80 of the Systems Act, and may also include any authorised agent of the Municipality.

1.42	**"statement"**	Means the statement furnished to a customer reflecting the status of the account of the customer, or the liability of the consumer where such a consumer has no account, for the payment of rates, tariffs, levies, fees and the consumption of municipal services and which reflects the amount due to the Municipality by such customer/consumer in respect of the rates, tariffs, levies, fees and municipal services consumed and which includes charges in respect of the following: (a) electricity consumption; (b) water consumption; (c) refuse removal and disposal; (d) sewerage services and sewer availability fees; (e) interest; and (f) miscellaneous and sundry fees and collection charges.
1.43	**"Structures Act"**	Local Government: Municipal Structures Act, Act 117 of 1998.
1.44	**"Systems Act"**	Local Government: Municipal Systems Act, Act 32 of 2000.
"T"		
1.45	**"tamper"**	Means any interference with, damage to, alteration of, by-passing of any connection to, or removal of any equipment and includes the consumption of or use of any municipal services not in accordance with this policy.
1.46	**"tariff policy"**	Means the Tariff Policy of the Municipality as envisaged in terms of the provisions of section 74 of the Systems Act.
1.47	**"Tariff Schedule"**	Means the Tariff Schedule as referred to in the Tariff Policy and approved by Council.

1.48	**"tenant"**	Means a person who is entitled to the use and enjoyment of premises for the payment of rent as a result of an agreement concluded with a person who has the right to extent such rights regarding the premises.
1.49	**"this policy"**	Means the Credit Control and Debt Collection Policy of the Municipality.

2. AIM AND PURPOSE

(1) This policy constitutes the policy of the Municipality as contemplated in terms of the provisions of section 96(b) of the Systems Act, read with the provisions of section 97 of the same act.

(2) This policy further provides for and gives effect to those matters set out in the provisions of section 95 of the Systems Act.

(3) The aim and purpose of this policy is to:

(a) ensure that all monies due and payable to the Municipality in respect of rates, tariffs, fees, levies, municipal services, surcharges on such fees, charges, tariffs, levies and interest which has accrued on any amounts due and payable in respect of the aforegoing and any collection charges in respect thereof, are collected promptly and efficiently;

(b) provide for credit control and debt collection procedures and mechanisms;

(c) provide relief for Registered Indigent account holders;

(d) provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and the estimates of income as set out in the annual budget of the Municipality less the acceptable provision for bad debt as provided in Chapter 6 of this policy;

(e) provide for the levying of interest on arrears;

(f) provide for collection charges on the payment of any arrears;

(g) provide for the extension of time for the payment of arrears;

(h) provide for the dealing with disputes declared in terms of the provisions of section 102(2) of the Systems Act;

(i) provide for matters relating to the unauthorised consumption, theft and/or damages of or to equipment or municipal services;

(j) to provide for conditions relating to the supply of municipal services and the termination of municipal services or for restrictions on the provisions of municipal services when payments are in arrears;

(k) to provide for mechanism whereby statements or meter reading services may be queried or verified;

(l) to provide for mechanisms where irrecoverable debt is written off;

(m) to provide for penalties for non-compliance with the policy;

(n) to provide for incentives and disincentives in order to ensure cost effective debt collection; and

(o) to enable the Municipality to collect all budgeted income in order to fund its operational requirements in respect of service delivery to the community within its municipal area.

3. TITLE AND APPLICATION

(1) This policy is known as the Credit Control and Debt Collection Policy of the Rustenburg Local Municipality and is applicable to the municipal area of the Municipality.

(2) This policy revokes and replaces all previous policies, decisions and/or *ad hoc* paragraphs within any other policy, regarding the subject matter of this policy.

(3) This policy further applies to all monies due and payable to the Municipality for:

(a) rates levied in terms of the MPRA;

(b) fees, charges and tariffs levied in terms of section 75A of the Systems Act;

(c) the provision of municipal services by the Municipality, respective of whether such municipal service(s) is provided by the Municipality itself or on behalf of the Municipality through a service provider;

(d) interest which has or will accrue in respect of any arrears;

(e) collection charges; and/or

(f) municipal services provided through prepayment meters, as well as any fees, surcharges on fees and/or tariffs in respect thereof.

4. COMMENCEMENT AND VALIDITY

This policy shall come into full force and effect upon the acceptance hereof by the Council of the Municipality by resolution.

5. RESPONSIBLE AUTHORITY

(1) The responsible authority for the adoption and implementation of this policy is the Municipality and where applicable the Council of the Municipality.

(2) The Executive Mayor of the Municipality, in collaboration with his/her Mayoral Committee, as the supervisory authority in terms of the provisions of section 99 of the Systems Act, is responsible for and must:

(a) oversee and monitor the implementation and enforcement of this policy as well as the Credit Control and Debt Collection By-Law of the Municipality;

(b) oversee and monitor the performance of the Municipal Manager in implementing this policy and the Credit Control and Debt Collection By-Law of the Municipality;

(c) if and when necessary, evaluate or review this policy or the Credit Control and Debt Collection By-Law of the Municipality, in order to improve the efficiency of the credit and debt collection mechanisms, processes and/or procedures; and

(d) at such intervals as may be determined by the Council, report to a meeting of the Council on the execution of its supervisory duty.

(3) The Municipal Manager or any service provider, as the implementing authority in terms of the provisions of section 100 of the Systems Act, is responsible for and must:

(a) implement and enforce this policy and the Credit Control and Debt Collection By-Law of the Municipality;

(b) establish effective administrative mechanisms, processes and procedures in order to collect monies due and payable to the Municipality in accordance with this policy and the Credit Control and Debt Collection By-Law of the Municipality; and

(c) at such intervals as may be determined by the Council report the prescribed particulars to a meeting of the supervisory authority referred to in sub-paragraph (2) above.

6. GENERAL PRINCIPLES FOR CREDIT CONTROL AND DEBT COLLECTION

(1) The administrative integrity of the Municipality must be maintained in the implementation and enforcement of this policy.

(2) All customers must complete an official application form, formally requesting the Municipality to provide municipal services to such customers and to a specific premise. The rights and obligations of the customer and the Municipality are set out in the service application form and the service agreement, as well as the terms and conditions upon which the Municipality will provide the municipal services to the customer.

(3) Upon the approval of an application by the Municipality, the official application form will constitute a service agreement between the customer and the Municipality, which service agreement sets out the terms and conditions upon which the Municipality will provide the municipal services to such customer. The Municipal Manager may from time to time direct that a new service agreement be concluded with existing customers. The credit-worthiness and other information which the Municipality deems necessary in order to approve an application may be obtained and confirmed by the Municipality.

(4) A copy of the official application form, the terms and conditions upon which the Municipality will provide the municipal services and extracts of this policy and the relevant Credit Control and Debt Collection By-Law of the Municipality, must be handed to every customer upon request at such fees as may be prescribed by Municipality.

(5) The Municipality will render a statement to the customer and will endeavour to cause it to be accurate and understandable and to be delivered to an address indicated by the customer.

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

(7) The customer is entitled to efficient, effective and reasonable responses to enquiries and the resolution of disputes.

(8) Enforcement of payment, collection of arrears and the termination or restriction of municipal services for non-payment must be prompt and consistent.

(9) Unauthorised consumption, connection and reconnection of municipal services, the tampering with or theft of meters, municipal service supply equipment and

the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to summary disconnections, penalties, loss of rights and criminal prosecution.

(10) Incentives and disincentives may be used as part of the debt collection procedures.

(11) The debt collection process must be cost-effective and efficient.

(12) The effectiveness of the implementation of this policy by the Municipality will be regularly and efficiently reported on and monitored.

(13) The official application forms will be used to, *inter alia*, identify the category of customers according to this policy, credit risk and to determine the relevant levels of municipal services and deposits required as well as the premises in respect of which these municipal services should be rendered.

(14) Targets for performance in both customer service and debt collection will be set and pursued, as well as remedies implemented for non-performance.

(15) Customers that meet the criteria of the Municipality set out in the Indigent Policy to be recognised as Registered Indigents must be identified and supported, but must take note that their status as Registered Indigents will be listed for credit rating and reporting purposes.

CHAPTER 2

DUTIES AND FUNCTIONS

7. DUTIES AND FUNCTIONS OF THE COUNCIL AND/OR MUNICIPALITY

(1) To approve a budget in terms of the applicable provisions of the MFMA, consistent with the Integrated Development Plan of the Municipality and having regards to the needs of communities, ratepayers and residents.

(2) To determine and impose rates, fees, charges and tariffs to finance the budget of the Municipality and to take reasonable steps to collect funds due to the Municipality.

(3) To facilitate sufficient funds to enable the Municipality to give access to basic municipal services to the poor.

(4) To provide for provision for bad debts, in line with the payment record of customers as reflected in the financial statements of the Municipality.

(5) To set an improvement target for debt collection, in line with acceptable accounting ratios and resources available to the Municipal Manager.

(6) To provide a reporting framework for customer care, credit control and debt collection.

(7) To consider and approve a by-law to give effect to this policy.

(8) To revise the budget should the targets of the Municipality for customer care and management, credit control and debt collection not be met.

(9) To take disciplinary and/or legal action against Councillors, officials and service providers who/which do not execute the policies and by-laws of the Municipality, or act improperly in terms of such policies and by-laws.

(10) To delegate the required authority to monitor and enforce this policy to the Executive Mayor, Municipal Manager and Chief Financial Officer of the Municipality, as may be required in terms of section 59 of the Systems Act.

(11) To ensure sufficient capacity within the Directorate: Finance, for the implementation of this policy by the Municipality or to appoint a service provider to execute certain functions in terms of this policy.

(12) To assist the Municipal Manager in the execution of his/her duties, if and when required.

(13) To provide funds for the training of staff.

(14) To monitor the performance of the Executive Mayor and the Mayoral Committee regarding their respective roles in credit control and debt collection, supervising the implementation and enforcement of this policy and the Credit Control and Debt Collection By-Law.

8. DUTIES AND FUNCTIONS OF COUNCILLORS AND EMPLOYEES OF THE MUNICIPALITY

(1) To hold regular ward meetings to discuss matters relating to debt collection and credit control.

(2) To adhere to and convey the policies of the Municipality to customers.

(3) To adhere to the Code of Conduct for Councillors as set out in Schedule 1, and the Code of Conduct for Municipal Staff Members as set out in Schedule 2 to the Municipal Systems Act.

(4) To give inputs regarding applications to be registered as a Registered Indigent and related matters.

(5) To treat all customers with dignity and respect at all times.

(6) To exercise their duties in a honest and transparent manner.

(7) To ensure the proper functioning of the ward committee system.

(8) To address any unacceptable level of indebtedness within his/her ward as advised from time to time by the Executive Mayor, and the Councillor concerned:

(a) must without delay convene a meeting of the ward committee and report the matter to the committee or meeting for discussion and advice; and

(b) make appropriate recommendations to the Executive Mayor.

9. DUTIES AND FUNCTIONS OF EXECUTIVE MAYOR

(1) To ensure that the budget of the Municipality, cash flow and targets for debt collection are met and enforced in terms of this policy.

(2) To monitor the performance of the Municipal Manager in the implementation and enforcement of this policy.

(3) To review and evaluate this policy and the Credit Control and Debt Collection By-Law of the Municipality in order to improve the efficiency of the customer care and management, credit control and debt collection procedures, mechanisms and processes of the Municipality.

(4) To report to the Council on the above referred to matters at intervals of 3 (three) months.

10. DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

(1) To implement a sustainable and proficient customer care management system.

(2) To implement this policy effectively and efficiently and to utilise the delegation system of the Municipality as provided for in terms of the provisions of section 59 of the Systems Act, to do so.

(3) To implement and maintain an appropriate accounting and credit control system.

(4) To bill customers by delivering statements.

(5) To demand payments of statements by not later than the payment date.

(6) To levy interest and collection fees on arrears.

(7) To appropriate payments received.

(8) To collect arrears.

(9) To provide different payment methods to customers and debtors.

(10) To determine, execute and enforce customer care and management and credit control and debt collection measures.

(11) To determine all relevant work procedures for, *inter alia*, public relations, arrangements, the dealing with disputes declared in terms of the provisions of section 102(2) of the Systems Act, the disconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.

(12) To instruct the attorneys of the Municipality to proceed with legal processes.

(13) To set performance targets for staff.

(14) To determine control and performance procedures.

(15) To monitor and enforce the performance of contracts with service providers who render services to the Municipality pertaining to credit control and debt collection as envisaged in terms of the provisions of section 116(2) of the MFMA.

(16) To report to the Executive Mayor as required in terms of the provisions of section 100(c) of the Systems Act.

(17) To appoint staff to execute and enforce the provisions of this policy and the by-laws executed in terms of this policy.

11. DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

(1) Members of the community, ratepayers and residents have the duty to comply with the provisions of sections 5(2) of the Systems Act.

(2) To pay rates, levies, fees, charges and duties levied by the Municipality on or before the payment date in respect of all services consumed.

(3) To obtain a duplicate statement at the help desk of the Municipality where a statement has not been furnished by the Municipality.

(4) To notify the Municipality when municipal services are no longer required at a property(ies), and of any address or contact detail changes of the consumer.

(5) To safeguard and maintain service meters in a readable condition and to notify the Municipality immediately in the event that any meter is no longer accurate or functioning correctly.

(6) To observe and comply with the mechanisms, processes and policies of the Municipality in exercising their rights.

(7) To allow municipal officials reasonable access to their premises or property to execute any required functions regarding the municipal services including the reading of meters measuring consumption.

(8) To comply with the by-laws and other legislation of the Council of the Municipality.

(9) To refrain from tampering with municipal services, equipment and/or property of the Municipality and not to consume any municipal services unlawfully.

(10) To comply with the obligations, duties, terms and conditions in terms of which the Municipality provides municipal services.

CHAPTER 3

PERFORMANCE EVALUATION AND REPORTING

12. TARGETS AND PERFORMANCE OBJECTIVES

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

13. INCOME AND COLLECTION TARGETS

The Council must set targets for the reduction of unpaid amounts for rates, fees, charges, tariffs and the consumption of municipal services, the increase of payments, the collection of arrears and the effective administration of accounts for these charges and the collection of the amounts due in terms of such statements, on or before the payment date as set out in such statements.

14. CUSTOMER SERVICE TARGETS

The Municipality has identified the following customer-targets and the Municipality sets as its aim the compliance with these targets.

(1)	Response time to a consumer on queries and service complaints:	Provide a reference number and acknowledge receipt within 7 (seven) days.
(2)	Resolution of/or response to queries and service complaints:	14 (fourteen) days from acknowledgement of receipt as referred to above, to resolve and/or respond to queries and service complaints.
(3)	Dealing with a dispute duly declared in terms of section 102(2) of the Systems Act:	As per the various time frames stipulated in this policy.

(4)	Date of delivery of first statement to new customers:	By second billing cycle after date of conclusion of a services agreement.
(5)	Reconnection time for municipal services which have been disconnected or suspended:	Within 24 (twenty four) hours after payment/arrangement acceptable to the Municipality has been made.
(6)	Meter reading cycle:	Meters should be read on a monthly basis.
(7)	Applications to be recognised as Registered Indigents:	Within second billing cycle response for approval or disapproval, as well as provision of subsidy.
(8)	Debt turnover ratio:	45 (forty five) days.
(9)	Issuance of clearance amounts payable:	10 (ten) working days.
(10)	Issuance of clearance certificate following payment of clearance amount:	7 (seven) working days from actual payment at cashiers and EFT into Municipality bank account from the same bank as Municipality or 10 (ten) working days following EFT from a bank that is not the bank where the Municipality keep its primary bank account.

15. ADMINISTRATIVE PERFORMANCE

The Council of the Municipality must set targets for the collection of debt and the application of debt collection mechanisms, based on the following principles:

(1) Debt collection must be prompt, efficient and cost effective, based on the following principles:

(a) the cost of the collection should not exceed the capital debt amount and recoverable charges and interest;

(b) the cost of the collection must be recovered from the defaulting customer; and

(c) reasonable steps must be taken to limit the cost of debt collection to the Municipality provided that the limitation on costs for debt collection does not hamper the prompt and efficient collection of the debt.

(2) Queries and disputes must be promptly addressed and disposed of.

(3) The debt collection mechanisms, as provided for in this policy must be applied without favour, consistently and equally against all debtors.

16. REPORTING

(1) The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor, as supervisory authority in terms of the provisions of section 99 of the Systems Act, read with the provisions of section 100(c).

(2) The report contemplated in sub-paragraph (1) above must contain particulars on:

(a) debt collection and cash collection statistics, showing detailed debt collection information, high level debt recovery information (numbers of customers, number of enquires and disputes, arrangements for the payment of debt, the arrears showing the different stages of maturity of debt). Where possible, the statistics should be divided into the following categories: wards, business (commerce and industry), domestic, state, institutional and other such divisions as required by from time to time by the Municipal Manager; and

(b) performance on all areas against targets agreed to in this policy.

(3) If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by 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.

(4) The Executive Mayor, as supervisory authority, shall, at intervals of 3 (three) months, report to the Council in terms of the provisions of section 99(c) of the Systems Act.

CHAPTER 4

CUSTOMER CARE AND MANAGEMENT

17. CUSTOMER CARE AND MANAGEMENT PRINCIPLES

The Municipality must manage its interaction with its customers in a responsible and pro-active manner with the aim of enhancing the payments for rates, fees, charges, tariffs and the consumption of municipal services, the reduction of arrears and to create a positive and co-operative relationship between the customer or consumer and the Municipality, and where applicable, a service provider.

18. COMMUNICATION

(1) The Municipality must publish the annual budget of the Municipality in terms of the provisions of section 22 of the MFMA and regulation 18 of the Municipal Budget and Reporting Regulations which will include the rates, fees, charges and tariffs the Municipality intends to adopt and has in fact adopted.

(2) This policy must be available in English and be made available by general publication and on specific request, and must also be available for perusal at the offices of the Municipality. This policy is also a "budget related policy" as contemplated in terms of the provisions of section 17(3)(e), section 21(1)(a) and 21(1)(b) of the MFMA and regulation 7 of the Municipal Budget and Reporting Regulations.

(3) Ward Councillors will be required to hold regular ward meetings, at which customer care and debt collection issues must be given prominence.

(4) On approval of this policy, a comprehensive communication plan will be devised and implemented in order to inform customers of the provisions of this policy in

respect of incentives, payment terms and arrangements in conjunction with the ward committees.

19. PROVISION OF MUNICIPAL SERVICES TO CUSTOMERS, MUNICIPAL SERVICE AGREEMENT AND CUSTOMER REGISTRATION

(1) Within the limits of its resources, municipal services will be provided by the Municipality to consumers, who are the owners of the premises to which the municipal services are provided or relate or in exceptional circumstances a tenant, and who have applied by way of the official application form for such services to be provided to the said premises indicated on the application form (as per Schedule 1 to this policy) and whose application was, in the discretion of the Municipality, approved by the Municipality. The approval of the application by the Municipality will constitute a service agreement between the Municipality and the consumer, and constitute the opening of the account for the consumer. Once a consumer's application is approved, the consumer becomes a customer. The service agreement so concluded between the Municipality and the customer, together with the provisions of this policy and the applicable By-Laws of the Municipality shall in all respects govern the supply of the municipal services to the customer and the supply of the municipal services to the customer will at all times be subject to and provided in accordance with and upon the condition stipulated in the said agreement, policy and by-laws.

(2) The Municipality accepts that it has limited resources which in turn limit the nature and extent of municipal services that can be provided. The Municipality, having due regard to the Legislative Framework within which it operates, must endeavour to increase payments, reduce arrears and to extend the services it can provide. That said, the Municipality can only provide services within its ability and available resources.

(3) Notwithstanding the limitations as per clause 19(2), and in regards to clause 6 (4) of this policy, the Municipality shall endeavour to ensure that the accurate

capture and verification of Customer information that is captured on its systems and applications, which will assist the Municipality in achieving the following

(a) Customer will receive a statement at a valid address, as indicated by the customer and validated by the Municipality

(b) The successful serving of Notices and other correspondence will increase, thus improving the success of Credit Control

(c) Improve the Contactability rate of Customers that are in the Debt Collection process

(4) The Municipality is in the process of phasing out the practice of opening accounts and concluding service agreements with accounts opened and service agreements concluded in the past for persons that do not fall within the definition of "customer", as set out in this policy. Such accounts will be closed and phased out upon the termination of the service agreement to which the account relates. However, these accounts are still valid and persons with whom the Municipality concluded service agreements, and for whom the accounts were opened in the past, will have the rights extended in this policy to a customer, and such persons will for all intents and purposes be considered as "customers" in terms of this policy.

(5) No new accounts will be opened and no service agreements concluded by the Municipality with persons who do not qualify as a "customer", as defined in this policy. The Municipality however reserves the right to make an exception to this provision in this policy should a person who does not qualify as a "customer" in terms of this policy, satisfies the Municipality that there are exceptional circumstances requiring the status of "customer" to be extended to that person. A further exception to the afore referred to provision pertains to persons who apply to the Municipality to become a Registered Indigent, in terms of the Indigent Policy of the Municipality, for which applications the following conditions apply:

(a) the applicant for the indigent support must be:

(i) the holder of an account with the Municipality for the provision of municipal services to the premises referred to in sub-

paragraph (a) above, who has concluded a service agreement with the Municipality, as referred to above; or

(ii) in an instance where the applicant for the indigent support is not the holder of an account and has not concluded a service agreement with the Municipality, as required by sub-paragraph (i) above: the applicant must:

(aa) be the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or

(bb) be the party to whom the residential property is awarded in the event of a divorce; or

(cc) be, where a deceased estate has not been wound up:

(aaa) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

(bbb) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or

(ccc) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or

(ddd) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate;

(dd) submit, simultaneously with the application for indigent support in terms of the Indigent Policy, an application for the provision of municipal services as referred to above, applying to the Municipality to be granted an account and to conclude a service agreement with the Municipality; and

(b) the total household income of all the household occupants in the indigent household (a household headed by a Registered Indigent, as defined and referred to in the Indigent Policy of the Municipality) above the age of 18 (eighteen) years on the residential property, may not exceed the amount as determined by Council from time to time. Currently the income amount is deemed to be less or equal to the amount received by two sate pensioners as determined annually by the Minister of Finance; and

(c) the premises to which the municipal services are rendered (or to be rendered) or relate must be a "residential property", as classified in terms of the categories of properties in terms of the provisions of the Rates Policy and By-Law of the Municipality, and must be utilised solely for residential purposes, as well as situated within the municipal area of the Municipality; and

(d) the applicant may not be the registered owner of more than one immovable property nationally and internationally; and

(e) be a full-time occupant of the residential property or where the registered owner is unable to occupy the property due to no fault of such registered owner, the spouse or minor children may satisfy the occupancy requirement; and

(f) where applicable, must have a prepayment electricity meter, a water management device or a prepayment water meter installed.

(6) Any person who consumes or utilises any municipal services without entering into a service agreement with the Municipality and or who does not have an account for such services, shall be liable for the rates, fees, charges and tariffs relating to such municipal services, as provided for in this policy and the relevant

By-Laws of the Municipality to the Municipality as if such a person had an account and concluded a service agreement with the Municipality and as such will be considered as a customer.

(7) Where any premises and/or consumer is provided with municipal services or municipal services are consumed or utilised at the premises and/or by the consumer, it shall be deemed that a service agreement has been concluded between the Municipality and the consumer and/or owner of the premises on the terms prevailing at the time and the owner of the premises will be billed and be liable for payment of the fees, charges and tariffs relating to such municipal services.

(8) The municipal services will only be provided by the Municipality to a customer under and upon the following conditions:

(a) Where the services are services that a municipality can provide and to the extent that the ability and resources of the Municipality allow the provision of such services.

(b) On approval by the Municipality of the written application for the municipal services which has been made on the prescribed form attached hereto as Schedule 1.

(c) The information and documentation required by the Municipality being furnished to the Municipality to its satisfaction.

(d) The amount of the deposit as prescribed in terms of this policy being paid to the Municipality, and deposited as security, or any other acceptable security, in the sole discretion of the Municipality, having been furnished to the Municipality.

(e) The applicant is an owner as defined in this policy or a holder of an account as contemplated in this policy.

(f) If the customer is an existing customer of the Municipality and any amount in respect of any rates, tariffs, fees, levies, municipal services, surcharges on such rates, fees, charges, tariffs, levies and interest which has accrued on any amounts due and payable in respect of the

afore going and any collection charges in respect thereof, is in arrears, then:

(i) such arrears must be paid; or

(ii) an agreement for payment of the arrears in terms of this policy must have been entered into and payment in terms thereof must not be in arrears.

(g) The Municipality has verified through its billing system that the customer does not have an outstanding account in respect of any rates or municipal services relating to any other premises or accounts.

(9) The application form with which a customer applies to be provided with municipal services must at least contain the following information:

(a) confirmation by the customer that the customer is aware of and understands the contents of the form;

(b) acceptance by the customer of the provisions of the by-laws relating to the provision of the municipal services and acceptance of liability for the cost of the said services rendered until the service agreement is terminated or until such time as any arrears have been paid;

(c) name and full details of the customer;

(d) Any Unique Identifier such as but not limited to Identity Number or Passport Number with Date of Birth and Biometric Data (e) address and stand/ erf number of premises to or on which the municipal services are to be rendered;

(f) address where the statement must be sent;

(g) extent and source of income of the customer;

(h) name and address of the applicant's employer, where appropriate;

(i) the purpose for which the municipal services will be supplied;

(j) the date on which the customer requires provision of the municipal services;

(k) an undertaking by the customer:

(i) that the customer is liable for the costs of debt collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees; and

(ii) that any alleged non-receipt of a statement does not exempt the customer from the duty to enquire from the Municipality as to the outstanding debt on the statement and to make payment to the Municipality of the debt;

(l) the type of municipal services to be supplied to the customer.

(10) The municipality must take reasonable steps to validate and or verify the information as per 8(c-h) provided by the customer in the application form

(10) When a customer makes application to the Municipality for the provision of municipal services, the Municipality must inform the customer of the different levels of services available and the tariffs and/or charges associated with each level of service and, where applicable, different metering options.

(11) The Municipality must ensure that the registration of new and existing customers is efficiently performed in regard to the following:

(a) new customer registrations must be correctly administered with the fully completed application form being duly signed by the customer and upon approval by the Municipality, duly countersigned by the Municipality;

(b) these service agreements must be retained and be readily accessible to authorised persons and employees of the Municipality only;

(c) the employees of the Municipality with customer contact must endeavour to update personal records of customers whenever customers liaise with the Municipality.

(12) A customer may at any time apply to the Municipality, in writing, to alter the level of municipal services elected in terms of the service agreement entered into,

provided that such services are available and that any costs and expenditure associated with altering the level of services will be payable by the customer.

(13) A customer shall be liable for the payment of prescribed tariffs, fees, levies, municipal services consumed and surcharges on such, fees, charges, tariffs, levies and interest which has accrued on arrears and any debt collection charges in respect thereof.

(14) If the Municipality declines an application for the provision of municipal services or is unable to render such municipal services on the date requested for the provision of such municipal services to commence, or is unable to render the municipal services, the Municipality will inform the customer of such refusal and/or inability, the reasons therefore and, if applicable, when the Municipality will be able to provide such municipal services.

(15) The Municipality may, if circumstances require, enter into a special service agreement for the provision of municipal services without requiring the customer to which such municipal services are to be rendered to submit an application form and upon different terms and conditions than those stipulated in the service agreement annexed hereto as Schedule 1, provided that such a special service agreement does not amount to unfair discrimination against customers of whom it is required to apply for the provision of municipal services as set out in Schedule 1, especially if the rendering of the municipal services warrants or requires the imposition of conditions not contained in the prescribed form.

(16) An application for the provision of municipal services for a period of less than one year shall be regarded as an application for a temporary supply of such services and shall be considered at the discretion of the Municipality, which may specify any special conditions to be satisfied in such case.

(17) When the application for the provision of municipal services relates to the supply of electricity, the application must be processed and if approved the municipal

service of electricity must be available within the periods stipulated in NRS 047-1:2005, Edition 3, Electricity Supply Quality of Service.

(18) The Municipality may, if it deems necessary, require a third party to be bound jointly and severally as surety and co-principal debtor with the consumer for the payment of any prescribed levies, fees, charges and tariffs under these By-Laws.

(19) Municipal services shall be paid for by the consumer at the prescribed tariff or charge set out in the Tariff Policy of the Municipality and the accompanying Tariff Schedule thereto.

(20) If a customer uses a municipal service for a category or usage type other than that for which it is provided by the Municipality in terms of the service agreement with the customer, and as a consequence, is charged at a rate lower than the rate which should have been charged, the Municipality may make an adjustment of the amount charged in accordance with the rate which should have been charged and recover from the customer according to the tariffs and charges payable in accordance with such adjustment and may also review the amount of the deposit held in terms of this policy.

(21) If amendments to the prescribed tariff or charges formulated in terms of the Tariff Policy for municipal services provided, become operative on a date between measurements for the purpose of rendering a statement:

(a) it shall be deemed that the same quantity of municipal services was provided for in each period of twenty four hours during the interval between measurements;

(b) any prescribed tariff or charge shall be calculated on a pro rata basis in accordance with the tariff or charge that applied immediately before such amendment; and

(c) any fixed charge shall be calculated on a pro rata basis in accordance with the charge that applied immediately before such amendment and such amended change.

Where municipal services used by a consumer are charged at different tariff rates, the consumption shall be metered separately for each rate.

20. DEPOSIT

(1) At the time when the consumer makes written application to the Municipality applying for the provision of municipal services by the Municipality to a property, as set out and regulated in terms of the this policy, the consumer shall upon the approval of the application become a customer and shall first pay to the Municipality the deposit as set out in this policy, read with the Tariff Schedule, before such municipal services will be provided by the Municipality.

(2) Subject to the contents of sub-paragraph (6) below, the amount of the deposit in respect of a municipal account of a customer is calculated as set out below, and if the amount cannot be calculated the amount as set out in the Tariff Schedule, which may vary according to different categories of consumers, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination, and shall be determined by the Municipality in accordance with the Tariff Policy, this policy, any applicable by-laws of the Municipality and/or resolutions of the Council.

(3) The paying of a deposit is also required in the instance where the municipal services of water and electricity are provided by means of a prepayment meter system as provided in this policy.

(4) The deposit shall be used as security for payment of any service charges which are due or may become due to the Municipality arising out of the provision of

municipal services, or the payment of any amount the customer may be liable for to the Municipality, or for any damage to equipment of the Municipality.

(5) The amount of the deposit payable by a customer shall be determined by the Municipality and will be set out in the provisions of the Tariff Policy and Tariff Schedule of the Municipality.

(6) In the case of Large Power Users (LPU) equal or greater than 500KVA, deposit for all existing customers will be managed on an ongoing basis in terms of the following principles:

(a) When a customer gets into arrears with the payment of his electricity accounts and the Municipality holds zero deposit, there will be an immediate review of his Consumer agreement and the required deposit will be raised on his account.

(b) When a customer gets into arrears with his account and the Municipality holds inadequate deposit, the deposit will only be reviewed once the threshold of the credit risk matric is breached.

(c) Where an existing customer with a good payment recorded applies for a substantial increase in his supply capacity or an additional point of delivery, additional deposit must be called for.

(d) Customer has acceptable payment recorded and pays by Direct Debit or EFT, Customer has 7 (seven) days, from bill date, in which to pay monthly account. A 7 (seven)days' notice, from final payment date, is given in cases of default before termination of supply.

(7) The Municipality may implement the paying of deposits by either a minimum deposit payable in the amount equal to twice the amount of the average monthly consumption pertaining to the property as calculated by the duly authorised municipal official, calculated for a period of 2 (two) months immediately preceding the payment of the deposit (if available), or in instances where it is not possible to calculate the amount of the deposit set out in the premise, prescribe a deposit amount for different categories of consumers, debtors, service providers, services, service standards and geographical areas, as

determined annually by the Municipality, and set out in the Tariff Schedule of the Municipality.

(8) The Municipality may increase a deposit payable in respect of an arrear account as may be determined annually by the Council in terms of the Tariff Schedule of the Municipality.

(9) The deposit shall, after the disconnection of a customer service in terms of this policy by the Municipality, be automatically increased to an amount as determined annually by the Council in terms of its Tariff Schedule for disconnected accounts. The deposit shall be adjusted upwards in terms of this paragraph notwithstanding that the customer is also liable for a service reconnection fee. The Municipality may in case of disconnection of an unpaid arrear account, allocate the deposit to the arrear account and the new increased deposit must be paid before the municipal service is reconnected.

(10) The Municipality may also increase a deposit payable in respect of municipal services if the consumer uses the municipal service for a different usage type as for which the municipal services were provided for by the Municipality and as applied for.

(11) The Municipality may from time to time review the amount of the deposit in respect of any account and may increase or decrease the deposit, if such an adjustment is justifiable.

(12) The Municipality will not pay any interest to a customer on the deposit made by a customer and held by the Municipality.

(13) Upon the termination of the service agreement between the Municipality and a customer the deposit paid by a customer will be offset against any and all

arrears or other outstanding amounts or balances owed to the Municipality. The balance of such a deposit will be refunded to the customer in terms of this policy.

(14) The different deposits provided for in terms of this paragraph will be reviewed annually both in terms of this policy and in terms of the Tariff Schedule. The Municipality shall maintain a register of deposits for this purpose. The total sum of deposits received shall constitute a short term liability in the books of account of the Municipality.

(15) The Municipality may require a customer to whom municipal services are provided, and who was not previously been required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period.

(16) A deposit shall be forfeited to the Municipality if it has not been claimed within 3 (three) years of the termination of the service agreement.

(17) The payment of a deposit shall not be regarded as being a payment or part payment of any accounts due for the supply of municipal services for the purposes of obtaining any discount provided for in the Tariff Policy.

(18) For the purposes of the implementation of the Indigent Policy of the Municipality and the rendering of indigent support to Registered Indigents, accounts will be opened for Registered Indigents without requiring the payment of any deposit. This arrangement will immediately terminate if the status of the Registered Indigent changes.

(19) Notwithstanding the provisions of this paragraph regarding the calculation of the amount of the deposit, the Municipality may in its sole discretion elect to increase the amount of the deposit if the consumer applying for an account, or the customer with an existing account is, or becomes a credit risk to the Municipality.

21. METERING

(1) The Municipality shall at the customer's cost, in the form of a direct charge or prescribed fee, or if and when the Municipality so decides at the Municipality's cost, provide, install and maintain appropriately rated metering equipment, installed at the point of delivery/metering, for measuring the municipal services delivered to a premises. The metering device shall be provided and installed by the Municipality and shall at all times remain the property of the Municipality irrespective of the manner in which it is attached or installed in or on the premises.

(2) The Municipality will endeavour, within its financial capabilities, to ensure accurate meter reading and/or measuring of consumption at fixed monthly intervals with the minimum delay between the connection of the municipal services and the first and subsequent billing, except in the case of prepayment meter system. The consumption in respect of the municipal services shall be determined by the reading of the appropriate meter or meters, and read at the determined monthly intervals except in instances where consumption shall be estimated in terms of this policy.

(3) Nothing contained in this policy shall be construed as imposing on the Municipality an obligation to cause any meter or measuring device installed by the Municipality on any premises to be measured or read at the end of a month or any other fixed period, and the Municipality may estimate the quantity of municipal services supplied over any period during the interval between successive measurements of the meter and render a statement to a consumer for the quantity of service so estimated.

(4) For the purposes of determining the consumption of the municipal services by a consumer, having regard to the metering system, it will be deemed unless the contrary is proved, that:

(a) the consumption is represented by the difference between the measurements taken at the beginning and at the end of a given period;

(b) the measuring device or meter was accurate during such period;

(c) the readings and/or entries in the records of the Municipality were correctly made;

(d) provided that if municipal services are supplied or taken by a consumer without it passing through the meter, the estimate of the Municipality of the consumption of the service consumed, shall be deemed to be correct; and

(e) regarding electricity meters, a meter shall be conclusively presumed to be registering accurately if it satisfies the requirements prescribed in NRS 057 Part 3 – Electricity Metering: Minimum Requirements.

(5) In the following instances the Municipality will be allowed to utilise estimate consumption for billing purposes:

(a) if the Municipality is, for whatsoever reason and irrespective of whether it is due to the fault of the consumer, or the Municipality, not able to read any meter;

(b) if the meter is defective or becomes inaccurate or defective, and an adjustment is required to be made;

(c) where a consumer vacates premises and a final reading is not possible;

(d) where municipal services supplied by the Municipality to any premises is in any way taken by the consumer without such service passing through any measuring device, for the period from the last previous reading of the meter until the date it is discovered that the municipal services are being used by the consumer without such services passing through the said meter;

(e) in the event of any unauthorised activity taking place pertaining to a measuring device or meter or municipal services as referred to in the provisions of this policy dealing with unauthorised activities, theft, fraud and tampering; and

(f) before a meter or measuring device is installed.

(6) An estimate, as referred to above, shall be based on any one of the following criteria, as the Municipality may decide, taking into account, where applicable and making allowance for seasonable or other variations which may affect the consumption of the municipal service:

(a) the average daily or monthly consumption (depending on the requirement of the estimate) of the municipal service to the premises during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period prior to the date on which the estimate is required;

(b) the average daily or monthly consumption (depending on the requirement of the estimate) of the municipal service to the premises during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period after the date on which the estimate is required;

(c) the average daily or monthly consumption (depending on the requirement of the estimate) of municipal services to premises or several premises, which are comparable in size, nature and use to the premises for which the estimate is required, during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period prior to the date on which the estimate is required;

(d) the average daily or monthly consumption (depending on the requirement of the estimate) of the municipal service to premises or several premises, which are comparable in size, nature and use to the premises for which the estimate is required during any 3 (three) days or months where meter readings and/or measurements were obtained, during an 18 (eighteen) month period after the date on which the estimate is required;

(e) in instances where a meter was found to be defective or incorrectly measuring, or tampered with to give an inaccurate reading of the

quantity of municipal services, the percentage error or inaccuracy of the meter as determined;

(f) in instances were no meter or measuring device has been installed, the estimated consumption shall be based on the average consumption of the municipal service to the immediate area in which the premises are situated;

(g) any such consumption or other data in the possession of the Municipality which can assist the Municipality in arriving and making an estimate.

(7) In instances where a consumer is charged and/or liable toward the Municipality for the payment of municipal consumption charges based on estimated consumption as contemplated in this policy, the statement reflecting the estimated consumption will be adjusted to reflect actual consumption once the Municipality is able to obtain the actual reading of the meter concerned.

(8) Where the consumer requires a special reading, the Municipality must on receipt of a written notice from a consumer, of not less than 14 (fourteen) days notice and subject to the payment of the prescribed charge, measure the quantity of municipal service supplied to a consumer at a time or on a day other than that upon which it would normally be measured.

(9) A consumer is entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof. This request must be made as a query in terms of the procedure prescribed in this policy.

(10) The Municipality will inform a customer when a meter replacement is to be made.

(11) The consumer shall at all times during the business hours between 8am and 5pm ensure that the Municipality has free and undisturbed access to metering

equipment and the consumer shall accept any cost occasioned to permit such access including the cost of relocating any meter, if necessary.

(12) The following provisions will apply to the testing of meters:

(a) a meter shall be conclusively presumed to be registering accurately when it is tested and found to be within the limits of error as provided for in the applicable standard specifications for such a meter;

(b) the Municipality shall have the right to test its metering equipment. If it is established by test or otherwise that such metering equipment is defective or inaccurate, the Municipality shall:

(i) in the case of a conventional meter, adjust the statement rendered;

(ii) in the case of prepayment meters:

(aa) render a statement where the meter has been under-registering; or

(bb) issue a free token where the meter has been over-registering;

(c) the customer shall be entitled to have the metering equipment tested by the Municipality on payment of the prescribed fee and by way of lodging a query as provided for in this policy with the Municipality querying the accuracy of the measuring device or meter. If the metering equipment is found not to comply with the meter accuracy requirements, applicable to the relevant meter, an adjustment to the customer's account shall be made and the aforesaid fee shall be refunded;

(d) when a customer requires the accuracy of a measuring device or meter to be tested or verified the Municipality shall inform the customer of the prescribed range of accuracy applicable for the measuring device or meter as well as the cost implications, or estimated cost implications, occasioned by the testing or the measuring device or meter;

(e) a consumer is entitled, on giving the Municipality reasonable notice of the consumer's intention, to be present at the testing of any meter in which the consumer is interested;

(f) a customer shall have the right, at his own cost, to have the metering equipment tested by an accredited independent testing authority approved by the Municipality [and the result of such test shall be final and binding on both parties];

(g) meters shall be tested in the manner as provided for in the applicable standard specifications for the specific meter, or where the meter is a water meter, the meter must conform to the specifications as prescribed in terms of the Water Services Act, Act 108 of 1997 and where the measuring device or meter is:

(i) a meter to which regulations relating to water meters published under the Trade Metrology Act, Act 77 of 1973 are applicable, it will be deemed to be defective if, when tested in accordance with SABS Code 1529 Part 1, it is found to have a percentage error in over-registration or under-registration greater than that permitted for a meter in use in terms of that specification;

(ii) a meter of a size greater than 100mm diameter but not exceeding 800mm diameter to which the specification referred to sub-paragraph (12)(g)(i) is not applicable, it will be deemed to be defective, when tested in accordance with SABS Code 1529 Part 4-1998 if it is found to have a percentage error in over-registration or under-registration greater than permitted by a meter in terms of that specification;

(iii) a prepayment water measuring system, it shall be deemed to be defective if, when tested in accordance with SABS Code 1529 Part 9 – 2002, it is found to have a percentage error in over-registration or under- registration greater than that permitted in terms of that specification;

(h) the Municipality's finding as to the accuracy of a meter, after testing has been carried out, shall be final;

(i) the Municipality shall before removing a meter for testing take a reading of the meter and the current meter reading period shall be terminated at the time of the taking of such a reading;

(j) if after testing a meter the Municipality is satisfied that the meter is not registering correctly, it shall render the consumer an adjusted statement as referred to above;

(k) if the outcome of any test shows that a measuring device or meter is:

(i) within a prescribed range of accuracy, the consumer will be liable for the costs of such test and any other amounts outstanding. Such costs may be debited against the customer's account to which the measuring device or meter relates;

(ii) outside a prescribed range of accuracy, the Municipality will be liable for the costs of such test and the consumer must be informed of the amount of any credit to which the consumer is entitled;

(l) if the measuring device or meter if found to be defective, the Municipality must:

(i) repair the measuring device or meter or install another device which is in good working order, without charge to the customer, unless the costs thereof are recoverable from the customer due to the measuring device or meter being tampered with; and

(ii) determine the quantity of municipal service for which the customer will be charged in lieu of the quantity measured by the defective measuring device or meter by making an estimate as provided for in this policy;

(m) any meter removed for testing by the Municipality must be retained intact and be available for inspection for a period of 3 (three) months after testing.

(13) The Municipality will allow readings of meters taken by consumers and submitted either telephonically, by fax or personally under the following conditions:

(a) provided the Municipality may obtain readings at any point in time to verify readings taken by the consumer, and in particular that the Municipality obtains any final reading should the consumer furnish the

Municipality with a termination notice or move to another supply address;

(b) an audit reading during the normal reading cycles shall be obtained by the Municipality once every 6 (six) months;

(c) the Chief Financial Officer may, however cancel the voluntary reading convenience on any customer's account if the consumer fails to ensure that the audit reading referred to in above is obtained or should the consumer fail to render readings on 2 (two) consecutive occasions.

(14) The Municipality reserves the right to meter the supply of municipal services to shops and flats, tenement houses, sectional titles and similar buildings for the buildings as a whole or for individual units or for groups of units.

(15) The Municipality may require the installation at the customer's expense of a measuring device or meter to each dwelling unit, in separate occupancy, on any premises, for use in determining the quantity of municipal services supplied to each such unit provided that where fixed quantity delivery systems are used, a single measuring device may be used to supply more than one unit.

22. PRE-PAYMENT METER SYSTEM

The Municipality may avail the municipal services of electricity and water by means of a pre-payment metering system to which the following provisions apply:

(a) a customer may convert from a conventional meter to a pre-payment meter upon payment to the Municipality for the installation thereof and a deposit in an amount equal to the consumption of municipal services of such customer for the month preceding such installation;

(b) no pre-payment meter will be installed or activated by the Municipality where there is any outstanding amount due to the Municipality in respect of the account of a customer, except where an arrangement has been entered into with regards to the debt;

(c) customers whose supply of municipal services have been terminated or disconnected on at least 3 (three) occasions as a result of non-payment, are compelled to install a pre-paid meter before any re-connection will be made;

(d) no refund of the amount for which the customer purchased prepaid municipal services (water and electricity) shall be given at the point of sale;

(e) when a customer vacates any premises where a pre-payment meter is installed, no refund for the credit remaining in the meter shall be made to the customer by the Municipality;

(f) the Municipality shall not be liable for the reinstatement of credit in a pre-payment meter lost due to tampering with, or the incorrect use or the abuse of, pre-payment meters and/or tokens;

(g) the Municipality may appoint vendors for the sale of credit for pre-payment meters and shall not guarantee the continued operation of any vendor services;

(h) where a customer is indebted to the Municipality for municipal services consumed or for any other service supplied by the Municipality, including rates, or for any tariff, fees or charges previously raised against the customer in connection with any service rendered, the deduction will be at a rate of 70/30 where 30% will be credit to the arrear account for services and 70% allocated for prepaid purchases ~~Municipality may cease the purchasing of any additional prepaid services;and~~

(i) the provisions relating to Metering and the Limitation, Disconnection and Termination of the Municipal Services of Water and Electricity, as set out in this policy, apply *mutatis mutandis* to prepayment metering system.

23. STATEMENTS AND BILLING

(1) Customers who concluded a service agreement with the Municipality and/or who are liable to pay property rates to the Municipality, will receive a statement,

at such applicable time in the billing cycle, which reflects the amounts due and payable to the Municipality for tariffs, fees, charges, the consumption of municipal services and/or property rates.

(2) The customer shall be liable for the payment of all rates, tariffs, fees, charges and the consumption of municipal services as levied and charged in terms of the prescribed Rates Policy, Tariff Policy, Tariff Schedule and applicable by-laws of the Municipality.

(3) The Municipality may, in addition to the charges levied for municipal services consumed or provided, levy a monthly fixed charge, annual fixed charge or once-off fixed charge in respect of the provision of municipal services in accordance with the Tariff Policy, Tariff Schedule and applicable by-laws of the Municipality.

(4) Where a fixed charge is levied as referred to above it shall be payable by every customer irrespective of whether such municipal services are used or accessed by the customer.

(5) A statement will be furnished in accordance with the applicable billing cycle and the due date for the payment of the statement will be stated on the statement.

(6) A statement will be furnished in accordance with the applicable billing cycle at the last recorded address of the customer with the Municipality.

(7) It is the responsibility of a customer to ensure that the postal and/or physical address of such customer, where such customer wishes to receive the statement, and other contact details of such customer are correct and up to date in respect of the records thereof with the Municipality. Any incorrect or outdated information does not excuse any customer from the duty and obligation to make payment to the Municipality of the amount due to the Municipality by such customer.

(8) It is the customer's responsibility to make enquiries and ensure timeous payments in the event of statements not being received and such receipt of the statement is not a precondition to the duty and responsibility of a customer to effect payment thereof to the Municipality.

(9) Where a statement is not paid in full, any lesser amount tendered and accepted by the Municipality, shall not be deemed to be in full and final settlement of such statement and acceptance shall be without prejudice to any of the rights of the Municipality.

(10) Where any payment made to the Municipality by negotiable instrument and such negotiable instrument is subsequently dishonoured by a bank, the Municipality:

(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 a default on payment and will be entitled to utilise debt collection mechanisms as provided in this policy and to levy the relevant costs thereof against the customer's account;

(c) may insist on cash payments for all future statements; and

(d) may hand such customer over to the legal representatives of the Municipality for further legal action.

(11) A customer is entitled to request a duplicate statement from the Municipality at the cost of such customer.

(12) The Municipality will endeavour to ensure:

(a) accurate monthly billing with the application of appropriate and correct prescribed rates, fees, levies, tariffs and service charges and other related amounts due and payable;

(b) the timeous dispatch of statements to all customers;

(c) adequate provision and efficient operation of pay facilities throughout the Municipality;

(d) arrangements with third party institutions to accept payments on behalf of the Municipality. The responsibility to ensure that payments are reflected on the account however remains vested with the customer;

(e) appropriate hours of business to facilitate account payments;

(f) credit timeously any payment against the correct customers account;

(g) to provide easily understandable statements this will contain the following information:

(i) the consumption or estimated consumption of municipal services as determined for the measuring or consumption period;

(ii) the measuring or consumption period for municipal services;

(iii) the amount due based on the measured or estimated consumption;

(iv) the amount due and payable for property rates levied, fees, levies, tariffs and charges for municipal services rendered or fixed in terms of this policy;

(v) the amount in arrears, if any, and a notification that the Municipality shall be entitled to limit, disconnect or terminate the municipal services of water and electricity should the account remain in arrears;

(vi) the interest payable on any arrears, and collection charges in so far as they may be relevant;

(vii) the due date for payment.

(13) The Municipality may, in the event of a customer being in arrears, convey the following information to the customer in any such manner as the Municipality deems appropriate, including incorporating same into the statement, that:

(a) the customer may conclude an agreement as provided for in this policy with the Municipality for payment of the arrears in instalments, at the Municipality;

(b) if no such agreement, as envisaged above, is entered into the Municipality will be entitled to limit, disconnect or terminate municipal services;

(c) legal action may be instituted against any customer for the recovery of any amount in arrears and the customer will be held liable for payment of the legal costs;

(d) the defaulting customer's name may be listed with a credit bureau or any other equivalent body as a defaulter;

(e) the account may be handed over to a debt collector or attorney for collection;

(f) proof of registration, as a Registered Indigent, in terms of the Municipality's Indigent Policy must be handed in before the due date; and

(g) the municipal services may be limited, disconnected or terminated should the arrears remain unpaid.

(14) An error or omission in any statement or the failure by the Municipality to render a statement does not relieve a customer of the obligation to pay any amount due and payable. A customer remains liable for the payment of all amounts whether a statement has been rendered or not. The onus shall be on the customer to satisfy himself/ herself that the statement rendered is in accordance with the prescribed rate, tariff, levy or charge as set out in the Tariff Policy, Tariff Schedule and by-laws of the Municipality.

(15) Payments of statements must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via agents, the money must be received in the Municipality's bank account on or before the due date and not later than close of business on the said date.

(16) If payment of a statement is received after the due date, a late payment charge or interest as may be prescribed must be paid by the customer to the Municipality.

(17) The Municipality may hold any amount paid by a customer which is in excess of an existing debt in credit for the customer in anticipation of future rates, fees, levies and charges that may become owing in the future.

(17) In addition to the notices referred to in this policy, customers with large service accounts may also be managed by telephonic and personal contact directly with them.

(18) Where a body corporate is responsible for the payment of any arrears to the Municipality in respect of a sectional title development, the liability of the body corporate shall be extended to the members thereof, jointly, unless a member can proof that the member has already paid he/she/it's portion of the debt directly to the Municipality.

(20) Payment/s or amounts received will be allocated by the Municipality, and irrespective of the description or allocation afforded thereto by the person effecting the payment, to the oldest debt first and thereafter to current charges in the following order:

(a) interest;

(b) administration costs;

(c) legal and credit control charges;

(d) any other charges by the Municipality;

(e) refuse;

(f) sewer;

(g) rates;

(h) water;

(i) electricity.

(21) The amount due and payable on an account constitutes a consolidated debt, and any payment made of an amount less that the total amount due, will be allocated in reduction of the consolidated debt in the order specified above.

(22) The municipality may in terms of section 102, of Municipal Systems Act

a) Consolidate any separate accounts of persons liable for payments to the Municipality

b) Credit a payment by such a person against any account of that person

(22) Where an account remains in arrears for more than 60 (sixty) days:

(a) the debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter; and

(b) the arrears may be handed over to a debt collector or an attorney for the collection of the arrears and/or the institution of legal steps against the debtor.

(c) the Municipality must implement procedures for the removal of any adverse information such as a default or judgment as contemplated in the National Credit Amendment Act No 19 0f 2014 ("NCAA").

(23) Arrears of consumers who make no further use of, or has no further access to municipal services are considered inactive debtors who will automatically be handed over to a debt collector or an attorney for the collection of the arrears and/or the institution of legal steps against such a debtor, provided that:

(a) the amount owing on such an inactive account is more than R 500.00 (five hundred rand);

(b) if smaller than R500.00 (five hundred rand) then recovery of such amount due will be subject to consideration of the cost- benefit ratio and whether such action shall be taken will be in the sole discretion of the Chief Financial Officer of the Municipality.

(24) Any consumer who is in arrears will not be allowed to submit any building plans for approval, or any applications for rezoning, consents or approvals in terms of the Municipality's Land Use Management Scheme and the applicable legislation.

(25) All information relating to accounts, statements and billing of customers are not public information and may not be disclosed by the Municipality, other than as provided for in law or in terms of the policy.

(26) in terms of section 118 (3) of the Act, an amount due for municipal service fees, surcharge on fees , property rates and other municipal taxes , levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property . Accordingly _

a) All municipal debts must be paid by the owner of such property without prejudice to any claim which the municipality may have against another person

b) The owner of such property shall be liable for charges incurred in connection with such property during his or her ownership and shall remain liable irrespective of the change of ownership;

c) The Municipality reserves the right to cancel a contract with the customer in default and register the owner of such property for services on the property; and

d) The municipality will not provide any services on the property until all municipal debts on the property have been paid in full or suitable arrangements have been made to pay such debts.

(27) Where the property is owned by more than one person, each owner shall jointly and severally liable, the one paying the other to be absolved–, for all municipal debts charged on the property.

(28) Owners shall be held jointly and severally liable, the one paying the other to be absolved , with their tenants who are registered as customers for debts on their property, except for property rates.

(29) Refuse removal shall form part of the property debt payable by the owner of the property

(30) Directors of Companies , members of Close Corporations and Trustees shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety, they must pay a deposit equivalent to twice the usual deposit paid for opening accounts.

(31) the municipality may apply to the Companies and Intellectual Property Commission to re-register a deregistered company or close corporation for the purposes of recovering the amounts owed by that company or close corporation for all municipal debts which have accrued and shall recover the costs of registration from the directors or members accordingly

24. REFUNDS

(1) Any customer may apply in writing for a refund of a credit balance on an account of such customer, provided that no other account of such customer, or an account regarding any premises to which the account with the credit balance of such customer relates, is payable or in arrears.

(2) A written application for a refund should state the account number of the account on which the refund is requested, the amount of the refund, as well as the details of the bank account in which the refund should be deposited. The written application must be signed by the customer or the customer's authorised representative, in which instance the written application must be accompanied by a written power of attorney signed by the customer in terms of which the customer authorises the representative to apply for the refund on the customer's behalf.

(3) Refund applications will be considered, verified and processed by the Municipality in terms of its internal financial and accounting procedure.

~~(4)~~ Refunds for an amount of less than R100.00 (hundred rand) will not be granted by the Municipality as the cost and administrative burden associated with effecting such refund is not administratively and cost effective to the Municipality.

~~(5)~~(4)

~~(6)~~(5) The manner in which the Municipality elects to affect the refund remains in the discretion of the Municipality and may include a refund by either electronic transfer or by the issue a cheque.

~~(7)~~(6) A credit balance in respect of the account of a customer may be utilised to set off any arrears on any other account of such customer with the Municipality or any account regarding the premises to which the account with the credit balance of such customer relates, before the refund is effected.

~~(8)~~(7) The Municipality is entitled to write back or appropriate any unclaimed money arising from a credit balance of a customer, if such amount is not claimed by such customer within a period of 3 (three) years from the date upon which it became due to the customer.

~~(9)~~(8) The Municipality shall be entitled to utilise any sundry refundable deposit kept by the Municipality towards the payment of any arrears.

25. PAYMENT FACILITIES AND METHODS FOR PAYMENT

(1) The Municipality must operate and maintain suitable payment facilities which are accessible to all customers.

(2) Direct or electronic payments can be made into the bank account of the Municipality. The customer must state the account number allocated to the customer by the Municipality as the reference on the proof of payment and if payment is made in respect of more than 1 (one) account, the respective account numbers must be stated. It is and remains the duty of the customer, at the time of payment, to inform the Municipality of the details of the account(s) for which the customer affected a direct or an electronic payment into the bank account of the Municipality in order for the Municipality to be able to correctly assign the payment made by the customer.

(3) The Municipality may in terms of the provisions of section 103 of the Systems Act, with the consent of a customer, approach an employer to secure a debit or stop order arrangement to effect payments of the customer's account.

(4) The use of an agent by a customer to effect payment of the debt of such customer as well as the timeous payment of such debt to the Municipality is at the sole risk of the customer.

~~(5)~~ Any direct deposits or electronic fund transfers of monies into the bank account of the Municipality, without the appropriate and correct reference details will be allocated in the books of the Municipality to a suspense account and it will remain the responsibility of the customer who made such deposit to ensure that the payment is allocated to the account of the customer.

~~(5)~~

(6) Municipal payment facilities will be maintained subject to acceptable levels of activity and having regard to the operational costs thereof.

(7) The Chief Financial Officer shall allocate payments made by the customers according to the pre-determined priorities set out in this policy.

26. INCENTIVE SCHEMES

1. The Municipality may, in order to encourage prompt payment by customers and/or to reward regular payments made by customers or payments made by means of debit or stop orders or the full settlement of any arrangement for the paying off of debt in instalments, consider incentives to such customers from time to time and may enter into any arrangements available in law, including those provisions in section 103 of the Systems Act, and section 71 of NCA.

2. The Council may from time to time implement incentives to promote prompt payment of accounts by encouraging ratepayers /consumers who are in arrears in respect of the payment of their accounts to clear their outstanding debt within a reasonable period of time.

(d) The incentives offered in this policy may only be valid for a limited period of time, where after the Council may revert to normal sanctions to those customers who remain in default. The following incentive is offered when arrangement is made to settle debt outstanding.

(i) interest that remain unpaid in the outstanding balance will be granted written back when a once off payment/settlement is made within 30 days.

27. ENQUIRIES, DISPUTES AND SERVICE COMPLAINTS

(1) The Municipality will, within its administrative and financial ability, establish:

(a) a central office to deal with and address enquiries, disputes and/or service complaints received from customers;

(b) a centralised database dealing with enquiries, disputes and/or service complaints received from customers, in order to effectively address such enquiries, disputes and/or service complaints;

(c) appropriate training for employees of the Municipality dealing with the public to enhance communications and service delivery and to effect the prompt and effective method for dealing with enquiries, disputes and/or service complaints; and

(d) a communication mechanism to provide feedback on the application of the policies on customer care and management, credit control and debt collection, enquiries, disputes and/or service complaints, or any other issues of concern to the Municipal Manager, Executive Mayor and/or Council.

(2) A consumer may lodge a query consisting of questioning the accuracy of a statement or questioning any aspect regarding the provision of municipal services, including the accuracy of a measuring device or meter.

(3) A consumer may lodge a service complaint consisting of a complaint regarding the manner in which the Municipality is delivering the municipal service or any complaint regarding any other aspect or attribute of the municipal service or any other public service rendered by the Municipality including the customer care and customer management of the Municipality.

(4) A consumer may lodge a dispute as contemplated in section 102(2) of the Systems Act concerning any specific amount claimed by the Municipality from that consumer.

28. QUERIES AND SERVICE COMPLAINTS

(1) A query or service complaint may be lodged with the Municipality by a consumer in writing and must be addressed to the office of the Chief Financial Officer or such official as designated by the Chief Financial Officer to deal with queries or service complaints. The query or service complaint must contain the account number of the municipal account to which the query or service complaint relates if applicable, if the details of the query or service complaint as well as the contact details and identity of the consumer lodging the query or service complaint.

(2) The office of the Chief Financial Officer shall register the query or service complaint, provide a reference number and acknowledgment of receipt to the

consumer lodging the query or service complaint within 7 (seven) days from receipt of the query or service complaint, and register the query or service complaint and its reference number in a register kept for this purpose.

(3) The office of the Chief Financial Officer will commence dealing with the query or service complaint by first determining whether the query or service complaint must be dealt with by the office of the Chief Financial Officer, or whether it should rather be dealt with by the office of another responsible directorate more suitable to address the query or service complaint, in which instance the office of the Chief Financial Officer must immediately refer the query or the service complaint to such a directorate which directorate in turn must in writing acknowledge receipt of the query or service complaint and investigate the complaint.

(4) The Municipality, either the office of the Chief Financial Officer or the applicable directorate, must within 14 (fourteen) days from acknowledging receipt of the query or service complaint investigate the query or service complaint and inform the consumer who has lodged the query or service complaint of the outcome of the investigation in writing. The consumer must also be simultaneously informed of the consumer's right of appeal, as set out herein below. If the query or service complaint was not dealt with by the office of the Chief Financial Officer then the applicable directorate who dealt with the query or service complaint must also inform the office of the Chief Financial Officer of the outcome of the matter, in order to allow for the office of the Chief Financial Officer to record the fact that the matter was dealt with, in the register referred to above.

(5) Notwithstanding the lodging of a query or service complaint the consumer remains liable for the payment of the amount claimed by the Municipality in an instance where the query or service complaint pertains to an amount claimed by the Municipality or to make payment for municipal services in an instance where the query or service complaint relates to a municipal service or other public service provided by the Municipality. If the outcome of a query or service complaint indicates that the Municipality claimed payment of an amount or part

of the amount which is not due, the Municipality will effect the necessary adjustment to the account and provide the required credit.

(6) A consumer who is aggrieved by the outcome of a query or service complaint lodged by the consumer may appeal the outcome, to which appeal process the following provisions apply:

(a) an appeal must be made in writing, setting out the details of the query or service complaint initially lodged by the consumer, the outcome which was received pertaining thereto from the Municipality as well as the grounds of the appeal and the contact details and identity of the consumer lodging the appeal;

(b) an appeal must be lodged with the office of the Municipal Manager within 21 (twenty one) days after the consumer received the outcome of the query or service complaint from the Municipality;

(c) if the appeal relates to the testing of any measuring device or meter the Municipality may require the consumer to make payment of an amount as determined by the Municipality to effect the testing of the measuring device or meter prior to the Municipality proceeding to deal with the appeal. If the outcome of the appeal is in favour of the consumer who lodged the appeal then such amount shall be refunded;

(d) once the office of the Municipal Manager has received a properly noted appeal, the office of the Municipal Manager must within 7 (seven) days proceed to request the office of the Chief Financial Officer or the applicable directorate who dealt with the query or service complaint to which the appeal relates to provide a written report in response to the grounds of appeal, within 14 (fourteen) days from being requested to do so, setting out the reasons of the outcome of the query or service complaint. The Municipal Manager may request any party to provide further detail or information as required to assist in the consideration of the appeal or to clarify any issues;

(e) the Municipal Manager shall then within 14 (fourteen) days after having received the response of the office of Chief Financial Officer or the applicable directorate and any additional information requested,

consider the appeal and inform the consumer who lodged the appeal of the outcome in writing;

(f) if the appeal relates to the testing of any measuring device or meter the following provisions will apply to the appeal process:

(i) the Municipal Manager shall consider the appeal within 14 (fourteen) days after having received the outcome of the test results of the tests conducted; and

(ii) the provisions relating to the testing of a measuring device or meter as set out in this policy will apply *mutatis mutandis*;

(g) the decision of the Municipal Manager is final;

(h) the Municipal Manager may condone the late lodging of an appeal or any other procedural irregularity pertaining to an appeal in a written notice expressly doing so.

29. SECTION 102(2) DISPUTES

A dispute declared by a consumer in terms of the provisions of section 102(2) of the Systems Act, must be declared and dealt with as follows:

(a) a consumer who wishes to declare a dispute in terms of the provisions of section 102(2) of the Systems Act, must declare such dispute in writing to the office of the Municipal Manager of the Municipality by means of a written declaration of the dispute, which writing must contain and set out the following:

(i) the account number to which the dispute relates;

(ii) the specific amount(s) to which the dispute relates;

(iii) a detailed description of the dispute and the grounds upon which and the reasons why the dispute is being declared together with any supporting documentation;

(iv) the redress requested by the consumer;

(v) the signature of the consumer who/which is the account holder of the account to which the dispute relates, or if the dispute is

being declared by a person other than the holder of the account to which the dispute relates, a power of attorney by the holder of the account to which the dispute relates authorising the person who declares the dispute to do so, which must accompany the written declaration of the dispute;

(b) a consumer who declares a dispute will only be entitled to the protection afforded to the consumer in terms of the provisions of section 102(2) of the Systems Act, if the dispute is declared as provided in terms of this policy;

(c) upon receipt of the written declaration of the dispute, the office of the Municipal Manager will within 7 (seven) days after receipt of the written declaration of dispute, refer the dispute to the office of the Chief Financial Officer or any delegated official of the Municipality, who will investigate the dispute and within 14 (fourteen) days after having received the dispute, make a finding on the outcome thereof as to the redress, if any, to be afforded to the consumer who declared the dispute;

(d) the office of the Chief Financial Officer or any delegated person must communicate the finding to the office of the Municipal Manager within the above stated 14 (fourteen) days, who in turn must communicate the finding of the Chief Financial Officer or any delegated official to the consumer who declared the dispute, within 7 (seven) days after having received the finding of the Chief Financial Officer or any delegated official;

(e) a consumer who is aggrieved by the finding of the Chief Financial Officer or any delegated official may lodge an appeal against the finding of the Chief Financial Officer or any delegated official in accordance with the below stated provisions;

(f) an appeal lodged against the finding of the Chief Financial Officer or any delegated official on a dispute declared by a consumer, must:

(i) be lodged in writing to the office of the Municipal Manager and comply *mutatis mutandis* to the provisions of sub-paragraph (a) above;

(ii) be lodged within a period of 7 (seven) days after the date on which the finding of the Chief Financial Officer or any delegated official was dispatched to the consumer by the office of the Municipal Manager; and

(iii) be decided on by the Municipal Manager of the Municipality who may be advised by an attorney from the Panel of Attorneys of the Municipality, who must decide the outcome of the appeal and communicate the decision on the outcome of the appeal to the consumer who lodged the appeal within 14 (fourteen) days after the appeal has been received;

(g) the decision made by the Municipal Manager on an appeal lodged by the consumer who declared the appeal against the finding of the Chief Financial Officer or any delegated official , shall be final and binding on the parties and constitutes the disposal and end of the dispute declared in terms of section 102(2) of the Systems Act;

(h) where a dispute has been declared and such dispute has been dealt with as set out above, the subject matter of such a dispute is disposed of and the consumer who declared the dispute may not declare a further dispute on the subject decided matter, or any part thereof;

(i) the declaring of a section 102(2) dispute as contemplated above, does not excuse the consumer from paying, or suspend the obligation to pay the amount which forms the subject of the dispute, or any other amount due to the Municipality in terms of the statement containing the amount which forms the subject of the dispute;

(j) if the finding of the Chief Financial Officer or any delegated official or the Municipal Manager in the event of an appeal, is that an adjustment on an account is warranted to the benefit of the consumer who lodged the appeal, the relevant account will be credited accordingly.

30. GRANTING AN EXTENSION OF THE PERIOD IN WHICH TO MAKE PAYMENT OF AMOUNTS DUE IN TERMS OF AN ACCOUNT

(1) If a customer is not able to make payment to the Municipality of the amount due in terms of the statement of such a customer, on the due date of the said statement, the Municipality may, in its sole discretion and on receipt of a written application from the debtor, grant an extension of the period in terms of which payment of such statement must be made by the customer, on the following conditions:

(a) the customer shall apply in writing to the office of the Chief Financial Officer for an extension of the due date by which a debt reflected on a statement or portion thereof, must be paid to the Municipality;

(b) the written application referred to above must stipulate the account number of the customer, the reasons why the extension of the due date is required, details of the financial position of the customer as well as the contact details and identity of the customer;

(c) the written application must be received by the office of the Chief Financial Officer prior to the due date for payment of the amount due in terms of the statement;

(d) the office of the Chief Financial Officer will consider the application by the customer as soon as reasonably possible and inform the customer of whether or not the application was granted, wholly or in part, and also stipulate the date upon which payment of the amount as reflected in the statement must be made in lieu of the due date as indicated on the statement;

(e) no extension may be granted to any customer who is under administration in terms of the Magistrates Court Act, Act 32 of 1944 or who has an arrangement with the Municipality to pay off previous arrears in instalments or within an extended time or against whom debt collection measures have been implemented;

(f) an extension for payment granted by the Municipality in terms of this policy, is subject to the customer signing an acknowledgment of debt for the arrear amount(s) not paid to the Municipality on the due date as reflected on the statement.

(2) If the customer fails to make payment of the amount reflected in the statement, or such amount as indicated by the office of the Chief Financial Officer, on the

date indicated by the office of the Chief Financial Officer, then the customer will be in arrears with such an amount and the provisions of this policy will apply and the customer will become a debtor.

31. ARRANGEMENTS TO PAY ARREARS IN CONSECUTIVE INSTALMENTS

(1) If a debtor is in arrears with the payment of an account to the Municipality, the Municipality may, in its sole discretion, enter into a written arrangement for the payment of the arrears, on the following conditions:

(a) only a debtor or a person authorised in writing on behalf of a juristic person which is the debtor, will be allowed to enter into and sign an agreement or arrangement for the payment of any arrears;

(b) the written agreement has to be signed on behalf of the Municipality by the duly authorised official;

(c) the debtor must acknowledge the fact that the arrears are due and payable and that the debtor will continue to make payment to the Municipality of the debtor's current account while simultaneously reducing the arrears in terms of the arrangement and must sign a separate acknowledgement of debt;

(d) any debtor who did not honour a previous arrangement or agreement will not be considered for a new agreement or arrangement unless exceptional circumstances exist;

(e) the debtor must agree that the arrears will be settled by making consecutive monthly instalment payments which must be maintained and any default will result in the whole outstanding amount becoming immediately due and payable and the municipal services, if applicable, being limited or disconnected without further notice, upon the debtor's default;

(f) the Municipality shall seize the further levying of interest, on the arrears in the event of an arrangement being entered into. Should the debtor fail to honour the arrangement, any interest not levied, will immediately be levied at the prescribed rate at the time and the entire amount due

as interest will also become immediately due and payable together with the balance of the arrears;

(g) the period over which as well as the monthly instalment which the debtor will be paying in terms of the arrangement to extinguish the arrears and interest, if any, will be agreed between the debtor and the Municipality with the provison that if the amount for the instalments or the period is not acceptable to the Municipality, the Municipality may decline to enter into the arrangement, and the debtor will be held liable for the immediate payment of the arrears and interest;

(h) a debtor will be required to complete a debit order for the payment of the instalments payable in terms of the arrangement;

(i) no arrangement for the payment of arrears will be longer than a period of 18 (eighteen) months. The Municipality may on an individual basis allow a longer period than the aforementioned 18 (eighteen) months for the payment of arrears, if exceptional circumstances exist that in the opinion of the Municipality warrants such an extension;(2) The Municipality is entitled to require a debtor to comply with any or all of the following requirements in the event of an arrangement being granted:

(a) sign a consent to judgement and agreement containing the terms of the arrangement which may include terms in addition to those contained in this policy;

(b) provide a garnishee order/emolument order/stop order, if the debtor is employed;

(c) acknowledge liability of all costs including legal costs incurred; and

(d) prove levels of income and make reasonable payment of arrears based on the ability to pay.

(3) The Municipality, in exercising its discretion to conclude an arrangement with a debtor for the paying of arrears may also have regard to a debtor's:

(a) credit record;

(b) consumption of municipal services;

(c) level of the municipal service;

(d) whether previous arrangements to pay off arrears were entered into with the debtor and whether any were complied with; and

(e) any other relevant factors.

(4) A copy of the arrangement will be made available to the debtor.

(5) If a debtor fails to comply with an arrangement for the payment of arrears, the total of all outstanding amounts, including the arrears, any interest thereon, administration fees, costs incurred in taking relevant action, and penalties, including payment of a higher deposit, will be immediately due and payable and the Municipality will be entitled to limit or disconnect any municipal services being delivered to the said debtor, without further notice.

(6) The Municipality may at any time deviate from the arrangement guidelines provided in this policy, but only upon the written recommendation from the Chief Financial Officer to do so, which recommendation must be approved in writing by the Municipal Manager of the Municipality.

(7) In the event of debtor entering into an arrangement with the Municipality to pay the arrears off in a single instalment, the Municipality will write off interest on the arrears as at the date of the payment of the arrears.

(8) Arrangements made outside the 18 (eighteen) month period will require written requested by the debtor to the office of the CFO. The request shall be accompanied by, at minimum, a 3 months bank statement, proof of identification and where necessary proof of ownership/authority over the property.

32. CATEGORIES OF DEBTORS AND GUIDELINES FOR THE GRANTING OF EXTENSIONS OF DUE DATES FOR PAYMENT OR THE ENTERING INTO OF ARRANGEMENTS FOR THE PAYING OFF OF ARREARS

In exercising its discretion whether or not to grant and extension of the period in terms of which the customer may make payment of an account, or to enter into an arrangement for the paying off arrears in instalments or any other applicable action to be taken by the Municipality regarding customers whose accounts are in arrears, the Municipality may also take into account the following guidelines and norms applicable to different the different categories of debtors referred to below:

OWNERS OF RESIDENTIAL PROPERTY	
DEBT	**PAYMENT / ARRANGEMENT**
R0 - R5 000	**No arrangements will be made, and the accounts must be settled in full**
~~R0.00 to R1 000.00~~ *R5 001 - R10 000*	40% of the outstanding debt must be paid by the debtor immediately as a down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of ***3 (three)*** months or sooner.
~~R1001 to R3000~~ ***R10 001.00 - R20 000.00***	**30%** of the outstanding debt must be paid by the debtor immediately as a down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of ***6 (Six)*** months or sooner.
~~R3001 to R5000~~ *R20 001.00 - R40 000.00*	20% of the outstanding debt must be paid by the debtor immediately as down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 12 (twelve) months or sooner.
R40 001.00 +	**15%** of the outstanding debt must be paid by the debtor immediately as a down payment, and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 18 (twenty four) months or sooner.

For all arrangements above R100 000 the Municipal Manager and/or the Chief Financial Officer must give authorisation

OWNERS OF BUSINESSES, COMMERCIAL, INDUSTRIAL AND/OR MINING PROPERTY	
DEBT	**PAYMENT / ARRANGEMENT**
~~R0.00 – R8 000.00~~ R0 – R40 000	No arrangement is allowed for this amount and the full outstanding amount must be paid by the debtor.
~~R8 001.00 – R100 000.00~~ R40 001 – R150 000	50% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 6 (six) months or sooner.
R150 001.00 – R500 000	30% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in monthly instalments within a period of 6 (six) months or sooner.
R500 001 +	25% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in monthly instalments within a period of 12 (twelve) months or sooner.

For all arrangements above R100 000 the Municipal Manager and/or the Chief Financial Officer must give authorisation

~~SPORTING BODIES AND CULTURAL INSTITUTIONS~~	
~~DEFAULT~~	~~PAYMENT / ARRANGEMENT~~
~~All debts:~~	~~50% of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 3 (three) months or sooner.~~

OWNERS OF PROPERTY USED FOR RELIGIOUS PURPOSES, PUBLIC BENEFIT ORGANISATIONS, WELFARE ORGANISATIONS, CHARITABLE INSTITUTIONS, ANIMAL WELFARE, MUSEUMS, LIBRARIES, ART GALLERIES AND BOTANICAL

GARDENS, YOUTH DEVELOPMENT ORGANISATIONS AND/OR CULTURAL INSTITUTIONS AND EDUCATION	
DEFAULT	**PAYMENT / ARRANGEMENT**
R0 - R10 000	No arrangement is allowed for this amount and the full outstanding amount must be paid by the debtor.
R10 001 – R5 0 000	**50%** of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 6 (six) months or sooner.
R50 001 – R100 000	**25%** of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 12 (twelve) months or sooner.
~~All debts~~: *R100 001+*	**20%** of the outstanding debt together with the account for the month in which the arrangement is made must be paid by the debtor immediately as a down payment and the balance of the outstanding amount must be paid in consecutive equal monthly instalments within a period of 18 (eighteen) months or sooner.

~~**RETIRED, DISABLED AND/OR REGISTERED INDIGENTS (AS REFERRED TO IN THIS POLICY)**~~	
~~**DEFAULT**~~	~~**PAYMENT / ARRANGEMENT**~~
~~All debts:~~	~~A assessment must be made to determine the amount that can be afforded by such debtors for the outstanding debt plus the current amount and the recoverability thereof.~~
	~~An affordable arrangement must be negotiated and paid, together with the current amount, on a monthly basis before the due date.~~
	~~Arrangements for this category of debtor will be free of interest, should the payment arrangement be complied with strictly.~~
	~~Debtors, who qualify and become Registered Indigents, may apply to the Municipality to have their arrear payments written~~

	~~off, once only, during ownership/occupation of the property. Relief will be provided for persons who qualify therefor in terms of the provisions of the Indigent Policy of the Municipality.~~

DEBTORS UNDER ADMINISTRATION	
DEFAULT	**PAYMENT / ARRANGEMENT**
All debts:	The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
	The administrator is to open a new account on behalf of the debtor, with a new deposit – No account is to be opened/operated in the debtor's name as the debtor is not entitled to accumulate debt (refer to the provisions of section 74S of the Magistrates Courts Act, Act 32 of 1944.
	As soon as the Municipality is informed about the status of the debtor being placed under administration, the debtor is to be placed on limited services levels. The customer will be compelled to install a prepaid electricity meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the prepaid meter.
	Should there be any default on the current account the supply of services is to be limited or disconnected and the debt incorporated into the administration for the collection of this debt.

COUNCILLORS AND EMPLOYEES OF THE MUNICIPALITY:	
DEFAULT	**PAYMENT / ARRANGEMENT**
All debts:	In accordance with the provisions item 12A of Schedule 1 of Systems Act, a Councillor may not be in arrears to the Municipality for rates and/or services charges for a period longer than 3 (three) months. In order to ensure timeous payment of Councillors' accounts, all Councillors shall be subject to an automatic

	deduction instituted against the Councillor allowance payments, on a monthly basis.
	In accordance with the provisions of Item 10 of Schedule 2 of Systems Act, an employee of the Municipality may not be in arrears to the Municipality for rates and/or services charges for a period longer than 3 (three) months, In order to ensure timeous payment of employees' accounts, all employees shall be subject to an automatic deduction instituted against the employees' salary payments, on a monthly basis, and the Municipality shall deduct any arrear amounts from the salary of such an employee after this period, which deduction is 25% of the gross salary of the employee, as in line with s34(2)(d) of the Basic conditions of Employment Act.

CHAPTER 5

CREDIT CONTROL AND DEBT COLLECTION MEASURES AND OTHER INSTANCES FOR THE LIMITATION, DISCONNECTION OR TERMINATION OF MUNICIPAL SERVICES

33. DIFFERENT DEBT COLLECTION AND CREDIT CONTROL MEASURES

(1) The Municipality shall be entitled to utilise and implement any one or more of the following debt collection and credit control measures in respect of any arrears and as provided for in this policy:

(a) a notice of demand;

(b) the limitation, disconnection or termination of the municipal services of water and electricity;

(c) the raising of penalties and interest charges on arrears;

(d) the institution of debt collection procedures and legal proceedings to recover debt.

(e) ~~blocking of prepaid meter purchases~~

(2) As a result of the provisions of section 75A, as contained in Chapter 8 of the Systems Act, entitling a Municipality to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality and to recover collection charges and interest on any outstanding amount, the institution of legal proceedings to recover debt shall not constitute a "debt collection and credit control measure" for the purpose of and as contemplated in the provisions of section 102(1), read with section 102(2) of the Systems Act, as the Municipality's right to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality as well as collection charges and interest on any outstanding amount, is not a debt collection and credit control measure provided for in Chapter 9 of the Systems Act, but a statutory right of the Municipality provided for in Chapter 8.

34. NOTICE OF DEMAND

(1) When a consumer is in arrears the Municipality shall serve a notice of demand claiming payment of the arrears within 14 (fourteen)working days from the date depicted on the notice of demand, and informing the consumer of the Municipality's right to limit, disconnect or terminate the municipal services of water and electricity should the arrears remain unpaid.

(2) The failure to serve a notice of demand does not relieve a consumer from paying such arrears.

(3) The notice of demand must contain the following:

(a) the amount in arrears and any interest payable;

(b) that the consumer's name may be listed with a credit bureau or any other equivalent body as a defaulter;

(c) that the account may be handed over to a debt collector or attorney for collection and/or the institution of legal steps; and

(d) and that the Municipality has the right to limit, disconnect or terminate the municipal services of water and electricity should the arrears remain unpaid, or the consumer's actions allow the Municipality to limit, disconnect or terminate the municipal services, without further notice;

(e) that, in the event of the limitation or discontinuation of the water or electricity provision services, the consumer is afforded an opportunity to make representations to the Municipality as to why the Municipality should not proceed to limit or discontinue the water supply services to the consumer, which representation must be made by the consumer within 14 (fourteen) days from the date of the notice of demand.

(4) The right to be afforded reasonable notice of the Municipality's intention to limit or discontinue the water supply services to a consumer or to be afforded an

opportunity to make representations to the Municipality as to why the Municipality should not proceed to limit or discontinue the water or electricity supply services to the consumer as referred to above, shall not apply in instances where:

(a) other consumers would be prejudiced;

(b) there is an emergency situation;

(c) the consumer has interfered with a limited or discontinued service.

(5) A notice of demand sent through ordinary post shall be deemed to be delivered and actionable should the debtor fail to make payment on the account or arrangement to settle the account.

35. THE LIMITATION, DISCONNECTION OR TERMINATION OF THE MUNICIPAL SERVICES OF WATER AND ELECTRICITY

(1) The Municipality shall be entitled, subject to the 14 (fourteen) day notice period referred to above, to limit the municipal service of water, disconnect the municipal service of electricity or to terminate the provision of municipal services altogether, save for the provision of a limited supply of potable water, to a consumer, in the following instances:

(a) failure to pay arrears subsequent to a notice of demand being served;

(b) failure to rectify a breach of any of the provisions of this policy, or any other Policy, By-Law of the Municipality or statutory provision, after being notified of the said breach;

(c) failure to conclude or honour the terms and conditions of an arrangement to pay arrears in consecutive instalments;

(d) failure to comply with a condition of supply relating to any municipal service imposed by the Municipality;

(e) if there has been any unlawful obstruction of or interference with any equipment or services;

(f) if the consumer supplies or attempts to supply or "on sell" such municipal service to a person who is not entitled thereto or permits such service to continue;

(g) if the Municipality fails to obtain actual readings for a period of 3 (three) consecutive months and the consumer was notified in writing by the Municipality to avail the readings but fails to respond within the prescribed time;

(h) the building on the premises to which services were provided has been demolished;

(i) at the written request of the consumer;

(j) if there has been a material abuse of the municipal services by the consumer;

(k) if the execution of necessary and/or required repairs or maintenance necessitates;

(l) in instances of emergencies where the provision of certain municipal services are not possible; and

(m) if there has been any unlawful connection, or any unauthorised activity relating to any municipal installations or services or the services are used for the conducting of a category of use other than that for which the consumer is registered.

(2) The costs of any limitation, disconnection or termination of municipal services and the restoration or re-connection thereof, including any interest thereon, administration fees, additional charges, costs incurred in taking relevant action and any penalties, including the payment of a higher deposit, payable in terms of this policy, will be payable by the consumer in full to the Municipality before any reconnection or restoration of the municipal services will take place.

(3) The Municipality shall have the right to limit, disconnect or terminate municipal services in accordance with this policy if there is any arrears and irrespective of whether payment has been made in full or in part for or towards the municipal service which has been limited, disconnected or terminated.

(4) Notwithstanding that a municipal service connection to an approved installation may have already been completed, the Municipality may at its absolute discretion, refuse to supply municipal services to that installation, until all arrears by the same consumer in respect of that or any other service connection, whether or not on the same premises, have been paid.

(5) An arrangement to pay arrears in consecutive instalments entered into after the municipal services was limited, disconnected or terminated, will not result in the municipal services being restored or reconnected until the arrears, any interest, administration fees, costs incurred in taking relevant action and any penalties, including payment of a higher deposit, are paid in full.

(6) The Municipality may without notice, limit, disconnect or terminate the provision of municipal services, including the supply of water and the supply of water and electricity services provided through pre-payment meters (which could include the restricting and/or allocation of credit purchases for pre payment meters) to any premises, and without prejudice any of the Municipality's rights, including the right to enter upon such premises and carry out, at the consumer's expense, such emergency work, as the Municipality may deem necessary and in the following circumstances:

(a) in an emergency where the Municipality considers it necessary as a matter of urgency to prevent any wastage of municipal services, unauthorised use of municipal services, damage to property, danger to life or pollution of municipal services, and national disaster or if sufficient municipal services are not available;

(b) where a consumer uses the municipal services for any purpose or deals with the supply of the municipal services in any manner which the Municipality has reasonable grounds for believing interferes in an improper or unsafe manner or is found to interfere in an improper or unsafe manner with the efficient supply of the municipal services to any other consumer. Where the consumer causes or allows any other consumer to connect to the services supplied to him, the Municipality may limit, disconnect or terminate such municipal service but shall

restore such service as soon as reasonably possible once the cause for the disconnection has been permanently remedied or removed;

(c) where a consumer causes a situation which is in the opinion of the Municipality constitutes a danger or potential danger to a person or property or a contravention of relevant legislation;

(d) where a consumer interferes with the supply to any other consumer;

(e) where there is a serious or grave risk to any person or property;

(f) for reasons of community safety or the safety of emergency personnel;

(g) where *prima facie* evidence exists of a consumer and/ or any person having tampered with or contravened the provisions of this policy the Municipality shall have the right to disconnect the supply of municipal services immediately and without prior notice to the consumer or premises where the contravention has taken place;

(h) if there has been material abuse of the municipal services;

(i) if the use of municipal services is creating unacceptable environmental damage or water pollution.

36. RECONNECTION OR REINSTATEMENT OF MUNICIPAL SERVICES

(1) The Municipality shall reconnect or reinstate municipal services limited, disconnected or terminated in terms of this policy, if:

(a) the arrears have been paid by the debtor, or an arrangement for the paying of the arrears in instalments has been concluded between the Municipality and the debtor; and

(b) the costs of any limitation, disconnection or termination of municipal services and the restoration or re-connection thereof, including any interest administration fees, additional charges, costs incurred in taking relevant action and any penalties, including the payment of a higher deposit, payable in terms of this policy, have been paid by the debtor; and

(c) there are no other grounds to continue the limitation, disconnection or termination provided in this policy.

(2) The Municipality may when restoring or reinstating municipal services limited, disconnected or terminated as a result of non-payment or a breach of the terms of their policy, install or convert a conventional measuring device or meter with a prepayment metering system in order to execute credit control.

37. TERMINATION OF MUNICIPAL SERVICES BY CUSTOMER

If the customer is of the intention to terminate the services agreement with the Municipality or to terminate one or more of the municipal services being rendered to the customer, the customer shall give notice in writing, of not less than 7 (seven) days to the Municipality of this intention, by completing the relevant service discontinuation and account closure forms as prescribed by the Municipality requesting the Municipality to terminate the services agreement concluded with the Municipality and/or the provision of the municipal service(s). Until such time as the service agreement or municipal services have been terminated the customer remains liable for all and any charges, fees, tariffs, levies and the consumption charges of municipal services.

38. TERMINATION OF MUNICIPAL SERVICES AGREEMENT BY THE MUNICIPALITY

The Municipality may terminate the services agreement for the provision of a municipal services which the Municipality concluded with a customer, by notice in writing of not less than 30 (thirty) days:

(a) if the customer has not used the municipal service(s) during the preceding 6 (six) months and has not made arrangements to the satisfaction of the Municipality for the continuation of the relevant municipal service;

(b) if the Municipality has made an arrangement with another service provider to provide the municipal service concerned to the customer;

(c) the customer has vacated the premises to which the agreement concerned relates;

(d) if the customer has failed to comply with the provisions of this policy and the applicable by-laws and has failed to rectify such failure following notice to do so;

(e) the building on such premises has been demolished or declared unsafe for occupation;

(f) the customer has failed to pay the prescribed charges, fees, tariffs, levies, consumption charges or other amounts due to the Municipality.

39. TEMPORARY DISCONNECTION AND RECONNECTION

(1) The Municipality shall at the request of the customer and when reasonably possible, temporarily disconnect and reconnect the supply of municipal services for the consumer to effect an installation on the premises requiring the disconnection of the municipal services, upon payment of the prescribed fee for such disconnection and reconnection.

(2) The Municipality may temporarily disconnect or alter or move or change the supply of municipal services to any premises without notice, for the purpose of effecting repairs or carrying out tests or for any other legitimate purpose.

Regarding the temporary disconnection of the electricity supply, the Municipality will endeavour to give effect and implement to the provisions of NRS 047-1:2005 Edition 3 relating to planned disconnections.

40. LEVYING OF PENALTIES AND INTEREST CHARGES ON ARREARS

(1) The Municipality may in terms of section 75A of the Systems Act charge interest on arrears at the interest rate determined by the Council from time to time.

(2) Where any payment made to the Municipality is later dishonoured by the bank, the Municipality may levy such cost and administration fees against an account of the customer as approved from time to time by the Council and set out in the Tariff Schedule referred to in the Tariff Policy.

(3) All legal costs, including attorney and own client costs, incurred in the recovery of arrears shall be levied and recovered from the debtor.

(4) Where any action is taken by the Municipality in demanding payment from the debtor or reminding the debtor by means of telephone, fax, email, letter or otherwise, that the account of the said debtor is in arrears and that payments on the account are overdue, a penalty fee may be levied against the account of the debtor in the amount as set out in the Tariff Schedule of the Municipality.

(5) Where any municipal service is disconnected as a result of non-compliance with the provisions of this policy by the debtor, the Municipality shall be entitled to levy and recover the standard disconnection fee, as determined by the Municipality from time to time, from the debtor in terms of the Municipality's Tariff Schedule.

41. THE INSTITUTION OF DEBT COLLECTION PROCEDURES AND LEGAL PROCEEDINGS TO RECOVER DEBT

(1) Where an account remains in arrears for more than 60 (sixty) days: the debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter and the arrears may be handed over to a debt collector or an attorney for the collection of the arrears and/or the institution of legal steps against the debtor.

(2) The Chief Financial Officer must exercise strict control over this process and must require regular progress reports from attorneys, debt collectors and/or other parties concerned.

(3) The Municipality must ensure that the terms, conditions, duties and obligations of any service providers appointed by the Municipality to collect outstanding debts, are sufficiently documented in a service level agreement and the Chief Financial Officer must ensure that the terms and conditions of the service level agreement are complied.

(4) Once arrears have been handed to an attorney or other person for the collection of the arrears any further arrangements, agreements or communications must be made directly with such attorney or debt collector within the boundaries of this Credit Control and Debt Collection Policy.

(5) In terms of the provisions of section 103 of the Systems Act the Municipality may:

(a) with the consent of the debtor, enter into an agreement with the employer of the debtor in order to deduct from the salary or wages of such debtor:

(i) any outstanding amounts due to the Municipality in terms of this policy; or

(ii) such regular monthly amounts as may be agreed and

(b) provide special incentives for:

(i) employers to enter into such agreements; and

(ii) debtors to consent to such agreements.

(6) Any and all collection and/or legal fees occasioned by the debt collection process are payable by the debtor concerned.

(7) In the event that the Municipality has listed a consumer with a Credit Bureau and the consumer has subsequently settled their obligation in terms of the listing, the Municipality shall inform the Credit Bureau within 7 (seven) days of such payment and request the removal of the listing

42. FULL AND FINAL SETTLEMENT

If a consumer tenders payment of an amount less than the amount that is due and payable to the Municipality or tenders payment of any arrears, and such payment is accepted by the Municipality, such payment will not be in full and final settlement of the amount due and payable or arrears, irrespective of the consumer indicating that such payment is in full and final settlement, unless it is part of a written agreement between the consumer and the Municipality in terms of which the Municipality expressly states that it is prepared to accept the payment in full and final settlement.

43. JOINT AND SEVERAL LIABILITY OF OWNERS, TENANTS AND OCCUPIERS

Notwithstanding any other provision in this policy, the owner, tenant or occupier of premises to which municipal services are provided, or in respect of which any levies, fees, charges or tariffs are imposed or levied, are jointly and severally liable for the payment of any consumption charges, levies, fees, charges or tariffs, despite any contractual obligation or arrangement to the contrary between any of the said parties, and irrespective of whether a municipal services agreement was concluded between the Municipality and such owner, tenant or occupier of the premises regarding the provision of the municipal services to which the consumption charges, levies, fees, charges or tariffs relate.

44. JOINT AND SEVERAL LIABILITY OF OWNERS, TENANTS AND OCCUPIERS FOR ARREARS REGARDING RATES

(1) In terms of section 28 of the MPRA the Municipality may recover arrears for rates in whole or in part from the owner, tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier, subsequent to written notice to the tenant or occupier. The Municipality may recover these arrears only after the Municipality has served a written notice on the tenant or occupier.

(2) The amount the Municipality may recover from the tenant or occupier of a property in terms of sub-paragraph (1) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.

(3) Any amount the Municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier of the owner.

(4) The tenant or occupier of a property must, on request by the Municipality, furnish the Municipality with a written statement specifying all payment to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipality.

CHAPTER 6

CUSTOMER ASSISTANCE

45. RATE REBATE

Rate rebates will be granted as set out in the Rates Policy and By-Law of the Municipality.

46. FREE BASIC SERVICES

The Municipality will provide the free basic municipal services as set out in the Tariff Policy and By-Law of the Municipality. In the event that any municipal service is limited, disconnected or terminated in terms of this policy the free portion of such municipal services provided for in terms of this section and the Tariff Policy and By-Law, will also not be unlimited for as long as the municipal service remains limited, disconnected or terminated.

47. INDIGENT SUPPORT

The Municipality may extend indigent support to any consumer on application to the Municipality in the prescribed manner as set out in the Municipality's Indigent Policy.

CHAPTER 7

PROVISION FOR BAD AND IRRECOVERABLE DEBT

48. PROVISIONS FOR BAD DEBT

(1) The Municipality must ensure that there is an acceptable and sufficient provision for bad debt in the budget of the Municipality.

(2) The annual provision for bad debt shall be provided for as follows:

(a) 90% of all outstanding debts which are unpaid for a period of 90 (ninety) days or more, based on the estimated age analysis of the financial year end of which the financial statements are drawn up for; and

(b) 50% for 60 days based on the estimated age analysis of the financial year end of which the financial statements are drawn up for.

(3) Provision for bad debt is provided for in respect of the following services and amounts debited to customer accounts:

(a) rates;

(b) sewerage;

(c) water;

(d) electricity;

(e) refuse;

(f) basic electricity;

(g) basic water; and

(h) sundry debtors.

(4) The Chief Financial Officer must keep record of all provisions in accordance with general recognised accounting practices.

(5) The Chief Financial Officer must report to the Municipal Manager in a prescribed form and must review and adjust the provisions with the adjustment budget.

49. IRRECOVERABLE BAD DEBT AND WRITE OFFS

(1) The main purpose of writing off bad debts is to ensure:

(a) consistency in writing off bad debts;

(b) proper authorisation at appropriate levels for write offs;

(c) efficient and effective debt collection.

(2) Bad debts will be written off if the Municipality is satisfied that:

(a) recovery will cause undue hardship to the debtor or debtor's dependents;

(b) recovery is uneconomical or not cost effective;

(c) the provisions of all other policies of the Municipality, such as the Indigent Policy have been considered and where applicable applied;

(d) any debt collection and credit control measures implemented by the Municipality were exhausted and/or ineffective and/or not cost effective;

(e) a full report of all amounts to be written off is to be presented to the Council on a quarterly basis for approval;

(f) the write-off's in respect of the arrears of Registered Indigents will be undertaken in terms of the Indigent Policy of the Municipality;

(g) in the event of a claim against an insolvent estate, pursuing a claim against the estate bears the risk of a contribution or the prospect that no dividend will be received;

(h) a deceased estate has no liquid assets to cover the arrears following the final distribution of the estate or if the estate has not been reported to the Master and there is no reasonable prospect of recovering the arrears from the Estate;

(i) the arrears have, in law, prescribed and the prescription of the debt has been claimed and relied on by the consumer;

(j) the debtor is untraceable or cannot be identified in order to proceed with further action;

(k) the debtor has emigrated leaving no assets of value and it is not cost effective to pursue the claim further;

(l) it is not possible to quantify or prove the arrears;

(m) a court has ruled that the claim is not recoverable;

(n) the arrears are due to an irreconcilable administrative error by the Municipality including any alterations not affected timeously in the Municipality's records or the levying of interest in an instance where the capital was not in arrears;

(o) such amount constitutes the remainder of arrears on which the Municipality accepted an offer made in full and final settlement of such arrears, which offer is not for the entire amount of the arrears, but which is accepted in writing by the Municipal Manager;

(p) arrears may be written off to bad debts where the Municipality:

(i) expropriates any property; or

(ii) purchases any property; or

(iii) undertakes any obligations to develop any property.

(3) Arrears may be written off as bad debts where a property has been forfeited to the State in terms of the Prevention of Organised Crime Act, Act 121 of 1998; or where the occupants have been evicted from Council, Provincial or State-owned premise;

(4) Upon approval of successful indigent registration, the applicant's arrear debt will be written off. This will only occur only once per person. Where such a customer exceeds the allocated subsidy and fails to pay, the said customer will be subjected to this policy. Furthermore should a customer lose his/her status as a Registered Indigent due to his/her financial recovery, such a customer will

immediately be subject to the provisions of this policy should the account again fall into arrears.

(5) Where an exemption has been granted in terms of the Rates Policy of the Municipality to a ratepayer from the payment of property rates, such ratepayer will with effect from the date of such exemption, have its arrears in respect of its account, if any, written off;

(6) Should any tampering with or bypassing of any measuring device or meter be discovered, any arrears written-off in terms hereof, will become payable with immediate effect and any other action as per any legislation or policy which applies to such tampering and/or bypassing will be instituted;

(7) Where a ratepayer's status, entitling it to an exemption in terms of the Rates Policy of the Municipality, changes so that the ratepayer is no longer entitled to an exemption, any arrears written off subsequent to the changing of the status of the ratepayer will be reversed and become due and payable again;

(8) Any request for the writing off of arrears for an amount above R1 000.00 (one thousand rand) must be made to the Council. Such a request must be made in writing and must be submitted to Council for approval together with documentation indicating the applicable account number, the debtors full details, full details of the premises concerned in respect of the arrears, the arrears as well as a motivation for the requested write-off referring to the grounds set out in this policy allowing for a write off in the particular circumstances. The request must be compiled and submitted to Council for approval by way of a resolution as an irrecoverable debt write off. Arrears of less than R1 000.00 (one thousand rand) may be written off by means of a written resolution from the Municipal Manager supported by a written report and recommendation from the Chief Financial Officer and the details regarding the debtor and the arrears referred to above, must be included in the said report and recommendation.

(9) Notwithstanding the contents of the afore going paragraphs, the Municipality is under no obligation to write-off any particular debt and any approval of a write–off of arrears remains within the sole discretion of the Municipality.

(10) The Municipality is entitled to reverse any amount it has written-off upon it being discovered that a debtor has mislead (whether intentionally or negligently) the Municipality in terms of any information, documentation or representation made by such debtor in order to receive such write-off, in which event the Municipality is entitled to immediately effect the reversal of any write-off against the account of a debtor.

(11) The Municipality may write-back any amount previously written-off by it on behalf of a debtor where the account of such debtor, at any time, reflects a credit balance.

(12) Any write off of any arrears which was in error shall not bind the Municipality and be written back.

(13) The Municipality shall apply the terms of this policy fairly and consistently and in an open and transparent manner.

(14) Where a debt has in law prescribed and the consumer claims and relies on the extinguishing of the debt as the result of prescription of the debt, as envisaged in sub-paragraph (2)(i) above, the Municipal Manager has the delegated authority, which must be exercised in consultation with the Chief Financial Officer, to confirm that the debt has in fact prescribed and is accordingly written off. The Municipal Manager must report on all debts which have been written off as a result of the prescription thereof to Council.

CHAPTER 8

GENERAL PROVISIONS

50. RIGHT OF ACCESS OR ENTRY TO PROPERTY AND INSPECTION

(1) In terms of the provisions of section 101 of the Systems Act and section 41 of the MPRA, the Municipality must be given access to premises by the owner or occupier thereof or the customer or consumer of the municipal services thereon or thereto (cumulatively referred to hereafter as "person in control") at all reasonable hours, or in the event of an emergency at any time, in order to request information, carry out an inspection and examination, to read, inspect, install or repair any measuring device or meter or service connection for reticulation, or to limit, disconnect or terminate the provision of any municipal services, or to value the premises, or to execute any lawful act or conduct any lawful service, or to ensure compliance with any by-law of the Municipality or statute.

(2) Where, for whatever reason, access to a measuring device or meter or premises is not possible, the Municipality may:

(a) by written notice require the person in control to restore access at his/her own expense within a specified period; and

(b) where access to such a measuring device or meter or premises is required as a matter of urgency or in an emergency, the Municipality may without prior notice restore access to the measuring device, meter or premises and recover the costs in respect thereof from the person in control.

(3) A person in control who fails or refuses to provide access to the Municipality will be liable for the costs incurred by the Municipality, to gain access to the measuring device or meter or premises.

(4) If the Municipality considers it necessary, in order to enable the Municipality to perform any function properly and effectively in terms of this Policy, or any other policy or by-law of the Municipality, it may:

(a) by written notice require the person in control, at their own expense, to do specified work within a specified period;

(b) in the event of an emergency conduct the necessary work without any notice and cause the person in control to reimburse the Municipality for any expenses incurred in the execution of such work.

(5) If the work referred to above is carried out for the sole purpose of establishing whether a contravention of this policy has been committed and no such contravention has taken place the Municipality shall bear the expense and cost connected therewith.

(6) Any person representing the Municipality must on request provide his or her identification and allow the consumer to verity the authority of the representative with the Municipality.

51. UNAUTHORISED ACTIVITIES – THEFT, FRAUD AND TAMPERING

(1) Any person who is illegally connected to municipal services, tampers with measuring devices or meters, the reticulation network or any other equipment of the Municipality for the provision of municipal services, and/or any person who commits any unauthorised activity, theft of, or damage to any infrastructure or equipment of the Municipality (also referred to as an “unauthorised activity”) will be prosecuted and subjected to a credit control fine of R1500.00 per tempered service

(2) No person shall in any manner, or for any reason whatsoever tamper with, interfere with, vandalise, fix advertising medium to, or deface any measuring device or meter or service connection or service protective device or supply

mains or equipment of the Municipality, or illegally connect into the municipal services of any other consumer or the Municipality.

(3) The provision of municipal services to any premises, and/or consumer, will be terminated immediately upon the Municipality becoming aware of any unauthorised activity in respect thereof as contemplated in this policy.

(4) The Municipal Manager must implement a monitoring system in order to identify consumers who commit any unauthorised activity.

(5) The Municipality reserves the right to institute legal action, including the laying of criminal charges and/or to take any other legal action against any person who commits an unauthorised activity.

(6) The Municipality may reward any whistle blower who reports unauthorised activity to the Municipality.

(7) An owner of premises will be held liable and fined for any unauthorised activity committed by an occupier of such premises.

(8) In the event of any unauthorised activity, the Municipality shall have the right to recover an amount based on estimated consumption as provided for in this policy. The estimated consumption by the Municipality shall be prima facie evidence of the consumption in the event of any unauthorised activity.

(9) Where a person illegally reconnects the supply of a municipal service which was disconnected by the Municipality in accordance with this policy, then the consumer shall be liable for all charges for such municipal service consumed between the date of disconnection and the date the supply is found to be reconnected and any other charges raised in this regard.

(10) Notwithstanding any other rights that the Municipality may have in terms of this policy, the Municipality may, in the event of any unauthorised activity, summarily terminate the supply of municipal services and may take any such steps as the Municipality may deem necessary to effect such termination, including, but not limited to the right to remove the measuring device or meter physically from the premises.

(11) Any contravention of this paragraph, whether intentional or negligent shall be sufficient to constitute an offence and unless the contrary is proved by the consumer, it shall be deemed that the contravention was due to an intentional act or omission of the person charged.

52. CLEARANCE CERTIFICATES

(1) In terms of the provisions of section 118 of the Systems Act a registrar of deeds may not register the transfer of property situated within the municipal area of the Municipality, except on production to such registrar of a prescribed certificate issued by the Municipality, which certifies that all amounts which became due in connection with such property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the 2 (two) years preceding the date of application for such certificate, have been fully paid.

(2) if a clearance certificate is requested in terms of section 118 (1) of the Act, and payment is only made for two years preceding the date of application for the certificate, the balance of the debt shall remain as a charge against the property.

(3) The certificate shall be endorsed with the balance owing as a charge against the property in order to bring the same to the attention of the seller, buyer and conveyance. The onus is on the conveyance to advise his or her clients accordingly.

(4) The municipality may institute legal proceedings against the seller or purchaser of the property to recover the balance owed.

(5) The municipality reserves the right to follow any of the legal mechanisms available to it in order to recover the balance of the debt, including, lodging an urgent application to interdict the sale of the property until the debt is

paid in full or an irrecoverable bank guarantee for the full outstanding debt, on date of registration of transfer has been furnished by the conveyance.

(6) Information and contact details of the purchaser provided on the revenue clearance certificate shall be used as details of the new owner (purchaser) for the purposes of billing for rates, services and consolidated accounts until the same has been changed by the purchaser.

(7) In the case of the transfer of immovable property by a trustee of an insolvent estate the provisions of this paragraph are subject to section 89 of the Insolvency Act, Act 24 of 1936.

(8) An amount due for municipal services, fees, surcharges on fees, property rates and other municipal rates, levies and duties provided for in this policy, is a charge upon the property and which amount enjoys preference, over any mortgage bond registered against the property from the date of registration of the transfer of the property into the name of the owner.

(9) If the owner of the property is not the person who has entered into a services agreement with the Municipality for the supply of municipal services to a property, the owner will become liable for the payment of the charges referred to in section 118(1)(b) of the Systems Act relating to the property, once the owner of the property applies for a clearance certificate in terms of section 118 of the System Act.

53. DAMAGE TO MUNICIPAL SERVICE INFRASTRUCTURE

(1) A consumer shall be liable for all and any costs to the Municipality arising from any damage to, or loss of any measuring device or meter or municipal service infrastructure relating to the provision of municipal services to premises, unless such damage is shown to have been occasioned by an Act of God or an act or omission of the Municipality, or caused by an abnormality in the supply of municipal services to the premises.

(2) In the event of any damage occurring to any measuring device or meter or municipal service infrastructure relating to the provision of municipal services to premises, the consumer shall report and inform the Municipality as soon as the consumer becomes aware of the damage.

(3) Where it can be reasonably established that there has been intentional tempering of any measuring device or meter or municipal service infrastructure, resulting in the removal of such any measuring device or meter or municipal service infrastructure by the Directorate Technical and Infrastructure, a credit control reconnection fee of R2500.00 shall be payable prior to the service being reinstituted or reinstalled

54. REPORTING DEFAULTERS

(1) The Municipality may in its discretion report any person that is indebted to the Municipality, to any company or organisation that collates and retains information regarding defaulters.

(2) The information to be included in such report shall be the available personal information of the defaulter or in the event that the defaulter is a legal person, the statutory details of the legal entity including information pertaining to the responsible officer of such legal person.

55. PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS

(1) When submitting a tender for the provision or delivery of goods, each potential tenderer must prove to the satisfaction of the Municipality that all accounts for which the tenderer is liable, have been paid up to date and that all accounts for which each and every director, member, partner or trustees of the tenderer is liable have also been paid up to date.

(2) The municipality will at its sole discretion check whether all the municipal accounts are up to date, copies of all accounts sent to the tenderer and to each director, member, owner, partner, or trustees must be attached to the tender documents.

(3) Where a tenderer's place of business or business interests are outside the jurisdiction of the municipality a Revenue Clearance Certificate from the Municipality must be produced.

(4) Before awarding a tender, the municipal debts of the tenderer and each director, member , owner, partner or trustee of the tenderer must be paid in full.

(5) Where payments are due to a creditor in respect of goods or services provided to the Municipality or in terms of any contractual arrangement with the municipality may be set off against such payments.

(6) This policy applies to quotations, public tenders and tenders in terms of section 36 of the Supply chain management policy

56. NOTICE

(1) Any notice given by the Municipality in terms of this policy, the Credit Control and Debt Collection By-Law, the Tariff Policy and By-Law, the Rates Policy and By-Law, the Water By-Law, the Electricity By-Law or any other legislation shall, unless the contrary is proven by the person/entity to whom the notice was addressed, be regarded as having been served:

(a) when it has been delivered to that person personally;

(b) when it has been left at that person's place of residence or place of business or employment with a person apparently over the age of 16 (sixteen) years;

(c) when it has been posted by pre-paid registered or certified mail to that person's last known residential address or business address and an acknowledgment of the posting thereof from the postal service is obtained;

(d) when it has been served on that person's agent or representative in any of the manners provided for in this policy;

(e) when it has been posted in a conspicuous place on the premises to which the notice relates;

(f) when it has been faxed to that persons fax number and a confirmation of the successful sending of the fax is obtained;

(g) when it has been emailed to that persons email address and a confirmation of the successful sending of the email is obtained.

(2) In the case where compliance with a notice is required within a specified number of days, such period shall be deemed to commence on the date of service of the notice.

(3) When any notice or other document must be authorised or served on the owner, occupier or holder of any property or right in any property, it is sufficient if that person is described in the notice or other document as the owner, occupier or holder of the property or right in question, and it is not necessary to address that person by name.

(4) Any legal process is effectively and sufficiently served on the Municipality when it is delivered to the Municipal Manager or a person in attendance at the Municipal Manager's office.

(5) Any person on whom a notice is served shall, comply with its terms or when a time is specified, comply with the terms of the notice within the specified time.

57. NON LIABILITY OF THE MUNICIPALITY

The Municipality nor any employee, official, person, body, organisation or corporation acting on behalf of the Municipality shall be liable for any loss or damages of whatsoever nature howsoever arising whether, direct or consequential, suffered or sustained by any person as a result of or arising from the provision, limitation, disconnection or termination, interruption or any other abnormality arising from the supply of municipal services, or any act or omission done by the Municipality or any employee, official, person, body, organisation or corporation acting on behalf of the Municipality.

58. CODE OF ETHICS

(1) All the officials of the Municipality shall embrace the spirit of Batho Pele and treat all consumers and debtors with dignity and respect at all times.

(2) Employees of the Municipality shall execute their duties in terms of this policy in an honest and transparent manner whilst protecting the confidentiality of information of consumers and debtors in accordance with the provisions of the Promotion of Access to Information Act, Act 2 of 2000.

59. STAFF AND COUNCILLORS IN ARREARS

(1) Item 10 of schedule 2 of the Act (Code of Conduct for Municipal Staff Members) states that –

a. 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 months; and

b. A municipality may deduct outstanding amounts from a staff member's salary after this period; and

(2) The municipality shall liase with the relevant staff on repayment of their arrears

(3) No special treatment shall be afforded to staff members whose accounts are in arrears

(4) Any staff member who has breached the code will be dealt with in accordance with disciplinary procedures adopted by the municipality in terms of the Act

(5) Item 12 A schedule 1 of the Act states that a Councillor may not be in arrears to the municipality for rates and service for a period longer than three months

(6) The Municipal Manager shall liase with the Mayor and issue necessary salary deduction where appropriate for the councillors

60. AUTHENTICATION OF DOCUMENTS

Any document requiring authentication by the Municipality shall be sufficiently authenticated if signed by the Municipal Manager, or by a person duly authorised to do so, on behalf of the Municipality, by resolution of the Municipality and shall constitute prime facie proof of the authenticity, existence and contents of the document.

61. PRIMA FACIE EVIDENCE

In legal proceedings by, or on behalf of the Municipality, a certificate reflecting an amount due and owing to the Municipality, the identity of the debtor and any such other details as may be included in such a certificate and which is signed by the Municipal Manager, or by a person dully authorised to do so, on behalf of the Municipality, by resolution of the Municipality, shall subject to the provisions of section 3 of the Law of Evidence Amendment Act, Act 45 of 1988, upon its mere production constitute prima facie evidence of the contents of the certificate.

62. PROVISION OF INFORMATION

A consumer, debtor, owner, occupier or person within the area of supply of the Municipality must provide the Municipality with accurate information requested by the Municipality that is reasonably required by the Municipality for the implementation or enforcement of this policy.

63. AVAILABILITY OF POLICY AND BY-LAWS

(1) A copy of this policy and the Credit Control & Debt Collection By-Law of the Municipality shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the Systems Act.

(2) The Municipality shall take all required legal steps to inform consumers, debtors, owners and occupiers of the content of this policy.

(3) A copy of this policy and the Credit Control & Debt Collection By-Law of the Municipality shall be available for inspection at the offices of the Municipality at all reasonable times.

(4) A copy of this policy and the Credit Control & Debt Collection By-Law of the Municipality may be obtained from the Municipality against payment of an amount as determined by the Council.

64. BY-LAW TO GIVE EFFECT TO THIS POLICY

The Municipality shall adopt a by-law known as the Credit Control & Debt Collection By-Law to give effect to the implementation and enforcement of this policy.

PO Box _____ • Rustenburg • Tel: _____ (office hours) • Email: _____ •

• Cashier hours: 07:45 – 15:30 (Mondays to Fridays) • 07:45 – 12:00 (Saturdays) •

ACCOUNT NO.:													
RECEIPT NO.:													

****Mark if applicable with a "X"**

Type of Application:	Domestic		Commercial / Industrial		Institutional	
Type of Customer:	Individual	CC	Partner	Pty (Ltd)	Lessee	Owner
Particulars of Applicant						
Name of corporate entity:						
Registration number of corporate entity:						
VAT Registration No.: (if applicable)						
Surname:			**Initials:**			
ID Number:						
Marital status:	Married	Unmarried	Single	Divorce	Widowed	
If married – in / out of community of property:						
Occupation:						
Tel. No. (Home):			**Tel. No. (Work):**			
Cellphone No.:			**E-mail:**			
Details of spouse where married in community of property:						
Surname:			**Initials:**			
ID Number:						
Occupation:						
Tel. No. (Work):			**Cellphone No.:**			
E-mail:						
Address of Applicant: (for purposes of statement delivery and physical address for the delivery of notices and documents)						

Physical Address:			
		Postal Code:	
Postal Address:			
		Postal Code:	
Next of Kin: (family members)			
1. Name:		Tel. No.:	
Physical Address:			
2. Name:		Tel. No.:	
Physical Address:			
Employer's Details:	Name:		
Physical Address:			
Tel. No.:		Period in Service:	
Gross Monthly Income:			
Source of monthly income, if other than salary:			
Credit References: (Please provide at least 2 credit references)			
Name of Company:			
Physical Address:			
Account Number:		Tel. No.:	
Name of Company:			
Physical Address:			
Account Number:		Tel. No.:	
Particulars of Owner (if not Applicant)			
Name of corporate entity:			
Registration number of corporate entity:			
Surname:		Initials:	
ID Number:			

Occupation:					
Tel. No.:		**Cellphone No.:**			
Physical Address:					
		Postal Code:			
Property to which municipal services must be provided					
Suburb:					
Zone:		**Stand No.:**			
Street Name:		**Street No.:**			
Number of persons over the age of 18 years living on the property:					
Type of municipal services to be provided:					
Water Supply Services:	**Communal Standpipe:**				
	Yard Connection:				
	In-house Connection:				
	Other:				
Sanitation Services:	**Night Soil Removal:**				
	Water borne sewerage:				
	Other:				
Electricity:	**Single:**				
	3 Phase electricity:				
	Pre-paid:				
	Other:				
	Temporary supply:				
	Permanent supply:				
Refuse removal Services:					
Date on which provision of services should commence:					
Payment Details:	**Deposit Amount Payable:**	**R**			
Method of payment:	Cash	Cheque	EFT	Credit Card	
If applicable: Other methods of payment:					

Discontinuation of Services					
Address at which service is to be discontinued:					
Discontinue the following:	Electricity	Water	Sewerage	Refuse	
At the above address on this date:					
And refund deposit, less any amount owing to:					
With Bank Details:	**Bank:**		**Branch:**		
	Account No.:				

Conditions of Agreement
Certified copies of documents to be produced/submitted
1. Identification document must be produced. 2. In case of Tenant: (i) Copy of the Lease Agreement; OR (ii) A letter from the owner must be submitted. 3. In case of Close Corporation: (i) Ck2 Document submitted; (ii) Resolution submitted. 4. In case of a Company: (i) Company Articles of Incorporation submitted; (ii) Resolution submitted.
Definitions
The headings of the paragraphs in this Agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of, nor modify, nor amplify, the terms of this Agreement, nor any paragraph thereof. **"Customer"** means the person indicated as "applicant" on the form page of this Agreement, irrespective of whether he/she/it or someone else actually consumed or use the service or not. **"Domicilium"** means the chosen address where notices must be delivered. **"Municipality"** means the Rustenburg Local Municipality. All other words shall bear the normal meaning of such word.
Authorisation

I guarantee that I am duly authorised by the Applicant to apply for the supply of this/these services and to sign the application form and this agreement. I hereby admit that I am liable, and hold myself bound to for the due and proper payment of any amounts due to the Municipality and which arises as a result of the supply and provision of the municipal services by the Municipality and the payment of the fees, charges and tariffs levied by the Municipality in relation to the said municipal services or the availability thereof, should it be found that I signed this agreement without proper authorisation.

Conditions for the supply and provision of municipal services

1. The supply and provision of and payment for the municipal service(s), fees, charges and tariffs levied by the Municipality shall be subject to and in accordance with the laws of SA, the By-laws of the Municipality and the Policies adopted from time to time by the Municipality, and which specifically govern or stand in relationship to the provision of the services.
2. I acknowledge that I/we have read and understand the contents of the relevant By-laws and Policies, which were available to me. The contents of the Credit Control and Debt Collection Policy and By-Law, the Tariff Policy and Tariff By-Law, the Rates Policy and Rates By-Law, Water Services By-Law and Electricity By-Law of the Municipality are herewith incorporated into this agreement by reference and the terms and conditions contained therein shall apply to the legal relationship between me and the Municipality.

Jurisdiction

Without prejudice to the rights of the Municipality, at its option, to institute proceedings in any other court having jurisdiction, the Municipality and the Customer hereby consent in terms of section 45 of the Magistrate Court Act, Act 32 of 1944, to the Municipality taking legal action for the enforcement of any rights under or arising from this agreement in a Magistrate Court, which has jurisdiction in respect of the Customer, in terms of section 28(1) of the Magistrates Court Act, notwithstanding the above will the parties have the right to approach the Supreme Court.

Payment for services

The Customer shall be liable for the payment of all and any municipal services consumed by the customer and/or delivered, supplied or rendered to the premises referred to in this agreement as well as the relevant and applicable fees, charges and tariffs levied by the Municipality regarding such services, before or on the date indicated on the monthly statement.

The Customer is also liable for the costs of debt collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees, if applicable.

The Customer agrees that the non-receipt of a statement does not exempt the Customer from the duty to enquire from the Municipality the outstanding debt on the account and to make payment to the Municipality of the debt.

Direct payments

Direct payments for electronic payments can be made into the bank account of the Rustenburg Local Municipality: _____ Bank

Branch: _____

Account No.: _____

Branch Code: _____

In order to allow for the Municipality to process electronic payments, the Customer must state the municipal account number as reference with the deposit, and four (4) official business days must be allowed for processing.

Waiver

The Customer hereby expressly renounces the benefits of the non reason or profound cause of the existence of the debt, the cases where there is a element of bookkeeping or accounting calculation is involved, the revision of accounts, no value recorded and, if there is more than one debtor, the debtor is jointly or separately liable for the debt or the creditor obtains the right to first act against the guarantor before the main debtor is excused.

Domicilium

The Customer chooses as the address where notices must be delivered, the address indicated as street address on the front page of this agreement.

Change of address and/or information

The Customer expressly undertake to inform the Municipality within 3 (three) days after such occurrence:

1. or any change of any address indicated on the front page of this agreement;
2. of the change of any particulars or personal circumstances indicated on the front page of this agreement.

Discontinuation of service

The Customer specifically agrees to inform the Municipality immediately in writing when the service is no longer required and specifically accept responsibility for the payment of services consumed as a result of any failure to inform the Council that the service is no longer required.

Indemnity

I hereby indemnify and hold harmless the Municipality or any employee, official, person, body, organisation or corporation acting on behalf of the Municipality from any liability of whatsoever nature for any loss or damages of whatsoever nature howsoever arising whether, direct or consequential, suffered or sustained, as a result of or arising from the provision, limitation, disconnection or termination, interruption or any other abnormality arising from the supply of municipal services, or any act or omission done by the Municipality or any employee, official, person, body, organisation or corporation acting on behalf of the Municipality.

Deposit

A deposit shall be forfeited to the Municipality if it has not been claimed within twelve (12) months or the termination of the service agreement.

I hereby confirm that I have read, know and understand the contents of this agreement and agree to be bound thereby.

_____ _____

APPLICANT **MUNICIPALITY**

_____ _____

DATE **DATE**

_____

SIGNATURE OF OWNER
(if not Applicant)

_____

DATE

FOR OFFICE USE ONLY				
Deposit paid:	Date:			
	Amount:			
	Receipt No.:			
Account Number:				
Commencement of date of service:				
Area Code:				
Meter reading on commencement of services:			Electricity:	
			Water:	

-

RUSTENBURG

LOCAL MUNICIPALITY

INDIGENT POLICY

PREAMBLE

(1) **WHEREAS** the provision of free basic municipal services by a Municipality is part of the broader social agenda and anti-poverty strategy of the South African Government, the Rustenburg Local Municipality (hereafter "the Municipality"), must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the Municipality have access to at least the minimum level of basic municipal services in terms of section 152(1)(b) and 153(b) of the Constitution of the Republic of South Africa, 108 of 1996 (hereafter the Constitution);

(2) **AND WHERE AS** a Municipality, as the third sphere of government, therefore has a constitutional duty to assist the National and Provincial spheres of government in the realisation of the abovementioned rights;

(3) **AND WHEREAS** the key purpose of this Indigent Policy is to ensure that households with no or a lower income level are not denied basic municipal service, and to ensure the sustainability of the rendering of these municipal services to indigent consumers, within the financial and capacity restraints of the Municipality;

(4) **AND WHEREAS** the Indigent Policy must be maintained for so long as the Municipality is able to, without compromising the financial stability and functioning of the Municipality;

(5) **AND WHEREAS** it is of importance to set appropriate and sustainable threshold levels and subsidies of tariffs for indigent consumers;

(6) **AND WHEREAS** the Municipality requires qualifying indigent consumers to register as such and to agree to the terms, conditions and restrictions of the Municipality by completing the Municipality's application documentation;

NOW THEREFORE, the Council adopts the following Indigent Policy.

THE RUSTENBURG LOCAL MUNICIPALITY:

INDIGENT POLICY

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTORY PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	7
2.	ABBREVIATIONS	17
3.	AIM AND PURPOSE	18
4.	TITLE AND APPLICATION	18
5.	COMMENCEMENT AND VALIDITY	18
6.	RESPONSIBLE AUTHORITY	18
7.	POLICY PRINCIPLES	19
8.	POLICY OBJECTIVES	20
9.	LEGISLATIVE FRAMEWORK	21
10.	POLICIES, STRATEGIES AND GUIDELINES	22
11.	FUNDING	22
12.	TARGETING OF INDIGENT HOUSEHOLDS	23
13.	QUALIFICATION CRITERIA	24

CHAPTER 2

ASSISTANCE PROCEDURES

ITEM NO.	ITEM	PAGE NO.
14.	COMMUNICATION	28
15.	INSTITUTIONAL ARRANGEMENTS	29
16.	APPLICATION	29
17.	ASSESSMENT AND SCREENING APPLICANTS	31
18.	RECOMMENDATION	32
19.	INDIGENT COMMITTEE	33
20.	CONTINUOUS EVALUATION	35
21.	RIGHT OF APPEAL	35

CHAPTER 3

INDIGENT SUPPORT

ITEM NO.	ITEM	PAGE NO.
22.	THE EXTENT OF INDIGENT SUPPORT	37

CHAPTER 4

PROCESS MANAGEMENT

ITEM NO.	ITEM	PAGE NO.
23.	VALIDITY PERIOD	43
24.	PUBLICATION OF REGISTER OF INDIGENT HOUSEHOLDS	44
25.	TERMINATION OF INDIGENT SUPPORT	46
26.	AUDIT AND REVIEW	46
27.	EXIT PROGRAMME	46

CHAPTER 5

MISCELLANEOUS PROVISIONS

ITEM NO.	ITEM	PAGE NO.
28.	DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER	48
29.	PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION	48
30.	METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY	49
31.	RESTORING SERVICES TO QUALIFIED HOUSEHOLDS	49
32.	DEPOSITS	50
33.	MONITORING AND REPORTING	51
34.	CAPACITY BUILDING	51
35.	IMPLEMENTATION AND REVIEW OF THIS POLICY	52

CHAPTER 1
INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the Systems Act, the MFMA, the Credit Control & Debt Collection Policy and By-law, the Tariff Policy and By-law, as well as the Rates Policy and By-law of the Municipality, will have a corresponding meaning assigned thereto in terms of such policies or by-laws. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"annual budget"**	Means the budget approved by the Councillor any particular financial year, and shall include any adjustments to such a budget.
1.2	**"annually"**	Means once every financial year.
1.3	**"applicant"**	Means the person applying to the Municipality to be afforded the status of a Registered Indigent in terms of this policy.
	"B"	
1.4	**"basic municipal service"**	Means a municipal service necessary to ensure an acceptable and reasonable quality of life, which service, if not provided, would endanger public health or safety or the environment.
	"C"	
1.5	**"Chief Financial Officer"**	Means the person appointed by the Council and designated by the Municipal Manager to manage the financial

		administration of the Municipality and who remains directly accountable to the Municipal Manager as contemplated in terms of the provisions of section 80(2)(a) read with section 1 and section 81 of the MFMA.
1.6	**"child"**	Means a minor person.
1.7	**"Constitution"**	Means the Constitution of the Republic of South Africa, 108 of 1996.
1.8	**"consumer"**	Means a person or entity consuming or receiving municipal services, and may include a customer or a tenant of a customer irrespective of whether such a person has concluded a service agreement with the Municipality, and may also include a person who illegally and unlawfully connected to the municipal services infrastructure or who illegally and unlawfully gained access to or usage of the municipal services.
1.9	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.10	**"Credit Control & Debt Collection Policy" and "Credit Control &Debt Collection By-Law"**	Means the Credit Control and Debt Collection Policy as adopted by the Council of the Municipality and the Credit Control & Debt Collection By-Law adopted in terms of the provisions of section 96 and section 98 of the Systems Act.
1.11	**"customer"**	Means the owner of the premises or in exceptional circumstances a tenant, and includes a person or entity liable to the Municipality for the payment of tariffs, levies, fees and municipal consumption charges in terms of a service agreement concluded with the Municipality, and may include a person who applied to the Municipality to become a Registered Indigent in terms of this policy, and who is not the owner of the premises, but who is: (a) the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or

		(b) the party to whom the residential property is awarded in the event of a divorce; or (c) where a deceased estate has not been wound up: (i) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or (ii) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or (iii) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or (iv) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate; and who simultaneously with the application for indigent support in terms of this policy, applied for the provision of municipal services in terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality to be granted an account and to conclude a service agreement with the Municipality, and whose application has been approved by the Municipality, and as such has concluded a service agreement with the Municipality.
"D"		
1.12	**"deemed indigent"**	Means individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll. A deemed indigent means an individual who's property value does not exceed R150 000.00 or

		Who has a total house hold income not exceed that of a registered indigent according to data available to the municipalty.
"E"		
1.13	**"equitable share"**	Means an allocation made by the National Government during a financial year, in its fiscal allocation, gazetted through the Division of Revenue Act (hereinafter "the DORA"), in order to assist municipalities to fund various expenses including expenses such as free basic services.
"F"		
1.13	**"free basic alternative energy"**	Means any other form of basic energy excluding electricity (including solar home system) deemed necessary to support basic energy needs of an indigent household as determined from time to time, and funded by the Government.
1.14	**"free basic electricity"**	Means a limited amount of free electricity deemed necessary to provide basic services as determined and funded by the National Government.
1.15	**"free basic sanitation"**	Means the prescribed minimum standard of services rendered to households including informal households, necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic waste-water and sewage prescribed in terms of the Act, under regulation 2 of Government Notice GN R509 in Gazette Notice 22355 of 8 June 2001 or as amended from time to time, or any substitution for that regulation;
1.16	**"free basic water supply"**	Means the prescribed minimum standard of water supply services necessary for the reliable supply of sufficient quantity and quality of water to household including informal households to support life and personal hygiene, prescribed in terms of the Act under regulation 3 Government Notice GN R509 in Gazette

		Notice 22355 of 8 June 2001, as amended from time to time, or any substitution for that regulation.
1.17	**"financial year"**	Means the period starting from 1 July in any year and ending on 30 June of the following year.
"H"		
1.18	**"household"**	Means the total number of persons who permanently reside in and occupy a single premise for residential purposes.
"I"		
1.19	**"Indigent Household"**	Means a household headed by a Registered Indigent.
1.20	**"Indigent Management System"**	Means the system consisting of designated officials of the Municipality supported by an electronic management system, equipped and designated to process applications for indigent support and used by the Municipality for the management of the Indigent Register.
1.21	**"Indigent Policy" or "this policy"**	Means the Indigent Policy, adopted by the Council of the Municipality.
1.22	**"Indigent Register"**	Means a record of the Registered Indigents established and maintained by the Municipality as per the provisions of this policy.
1.23	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality renders to Registered Indigents and households headed by Registered Indigents.
"M"		
1.24	**"Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003 and the regulations promulgated in terms of this act.
1.25	**"Municipal Manager"**	Means the Municipal Manager of the Municipality appointed in terms of the provisions of section 54A of the Systems Act and as referred to in the definition of "Accounting Officer" in section 1 of the MFMA, and also referred to in section 60 of the MFMA, and includes a person acting as an Accounting

		Officer, or the person to whom the Accounting Officer has delegated his/her authority to act.
1.26	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "the RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: the Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.27	**"Municipal Property Rates Act" or "MPRA"**	Means the Local Government: Property Rates Act, Act 6 of 2006 and the regulations promulgated in terms thereof.
1.28	**"municipal service" or "services"**	Means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether: (a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76; and (b) fees, charges or tariffs are levied in respect of such service or not.

1.29	**"municipal tariff" or "tariff"**	Means a fee, charge or tariff for services which the Municipality may set for the provision of a municipal service to the local community, and includes a surcharge on such fee, charge or tariff.
	"O"	
1.30	**"occupier"**	Means any person who occupies premises or part thereof, without taking cognisance of the title under which he or she occupies the premises, and occupant has a corresponding meaning.
1.31	**"owner"**	Means: (a) the person in whose name the property is registered; (b) in the case where the person in whose name the property is registered, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, usufructuary, servitude holder or any other duly authorised of appointed representative; (c) in the case where the Municipality or service provider is unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon; (d) in the case of a lease agreement entered into for a period of 30(thirty) years or longer, or for the natural life of the lessee or any other person mentioned in the lease, or is renewable from time to time at the will of the lessee indefinitely or for a period of periods which, together with the first period of the lease, amounts to 30 (thirty) years, the lessee or any other person to whom he has ceded his right, title and interest under the lease, or gratuitous successor to the lessee; (e) In relation to:

		(i) a piece of land delineated on a sectional title plan and which is registered in terms of the Sectional Title Act, Act 95 of 1986, without limiting it to the developer or body corporate of the common property; (ii) a section as defined in the Sectional Title Act, Act 95 of 1986, the person in whose name that section is registered in terms of a "sectional title deed", including the lawfully appointed representative or agent of such person; (f) any legal entity including but not limited to: (i) a company registered in terms of the Companies Act, Act 61 of 1973, a trust inter vivos, trust mortis causa, a close corporation registered in terms of the Close Corporation Act, Act 69 of 1984 and any voluntary organisation; (ii) any provincial or national government department, or local authority; (iii) any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and (iv) any embassy or other foreign entity in whose name the property is registered; (g) in relation to property owned by the Municipality and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and (h) in relation to property owned by or under the control or management of the Municipality while held under a lease or any express or tacit extension thereof or under any other contract or under servitude or right analogous thereto, the person so holding the immovable property.

"P"		
1.32	**"premises"**	Means any property or any building or structure above or below ground levels on property and may include any vehicle, aircraft or vessel.
1.33	**"prepayment meter"**	Means a meter whereby payment for municipal services is first made elsewhere and credit is transferred to such meters by means of a token or coded number or credit card or other means and such meter is programmed and dispenses pre-purchased municipal services as it is consumed by the consumer at a predetermined rate or charge.
1.34	**"Programme Officer"**	Means an official duly authorised by the Municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken and for recommending applicants for approval to receive indigent support.
1.35	**"property"**	Means: (a) immovable property registered in the name of a person/owner including in the case of a sectional title scheme, a sectional title unit registered in the name of any person/owner; (b) a right registered against immovable property in the name of a person excluding a mortgage bond registered against the property; (c) any piece of land, the external surface boundaries of which are delineated on: (i) a general plan or diagram registered in terms of the Land Survey Act, Act 9 of 1927 or in terms of the Deeds Registries Act, Act 47 of 1937 or; (ii) a sectional plan registered in terms of the Sectional Titles Act, Act 95 of 1986; which is situated within the area of the Municipality;

		(d) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or (e) public service infrastructure.
	"R"	
1.36	**"rates"**	Means a municipal rate on property levied in terms of the provisions of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.37	**"Rates Policy"**	Means the Rates Policy of the Municipality as adopted by the Municipality in terms of the provisions of section 3(1) of the MPRA.
1.38	**"Registered Indigent"**	Means a person, qualifying to be registered as an indigent in terms of this policy, who has applied to the Municipality in terms of this policy to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent in the Indigent Register or any persons deemed to be an indigent by the municipality.
	"S"	
1.39	**"service agreement"**	Means the written agreement concluded between the Municipality and a customer for the provision of municipal services to premises once the Municipality has approved the customers' official application form for the rendering of such services to the customer and which contains the terms and conditions upon which the Municipality will render such services to the customer.
1.40	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998 and the regulations promulgated in terms thereof.
1.41	**"subsidised services"**	Means the municipal services, the costs of which are either subsidised in full or in part by the Municipality.
1.42	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000 and the regulations promulgated in terms thereof.

"T"		
1.43	**"Tariff Policy"**	Means the Tariff Policy of the Municipality adopted in terms of the provisions of section 74(1) of the Systems Act.
1.44	**"Tariff Schedule"**	Means the schedule containing details pertaining to the levels and application of the various fees, charges or tariffs as approved by the Council from time to time.
1.45	**"tenant"**	Means a person who is entitled to the use and enjoyment of premises for the payment of rent as a result of an agreement concluded with a person who has the right to extent such rights regarding the premises.
"V"		
1.46	**"Verification Officer"**	Means an official duly authorised by the Municipality to assist with the management of applications for indigent support, to visit households and verify the applicant's application and to recommend that the applicant is either a suitable or not a suitable candidate for approval to receive indigent support.

2. ABBREVIATIONS

In this policy the following abbreviations will be used to signify the meaning or entity as indicated:

CDW	Community Development Worker
DORA	Division of Revenue Act, as enacted at the beginning of April every year
DWAF	The National Department of Water Affairs and Forestry
ESG	Equitable Share Grant
IDP	Integrated Development Plan
kWh	Kilowatt hour
LED	Local Economic Development
MFMA	Local Government: Municipal Finance Management Act, Act 56 of 2003
MIG	Municipal Infrastructure Grant

MPRA	Local Government: Municipal Property Rates Act, Act 6 of 2006
UIF	Unemployment Insurance Fund

3. AIM AND PURPOSE

The aim and purpose of this policy is to ensure that Registered Indigents have access to basic municipal services, to ensure that the subsidy scheme for Registered Indigents forms part of the financial management system of the Municipality and to provide procedures and guidelines for the subsidisation of basic municipal services and tariff charges to the Registered Indigents.

4. TITLE AND APPLICATION

(1) This policy is known as the Indigent Policy of the Municipality and is applicable to the municipal area of the Municipality.

(2) This policy revokes all previous policies, decisions and/or *ad hoc* clauses within any other policy, regarding the subject matter of this policy.

5. COMMENCEMENT AND VALIDITY

This policy shall come into full force and effect upon the acceptance thereof by the Council of the Municipality by resolution.

6. RESPONSIBLE AUTHORITY

(1) The responsible authority for the adoption and implementation of this policy is the Municipality, and where applicable the Council of the Municipality.

(2) In terms of the provisions of section 62 of the MFMA, the Municipal Manager of the Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose, take all reasonable steps to ensure *inter alia* that the Municipality has and implements:

(a) The Tariff Policy referred to in section 74 of the Systems Act. Section 74(2)(c) of the Systems Act provides that the Tariff Policy must reflect *inter alia* that indigent households must have access to at least basic municipal services through:

(i) tariffs that cover only operating and maintenance cost;

(ii) special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of service; or

(iii) any other direct or indirect method of subsidisation of tariffs for indigent households.

(b) A Credit Control and Debt Collection Policy referred to in section 96(b) of the Systems Act. Section 97(1)(c) of the Systems Act provides that a Credit Control and Debt Collection Policy must provide for the provision for debtors who are Registered Indigents that is consistent with its rates and tariff policies and any national policy on indigents.

(3) The Chief Financial Officer will ensure that this policy is integrated with the Municipality's financial planning and processes, as well as the taking into account of the effect of this policy in the annual budget of the Municipality.

7. POLICY PRINCIPLES

The Municipality undertakes to promote the following principles regarding this policy:

(a) the Municipality will ensure that the funding portion designated for free basic municipal services, allocated as part of the equitable share received annually from National Government and other budgetary

provisions, is utilised for the benefit of Registered Indigents only and not to subsidise rates and service charges of those who can afford to pay same;

(b) the Municipality will link this policy with the Municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programmes;

(c) the Municipality will promote an integrated approach to free basic municipal service delivery;

(d) the Municipality will engage the local community in the development and implementation of this policy;

(e) the Municipality will ensure that any relief and/or support provided in terms of this policy is constitutional, practical, fair, equitable, justifiable and does not amount to unfair discrimination;

(f) the Municipality will provide indigent support within the available limits of their financial capacity in order not to jeopardise the financial stability of the Municipality or the sustainability of the provision of municipal services to all the customers of the Municipality and the community as a whole;

(g) the Municipality will review and amend the qualification criteria for indigent support on a regular basis and when necessary;

(h) the payment of basic municipal services should be affordable to the Registered Indigent; and

(i) an approved community communications programme, embodying the principles of transparency and fairness, must be implemented in respect of the indigent support programme.

8. POLICY OBJECTIVES

The objectives of this policy are the following:

(a) to provide basic municipal services to the community in a sustainable manner within the financial and administrative capacity of the Municipality;

(b) to ensure the financial sustainability of free basic municipal services through the determination of appropriate tariffs that contribute to such sustainability through fair and reasonable cross subsidisation;

(c) to establish a framework for the identification and management of indigent households, including a socio-economic analysis and an exit strategy to assist the indigent household to escape the burden of indigence;

(d) to provide procedures and guidelines for the subsidisation of basic municipal services and tariff charges to Registered Indigents;

(e) to ensure co-operative governance with other spheres of government; and

(f) to enhance the institutional and financial capacity of the Municipality to implement this policy.

9. LEGISLATIVE FRAMEWORK

This policy is designed and must be implemented within the framework of *inter alia* the following legislation:

(a) The Constitution;

(b) The Systems Act;

(c) The MFMA;

(d) The Promotion of Administrative Justice Act, Act 3 of 2000;

(e) The Promotion of Access to Information Act, Act 2 of 2000;

(f) The MPRA;

(g) The Water Service Act, Act 108 of 1997 and Regulations thereto; and

(h) The Waste Act, Act 59 of 2008 and the Regulations thereto

10. POLICIES, STRATEGIES AND GUIDELINES

There are several strategies and guidelines relating to free basic services which compliment this policy and which must be recognised and taken into account in the implementation of this policy, including:

(a) National Policy on Free Basic Services, National Policy on Free Basic Water, National Policy on Free Basic Electricity, National Policy for the provision of Basic Refuse Removal Services to Indigent Households.

(b) Free Basic Water Strategy and Guideline prepared by the DWAF.

(c) Free Basic Sanitation Strategy and Guidelines also prepared by DWAF.

(d) Guidelines on tariffs for municipal solid waste services prepared by the Department of Environmental Affairs and Tourism.

(e) Electricity Basic Support Tariff (Free Basic Electricity) Policy,1 April 2003, prepared by the Department of Minerals and Energy.

(f) National Policy on Free Basic Alternative Energy, 2007.

(g) The Property Rates Act, which provides for zero-rating of low value properties up to a value of R15000, thereby ensuring that households on these properties gain access to a package of public services for free.

11. FUNDING

The following internal and external sources of funding are available to the Municipality to provide basic municipal services to Registered Indigents:

(1) Internal Sources:

(a) Cross subsidies generated from the netted trading surplus from Trading Services or Economical Services, as referred to and categorised in terms of the Tariff Policy of the Municipality.

(b) The core administration revenue of the Municipality which include revenue generated by *inter alia* property rates.

(2) External sources:

The national fiscus, through the Equitable Share Grant (ESG) and Municipal Infrastructure Grant (MIG). This amount may be varied on a yearly basis according to the new allocation for a particular financial year.

12. TARGETING OF INDIGENT HOUSEHOLDS

(1) The implementation of this policy and the effective targeting of indigent persons will largely depend on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the Municipality.

(2) The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent persons.

(3) Against the background of such socio-economic analysis, and within its financial and institutional capacity, the Municipality must decide which targeting method should be applied.

(4) The Municipality may apply the following targeting methods:

Targeting approach		Application
1.	Service levels	Lowest service levels normally in informal settlements and rural areas.

2.	Property value	Applicable only to Registered Indigents in respect of subsides or RDP housing to a value determined in addition to the rebate in terms of the MPRA.
3.	Gross household income	The total household income may not exceed the sum of two times the amount of state funded social grants (old age pension – beneficiary older than 75 years) ~~plus two foster child grants~~ currently as set out on the **National Budget pronouncement on government grants.**
4.	Geographical (Zone) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

(5) The Municipality may use any one of the above targeting methods or any combination thereof for the assessment and evaluation of an application by any person for indigent support and in determining whether any person applying for such indigent support qualifies for such support.

13. QUALIFICATION CRITERIA

(1) The Municipality shall, from time to time, determine the qualification criteria for a person to become a Registered Indigent in order to receive indigent support, provided that until the Municipality determines otherwise, the following criteria shall apply:

(a) the premises to which the municipal services are rendered (or to be rendered) or relate must be a "residential property", as classified in terms of the categories of properties in terms of the provisions of the Rates Policy and By-Law of the Municipality, and must be utilised solely for residential purposes (no activity other than residential activity to be executed on the premises, i.e. no spaza shop or rental of rooms), as well as situated within the municipal area of the Municipality; and

(b) the applicant applying for the indigent support, must be:

(i) the holder of an account with the Municipality for the provision of municipal services to the premises referred to in sub-paragraph (a) above, who has concluded a service agreement with the Municipality, as referred to and defined in terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality; or

(ii) in an instance where the applicant for the indigent support is not the holder of an account and has not concluded a service agreement with the Municipality, as required by sub-paragraph (i) above: the applicant must:

(aa) be the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or

(bb) be the party to whom the residential property is awarded in the event of a divorce; or

(cc) be, where a deceased estate has not been wound up:

(aaa) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

(bbb) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or

(ccc) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or

(ddd) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate;

(dd) submit, simultaneously with the application for indigent support, an application for the provision of municipal services in terms of the provisions of the Credit Control & Debt Collection Policy and By-Law of the Municipality, applying to the Municipality to be granted an account and to conclude a service agreement with the Municipality; and

(c) the total household income of all the household occupants, of the indigent household to which the application relates, above the age of 18 (eighteen) years, on the residential property may not exceed the amount as determined by Council from time to time. **This amount will be aligned to the National Budget pronouncement on government grants.**

(e) the applicant must be a full-time occupant of the primary residential property owned; and

(f) where applicable, the applicant must have a prepayment electricity meter, a water management device or a prepayment water meter installed in terms of any applicable by-law or policy of the Municipality, as read with any approved tariff;

(g) the applicant must be a natural person.

(h) the Households within the following categories of properties will be deemed to be indigent households:

(a) the property is used for residential purposes only as reflected in General Valuation roll;
(b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property;
(c) municipal value of property does not exceed maximum value R150 000.

(2) The Municipality may call upon an applicant, a Registered Indigent or a debtor (as defined in terms of the provisions of the Credit Control & Debt Collection Policy of the Municipality) at any time to produce documents in support of their claim for indigency or Registered Indigent status, and may approach any person in order to verify any claim made by an applicant.

(3) ~~The Municipality may, should it be satisfied that sufficient evidence is available, register a debtor as an indigent under the definition of a Deemed Indigent without the consent or application of the debtor as mentioned in paragraph (2) above. Applying on behalf of the debtor for the debtor to be registered as indigent.~~

CHAPTER 2

ASSISTANCE PROCEDURES

14. COMMUNICATION

(1) The Municipality must develop a community communication strategy, embodying the principles of transparency and fairness, in terms of which communities will be informed and educated on the contents of this policy in order to provide a clear understanding of the provisions of this policy and the implementation thereof.

(2) Regular information dissemination and awareness campaigns by the Municipality must be undertaken to eliminate unrealistic expectations both in terms of qualifying criteria for indigent status, the extent of the benefits accorded to Registered Indigents, as well as municipal service delivery in general.

(3) The methods of communication that the Municipality may utilise include, but will not be limited to:

(a) Ward committees;

(b) Community Development Workers (CDW's);

(c) Local radio stations and newspapers;

(d) Municipal accounts;

(e) Imbizo's and road shows; and

(f) Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

(4) The Municipality must communicate the following to the community:

(a) what the Municipality is trying to achieve with regard to the Indigent Policy;

(b) how the Municipality will be going about implementing the Indigent Policy;

(c) what the value for indigent and non-indigent households is;

(d) who qualifies for the indigent support and how the Municipality has determined this;

(e) how qualifying households should access the indigent support; and

(f) the financial constraints of the Municipality which limits the levels of sustainable indigent support that can be provided.

15. INSTITUTIONAL ARRANGEMENTS

The Municipality shall appoint officials, or engage existing staff, or Community Development Workers (CDW's) who have been trained in terms of the Municipality's directions, to assist with the development and implementation of this policy. Furthermore, the Municipality shall establish indigent registration points, the cost of which may be funded through the equitable share allocation, in its municipal area.

16. APPLICATION

(1) A person applying for indigent support must duly complete an official indigent support application form as prescribed by the Municipality (Schedule "A").

(2) Such application form shall be available at the main office of the Municipality and at approved registration points established by the Municipality, as referred to above and on the Municipality's web site

(3) The duly completed application form for the indigent support must be accompanied by the following documentation when such application for indigent support is lodged with the Municipality:

(a) the latest municipal account for the household, if there is such an account;

(b) a certified copy of the account holders' and/or applicant's identity document, where the original is not available and presented to the Municipality for the purposes of making a copy by the Municipality;

(c) proof of the income of **all** occupants residing on the premises to which the municipal services are rendered (or to be rendered) or relate, above the age of 18 (eighteen) years, i.e. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card or a certificate that confirms registration as "looking for employment";

(d) bank statements of all the occupants residing on the premises above the age of 18 (eighteen) years, for the last 3 (three) months, certified by the bank and a sworn affidavit from each occupant that no other bank accounts exist;

(e) in the absence of any proof to be submitted either through sub-paragraphs (3)(c) or (3)(d) above, a sworn affidavit must be submitted by the applicant together with the documentation required in terms of paragraphs (3)(a) and (3)(b) above;

(f) proof of property ownership or proof of the existence of the criteria set out in paragraph 13(1)(b)(ii) above; and

(g) such other documentation as the Municipality reasonably determines from time to time.

(4) The Municipality may require any other documentation or information from the applicant which the Municipality may deem necessary to assess and evaluate the application.

(5) As part of the application the applicant must consent to the verification of the information submitted by them, by the Municipality, a credit bureau or any other similar agency performing external scans, as referred to in this policy.

(6) All applications must be confirmed and declared under oath and be signed before a Commissioner of Oath.

(7) Upon approval of successful indigent registration, the applicant's arrear debt will be written off. This will only occur only once per person. In the event that the indigent falls into arrears the Credit Control and Debt Collection Policy shall apply.

17. ASSESSMENT AND SCREENING APPLICANTS

Upon receiving of a duly completed application form from the applicant, together with the accompanying documentation as referred to above, all information must be verified by the Programme Officer or a person approved by the Municipality as follows:

(1) Indigent Management System Check

The information on the Municipality's Indigent Management System must be checked to determine whether an applicant or the household is already registered within the system as well as to determine dates when the existing applicants should be reviewed.

(2) Date Capture

The application date must be captured in an Indigent Management System as per the application form. The record must be flagged in the system as being an "application in progress".

(3) Verification – Site Visit

The Indigent Management System must assign an application to a duly appointed Verification Officer to perform an on-site verification. The Verification Officer must verify the information on the registration application form, visit the applicant and visually confirm the details supplied by the applicant and prepare a report in writing as to his/her observations, which report must accompany the application when the Verification Officer refers same. The Verification Officer is also allowed to collect such additional information pertaining to the application as he/she deems fit. The Verification Officer must assess the application and if the Verification Officer is of the view that the application has merits he shall proceed to refer the application for an external scan as stipulated in sub-paragraph (4) below. This information shall be entered into the Indigent Management System within 72 (seventytwo) hours after receiving the information from the Verification Officer.

(4) Verification – External Scans

An external scan of applicants recommended as suitable candidates for indigent support in terms of sub-paragraph (3) above, must be conducted with UIF, SARS, Department of Welfare, Retail and credit bureau(s). The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must then also be captured in the Indigent Management System within 72 (seventy two) hours after receiving the information from the Verification Officer. The external scan must be done separately from the site verification.

18. RECOMMENDATION

Once the verification has been completed, the Indigent Management System must generate a recommendation based on the information captured in the database. Those applicants that qualify for indigent support in accordance with the system are then to be referred to the Indigent Committee for final approval.

19. INDIGENT COMMITTEE

(1) The Municipality shall have an Indigent Committee tasked with the execution of the functions allocated to the said committee in this policy. The Chief Financial Officer, in consultation with the Municipal Manager, shall appoint the members of the committee from officials of the Municipality having the required financial, legal and administrative skills to serve on this committee, and the committee shall be known as the "Indigent Committee". This committee must meet at least twice a month and must ensure that systems are put in place to ensure communication between the Indigent Committee and the Ward Committees in the Municipality in order to ensure that the provisions of this policy are implemented, that it functions and filters down to the community. The Indigent Committee must monitor in conjunction with Ward Councillors, Ward Committees, CDW's and other persons or organisations it may appoint, the execution and functioning of the indigent support programme.

(2) The main task of the committee will be to see to the implementation of this policy, the proper functioning of the Indigent Management System of the Municipality, and to approve applications for indigent support. Once an application for indigent support is submitted to the committee, the date on which the application was submitted to the Indigent Committee shall be noted in the Indigent Management System, in order to track the status of the application within the process.

(3) The Indigent Committee must consider each recommended application, assess and evaluate it on its own merits, taking duly cognisance of all the information submitted by the applicant and any other knowledge or information which members of the Indigent Committee may have in respect of the applicant.

(4) The Indigent Committee may require any further information from the applicant they deem necessary in order to assist them in making a fair and justifiable assessment and may conduct site visits or require the applicant to attend an interview with the Indigent Committee.

(5) The Municipality's Finance Department will assist the Indigent Committee and will review its financial system to determine if the applying household is on its system and if so, what the levels of consumption have been and the levels of payment from that household.

(6) After the fair and objective assessment of each application, the Indigent Committee shall either approve or reject such an application.

(7) Approved applicants must be included in the Municipality's financial system and the Municipal Manager must sign off on the approved application before the Municipality proceeds to connect or re-connect and provide the municipal services to the Registered Indigent.

(8) In the event of a successful application, the Indigent Management System must be updated to show this, the system must be flagged to indicate that the application has been approved and a letter must be sent to the applicant, within 7 (seven) days, informing him/her of the approval of his/her application, the extent of the municipal services to which the applicant is entitled and the period for which the registration will remain valid. The applicant will be regarded as a Registered Indigent once the Indigent Management System is updated to reflect the approval of the application.

(9) In the event that the application is declined, it must be captured as such in the Indigent Management System, and the system must be flagged and a letter

sent to the applicant informing him/her of the refusal and the reason therefore the Indigent Committee must provide reasons, which are to be captured on the Indigent Management System, recording why an application has been declined.

20. CONTINUOUS EVALUATION

The Indigent Management System must generate, on an annual basis, a list of site visits to be performed at Indigent Households of the Registered Indigents, and assign these to a Verification Officer. The Verification Officer must evaluate each Indigent Household the same as a new application and any changes in circumstances must be noted and -submitted to the Indigent Committee. This is to ensure that the system is kept current and that indigent support is in fact extended to those who require and still qualify for it.

21. RIGHT OF APPEAL

An applicant who feels aggrieved and whose rights are affected by a decision taken by the Municipality in respect of his/her application may lodge an appeal against that decision, which appeal must be dealt with as follows:

(a) an appeal must be made in writing, setting out the details of the decision which are being appealed against, as well as the full details of the application or request initially lodged by the appellant, the outcome which was received pertaining thereto from the Municipality as well as the grounds of the appeal and the contact details and identity of the appellant lodging the appeal;

(b) an appeal must be lodged with the office of the Municipal Manager within 21 (twentyone) days after the appellant received the decision of the Municipality against which the appeal lies;

(c) once the office of the Municipal Manager has received a properly noted appeal, the office of the Municipal Manager must within 7

(seven) days proceed to request the office of the Chief Financial Officer or the Indigent Committee to provide a written report in response to the grounds of appeal, within 14 (fourteen) days from being requested to do so, setting out the reasons for the decision of the Municipality. The Municipal Manager may request any party to provide further detail or information as required to assist in the consideration of the appeal or to clarify any issues;

(d) the Municipal Manager shall then within 14 (fourteen) days after having received the response of the office of Chief Financial Officer or the Indigent Committee and any additional information requested, consider the appeal and inform the appellant who lodged the appeal of the outcome in writing;

(e) the decision of the Municipal Manager is final;

(f) the Municipal Manager may condone the late lodging of an appeal or any other procedural irregularity pertaining to an appeal in a written notice expressly doing so.

CHAPTER 3

INDIGENT SUPPORT

22. THE EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to a Registered Indigent, will be determined based on budgetary allocations for a particular financial year and the municipal tariffs determined for each financial year as part of the Municipality's budget process and as set out in the Tariff Schedule, as referred to in the Municipality's Tariff Policy and By-Law. The extent of the indigent support provided by the Municipality is as follows:

(1) Electricity

(a) The National Electricity Basic Service Support Tariff (Free Basic Electricity) Policy, 1 April 2003, published under Government Notice 1693 in Government Gazette No. 25088 of 4 July 2003, provides that 50 (fifty) kWh per month is considered to be adequate electrical energy to meet the needs for lightning, media access, limited water heating and basic ironing (or basic cooking) for a poor household on the national electrical grid.

(b) The National Policy on Free Basic Alternative Energy, 2007, published under Government Notice 391 in Government Gazette No. 29760 of 2 April 2007, provides for, and is intended to provide indigent households with alternative energy where electricity is not available because the indigent households are not on the national electrical grid. The Policy provides that a municipality must give energy to the value equivalent to the cost of 50kWh, to an unelectrified indigent household.

(c) Taking into account the above mentioned, the Municipality will provide Free Basic Electricity/Alternative Energy in the following manner:

(i) Electricity for households on the national electricity grid

(aa) All Registered Indigents will receive 50 (fifty) kWh electricity per month fully subsidised.

(bb) Unused free electricity units will not be carried over to the next month. Any meter tampering will result that the subsidisation will be withdrawn. In the event of the electricity supplied by Eskom directly, the Municipality will pay over an amount to Eskom equal to 50 (fifty) kWh of electricity per month based on the customers registered with the Municipality as indigent and not based on any indigent records submitted by Eskom, from their own records.

(ii) Alternative sources for households not on a national electricity grid

(aa) The Municipality will give energy to non-grid indigent households to the value equivalent to the cost of 50kWh per month, (or as prescribed the National Policy on Free Basic Alternative Energy from time to time) or an amount as determined and provided for by the Council in the annual budget from time to time and as published in terms of the Tariff Schedule, as referred to in the Tariff Policy and By-Law of the Municipality. The Municipality may provide a voucher to the Registered Indigent to obtain the energy from an approved merchant or supplier, in lieu of energy.

(bb) Alternative energy sources are *inter alia* paraffin, liquefied petroleum gas, coal and bio-ethanol gel.

(2) Water

(a) The Municipality will provide Registered Indigents with 6 (six) kilolitres of water per month fully subsidised or an amount as determined and provided for by the Council in the annual budget from time to time.

(c) The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the Tariff Policy applicable for the financial year.

(3) Sewerage

(a) The minimum standard for basic water supply services as prescribed in terms of Regulation 2 of the Regulations Relating to Compulsory Nationals Standards and Measures to Conserve Water, published under Government Notice R509 in Government Gazette No. 22355 of 8 June 2001 and promulgated in terms of the Water Services Act, Act 108 of 1997, are as follows:

(i) the provision of appropriate health and hygiene education; and

(ii) a toilet which is safe, reliable, environmentally sound, easy to keep clean, provides privacy and protection against the weather, well ventilated, keeps smells to a minimum and prevents the entry and exit of flies and other disease-carrying pests.

(b) All Registered Indigents shall be fully subsidised for sewerage levied.

(c) The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the Tariff Policy applicable for the financial year.

(4) Refuse Removal

(a) The minimum standard for basic refuse removal as prescribed in terms of paragraph 8 of the National Policy for the Provision of Basic Refuse Removal Services to Indigent Households, published under Government Notice 413 in Government Gazette No. 34385 of 22 June 2011, are as follows:

(i) Spatial and settlements demarcation for Basic Refuse Removal Services:

(aa) More than 40 (forty) dwelling units per hectare (high density): Frequent and reliable formal collection and disposal of solid waste to a landfill is required.

(bb) 10 (ten) to 40 (forty) units per hectare (medium density): Communal collection and formal disposal of household refuse and litter is required.

(cc) Less than 10 (ten) dwelling units per hectare (low density): On-site disposal of general household waste in areas so designated by the Municipality and in accordance with the relevant guidelines for on-site disposal provided by the Municipality.

(ii) Collection frequency (applicable to medium and high density settlements): The collection frequency is dependent on the composition and the volumes of waste generated. The most appropriate collection frequency in medium and high density settlements is set out as:

(aa) At least once a week for purely biodegradable domestic waste but on-site composting should be promoted.

(bb) At least once a month for recyclable materials in rural areas.

(cc) At least once fortnightly for recyclable materials in urban areas.

(iii) Issuance of free receptacles:

(aa) The Municipality must provide appropriate free receptacles for refuse storage.

(bb) The number of free receptacles provided for household should be calculated based on the number of individuals residing in the household.

(cc) The Municipality should device appropriate strategies to maintain a constant and consistent supply of such free receptacles.

(dd) Most communities do not consider the provision of skips as a "service". Where this alternative is unavoidable, the Municipality should ensure that the refuse is collected for placement in the skip as part of the service. Skips must be serviced frequently enough to avoid littering or dumping.

(b) All Registered Indigents shall be fully subsidised for the basic levy for refuse removal for one service connection as provided for by Council in the annual budget from time to time.

(c) The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the Tariff Policy applicable for the financial year.

(5) Property Rates

(a) Notwithstanding the rebate provided for in the provisions of MPRA applicable to residential properties, all Registered Indigents shall be fully subsidised for the payment of property rates provided for by Council in the annual budget from time to time and subject to the provisions of the Municipal Property Rates Act.

(b) The subsidy shall not be more than the applicable tariff for that year, and will be applied for the duration of that particular financial year. This subsidy shall form part of the Tariff Schedule applicable for the financial year.

(6) Interest

No interest shall be levied against the arear debt of a registered indigent pending.

(7) Exclusion

Nothing in this policy shall be interpreted as creating any right in favour of an applicant or Registered Indigent to be supplied with any municipal services or to have municipal services provided to the Indigent Household where any municipal service is not currently available at such site. Subsidies awarded to Registered Indigents shall apply only to those municipal services available at the site.

CHAPTER 4

PROCESS MANAGEMENT

23. VALIDITY PERIOD

(1) Save for the provisions of sub-paragraph (2) below, the validity period of assistance will be for the duration that the applicant remains a Registered Indigent and whilst so registered meets the criteria for registration as an indigent. Indigent households, in terms of the audit and review process, will be subjected to scrutiny and occasional inspection to determine any change in status. The Municipality may at any time revoke the status of a Registered Indigent who no longer qualifies as such or who breaches terms of this policy or any other policy or by-law of the Municipality.

(2) Indigent support is granted to a Registered Indigent for a period of 12 (twelve) months from approval of the applicant's application for indigent support. A Registered Indigent must re-apply for indigent support at the end of the 12 (twelve) month period depending on his/her circumstances.

(3) A Registered Indigent shall lose their status as such and immediately cease to be entitled to any benefits as a Registered Indigent in the event that the Registered Indigent no longer qualifies in terms of this policy to be registered as an indigent. The Municipality shall remove the details of any person who whilst registered as an indigent ceases to qualify as such, from the Indigent Register.

24. ARREARS AND EXCESS USAGE OF ALLOCATIONS

(1) On becoming a Registered Indigent, the arrears on the account of the Registered Indigent may be written off as provided for in the Credit Control & Debt Collection Policy & By-Law of the Municipality.

(2) The Municipality may implement restrictions on the provisions of municipal services to Registered Indigents where the said municipal services are subsidised by the Municipality in terms of this policy. A Registered Indigent shall accept and consent to such restrictions as part of the terms and conditions upon which the Municipality provides indigent support to a Registered Indigent. Where restrictions are not possible the Registered Indigent shall be responsible for paying for the consumption utilised in excess of the approved subsidy quantity.

(3) Upon the approval of an application for indigent support the water and electricity meters and measuring devices on the premises to which the municipal services are being rendered or relate will be converted to prepayment meters, at the cost of the Municipality, in order to enforce restrictions and measure the provisions of the said municipal services.

(4) If a prepayment meter cannot be installed immediately, the Registered Indigent may be subjected to restriction measures to only allow for the monthly-subsidised municipal services.

(5) The writing off of any arrears is strictly subject to the provision that the premises to which the municipal services are being rendered or relate may not be sold within a period of 2 (two) years from the date that Registered Indigent is registered. In the case of the premises being sold inside a period of 2 (two) years the arrear debt, excluding any further accumulated interest, will be

recovered before a clearance certificate in terms of section 118 of the Systems Act is issued by the Municipality.

25. TERMINATION OF INDIGENT SUPPORT

Indigent support to a Registered Indigent will be terminated under the following circumstances:

(a) upon death of the Registered Indigent;

(b) upon sale of the premises to which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate;

(c) when circumstances in the indigent household have improved to the extent where the income threshold, as determined by the Municipality in terms of this policy, is exceeded;

(d) if there is any tampering or interference with the meters or measuring devices or restriction devices installed at the premises to which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate;

(e) if the Registered Indigent is found to misrepresent about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:

(i) all arrears and interest as provided for in the Credit Control and Debt Collection Policy of the Municipality will be written back as if the write off had not taken place, and become payable immediately;

(ii) the credit control and debt collection measures as set out in the Credit Control & Debt Collection Policy and By-Law will apply; and

(iii) the Registered Indigent will not be eligible to apply for indigent support for a period of 5 (five) years.

26. AUDIT AND REVIEW

(1) The Municipality may conduct regular audits on Registered Indigents on the Indigent Register with regard to the information furnished by Registered Indigents, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of Registered Indigents. Registered Indigents shall be required to furnish such information as requested by the Municipality to conduct the audits from time to time.

(2) The frequency of audits will depend on the institutional capacity of the Municipality to do so. Quarterly targeted audits and reviews should be undertaken to ensure the verification and re-registration of each Registered Indigent at least once in a 3 (three) year cycle.

(3) The Municipality reserves the right to send officials or its agents to indigent households from time to time for the purpose of conducting an on-site audit.

(4) Where any doubt exists regarding the current status of a Registered Indigent, the matter should immediately be referred to the Indigent Committee for verification at any time.

27. EXIT PROGRAMME

(1) Registered Indigents and the members of the indigent household headed by that Registered Indigent must be prepared to participate in exit programmes co-ordinated by the Municipality in collaboration with other government departments and the private sector.

(2) As part of its broader poverty reduction programme the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible. Registered indigent and indigent households must partake in these programmes if so required by the Municipality.

(3) The Municipality must promote exit from indigence by:

(a) identifying Registered Indigents for inclusion in public works projects;

(b) initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;

(c) facilitation of opportunities to enter the informal trade market;

(d) facilitation of food security projects; and

(e) liaison with National and Provincial departments to include Registered Indigents and other indigent persons in their public works programmes.

CHAPTER 5

MISCELLANEOUS PROVISIONS

28. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

(1) The Chief Financial Officer or his/her delegate will be responsible to compile and administer the database for Registered Indigents registered in terms of this policy.

(2) Registration will take place in terms of this policy on a continuous basis and in accordance with the programme of quarterly targeted audits and reviews. The Municipality may decide to launch special registration campaigns from time to time.

(3) The Chief Financial Officer or his/her delegate will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.

29. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

(1) Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared. Non-compliance will make the application for indigent support invalid.

(2) Any applicant who supply false information will be disqualified from further participation in the indigent support scheme and be liable for the immediate repayment of all subsidies received and all debts including arrears and interest

thereon that have previously been written off. The Municipality may furthermore institute criminal proceedings, as it may deem fit.

(3) Registered Indigents shall immediately notify the Municipality of any changes in his/her or the indigent household's indigent status or circumstances where such change would mean that the Registered Indigent no longer meets the criteria for registration.

30. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY

(1) No amount of money shall be paid to any Registered Indigent, but the subsidy shall be transferred, credited or indicated ona monthly basis:

(a) towards the Registered Indigent's municipal account in respect of the premisesto which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate; and/or

(b) on the prepayment metering system installed on the premises to which the municipal services, which are being subsidised in terms of indigent support, are rendered or relate.

(2) Any credits or subsidies shall be based on the monthly current account of the Registered Indigent only and in accordance with the Tariff Policy.

(3) Subsidies, credits and vouchers shall not be transferable and no unused portion shall carry forward.

31. RESTORING SERVICES TO QUALIFIED HOUSEHOLDS

When a person qualifies and is registered as a Registered Indigent, any municipal services rendered to or relating to the premises to which the indigent support relates

which are at that time disconnected or terminated by the Municipality, shall be reinstated by the Municipality without any cost to the Registered Indigent.If services are to be restricted, discontinued or terminated in terms of the Credit Control & Debt Collection Policy after the Registered Indigent was registered as such, the approved tariff for reconnection will be payable by the Registered Indigent.

32. DEPOSITS

(1) In terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality, all consumers must apply for the provision of municipal services before such services are rendered to a particular premises and such services will only be rendered once the consumer's application is approved by the Municipality and a written service agreement is concluded, at which time the consumer becomes a customer of the Municipality. On application for the provision of municipal services the consumer applying for the rendering of the municipal services must pay a deposit as prescribed by the Municipality.

(2) For the purposes of this policy and the rendering of indigent support to Registered Indigents, accounts will be opened for Registered Indigents without requiring the payment of any deposit. This is made possible through the fact that the value of services levied against these accounts is fully offset on a monthly basis against the applicable subsidy. This arrangement will immediately terminate if the status of the Registered Indigent changes.

(3) *Where a person is allocated housing as per the RDP project, accounts will be opened without requiring any deposit.*

33. MONITORING AND REPORTING

The Chief Financial Officer must report monthly on the status and implementation of indigent support in the Municipality to the Municipal Manager, via the Municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect, with reference to the financial year and month to which the report relates, on the:

(a) number of application for indigent support received;

(b) the number of application for indigent support approved;

(c) number of Registered Indigents currently in the Municipality;

(d) amount of subsidy allocated per subsidy category;

(e) total amount spent by the Municipality on indigent support;

(f) amount of debt accumulating and debt recovery information (number of customers; enquires; arrangements for the paying off of debt in instalments; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

(g) performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:

  (i) number of applications for indigent support dealt with;

  (ii) time taken to process and finalise applications;

  (iii) site visits undertaken; and

  (iv) awareness and exit initiatives;

(h) changes in the status of Registered Indigents.

34. CAPACITY BUILDING

The Municipality must ensure that all officials and councillors are appropriately capacitated in the contents, effect, implementation and workings of this policy in order

to ensure that this policy is implemented and extended to indigent persons who need the support extended by this policy to them.

35. IMPLEMENTATION AND REVIEW OF THIS POLICY

(1) This policy shall be implemented once approved by Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008, and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.

(2) In terms of the provisions of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

APPLICATION TO BE REGISTERED ASA REGISTERED INDIGENT

MUNICIPAL ACCOUNT INFORMATION

Account No.:		**Date of application:**	
Account Name:		**Erf No.:**	
Street name:			
House No.:	**Pre-paid No.:**		
Total valuationbelow a R100 000.00:	**YES / NO**	**Tax Rebate form:**	**YES / NO**

APPLICANT'S PERSONAL INFORMATION

Surname of applicant:				
Full Names:				
Identity Number:				
Physical address:				
Postal address:				
		Postal Code:		
Telephone No.:	**Home:**		**Work:**	
	Cell:		**Fax:**	
Marital Status:	**Married**	**Single**	**Divorced**	**Widowed**
Husband/Life partner:	**Birth date:**		**ID Number:**	
Wife/Life partner:	**Birth date:**		**ID Number:**	
Husband's Pension No.:			**Wife's Pension No.:**	
Name of Employer of applicant:				
Employer's address:				
Contact number of Employer:				

(delete which is not applicable)	
1. Do you own a motor vehicle?	**YES / NO**
If Yes, what is the registration number?	
2. Do you have a clothing/furniture account?	**YES / NO**
3. Do you have a spaza shop or any other business activity on the premises to which the municipal services are rendered or relate to?	**YES / NO**
If Yes, what is your gross monthly income from that business?	**R**
4. Do you have tenants in your premises?	**YES / NO**
If Yes, how many tenants do you have?	
What is your total rental income?	**R**
5. Do you own other property?	**YES / NO**
If Yes, address of property(ies):	

Personal particulars of all occupants above the age of 18 years residing on the premises to which the municipal services are rendered or rebate to:

ID Number	Surname	Initials	Employed (Yes/No)	Gross monthly income	Source of income

DOCUMENTS REQUIRED

The applicant is required to submit the following documents and the Municipality will not process the application if the required documentation is not provided.

(a) the latest municipal account for the household, if there is such an account;

(b) a certified copy of the account holder's and/or applicant's identity document;

(c) proof of the income of **all** occupants residing on the premises to which the municipal services are rendered (or to be rendered) or relate, above the age of 18 (eighteen) years, i.e. a letter from

his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card or a certificate that confirms registration as "looking for employment";

(d) bank statements of all the occupants residing on the premises above the age of 18 (eighteen) years, for the last 3 (three) months, certified by the bank and a sworn affidavit from each occupant that no other bank accounts exist;

(e) in the absence of any proof to be submitted either through sub-paragraphs (c) or (d) above, a sworn affidavit must be submitted by the applicant together with the documentation required in terms of paragraphs (a) and (b) above;

(f) written proof of property ownership or written proof of the existence of the criteria set out in paragraph 13(1)(b)(ii) of the Indigent Policy of the Municipality which are as follows:

(i) 2 (two) affidavits from mayor persons confirming that the applicant is a child heading a household accompanied by the death certificate(s) of the child's parents and written proof that the residential property is registered in the name of the deceased parent or deceased parents of that child; or

(ii) the divorce order awarding the residential property to the applicant; or

(iii) the appointment letter of the executor of the estate and affidavit by the executor confirming that one of the following scenarios is applicable:

(aa) the residential property is registered in the name of the deceased and the applicant is the heir to whom the registered property has been bequeathed;

(bb) the applicant is the surviving spouse who was married in community of property to the deceased, together with any other heirs, if any, and that the residential property is registered in the name of that deceased; or

(cc) that a portion of the residential property is registered in the name of the deceased and that the applicant is the surviving registered owner of the remainder or a portion of the remainder of the property; and

(g) such other documentation as the Municipality reasonably determines from time to time.

DECLARATION BY APPLICANT

I the undersigned, _____ **(full names and surname printed)** hereby apply to be registered as a Registered Indigent in order to receive indigent support in terms of the Indigent Policy of the Municipality, and do solemnly hereby declare under oath that:

(a) All the particulars furnished by me in this form, including the total gross income of myself and all the occupants above the age of 18 years residing on the premises, are to the best of my knowledge true and correct;

(b) I undertake that if the particulars furnished in this form should change for any reason, I will immediately notify theMunicipality in writing thereof;

(c) I, nor any other occupant residing on the premises, own any other immovable property in the Republic of South Africa, apart from the property indicated on the account for which this application is made;

(d) I understand that should my monthly consumption exceed the free allocation of water and remain unpaid, my supply may be restricted by a flow control washer or any other method the Municipality may deem fit, and I will then only have access to my free allocation of water;

(e) I understand and agree that I may be subjected to restriction measures to only allow for the monthly subsides municipal services;

(f) I agree that if I have misrepresented myself in the qualifying criteria in order to benefit from Municipality's indigent support, I would be committing an offence and all benefits that have been received in terms of the indigent support will be reversed. Any amounts due will be for my account and I will be subject to normal debt collection procedures;

(g) I am a South African citizen;

(h) The Municipality may conduct any investigation, internal or external, including credit checks at any credit bureau to confirm any of the information provided by me and I hereby agree to any on-site visit by and municipal official;

(i) I accept that his application, if successful, will only be valid for 12 (twelve) months from date of approval and the onus will be on me to re-apply, if necessary, the end of the 12 (twelve) month period;

(j) This application will be subject to the terms and conditions as contained in the Indigent Policy of the Municipality as well as the Credit Control & Debt Collection Policy and By-Law of the Municipality;

(k) I agree that the information contained in this document is not confidential. A list of approved applicants (Registered Indigents) will be handed to Councillors, and will be publicly displayed;

(l) Due to the uncertainty of the availability of funds, the amount of allocation as well as the period of payment cannot be guaranteed by the Municipality.

_____ _____

SIGNATURE/THUMB PRINT OF APPLICANT **DATE**

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMPLETED BY:	
COUNCILLOR:	

CHECKED BY:_____ **DATE:**_____

APPROVED/NOT APPROVED:

ACCOUNTANT:_____ **DATE:**_____

CAPTURED BY:_____ **DATE:**_____

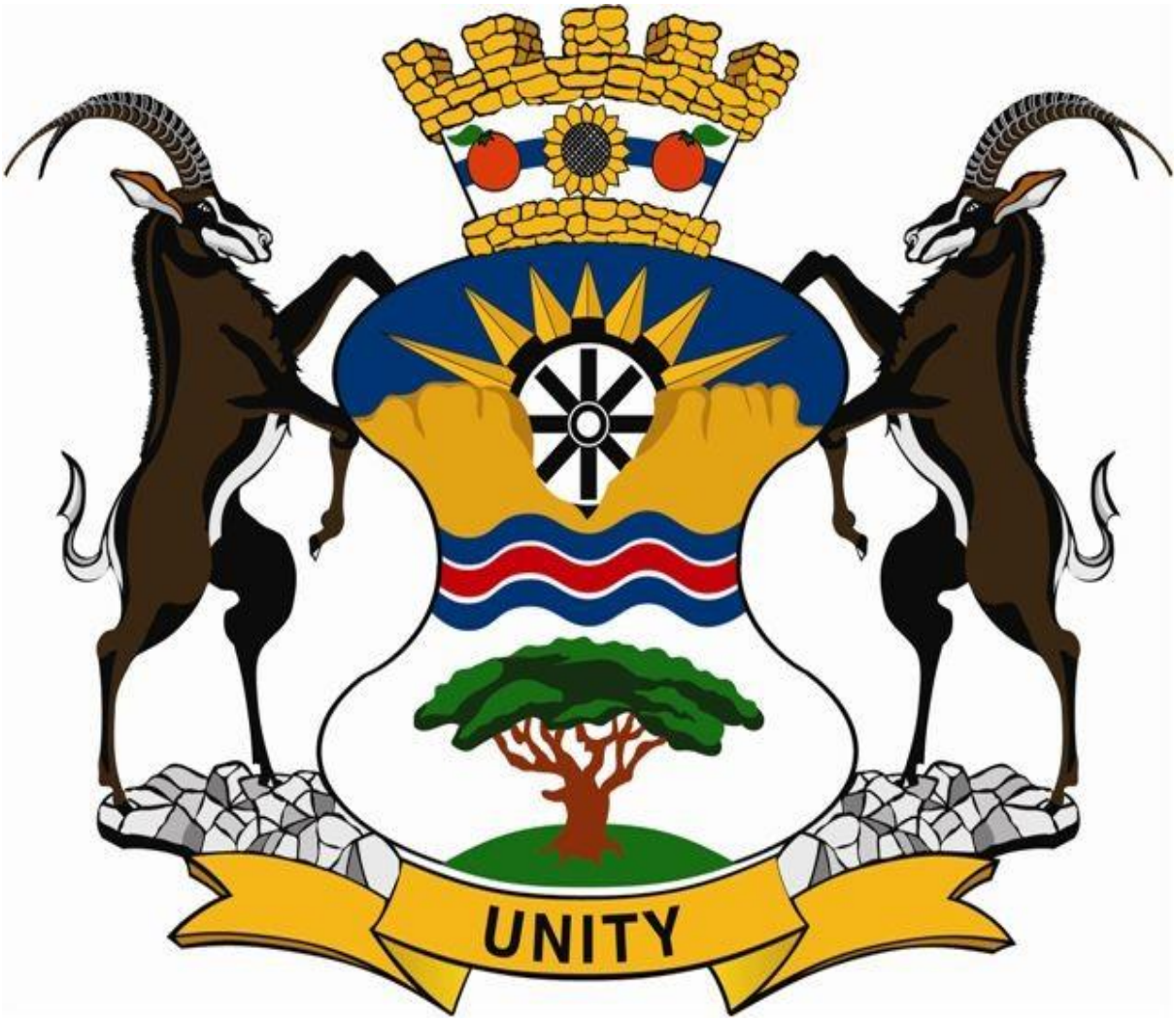
VERIFICATION FORM

Name: Verification Officer	
Ward number:	
Address visited:	
Date visited:	
Individual consulted:	
Declaration by Verification Officer	
I declare that I paid a visit to the premises as stated above. I am in possession of a copy of the prescribed application form and declare that the details contained therein have been verified by me. I am of the opinion that the contents of the application form are true and correct/false or incomplete.	
If false or incomplete, complete the following:	
Recommendation:	
Reasons for my decision:	
I, _____ (full names), , recommend that support is not granted. **_____ SIGNED** **_____ DATE**	
If information found to be correct, complete the following:	

I, _____ (full names), , recommend that support be granted. **_____ _____** **SIGNED DATE**
Date received back from Verification Officer:

RUSTENBURG

LOCAL MUNICIPALITY



RATES POLICY

PREAMBLE

(1) **WHEREAS** the Constitution of the Republic of South Africa, 1996, and the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended by the provisions of the Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014 (hereinafter referred to as "the MPRA"), empowers the Rustenburg Local Municipality (hereinafter referred to as "the Municipality") to impose rates on property;

(2) **AND WHEREAS** in terms of section 4(1)(c) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), the Municipality may, *inter alia*, levy rates on property to finance the operational expenditure of the Municipality;

(3) **AND WHEREAS** in terms of section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA"), the Municipal Manager of the Municipality appointed in terms of section 82 of the Local Government: Municipal Structures Act, Act 117 of 1998 (hereinafter referred to as "the Structures Act"), must, in his capacity as the accounting officer of the Municipality, ensure that the Municipality has and implements a rates policy;

(4) **AND WHEREAS** the Municipality:

(a) must, in terms of section 3(1) of the MPRA, adopt a policy consistent with the MPRA on the levying of rates on rateable property within the municipal area of the Municipality;

(b) must, in terms of section 6(1) of the MPRA, adopt by-laws to give effect to the implementation of its rates policy;

(c) must, in terms of section 5(1) of the MPRA, annually review, and may, if necessary, amend this policy. Proposals for reviewing this policy must be considered by the Municipality in conjunction with its annual operating budget; and

(d) may, in terms of section 22 of the MPRA, levy an additional rate on property in a special rating area and, in doing so, may differentiate between different categories of property;

(5) **NOW THEREFORE**, this policy has been drafted in compliance with the provisions of sections 3(1) and 6(1) of the MPRA, and must be read within the context of the MPRA, and in as far as required, supplemented and amplified by the {MPRA}[mm1].

THE RUSTENBURG LOCAL MUNICIPALITY:

RATES POLICY

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTORY PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	7
2.	AIM AND PURPOSE	14
3.	TITLE AND APPLICATION	15
4.	COMMENCEMENT AND VALIDITY	16
5.	RESPONSIBLE AUTHORITY	16

CHAPTER 2

RATING PRINCIPLES AND CATEGORIES OF PROPERTY

6.	OPERATIONAL BACKGROUND AND PRINCIPLES	17
7.	ANNUAL OPERATING BUDGET	18
8.	CATEGORIES OF PROPERTY FOR LEVYING OF DIFFERENTIAL RATES	21

CHAPTER 3

DIFFERENTIAL RATING, EXEMPTIONS, REDUCTIONS AND REBATES

9.	DIFFERENTIAL RATING	29
10.	CATEGORIES OF PROPERTY OWNERS FOR PURPOSES OF EXEMPTIONS, REDUCTIONS AND REBATES AND THE CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES	30
11.	COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING-IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY	40

CHAPTER 4

GENERAL PROVISIONS

12.	SPECIAL RATING AREAS	42
13.	RATE INCREASES	44
14.	NOTIFICATION OF RATES	45
15.	PAYMENT OF RATES	47
16.	PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES	48
17.	ACCOUNTS TO BE FURNISHED	48
18.	FREQUENCY OF VALUATION	50
19.	COMMUNITY PARTICIPATION	50
20.	REGISTER OF PROPERTY	50
21.	CERTIFICATE OF OCCUPANCY	50
22.	ILLEGAL USE OF PROPERTY	51
23.	INSPECTION OF AND OBJECTIONS TO ENTRIES INTO THE VALUATION ROLL OF THE MUNICIPALITY	52
24.	BY-LAWS TO GIVE EFFECT TO RATES POLICY	52
25.	POLICY REVIEW	53

SCHEDULES

SCHEDULE "A"	REBATE ON RATES
SCHEDULE "B"	THE COSTS ASSOCIATED WITH EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS AND PHASING IN OF RATES:
SCHEDULE "C"	APPLICATION TO BE RATED AS AGRICULTURAL/FARMING PROPERTY USED FOR AGRICULTURAL/FARMING PURPOSES
SCHEDULE "D"	APPLICATION FOR A RATE REBATE BY A PERSON OR ENTERPRISE WHO OR WHICH IS THE OWNER OF RATEABLE PROPERTY AND WHO OR WHICH PROMOTES LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT
SCHEDULE "E"	APPLICATION FOR A PENSIONER'S AND/OR DISABLE PERSON'S PROPERTY RATES REBATE
SCHEDULE "F"	APPLICATION FOR PUBLIC BENEFIT ORGANISATIONS

CHAPTER 1

INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MPRA will have the meaning assigned thereto by the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"account"**	Means the account furnished to an owner by the Municipality once the owner becomes liable for the payment of rates and which reflects the amount due to the Municipality by such owner in respect of the rates, and depending on the context may also refer to an "account" as defined in terms of the provisions of the Credit Control & Debt Collection Policy and By-Law of the Municipality.
1.2	**"agent"**	In relation to property, means a person appointed by the owner of such property: (a) to receive rental or other payments in respect of the property on behalf of the owner; (b) to make payments in respect of the property on behalf of the owner.

"C"		
1.3	**"certificate of occupancy"**	Means the certificate of occupancy issued by the Municipality in terms of the provisions of section 14 of the National Building Regulations and Building Standards Act, Act 103 of 1977.
1.4	"**consent use"**	Means the purpose for which land may lawfully be used and on which buildings may be erected and used only with the consent of the Municipality.
1.5	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.6	**"current monthly rates"**	Means the rate levied on a property in the month immediately preceding the month in which application for a rebate has been made, where such application is required in terms of this policy, and in all other events, the month preceding the month in which the rebate will come into operation.
"E"		
1.7	**"exemption"**	In relation to the payment of a rate, means an exemption granted by the Municipality in terms of the provisions of section 15 of the MPRA.
"F"		
1.8	**"financial year"**	Means the period commencing on the 1st day of July in any calendar year and ending on the 30th day of June of the following calendar year.
"I"		
1.9	**"Income Tax Act"**	Means the Income Tax Act, Act 58 of 1962.
1.10	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality

		renders to Registered Indigents and households headed by Registered Indigents.
	"L"	
1.11	**"Land Use Management Scheme"**	Means the Land Use Management Scheme adopted by the Council in terms of the provisions of the Town Planning and Townships Ordinance, Ordinance 15 of 1986.
1.12	**"low cost residential property"**	Means a property which was obtained by the owner thereof, being the beneficiary of a subsidy availed to such owner in terms of the Housing Subsidy System, as provided for in the Housing Code, 2009, read with the provisions of the Housing Act, Act 107 of 1997.
	"M"	
1.13	**"MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.14	**"MPRA"**	Means the Local Government: Municipal Property Rates Act, Act 6 of 20042004 as amended by Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014.
1.15	**"MPRA Rate Ratio Regulations"**	Means the Municipal Property Rates Act: Regulations on the Rate Ratio between Residential and Non-Residential Properties promulgated in terms of the provisions of section 83 of the MPRA and published in GN R195 in GG 33016 of 12 March 2010.
1.16	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as the "RLM"), a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act, read with the provisions of Chapter 7 of the Constitution of the Republic of South Africa and sections 12 and 14

		of the Local Government: Municipal Structures Act, Act 117 of 1998, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at the Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and includes: (a) its successor in title; or (b) a functionary exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
"N"		
1.17	**"non-residential property"**	Means all properties (including all undeveloped properties) other than those defined as "residential property".
"P"		
1.18	**"public service infrastructure"**	Means public service infrastructure as defined in the Municipal Property Rates Act, Act 6 of 2004.
"R"		
1.19	**"rateable property" and "property"**	Means property on which the Municipality may in terms of the provisions of sections 1, 2 and 7 of the MPRA levy a rate, excluding property fully excluded from the levying of rates in terms of the provisions of section 17 of the MPRA and including a) immovable property registered in the name of a person,

		including, in the case of a sectional title scheme, sectional title unit registered in the name of a person; b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against property; c) a land tenure right registered in the name of person of granted to a person in terms of legislation, or d) public service infrastructure.
1.20	**"ratepayer"**	Means any owner of rateable property as well as any owner of rateable property held under sectional title, situate within the municipal area of the Municipality.
1.21	**"rates"**	Means a municipal rate on property levied in terms of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.22	**"rebate"**	Means a discount granted in terms of the provisions of section 15 of the MPRA on the amount of the rate payable on the property.
1.23	**"reduction"**	Means the lowering in terms of the provisions of section 15 of the MPRA of the amount for which the property was valued and the rating at that lower amount.
1.24	**"Registered Indigent"**	Means a person who has applied to the Municipality in terms of the Indigent Policy of the Municipality to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent on the Indigent Register, as contemplated in terms of the Indigent Policy of the Municipality
1.25		
"S"		

1.26	**"school"**	Means a school as defined in terms of the South African Schools Act, Act 84 of 1996 and include both a private and a public school**.**
1.27	**"Sectional Titles Act"**	Means the Sectional Titles Act, Act 95 of 1986.
1.28	**"Social housing"**	Means property registered in the name of the institution accredited in terms of the Social Housing Act 16 of 2008 which provides or intends to provide rental of co-operative housing options for households with a gross monthly household income less than the maximum housing subsidy income limit. Such property owners must also be registered with the South African Revenue Services as a Public Benefit Organization in terms of Section 30 of the Income Tax Act of 1962, read with Ninth Schedule to the Act.
1.29	**"State"**	In so far as it relates to property owned and used by the State, means property owned and used by the National Government and North West Provincial Government for the provision of community type services, including but not limited to police stations, hospitals. All other property owned and utilised by the State will be classified in accordance with its zoning i.e. business for offices, residential for housing schemes etc.
1.30	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998.
1.31	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000.
"T"		
1.32	**"technical and other colleges"**	Means a public college and a private college as contemplated in the Further Education and Training Colleges Act, Act 16 of 2006.

1.33	**"the/this policy"**	Means the Property Rates Policy of the Municipality as adopted by the Municipality in terms of the provisions of section 3(1) of the MPRA.
1.34	**"threshold"**	Means the amount, determined from time to time by the Municipality during its annual budget process referred to in section 12(2) of the MPRA, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only.
	"V"	
1.35	**"valuation roll"**	Means a valuation roll prepared in terms of the provisions of section 30 of the MPRA or a supplementary valuation roll prepared in terms of the provisions of section 78 of the MPRA.
	"Z"	
1.36	**"zoning"**	Means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in the applicable Land Use Management Scheme, or any revision or amendment thereof, and "zoned" has a corresponding meaning, provided that where a property carries multiple zoning rights, the categorisation of such property will be in accordance with the highest rating category.

2. AIM AND PURPOSE

(1) This policy constitutes the policy as contemplated in terms of the provisions of section 3(1) of the MPRA and the aim and purpose of this policy is as set out in the provisions of section 3(3) of the MPRA.

(2) The aim of this policy is to:

(a) ensure that all owners of rateable property are informed about their liability for rates;

(b) specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates as contemplated in terms of the provisions of section 15 of the MPRA;

(c) empower the Municipality to specify a threshold at which rating in respect of residential properties may commence as provided for in terms of the provisions of section 15(1)(a) of the MPRA, which it is authorised to do;

(d) set out the criteria to be applied by the Municipality when it:

(i) increases rates; and

(ii) levies differential rates on different categories of property;

(e) provide for categories of public benefit organisations, approved in terms of the provisions of section 30(1) of the Income Tax Act, Act 58 of 1962 (hereinafter referred to as "the Income Tax Act"), which are ratepayers, and who may apply to the Municipality for relief from rates;

(f) recognise the State, organs of state and the owners of public service infrastructure as property owners;

(g) encourage the development of property;

(h) ensure that all persons liable for rates are treated equitably as required by the MPRA; and

(i) provide that any rebate is to benefit the owner in occupation of the property.

3. TITLE AND APPLICATION

(1) This policy is known as the Rates Policy of the Rustenburg Local Municipality.

(2) This policy revokes all previous policies, decisions and/or *ad hoc* clauses within any other policy, regarding the subject matter of this policy.

4. COMMENCEMENT AND VALIDITY

This policy shall come into force and effect on the first implementation of the general valuation roll to be prepared by the Municipality in terms of the provisions of section 30, read with section 31 of the MPRA. This policy shall form part of the Municipality's budget related policies when such budget is tabled in the Council of the Municipality in terms of the provisions of section 16(2) of the MFMA for approval, to allow for the Council of the Municipality to consider and approve this policy in terms of the provisions of section 24(1) of the MFMA. Once this policy is approved by the Council, the general valuation rolls to be compiled by the Municipality will be compiled taking account of the principles and provisions of this policy in as far as *inter alia* the different categories of properties and special rating areas are concerned.

5. RESPONSIBLE AUTHORITY

The responsible authority for the adoption, publication and implementation of this policy is the Municipality, and where applicable the Council of the Municipality.

CHAPTER 2

RATING PRINCIPLES AND CATEGORIES OF PROPERTY

6. OPERATIONAL BACKGROUND AND PRINCIPLES

(1) This policy has been prepared to ensure equitable treatment by the Municipality in the levying of rates on property owners, including owners under sectional title as contemplated in terms of the Sectional Titles Act, as well as any other person who may become liable for the payment of rates based on the guiding principles of equity, affordability, poverty alleviation, social and economic development, financial sustainability and cost efficiency.

(2) This policy must be read in conjunction with the provisions of the Land Use Management Scheme and the Town Planning and Townships Ordinance 15 of 1986, and any other applicable legislation, including, but not limited to, the MFMA, the Systems Act, and any legislation which replaces any of the acts or ordinance.

(3) The Municipality is required by the terms of section 16(1) of the MFMA, read with section 24(1) of the MFMA, to approve an annual operating budget prior to the commencement of every financial year. The income from rates must be used to finance in full or in part, the annual operating expenditure of the Municipality as reflected in such budget.

(4) As provided in the MPRA, the Municipality has elected to differentiate between various categories of property and property owners. Some categories of property and categories of owners are granted relief from rates. The Municipality does, however, not grant relief from rates in respect of payments for rates to any

category of owners or properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

(5) Rates are levied in accordance with the provisions of the MPRA as a cent-in-the-rand based on the property value determined for a property as contained in the valuation roll and supplementary valuation roll.

7. ANNUAL OPERATING BUDGET

(1) Rates and rate ratios shall be levied and established as part of the approved annual budget of the Municipality and shall remain valid and in force and effect until amended, changed or varied by the Council.

(2) In terms of the provisions of section 28(6) of the MFMA a municipal tax may not be increased during a financial year, except when required in terms of a financial recovery plan.

(3) The Municipality must consider the levying of rates annually during the budget process as contemplated in section 12(2) of the MPRA.

(4) Rate increases must be used to finance the increase in operating costs of the municipal services and facilities of the Municipality.

(5) In determining the level of increases in rates, the criteria to be applied may include the following:

(a) the inflation rate as indicated by the consumer price index, excluding mortgage bonds;

(b) the financing of increased operating expenditure in the budget of the Municipality;

(c) the financing of additional maintenance expenditure included in the operating budget of the Municipality;

(d) the financing of additional depreciation charges included in the operating budget of the Municipality;

(e) the additional cost of servicing debt included in the operating budget of the Municipality;

(f) the augmentation of any revenue shortfall;

(g) the financing from the annual operating budget of expenditure related to anything the Municipality is lawfully empowered to do for which provision has to be made in the budget; (h) the taking into consideration of the medium-term budget growth factors as determined by National Treasury;

(h) the valuation roll; and

(i) any other relevant factor.

(6) Also in determining the level of increases in rates and in order to assist the Municipality in dealing with the criteria as set out above, the Municipality will make reference to the following classifications:

(a) Services:

(i) trading services (as referred to in the Tariff Policy);

(ii) non-trading services (as referred to in the Tariff Policy).

(b) Expenditure:

(i) salaries, wages and allowances;

(ii) bulk purchases;

(iii) general expenditure;

(iv) repairs and maintenance;

(v) capital charges;

(vi) contribution to fixed assets;

(vii) contribution to funds;

(aa) bad debts;

(bb) working capital; and

(cc) statutory funds;

(viii) contribution to reserves;

(ix) gross expenditure [(i) to (viii)];

(x) less charge-out (inter-departmental charge-outs);

(xi) nett expenditure [(ix) less (x)];

(xii) income; and

(xiii) surplus/deficit [difference between (xi) and (xii)].

(c) Cost centres (to which the costs associated with rendering the service can be allocated):

(i) by department;

(ii) by section/service; and

(iii) by division/service.

(7) Differential rates may be levied in terms of the provisions of section 8 of the MPRA according to the permitted use or, where applicable, the actual use of the property concerned.

(8) In addition to the criteria specified above, the following criteria may be considered in determining whether a differential rate should be applied:

(a) the need to promote economic development;

(b) any administrative advantages in applying a differential rate; and

(c) the need to alleviate the rates burden on the owners of any category of property specified in this policy.

(9) Rates are levied in accordance with the MPRA as an amount in the Rand based on the market value of all rateable property as reflected in the valuation roll and any supplementary valuation roll, as contemplated in terms of Chapters 6 and 8 of the MPRA, respectively.

8. CATEGORIES OF PROPERTY FOR LEVYING OF DIFFERENTIAL RATES

(1) The Municipality may levy different rates for different categories of rateable property, provided that the maximum ratio to the rate on residential property which may be imposed on agricultural/farming property, public service infrastructure property and public benefit organisation property may not exceed the ratio as published in terms of the MPRA Rate Ratio Regulations.

(2) All rateable property will be classified within a specific category and will be rated upon the said classification, which will be in accordance with the permitted use thereof, unless otherwise stated in this policy.

(3) For purposes of levying different rates based on the permitted use of properties in terms of the provisions of section 8(1)(b) of the MPRA, read with sections 3(3)(b) and 3(3)(c) of the MPRA, the following categories of property are determined, as well as the main criteria to be used in order to determine the category of the property:

(a) "Residential property" Means property which is:

(i) used predominantly (60% or more) for residential purposes, with not more than 2 (two) dwelling units per property, and includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes); or

(ii) a unit registered in terms of the Sectional Titles Act, used predominantly (60% or more) for residential purposes, and includes any unit in the same sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker's quarters (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes and for clearance application purposes); or

(iii) owned by a share-block company and used predominantly (60% or more) for residential purposes; or

(iv) a retirement scheme or life right scheme used predominantly (60% or more) for residential purposes.

(b) Business and commercial property:

Refers to property on which the activity of buying, selling or trading in goods and/or services occurs. It includes any office or other accommodation on the same property, the use of which is incidental to the business, but excludes

the business of mining. It further includes hostels, guesthouses, bed and breakfast establishments and properties which is being used for storage or parking in line with the zoning of such property. It also includes office blocks, retail shops, shopping centres, showrooms, petrol filling stations & private hospitals and clinics.

(c) Industrial Property

"Industrial property" means property used for the trading in, the manufacturing and production of good and products or the assembly or processing of finished products from raw materials or fabricated parts in respect of which capital and labour are utilised, and includes any office or other facility on the same property, the use of which is incidental to such activity;

(d) Mining property:

Refers to property used for mining purposes or purposes incidental to mining operations and including any building, other immovable structures and infrastructure above the surface required for purposes of mining and may also include a sub-category for vacant land zoned for mining purposes or purposes incidental to mining operations in terms of the Land Use Management Scheme, but excludes mining rights or a mining permit as defined in the Mineral & Petroleum Resources Development Act, Act 28 of 2002.

(e) Public service infrastructure property and private service infrastructure property:

Refers to property utilised to accommodate publicly or privately controlled infrastructure of the following kinds:

(i) national, provincial, municipal public roads or private roads;

(ii) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water or sewage pumps

forming part of a water, waste water or sewer network serving the public;

(iii) power stations, power sub-stations or power lines forming part of an electricity network;

(iv) railway lines forming part of a national railway network;

(v) communication towers, masts, exchanges or lines forming part of a communication network;

(vi) runways or aprons at the municipal airport of the Municipality;

(vii) any other publicly controlled infrastructure as may be prescribed;

(viii) rights of way, easements or servitudes in connection with infrastructure mentioned in sub-paragraphs (3)(e)(i) to (3)(e)(viii) above;

but with the exemption that the public service infrastructure property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure", as contained in section 1 of the MPRA, may not be rated in terms of section 17(1) (aA) to the extent set out in the sliding-scale contained in section 93A (2) of the MPRA.

(f) Municipal properties:

Refers to property owned by, vested in or under the control and management of the Municipality and will consist of the following 2 (two) :

(i) Municipal property: not rateable:

The following types of property owned by, vested in or under the control and management of the Municipality are not rateable:

(aa) public service infrastructure owned by the Municipality, including those referred to in sub-paragraph(3)(e) above;

(bb) waste-dump sites;

(cc) municipal burial grounds and adjacent public open space within the burial ground precinct;

(dd) property used for the provision of public parks and zoned as public open space and includes undeveloped municipal property which is for the purposes of this policy deemed to be public open space;

(ee) property used for culture, sporting and recreational facilities other than property subject to a registered lease in terms of the Formalities in respect of Leases of Land Act, Act 18 of 1969, in which case the area subject to the lease shall be separately rated; and

(ff) municipal housing schemes.

(ii) Municipal property: rateable:

The following types of property owned by, vested in or under the control and management of the Municipality are rateable:

(aa) property leased to third parties in terms of a lease registered in terms of the Formalities in Respect of Leases of Land Act, Act 18 of 1969. Where property owned by the Municipality is leased to a third party, the rating thereof shall be the prevailing rating applied to the principle property; and

(bb) municipal property used for purposes other than those specified in sub-paragraph(f)(i) above.

(g) Agricultural/farming property:

Property in this category is limited to agricultural/farming property zoned as agricultural/farming and used for bona fide agricultural purposes with

the property owner deriving his principal source of income from the produce of the land on such property, but excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game. Agricultural/farming property not used for bona fide agricultural/farming purposes shall be rated according to the actual use thereof which include agricultural/farming property utilised commercially for the hospitality of guests, and/or eco-tourism or for the trading in or hunting of game.

(h) State-owned or organ of state-owned property (also referred to as "Government Property"):

(i) property owned by the state or an organ of state is rateable and will be categorised according to the zoning or use of the property; and

(ii) if property owned by the state or an organ of state is zoned or used for residential purposes, the rates must, after presentation of a certificate of occupancy, be levied in terms of the residential tariff. The rebate afforded to state owned properties of organ of state owned properties does not apply to properties zoned or used for residential purposes as the rebate relating to residential properties already applies to such properties.

(i) Protected areas:

Refers to property which receives protection because of its recognised natural, ecological and/or cultural values.

(j) Multiple Purposes:

This category comprises of properties used for more than one purpose and that cannot be assigned to an existing category of property.

(k) Educational:

Refers to property owned by educational institutions which are registered with the South African Revenue Services in terms of the provisions of section 30 of the Income Tax Act and which provide education and development services as contemplated in terms of Part 1, section 4 of the Ninth Schedule to that Act and includes sub "private school" and "crèche".

(l) Public benefit organisation property:

Refers to property owned by a public benefit organisation and used for public benefit activities as listed in item 1(welfare and humanitarian), item 2 (health care), item 4(education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.

(m) Property used for religious purposes:

Refers to property registered in the name of and used solely as a place of public worship by a religious community, including an official residence registered in the name of such community which is occupied by an office–bearer of such community who officiates at services at that place of public worship.

(n) Exclusive Use Area

Refers to an area within the Sectional Title Scheme where part of the Body Corporate is exclusively used by owners of sections.

(o) Sectional Title Garages

Refers to any garage within a residential sectional title scheme that has been registered as a separate sectional title unit.

(p) Vacant Land

Refers to any undeveloped land as listed in the valuation roll and includes bulk land identified by the municipality and where there is an approved Surveyor General, Township Layout or approved general diagram, may be separately valued and rated notwithstanding the non-registration of any sub-divisions.

(q) Private Road

Refers to a road owned and maintained by a private individual, organisation or company rather than the government.

(r) Private Open Space

Refers to an outdoor area of a dwelling or residential building or land for the exclusive use of the occupants.

(s) **Privately owned towns serviced by the owner**

The municipality grants an additional rebate to be determined on an annual basis which applies to privately owned towns services by the owner

(4) In determining the category of a property referred to in sub-paragraph (3) above, the Municipality will take into consideration the following criteria, or a combination thereof:

(a) the actual dominant use of the property concerned;

(b) conditions for township establishment and land use rights pertaining to the property;

(c) the geographical area in which the property is situated;

(d) the nature and extent of the improvements on the property.

(5) In order to ensure certainty and consistency in the application of the criteria mentioned in sub-paragraph (4) above, the Municipality will endeavour to apply the above criteria uniformly and in order of priority as follows:

(a) properties must firstly be categorised in accordance with its permitted land use in terms of the Land Use Management Scheme;

(b) in addition to the land use of a property, the actual dominant use of a property may also be used to categorise, or to narrow or confirm the category of such property. An inspection of the property concerned may be undertaken in order to obtain such information;

(c) where the dominant and permitted use of a property differ, the actual dominant use will supersede the permitted use; and

(d) the geographical area where a property is situated, as well as the nature and extent of any improvements made to such property, may also be considered to categorise the property.

(6) Property used for multiple purposes must be categorised and rated in accordance with the provisions of section 9 of the MPRA.

(7) Property which is used in conflict to its zoning will be rated at the tariff applicable to properties used for business and commercial purposes.

CHAPTER 3

DIFFERENTIAL RATING, EXEMPTIONS, REDUCTIONS AND REBATES

9. DIFFERENTIAL RATING

(1) The Municipality will apply a differential rating system based on the different property categories set out in paragraph8 above, by means of a set rate to be applied to each category of property, provided that the maximum ratio to the rate on residential property which may be imposed on agricultural/farming property,

public service infrastructure property and public benefit organisation property may not exceed the ratio as published in terms of the MPRA Rate Ratio Regulations.

(2) The criteria for the implementation of the differential rating system on different categories of properties will be according to:

(a) the nature and use of the property;

(b) the sensitivity to rating of the category of property;

(c) the extent of municipal services and infrastructure available to the property;

(d) the nature and extent of reductions and rebates applicable to the owners of the category of property;

(e) the promotion of social and economic development; and

(f) whether the property is being used for the use permitted for the property by the provisions of the Land Use Management Scheme of the Municipality.

10. CATEGORIES OF PROPERTY OWNERS FOR PURPOSES OF EXEMPTIONS, REDUCTIONS AND REBATES AND THE CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES

The municipality will not levy a rate on the first part of the value up R 100 000,00 of the market value as per the Valuation Roll:

- on the first R 15000 on the basis set out in section17 (1)(h) of the MPRA; and
- on the balance of the market value up to R 85 000 in terms of section 15 of the MPRA in respect of residential properties, provided that the Council from time to time during its annual budget process contemplated in section 12 (2) of the Act determine. as threshold, the amount to be deducted from the market value of the residential properties as a result of which rates will only be determined on the

balance of the market value of such properties after deduction of the threshold amount.

For purposes of exemptions, reductions and rebates from the payment of a rate levied on the different categories of property as contemplated in terms of the provisions of section 15(1) of the MPRA, the following categories of property owners and the criteria to be applied for the granting of exemptions, reductions and rebates to these categories of property owners are determined:

(1) Exemptions:

The following properties are either exempted from paying rates, or the owners thereof may apply to the Municipality to be exempted from the paying of rates as indicated below:

(a) An owner of residential property:

(i) low cost residential properties used for residential purposes are only fully exempted if the owner of such a property is a Registered Indigent in terms of the Municipality's Indigent Policy receiving indigent support. This is an important part of the Indigent Policy of the Municipality which is aimed primarily at alleviating poverty;

(ii) all residential properties with a market value of less than the amount annually determined by the Municipality in the Tariff Policy are exempted from paying rates. The impermissible rates contemplated in terms of section 17(1)(h) of the MPRA are included in the amount referred to above as annually determined by the Municipality;

(b) Property owned by the Municipality:

The Municipality is exempted from paying rates in respect of the property referred to in sub-paragraph 8(3)(f)(i) above.

(c) Property owned by Public Benefit Organisations:

The following Public Benefit Organisations **may apply** in writing to the Municipality (as per **"Schedule F"**) for an exemption from paying rates on property, provided a true and certified copy of a tax exemption certificate which has been issued by the South African Revenue Services as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act is submitted together with such application:

(i) State or Organ of State Owned Health Care Institutions:

State owned, or Organ of State owned property used solely for health care institution purposes, provided that all profits from the use of such property are used entirely for the benefit of such health care institution.

(ii) Welfare Institutions:

Property used exclusively as an orphanage, non-profit retirement village, old age home or benevolent institution, including workshops used by the residents, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the Municipality.

(iii) Educational Institutions:

Property owned by a non-profit educational institution, registered as such in terms of the applicable legislation.

(iv) Charitable Institutions:

Property owned by a non-profit institution or organisation, which performs charitable work.

(v) Sporting Bodies:

Property owned by an organisation which main purpose is to use such property for sporting purposes on a non-professional and non-profitable basis.

(vi) Cultural Institutions:

Property owned by an institution declared to be subject to the provisions of the Cultural Institutions Act, Act 119 of 1998.

(vii) Museums, Libraries, Art Galleries and Botanical Gardens:

Museums, Libraries, Art Galleries and/or Botanical Gardens, operated on a non-profit basis and open to the public.

(viii) Youth Development Organisations:

Property owned and used by an institution or organisation for the provision of youth leadership or a youth development programme on a non-profit basis.

(ix) Animal Welfare:

Property owned and used by an institution or organisation with the exclusive aim to protect birds, reptiles and/or animals on a non-profit basis.

(d) Property used for Religious purposes:

A Property used for Religious purposes as referred to in sub-paragraph 8(3)(n) above, is exempted from the payment of rates as per the provisions of section 17(1)(i) of the MPRA.

(e) Registered Indigents:

All Registered Indigents, registered in terms of the provisions of the Indigent Policy of the Municipality, shall be fully subsidised for the payment of property rates, as referred to in sub-paragraph (1)(a)(i) above as part of the indigent support such a person receives from the Municipality. The subsidy shall not be more than the applicable rate for that year, and will be applied for the duration of that particular fiscal year.

(f) Social Housing

Refers to property registered in the name of an institution accredited in terms of the Social Housing Act 16 of 2008 which provides or intends to provide rental of co-operative housing options for households with a gross monthly household income less than the maximum housing subsidy income limit. Such property owners may qualify to be rated at the same rate as public benefit organizations in terms of the MPRA, i.e. at a ratio of 1:0.25. Properties where the gross monthly household income exceeds the income limit or any other non-residential properties of such institution will not qualify in terms of this paragraph.

If the usage of a property changes during the financial year, the rebate applicable will be reduced pro rata for the balance of the financial year.

All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted.

(2) An exemption from the payment of rates will only qualify to be considered for exemption by the Municipality subject to the following conditions:

(a) on application, which application must be addressed in writing to the Municipality in the prescribed manner (as per **Schedule "F"**);

(b) a true and certified copy of a tax exemption certificate issued by the South African Revenue Service must be submitted together withthe application;

(c) the Municipal Manager or the person to whom the authority to approve an application for an exemption has been delegated, must consider and approve or dismiss the application;

(d) in considering the application for an exemption the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application;

(e) the application must be submitted to the Municipality before the end of **April preceding the start of the new municipal financial year (i.e. 1 July) for which such exemption is sought**; and

(f) the Municipality reserves the right to refuse any exemption if the details provided in the application are incomplete, incorrect or false.

(3) Reductions:

(a) The Municipality will consider reductions from rates payable by owners of property on an *ad hoc* basis, in any of the following circumstances:

(i) partial or destruction of a property and/or improvements on such property; and

(ii) in the event of a disaster, as defined in terms of the provisions of the Disaster Management Act, Act 57 of 2002, directly or indirectly affects the property.

(b) A reduction from rates payable by owners of property will only be granted by the Municipality subject to the following conditions:

(i) the owner of a property in respect of which a reduction is applied for must apply in writing to the Municipality for such reduction, and the onus will rest on such applicant to prove to the satisfaction of the Municipality that such property has been totally or partially destroyed or affected by a disaster as contemplated in sub-paragraph (3)(a)(i) and (ii) above. Such owner will further have to indicate to which extent the property can still be used and the impact on the value of the property;

(ii) the percentage of the reduction granted and the period for which the reduction will be granted, if any, is solely within the discretion of the Municipality;

(iii) the Municipal Manager or the person to whom this authority to approve an application for a reduction has been delegated, must consider and approve or dismiss the application; and

(iv) in considering the application for a reduction the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application.

(4) Rebates:

(a) State-owned or Organ of State-owned property:

The State or an Organ of State will receive a rebate on rates applicable to State-owned or Organ of State-owned property, as determined in **Schedule "A"**, in the event of the full payment of the rates before 30 September of the applicable financial year. This rebate does not apply to State-owned or Organ of State-owned property zoned or used for residential purposes.

(b) Agricultural/farming property:

(i) the owners of agricultural/farming property may be granted a rebate subject to such owner providing the Municipality with the prescribed information as set out in **Schedule "C"** and in the format provided in **Schedule "C"**;

(ii) the prescribed information provided in the format of **Schedule "C"**, must be submitted to the Municipality before the end of April, preceding the financial for which the rebate is applied for;

(iii) rebates may be granted by utilizing the criteria as set out and referred to in paragraphs 3.1 to 3.2 of **Schedule "A"**.

(c) Public Service Infrastructure Property:

A rebate of 30% as mandated by the provisions of section 17(1)(a) of the MPRA will be granted by the Municipality for Public Service Infrastructure property as they provide essential municipal services to the local community.

(4B) Categories of owners:

(a) Retired and/or Disabled Persons Rate Rebate:

Retired and/or disabled persons qualify for special rebates according to their monthly household income as referred to and set out in paragraph 3.3 of **Schedule "A"**. To qualify for this rebate a property owner must comply with the following requirements:

(i) occupies the property as his/her normal and only residence;

(ii) be at least 60 years of age or have been awarded a disability pension from the Department of Social Development or other approved pension funds;

(iii) be in receipt of a total monthly household income from any and all sources (including income of spouses of owner) as set out in paragraph 3.3 of **Schedule "A"**;

(iv) not be the owner of more than one property;

(v) provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;

(vi) property owners must apply to the Municipality for the rebate on the prescribed application form as set out in **Schedule "E"** and provide such documents as required therein;

(vii) this application must be submitted to the Municipality before the end of September preceding the start of the

new financial year of the Municipality for which the rebate is applied for;

(viii) the Municipal Manager or the person to whom the authority to approve the application for a rebate has been delegated, must consider and approve or dismiss the application;

(ix) in considering the application for a rebate the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application;

(x) the Municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false; and

(xi) the extent of the rebate is set out in paragraph 3.3 of **Schedule "A"**.

(5) Persons or entities, who are in terms of the provisions of this policy entitled to apply for and receive an exemption, reduction or rebate from the payment of a rate levied, must apply annually and in the prescribed manner for such an exemption, reduction or rebate, and any such exemption, reduction or rebate approved will only be valid and applicable for 1 (one) financial year, and for so long as the person or entity continue to meet all of the circumstances and conditions that entitled the exemption, reduction or rebate to be granted, where after the approved exemption, reduction or rebate will lapse. If eligible, the person or entity who or which is desirous to obtain an exemption, reduction or rebate for the next financial year, must proceed to apply for such an exemption, reduction or rebate in the prescribed manner. Exemptions, reductions and rebates shall only be valid and applicable when granted and where the applicant meets the criteria therefor.

(6) A reduction, exemption or rebate granted to an applicant who does not qualify may be removed at any time.

(7) Any person or entity receiving any exemption, rebate or reduction shall immediately notify the municipal manager of the Municipality, in writing, if the circumstances or conditions which entitled the Municipality to grant the exemption, rebate or reduction, change or ceases to exist.

11. COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING-IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY

(1) The Municipal Manager must ensure that all exemptions, reductions, rebates and the phasing-in of certain rates, as contemplated in terms of the provisions of sections 15 and 21 of the MPRA, are appropriately disclosed in the annual operating budget, annual financial statements and annual report of the Municipality and that such exemptions, reductions, rebates and phasing-in of certain rates are clearly indicated on the rate account which is submitted to every respective property owner liable to pay rates to the Municipality.

(2) The Municipal Manager must also disclose all costs in respect of such exemptions, reductions, rebates and/or phasing-in of rates, as provided in **Schedule "B"**.

(3) The benefit in respect of and the reasons and criteria for the granting of certain exemptions, reductions, rebates and/or phasing-in of certain rates to the various property owners includes, but is not limited to:

(a) the promotion of local economic development which includes the promotion of business investments within the municipal area of the Municipality;

(b) job creation for the local community;

(c) the promotion of service delivery by *inter alia* farmers;

(d) poverty alleviation of indigent individuals;

(e) social and moral development, including assistance to religious institutions, sporting bodies, educational institutions and/or other non-governmental organisations which promote health and/or other benefits to the local community; and

(f) improved local economic growth.

CHAPTER 4

GENERAL PROVISIONS

12. SPECIAL RATING AREAS

(1) The Municipality may, if and when it deems necessary, by means of a Council resolution determine special rating areas in consultation with the relevant communities as provided for in terms of the provisions of section 22 of the MPRA.

(2) The following matters shall be attended to in consultation with the property owners within the area where the Municipality considers imposing such special rating area:

(a) the proposed boundaries of the special rating area;

(b) statistical data in respect of the area concerned and any such further information as may be required by the property owners who owns property within the proposed special rating area;

(c) information in respect of the proposed improvements and/or upgrades, clearly indicating the estimated costs of each respective improvement and/or upgrade;

(d) the proposed financing of the improvements and/or upgrades;

(e) the priority of improvements and/or upgrades, if applicable;

(f) the socio-economic factors of the relevant property owners concerned;

(g) the different categories of property;

(h) the amount of the proposed special rating;

(i) the details regarding the implementation of the special rating;

(j) the additional income which will be generated by means of the special rating; and

(k) the precise manner in terms of which the Municipality will utilize the additional income so generated.

(3) A committee of property owners who own property within the proposed special rating area, consisting of 6 (six) property owners must be established in order to advise and consult the Municipality regarding such proposed special rating area. This committee will be elected by the inhabitants within the proposed special rating area concerned, who must be at least 18 (eighteen) years of age. The election of the committee will commence under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no executive powers.

(4) The consent required from the property owners who own property within the proposed special rating area, must be obtained in writing or by means of a formal voting process under the auspices of the Municipal Manager. The majority vote is regarded as 50% plus 1 (one), of the property owners concerned. Each property owner, being the receiver of the monthly account for the municipal rate, will have 1 (one) vote each.

(5) In determining the special additional rates, the Municipality shall differentiate between different categories as referred to in paragraph 8 above.

(6) The additional rates levied must be utilized for the purpose of improving or upgrading the specific area only and not for any other purpose.

(7) The Municipality shall establish separate accounting and other record-keeping systems, compliant with GAMAP/GRAP, for the identified area and the property

4owners concerned shall be kept informed of progress with projects and financial implications on an annual basis.

(8) Council may approve a rebate, reduction or exception in a determined amount and for a determinable period to a specific property owner to set off or reduce any amounts payable by the Municipality to the property owner whether under a services agreement or otherwise.

13. RATE INCREASES

(1) In terms of the provisions of section 17(3)(a)(ii) of the MFMA and section 24(2)(c)(i) of the MFMA, read with section 28(6) of the MFMA, the Municipality may only consider the increase of rates annually during the drafting and adoption of its annual budget.

(2) Income derived from the increasing of rates must be used by the Municipality to finance any increase in operating costs of subsidized municipal services and/or any increase in the rendering of municipal services to the local community.

(3) The following annual adjustments may be considered and/or made in respect of subsidized municipal services and/or the rendering of municipal services to the local community:

(a) salary and/or wage increases as agreed with the South African Local Government Bargaining Council;

(b) salary increases of managers directly accountable to the Municipal Managers in terms of the provisions of section 56 of the Systems Act;

(c) inflation adjustments in respect of general expenditure, repairs, maintenance and/or contributions to statutory funds, and

(d) additional depreciation costs, interest on and/or reduction of loans associated with the assets obtained by the Municipality during the previous financial year.

(4) Extraordinary expenditure in respect of community municipal services which was not expected or budgeted for, may be financed by an increase of property rates.

(5) The Municipality must take into consideration the ability of ratepayers to afford any proposed increase of rates prior to implementing any increase of property rates.

(6) Any and all increases of property rates must be communicated to the local community in terms of paragraph14 of this policy and the applicable provisions of the MFMA.

14. NOTIFICATION OF RATES

(1) In terms of the provisions of section 16(2) of the MFMA, read with the provisions of section 22 of the MFMA, the public must be informed of the rates on property which the Municipality intends to levy in the next financial year as contained in the Municipality's annual budget. The public then may submit representations regarding the contents of the said annual budget in terms of the provisions of section 22(a) (ii) of the MFMA.

(2) Once the Council has, considered, in terms of the provisions of section 24(1) of the MFMA, amongst others, the representations by the public, the Council may proceed to approve the annual budget, and once it has done so the Municipality shall have levied the rate as contained in the annual budget as contemplated in terms of the provisions of section 24(2)(c)(i) of the MFMA.

(3) The Municipality must give notice to the local community of the rates levied on property in accordance with the provisions of section 14 of the MPRA, which in turn requires that the resolution levying the rates on property be promulgated by publishing the resolution levying the rates in the Provincial Gazette and within 60 (sixty) days after the passing of the resolution levying the rates:

(a) in terms of the provisions of section 14(3)(a) and (b) of the MPRA, whenever a Municipality passes a resolution as referred to in sub-paragraph (3) above, the Municipal Manger must, within 60 (sixty) days after the passing of the resolution levying the rates:

(i) Conspicuously display the resolution for a period of at least 30 (thirty) days:

(aa) at the Municipality's head and satellite offices and libraries; and

(bb) if the Municipality has an official website or a website available to it as envisaged in section 21B of the Systems Act, on that website; and

(ii) advertise in the media a notice stating that:

(aa) a resolution levying a rate on property has been passed by the Council; and

(bb) the resolution is available at the Municipality's head and satellite offices and libraries for public inspection during office hours and, if the Municipality has an official website or a website available to it, that the resolution is also available on that website.

(4) The resolution levying the rates must contain the date on which the resolution was passed, differentiate between categories of properties and reflect the cent amount in the rand rate for each category of property.

15. PAYMENT OF RATES

(1) A ratepayer has the option to pay the rates for which such ratepayer is liable to the Municipality in one annual instalment on or before the end of September of a given year, or to pay such rates monthly on or before the last day of the month.

(2) If the owner of rateable property wishes to opt for the payment of rates annually in one instalment, such owner must notify the Municipal Manager in writing of such election and the owner will then become liable to the Municipality to pay the rates on an annual basis, and full payment of the rates to be received by no later than the last day of September.

(3) Interest on arrear rates will be levied and payable as set out in terms of the provisions of section 75A(1)(b) of the Systems Act, read with section 97(1)(e) of the Systems Act and the applicable provisions of the Credit Control & Debt Collection Policy and by-laws of the Municipality.

(4) If the owner of rateable property fails, neglects or refuses to pay such rates which is owing and due to the Municipality, the Municipality must recover such rates in accordance with the provisions of its Credit Control and Debt Collection Policy and by-laws of the Municipality, read with the provisions of Chapter 9 of the Systems Act.

(5) Arrear rates may be recovered from any tenants or occupiers of a rateable property or their agent as set out in terms of the provisions of sections 28 and 29 of the MPRA.

16. PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

(1) Rates on property in respect of a sectional title scheme, shall be levied on the individual sectional title units in the scheme and not on the property as a whole.

(2) The rate levied on a sectional title unit is payable and must be recovered from the owner of such unit and no rates in respect of any such unit may be recovered from the established body corporate of the scheme.

(3) The provisions of sub-paragraph (2) above do not exempt a body corporate of a sectional title scheme from the payment of rates on a sectional title unit in respect of which such body corporate is the owner.

(4) A body corporate which controls a sectional title scheme may not apportion and collect rates contemplated in terms of the MPRA from the owners of the sectional title units in such scheme.

(5) The common area of the property in sectional title schemes, shall be proportionally divided and included into each sectional title unit and this proportioned common area shall be payable by the owners of the specific sectional title units.

17. ACCOUNTS TO BE FURNISHED

(1) The Municipality must furnish every owner of rateable property liable for the payment of such rates with a written account therefore, which account must provide:

(a) the amount due for such rates;

(b) the date upon or before which the rates are payable;

(c) the manner in terms of which the rates were calculated;

(d) the municipal value of the property for which the account was furnished; and

(e) the percentage or amount of any applicable exemptions, reductions and/or rebates.

(2) An owner of rateable property who/which is liable for the payment of such rates remains liable for the payment thereof, irrespective of whether such owner received an account furnished by the Municipality therefor.

(3) An owner contemplated in sub-paragraph (2) above, must enquire and attempt to obtain such account from the Municipality for the payment thereof and is responsible for enquiring and ascertaining from the Municipality, monthly and timeously, the amount due to the Municipality should no account be received.

(4) Where a rateable property is owned by 2 (two) or more owners, the Municipality may recover the applicable property rate therefore from anyone of the owners in order to reduce its administrative costs and in terms of the provisions of section 24(2)(a) of the MPRA.

(5) The Municipality and the ratepayer have the rights in respect of accounts, as set out in terms of the provisions of section 102 of the Systems Act and the provisions

of the Credit Control & Debt Collection Policy and by-laws of the Municipality dealing with accounts.

18. FREQUENCY OF VALUATION

(1) The Municipality must prepare a new valuation roll at least every 5 (five) financial years, and reserves the right to extend the validity of the valuation roll to 7 (seven) financial years in terms of the provisions of section 32(2)(b) of the MPRA.

(2) Supplementary valuations will be done on a continuous basis to ensure that the valuation roll is properly updated, as provided for in terms of the provisions of section 78 of the MPRA.

19. COMMUNITY PARTICIPATION

This policy may only be adopted once the Municipality has followed a process of community participation, in accordance with the provisions set out in Chapter 4 of the Systems Act and section 4(2) of the MPRA, and the Municipality must further take all comments and representations received as a result of the community participation process into account when it considers the adoption of this policy.

20. REGISTER OF PROPERTY

The Municipality must compile, maintain and display a register of properties in accordance with the provisions of section 23 of the MPRA.

21. CERTIFICATE OF OCCUPANCY

(1) Prior to a residential property being eligible for a rebate, a certificate of occupancy must have been issued in respect thereof, by the Municipality.

(2) The onus of obtaining a certificate of occupancy rests with the owner of a property.

22. ILLEGAL USE OF PROPERTY

(1) If a property is used for a use, other than that permitted for the property by the applicable provisions of the Land Use Management Scheme (also referred to as the "illegal use of the property"), the Municipality will be entitled to levy on the property concerned the highest tariff provided for in the differential rate categories of the Municipality.

(2) (a) The owner of property contemplated in sub-paragraph(1) above then bears the onus of satisfying the Municipality that the illegal use of the property has ceased and may request in writing from the Municipality to proceed to reinstate the levying of rates against the property as per the valuation roll;

(b) such a request in writing by the owner of the property must be accompanied by an affidavit by the owner of the property, confirming that the illegal use of the property has been ceased and that the property is being used for the use allowed for the property in terms of the provisions of the Land Use Management Scheme;

(c) the Municipality shall consider the request and if the cessation of illegal use of the property is verified and if the request is approved, the

Municipality will reinstate the levying of rates against the property as per the valuation roll.

(d) Where the valuer visited the property with illegal use, the valuer will change the category to the actual use of the property even if the zoning certificate has not been changed.

23. INSPECTION OF AND OBJECTIONS TO ENTRIES INTO THE VALUATION ROLL OF THE MUNICIPALITY

(1) Once the Municipality has given notice in terms of the provisions of section 49 of the MPRA that the valuation roll is open for public inspection, any person may within such period stated in section 49(1)(a) of the MPRA, in terms of the provisions of section 50(1) of the MPRA:

(a) inspect the roll during office hours;

(b) upon payment of a reasonable fee request the Municipality during office hours to provide an extract from the roll; and

(c) may lodge an objection with the Municipal Manager against any matter reflected in, or omitted from the roll.

(2) An objection as contemplated in sub-paragraph (1)(c) above, must be in relation to a specific individual property and not against the valuation roll as a whole.

(3) The lodging of an objection does not defer liability for the payment of rates beyond the date determined therefore.

(4) All objections received shall be dealt with in the manner prescribed in terms of the provisions of section 51 to section 54 of the MPRA.

24. UNREGISTERED PROPERTIES

Where the municipality can prove that the unregistered property is consuming municipal services, that property will be billed according to the use of that property even though it is not registered.

253. RATES CLEARANCE

1. Section 118 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000) states that; *A registrar of deeds may not register the transfer except on production of a prescribed certificate, issued by a municipality or municipalities in which that property is situated and which certifies that all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes levies and duties during the two years preceding the date of the application for the certificate have been fully paid*

A prescribed certificate issued by a municipality in terms of sub section 1 is valid for a period of 60 days from the date it has been issued".~~for the~~

Definition of a Rates Clearance Certificate

2.

A rates clearance is a certificate provided by the relevant local authority on application by a conveyancer to transfer a property. This certificate certifies that there is no current outstanding debt due by the seller on the property. The Registrar of Deeds may then pass transfer on the property and registration in the purchaser's name may go ahead.

3. **Process of obtaining rates clearance certificate**

The conveyancer or attorney needs to apply for clearance figures at the municipality and pay a prescribed fee.

The rates clearance figures will be issued by the municipality and will be valid for four (4) months.

The payment relating to the rates clearance figures needs to be effected on or before the end of the second month. No payments will be allowed after the end of the second month. The conveyancing attorney will need to re – apply for clearance figures if the payment was not received on or before the end of the second month.

This process will give deeds office 60 days to do transfer as required by the legislation.

24. BY-LAWS TO GIVE EFFECT TO RATES POLICY

The Municipality must adopt by-laws to give effect to the implementation of this policy.

25. POLICY REVIEW

This policy must be reviewed annually by the Council of the Municipality as prescribed in terms of the provisions of section 5 of the MPRA.

SCHEDULE "A" – REBATE ON RATES

NO.	CATEGORY / DESCRIPTION	APPLICABLE REBATE
1.	**Exemptions:**	
1.1	**Residential**	**R 100000.00**(The first R15 000.00 of the market value of a property assigned in the valuation roll or supplementary valuation roll is statutorily exempted from the levying of rates as per the provisions of section 17(1)(h) of the MPRA)
2.	**Reductions:**	
2.1	**Partial or destruction of a property and/or improvements on such property**	**25%**
2.2	**in the event of a disaster, as defined in terms of the provisions of the Disaster Management Act, Act 57 of 2002, directly or indirectly affects the property**	**50%**
3.	**Rebates:**	
	State owned or Organ of State owned properties (excluding properties zoned or used for residential purposes)	10%
	Residential Properties	__%
	Public schools	__%

	Private schools	25%
	Public Service Infrastructure	30% (but not less than 30% in terms of the provisions of section 17(1)(a) of the MPRA)
3.1	**Agricultural/Farming Land:**	
3.1.1	The extent of the municipal services provided to agricultural/farming property:	
	No municipal roads next to property	__%
	No municipal sewerage to the property	__%
	No municipal electricity to the property	__%
	No water supply to the property by the Municipality	__%
	No refuse removal provided by the Municipality	__%
3.1.2	The contribution of the farming/agriculture property to the local economy: A rebate may be granted to the owner of agricultural/farming property which contributes substantially to job creation, and the salaries/wages of farm workers are reasonable, e.g. if they meet minimum standards set by Government or if they are in line with the sector's average. In this regard the criteria are as follows and should be substantiated by the information provided in **Schedule "C"**:	
	Salaries/wages of farm workers meet minimum standards.	__%
3.1.3.	Rebates may be granted after submission of proof by the owner, as per **Schedule "C"**, to the 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:	
	If the owner is providing permanent residential property to the farm workers and such property is registered in the name of such farm workers.	__%
	If such residential properties are provided with potable water.	__%

	If the owner has provided electricity to the residential properties of his farm workers.	__%
	If the owner is availing his land/buildings to be used for the purposes of a cemetery, education and/or recreational purposes of the farm workers and their dependants and the nearby community in general.	__%
3.2.	**Farming, Business, Commercial and Industrial:**	
3.2.1.	Contribution to job creation:	
	1 to 10 workers:	__%
	11 to 50 workers	__%
	51 workers or more	__%
3.2.2.	Social upliftment of the local community: (specify criteria and extent in order to calculate percentage of rebate)	
		__ %
3.2.3.	Establishment of infrastructure for the benefit of the local community: (specify criteria and extent in order to calculate percentage of rebate)	
		__%
3.3.	**Retired and/or disabled persons on residential property only:**	
	Owner with a gross monthly income from R 0 – R4 500.00	40%
	Owner with a gross monthly income from R4 501.00 – R5 500.00	30%
	Owner with a gross monthly income from R5 501 – R6 000.00	20%

SCHEDULE "B"

THE COSTS ASSOCIATED WITH EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS AND PHASING IN OF RATES

FINANCIAL YEAR _____

NO.	COST ITEM	AMOUNT
1.	**Exemptions:**	
1.1	**Residential Property**	**R**
1.2	**Property owned by the Municipality**	**R**
1.3	**Property owned by Public Benefit Organisations:**	**R**
1.3.1	State or Organ of State Healthcare Institutions	R
1.3.2	Welfare Institutions	R
1.3.3	Educational Institutions	R
1.3.4	Charitable Institutions	R
1.3.5	Sporting Bodies	R
1.3.6	Cultural Institutions	R
1.3.7	Museums, Libraries, Art Galleries and Botanical Gardens	R
1.3.8	Youth Development Organisations	R
1.3.9	Animal Welfare	R
1.3.10	Property used for Religious Purposes	R
1.3.11	Registered Indigents	R
2.	**Reductions:**	
2.1	**Partial or Total Destruction of a property**	**R**
2.2	**Properties affected by Disaster**	**R**
3.	**Rebates:**	
3.1	**Categories of Property:**	**R**
3.1.1	Business, Commercial and Industrial property	R

3.1.2	State-owned or Organ of State-owned property (excl) residential properties)	R
3.1.3	Agricultural/farming property	R
3.1.4	Public Service Infrastructure property	R
3.2	**Categories of Owners of Property:**	**R**
3.2.1	Retired and/or Disabled persons	R
	TOTAL COST:	**R**

SCHEDULE "C"

APPLICATION TO BE RATED AS AGRICULTURAL/FARMING PROPERTY

USED FOR AGRICULTURAL/FARMING PURPOSES

FINANCIAL YEAR | |

Complete the following in full and return by hand to the offices of the Municipality, at the Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, or by post to P.O. Box __, Rustenburg, ____. Only applications with the original commissioner's oath stamp and duly commissioned will be accepted i.e. no copies or faxed application will be considered. Please note that the onus lies with the applicant to confirm that the Municipality has received his/her application.

Farm / Erf No.:		**Portion No.:**	
Farm Name:			

If you have previously been granted a bona fide farmers rebate and an inspection was carried out on your property, kindly provide the certificate number which was issued to you.												
Municipal Account Number:												
Registered Owner of Property:												
(full names)												
Physical Address of Owner:												
Postal Address of Owner:												

Telephone No.:	**Home:**		**Work:**	
	Cell:		**Fax:**	
E-mail Address:				

Is any portion of the property used for any purpose other than agriculture? (e.g. business, mining, eco-tourism, trading in or hunting game)

Mark with a 'X'

YES	NO

IF YES, DESCRIBE: _____

_____

_____

_____

LAND USE ANALYSIS

Number of boreholes	
Output – Litres / Hour	
Dams capacity	

Is the property exposed to a river?			
Yes		**No**	

Type of Farming (mark with a 'X')	Cash Crop	Citrus	Soft Fruit	Poultry	Livestock	Pasture	Grazing	Dairy
Other (please specify)								

LAND INFORMATION	EXTENT
Arable – Dry	
Arable – Irrigation	
Pasture – Dry	
Pasture – Irrigation	
Grazing – Veld	
Cash Crop	
Home site and farmyard	
Other (specify)	

LIVE STOCK INFORMATION	NUMBER OF LIVESTOCK
Cattle	
Sheep	
Poultry	`
Goats	
Pigs	
Other (specify)	

Building No.	Description	Size M^2	Condition	Is the building functional

I the undersigned, _____ **(first name and surname printed)** in my capacity as _____ do hereby declare under oath that:

(1) the contents of this application and affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) the above property complies with all the above mentioned conditions for an agricultural/farming property in terms of the Municipal Property Rates Act, Act 6 of 2004 and the Municipality's Rates Policy;

(3) I authorise that the Municipality may inspect the property at any reasonable time during the financial year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(4) I confirm that I have completed this application in full and am aware of the fact that if I have not, that my application cannot be processed until such time that I have done so;

(5) I undertake to notify the Municipality immediately should any change occur in the use of the property of the conditions conferring a rates rebate in terms of the Municipal Property Rates Act, Act 6 of 2004, the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality; and

(6) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me herein or otherwise, the Municipality has the right to withdraw any rebate granted and recover such rebate. The Municipality will raise interest on such accounts where such rebates were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information.

I further confirm under oath that:

(DELETE WHERE NOT APPLICABLE)

(1) I/The owner of the above referred to property **conducts / do not conduct***bona fide* farming activities on the property and I/the owner derive more than 50% of my/his/her/its income from the *bona fide* farming activities conducted on the property;

(2) I/The owner **avails / does not avail** land/buildings for cemetery, residential, educational and recreational purposes for the farm workers and their dependants and the nearby community in general, of which the details are as follows:

_____
_____
_____;

(3) The residential units on the above property **are / are not** provided with potable water;

(4) The residential units on the above property **are / are not** utilised for residential purposes by the farm workers employed on the above property;

(5) The residential units on the above property **have / have not** been provided with electricity;

(6) The residential units on the above property **are / are not** permanent residential property and **have / have not** been registered in the name of the farm workers employed on the above property;

(7) The salaries/wages of farm workers employed on the above property **meet / do not meet** the prescribed minimum standards in terms of the applicable labour legislation;

(8) I/The owner **contributes / do not contribute** to the social upliftment of the local community, of which the details are as follows:

_____
_____
_____;

(9) I/The owner **established / did not establish** infrastructure on the above property for the benefit of the local community, of which the details are as follows:

_____
_____
_____;

(10) I/The owner is registered as a bona fide farmer with SARS, and the last tax assessment is attached hereto as proof;

_____ _____

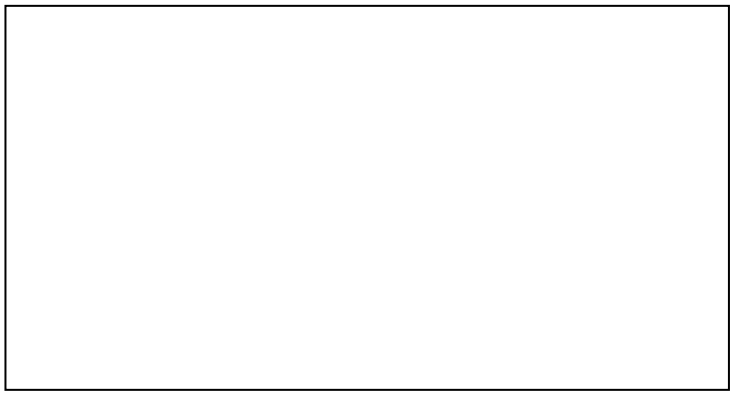
SIGNATURE OF AUTHORISED PERSON ON BEHALF OF APPLICANT **DATE**

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP



SCHEDULE "D"

APPLICATION FOR A RATE REBATE BY A PERSON OR ENTERPRISE WHO OR WHICH IS THE OWNER OF RATEABLE PROPERTY AND WHO OR WHICH PROMOTES LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

FINANCIAL YEAR ____

Complete the following in full and return by hand to the offices of the Municipality, at Missionary Mpheni House, c/o NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE or send by post to P.O. Box __, Rustenburg, ___. Only applications with the original commissioner's oath stamp and duly commissioned will be accepted i.e. no copies or faxed application will be considered. Please note that the onus lies with the applicant to confirm that the Municipality has received his/her application.

Erf:		**Portion No.:**		**Suburb:**	
Name of Enterprise:					
Registration No. of Enterprise:					
Municipal Account Number:					
Registered Owner of Property:					
(full names or organisation name)					
Usage (purpose for which the					
property is used):					
Physical Address of Enterprise:					
Postal Address of Enterprise:					
Telephone No.:	**Home:**		**Work:**		
	Cell:		**Fax:**		
E-mail Address:					

The following documentation must be attached:

- the business plan of the enterprise indicating how the local, social and economic development objectives of the Municipality is met;
- a continuation plan issued by the directors/members of the enterprise and certified by the auditors of the enterprise stating that the objectives have been met in the first year after establishment and in which manner the enterprise will continue to meet the objectives;
- a true and certified copy of the documents of establishment of the enterprise, e.g. Trust Deed, Memorandum of Articles of Association, constitution or any other written confirmation or document under which or officially confirming that the organisation was established;
- a resolution by the enterprise, authorising the signee to apply for this rebate on behalf of the enterprise;
- a true and certified copy of the authorised person's identity document; and
- a true and certified copy of the most recent approved and signed audited financial statements.

I the undersigned _____ **(first name and surname printed)** in my capacity as _____, and duly authorised representative of the Applicant do hereby declare under oath that:

(1) the contents of this application/affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) I give permission that the Municipality may inspect the property at any reasonable time during the financial year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(3) I confirm that I have completed this application in full and am aware of the fact that if I have not, that my application cannot be processed until such time that I have done so;

(4) I undertake to notify the Municipality immediately should any change occur in the use of the property of the conditions conferring a rates rebate in terms of the Municipal Property Rates Act, Act 6 of 2004, the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality;

(5) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me, the Municipality has the right to withdraw any rebate granted and recover such rebate. The Municipality will raise interest on such accounts where such rebates were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information;

(6) I confirm that the enterprise promotes local, social and economic development within the municipal area of the Municipality in the following manner:

_____

_____

_____

_____

(7) I confirm that the enterprise creates jobs within the municipal area, in the following manner:

_____

_____

_____

_____

(8) I confirm that the enterprise is involved and contributes to social upliftment of the local community, in the following manner:

_____

_____

_____

_____

(9) I confirm that the enterprise established the following infrastructure for the benefit of the local community:

_____

_____

_____

_____

_____ _____

SIGNATURE OF AUTHORISED PERSON ON BEHALF OF APPLICANT

DATE

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP

SCHEDULE "E"

APPLICATION FOR A PENSIONER'S AND/OR DISABLE PERSON'S PROPERTY RATES REBATE

FINANCIAL YEAR _____

To qualify for a pensioners and/or disabled person's property rates rebate, a retired and/or disabled property owner must:

(a) be a natural person;

(b) the property must be categorised as residential;

(c) be the owner of the property on the 1st of July of the year which is being applied for;

(d) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse/partner or minor children may satisfy the occupancy requirement;

(e) be a pensioner i.e. be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60; ***or***

be a disabled person, i.e. be in receipt of disability grant/pension and submit proof of the nature of the disability e.g. letter from doctor, with the application.

(f) be in receipt of a total gross annual income from all sources, excluding medical aid contributions received, child support / grant ***but including*** the income of the spouse/partner of the owner and ***all*** persons normally residing on that property, **not exceeding R72 000.00 per annum (R6000.00 per month)**;

(g) not be in receipt of indigent support;

in addition:

(h) an usufructuary will be regarded as the owner;

(i) the owner will only qualify for one rebate per year, in other words the percentage rebate granted will remain in effect for the year, it will not be amended on an *ad hoc* basis should the household's financial circumstances change during the year; and

(j) applications will only be considered if there are no outstanding balances on any of the owner's municipal accounts. If there are outstanding balances, the application will only be considered after arrangements have been made at the Municipality, to pay the outstanding amounts. Furthermore,

the owner must ensure that he/she continues to pay the rates account in full until the rebate is granted, as no interest or monies due will be reversed.

This application must be accompanied by the following documents:

- original certified copy of bar-coded identity document; (owner and spouse/partner)
- pension statements (of owner and spouse/partner), last 3 months bank statements from **all bank, investment and retirement annuity accounts of owner and spouse/partner**, and proof of gross salary of any other persons living on the property (not just rental received). All documents provided must clearly state who it relates – documents which do not reflect person's name or ID number on will not be considered;
- a certified affidavit declaring any assistance (financially or otherwise) from any other sources including any assistance from family members. (Assistance received from family members will not however be included in the calculation of household income);
- provide a certified affidavit to explain ***all*** once-off monies received e.g. gifts, donations, pension pay-outs (e.g. on retirement), all bonuses, refunds, cash deposits, etc.; and
- in the case of usufructuary – a certified copy of the legal documents granting the usufruct such rights.

Please note:	**The Municipality can request any other document it deems necessary to substantiate the application.**

Kindly complete the following in FULL and return by hand to the Rustenburg Local Municipality, at the Missionary Mpheni House, c/o NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE or send by post to P.O. Box __, Rustenburg, ___. Only applications with the original commissioner's oath stamp will be accepted i.e. no copies or faxed applications will be considered.

Erf/Unit No.:		**Suburb/Sectional Title Name:**	
Municipal Account No.:			
Registered Owner of Property:			
(full names)			
Physical Address of Owner:			

Postal Address of Owner:				
Telephone No.:	**Home:**		**Work:**	
	Cell:		**Fax:**	
E-mail Address:				

Gross Income Details	**GROSS INCOME – SELF (Annual)**	**GROSS INCOME – SPOUSE/PARTNER (Annual)**
Income from employer:		
Pension:		
Annuity:		
Interest on savings:		
Rentals:		
Financial assistance – from children etc.:		
Other: (please specify)		
TOTAL		

Occupants (Full Names)	**Relationship**	**Age**	**Gross Income (Annual)**

I the undersigned _____ **(first name and surname printed)** in my capacity as _____ of _____ ***(in the event of this application being completed by a person other than the applicant, by reasons of the fact that the applicant is not able to complete this application him/herself, then the person***

completing this application must state his/her full details and address, as well as the capacity in which he/she is representing or assisting the applicant)do hereby declare under oath:

(1) that the contents of this application/affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) I confirm that the above property complies with all the above mentioned conditions for a pensioner's and/or disabled person's rebate in terms of the Municipal Property Rates Act, Act 6 of 2004 and the Municipality's Rates Policy;

(3) that I give permission that the Municipality may inspect the above property at any reasonable time during the financial year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(4) I did provide all the required documentation as stipulated on page 1 and2 of this application;

(5) I have completed this application in full and am aware of the fact that if I have not, that my application cannot be processed until such time that I have done so;

(6) I undertake to notify the Municipality immediately should any change occur in the use of the property of the conditions conferring a rates rebate in terms of the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality; and

(7) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me, the Municipality has the right to withdraw any rebate granted and recover such rebate. The Municipality will raise interest on such accounts where such rebates were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information.

_____ _____

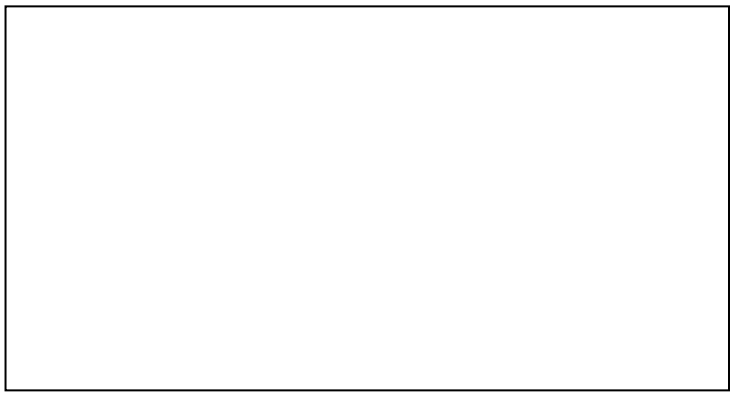
SIGNATURE OF APPLICANT OR AUTHORISED PERSON ON BEHALF OF APPLICANT **DATE**

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP



SCHEDULE "F"

APPLICATION FOR EXEMPTION FROM PROPERTY RATES AS CONTEMPLATED IN PARAGRAPH 10 OF THE MUNICIPALITY'S RATES POLICY FOR OWNERS OF PUBLIC BENEFIT ORGANISATIONS

FINANCIAL YEAR _____

This application form is used for owners of residential properties and Public Benefit Organisations applying for exemptions in terms of the provisions of paragraph 10 of the Rates Policy of the Municipality.

Applications for exemptions by Public Benefit Organisations must be accompanied by a letter from the SARS confirming that the organisations qualify for exemption in terms of the Section 30 Income Tax Act, 1962, read with the Ninth Schedule to that Act.

All residential property owners and public benefit organisations seeking an exemption must submit either a letter from their auditors, or annual financial statements, or payslips, or salary advice confirming that the applicant qualifies for an exemption.

THE FOLLOWING DOCUMENTATION MUST BE ATTACHED, DEPENDING ON AND WHERE APPLICABLE TO OWNERS OF RESIDENTIAL PROPERTIES OR PUBLIC BENEFIT ORGANISATIONS:

1. A true and certified copy of the constitution, trust deed, memorandum of articles of association, or any other written instrument under which the organisation was established.
2. A true and certified copy of the tax exemption certificate issued for the organisation by the South African Revenue Service, as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, Act 58 of 1962.
3. A resolution by the organisation, authorising the signee to apply for this exemption, on behalf of the organisation.
4. A true and certified copy of the authorised person's or owner's Identity Document.
5. A true and certified copy of the most recent, approved and signed audited financial statements, salary advice, or pay slip.

The effective date of the rebate will be the date when the Municipality approves the application, irrespective of whether the property qualified for exemption in terms of its use prior to that date.

Kindly complete the following in FULL and return by hand to the Municipality, at the Missionary Mpheni House, c/o NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE or send by post to P.O. Box __, Rustenburg, ___. Only applications with the original commissioner's oath stamp will be accepted i.e. no copies or faxed applications will be considered.

Erf:		**Portion No.:**		**Suburb:**	
Municipal Account Number:					
Registered Owner of Property: (full names or organisation name)					
Physical Address of Owner / Organisation:					
Postal Address of Owner / Organisation:					
Total monthly income of owner (if exemption is for owner of residential property):					
Telephone No.:	**Home:**		**Work:**		
	Cell:		**Fax:**		
E-mail Address:					

I confirm that I herewith, in terms of the provisions of paragraph 10 of the Rates Policy of the Municipality apply for an exemption from the payment of property rates for residential properties (as contemplated in paragraph 10(1)(a)(iii) of the Rates Policy) // for a Public Benefit Organization (delete which is not applicable).

I the undersigned _____ **(first name and surname printed)** in my capacity as owner / _____, (fill in or delete which is not applicable) and duly authorised by the Applicant to apply for this exemption on behalf of the Applicant, do hereby declare under oath

(1) that the contents of this application/affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) that the above property complies with all the above mentioned conditions for a Public Benefit Organisation and not-to-gain institutions exemption, in terms of the Municipal Property Rates Act, Act 6 of 2004 and the Municipality's Rates Policy, if applicable;

(3) that I give permission that the Municipality may inspect the above property at any reasonable time during the fiscal year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(4) I confirm that I will provide all the required documentation as stipulated on page 1 of this application;

(5) I have completed this application in full and know if I have not, that my application cannot be processed until such time that I have done so;

(6) I undertake to notify the Municipality immediately should any change occur in my income or the use of the property of the conditions conferring a rates rebate in terms of the Municipal Property Rates Act, Act 6 of 2004, the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality; and

(7) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me, the Municipality has the right to withdraw any exemption granted and recover such exemption. The Municipality will raise interest on such accounts where such exemptions were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information.

_____ _____

SIGNATURE OF OWNER / AUTHORISED PERSON ON BEHALF OF APPLICANT (DELETE WHICH IS NOT APPLICABLE)

DATE

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

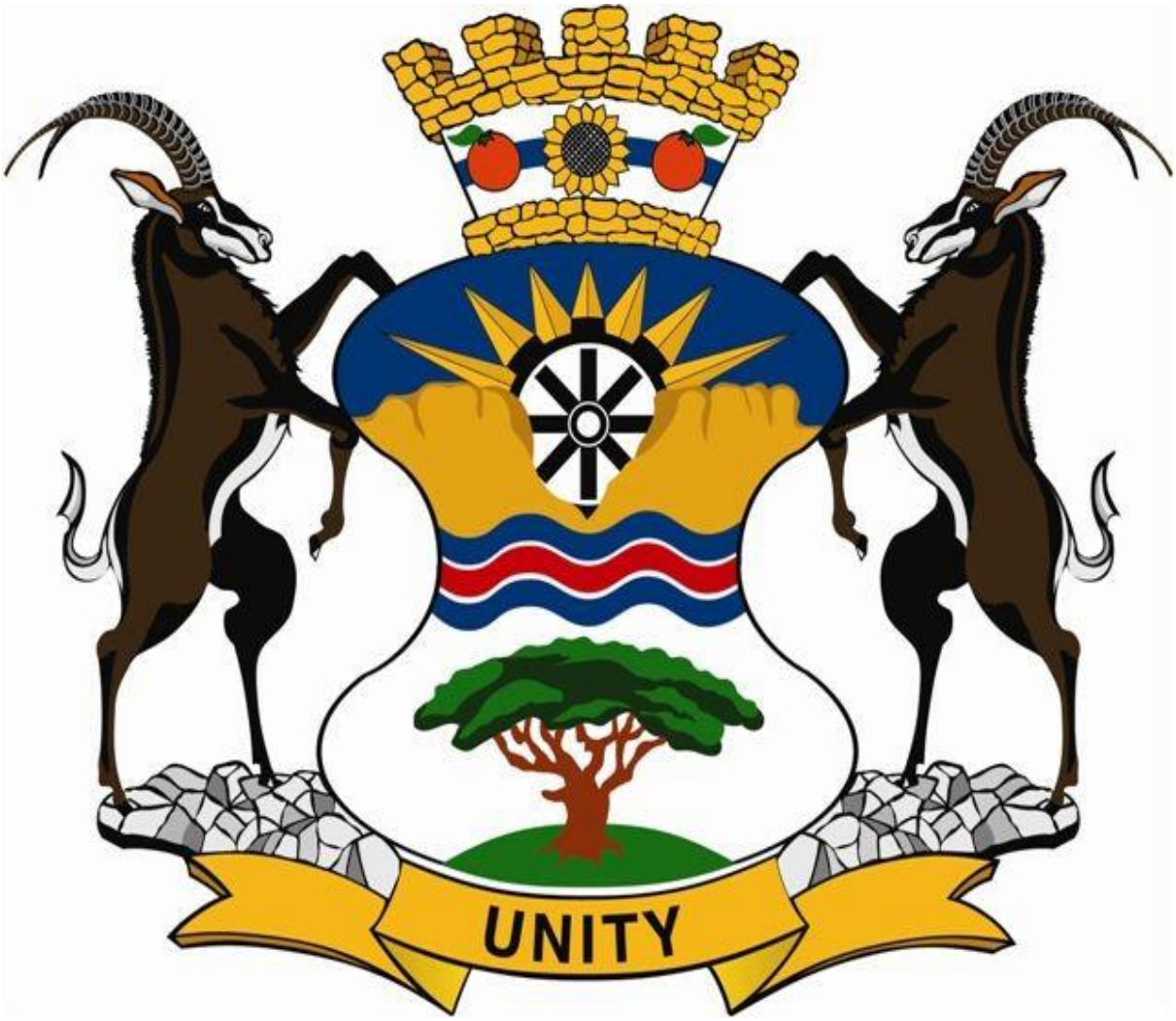
_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP

RUSTENBURG

LOCAL MUNICIPALITY



RATES POLICY

PREAMBLE

(1) **WHEREAS** the Constitution of the Republic of South Africa, 1996, and the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended by the provisions of the Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014 (hereinafter referred to as "the MPRA"), empowers the Rustenburg Local Municipality (hereinafter referred to as "the Municipality") to impose rates on property;

(2) **AND WHEREAS** in terms of section 4(1)(c) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), the Municipality may, *inter alia*, levy rates on property to finance the operational expenditure of the Municipality;

(3) **AND WHEREAS** in terms of section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA"), the Municipal Manager of the Municipality appointed in terms of section 82 of the Local Government: Municipal Structures Act, Act 117 of 1998 (hereinafter referred to as "the Structures Act"), must, in his capacity as the accounting officer of the Municipality, ensure that the Municipality has and implements a rates policy;

(4) **AND WHEREAS** the Municipality:

(a) must, in terms of section 3(1) of the MPRA, adopt a policy consistent with the MPRA on the levying of rates on rateable property within the municipal area of the Municipality;

(b) must, in terms of section 6(1) of the MPRA, adopt by-laws to give effect to the implementation of its rates policy;

(c) must, in terms of section 5(1) of the MPRA, annually review, and may, if necessary, amend this policy. Proposals for reviewing this policy must be considered by the Municipality in conjunction with its annual operating budget; and

(d) may, in terms of section 22 of the MPRA, levy an additional rate on property in a special rating area and, in doing so, may differentiate between different categories of property;

(5) **NOW THEREFORE**, this policy has been drafted in compliance with the provisions of sections 3(1) and 6(1) of the MPRA, and must be read within the context of the MPRA, and in as far as required, supplemented and amplified by the {MPRA}[mm1].

THE RUSTENBURG LOCAL MUNICIPALITY:

RATES POLICY

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTORY PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	7
2.	AIM AND PURPOSE	14
3.	TITLE AND APPLICATION	15
4.	COMMENCEMENT AND VALIDITY	16
5.	RESPONSIBLE AUTHORITY	16

CHAPTER 2

RATING PRINCIPLES AND CATEGORIES OF PROPERTY

6.	OPERATIONAL BACKGROUND AND PRINCIPLES	17
7.	ANNUAL OPERATING BUDGET	18
8.	CATEGORIES OF PROPERTY FOR LEVYING OF DIFFERENTIAL RATES	21

CHAPTER 3

DIFFERENTIAL RATING, EXEMPTIONS, REDUCTIONS AND REBATES

9.	DIFFERENTIAL RATING	29
10.	CATEGORIES OF PROPERTY OWNERS FOR PURPOSES OF EXEMPTIONS, REDUCTIONS AND REBATES AND THE CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES	30
11.	COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING-IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY	40

CHAPTER 4

GENERAL PROVISIONS

12.	SPECIAL RATING AREAS	42
13.	RATE INCREASES	44
14.	NOTIFICATION OF RATES	45
15.	PAYMENT OF RATES	47
16.	PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES	48
17.	ACCOUNTS TO BE FURNISHED	48
18.	FREQUENCY OF VALUATION	50
19.	COMMUNITY PARTICIPATION	50
20.	REGISTER OF PROPERTY	50
21.	CERTIFICATE OF OCCUPANCY	50
22.	ILLEGAL USE OF PROPERTY	51
23.	INSPECTION OF AND OBJECTIONS TO ENTRIES INTO THE VALUATION ROLL OF THE MUNICIPALITY	52
24.	BY-LAWS TO GIVE EFFECT TO RATES POLICY	52
25.	POLICY REVIEW	53

SCHEDULES

SCHEDULE "A"	REBATE ON RATES
SCHEDULE "B"	THE COSTS ASSOCIATED WITH EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS AND PHASING IN OF RATES:
SCHEDULE "C"	APPLICATION TO BE RATED AS AGRICULTURAL/FARMING PROPERTY USED FOR AGRICULTURAL/FARMING PURPOSES
SCHEDULE "D"	APPLICATION FOR A RATE REBATE BY A PERSON OR ENTERPRISE WHO OR WHICH IS THE OWNER OF RATEABLE PROPERTY AND WHO OR WHICH PROMOTES LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT
SCHEDULE "E"	APPLICATION FOR A PENSIONER'S AND/OR DISABLE PERSON'S PROPERTY RATES REBATE
SCHEDULE "F"	APPLICATION FOR PUBLIC BENEFIT ORGANISATIONS

CHAPTER 1

INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MPRA will have the meaning assigned thereto by the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"account"**	Means the account furnished to an owner by the Municipality once the owner becomes liable for the payment of rates and which reflects the amount due to the Municipality by such owner in respect of the rates, and depending on the context may also refer to an "account" as defined in terms of the provisions of the Credit Control & Debt Collection Policy and By-Law of the Municipality.
1.2	**"agent"**	In relation to property, means a person appointed by the owner of such property: (a) to receive rental or other payments in respect of the property on behalf of the owner; (b) to make payments in respect of the property on behalf of the owner.

"C"		
1.3	**"certificate of occupancy"**	Means the certificate of occupancy issued by the Municipality in terms of the provisions of section 14 of the National Building Regulations and Building Standards Act, Act 103 of 1977.
1.4	"**consent use"**	Means the purpose for which land may lawfully be used and on which buildings may be erected and used only with the consent of the Municipality.
1.5	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.6	**"current monthly rates"**	Means the rate levied on a property in the month immediately preceding the month in which application for a rebate has been made, where such application is required in terms of this policy, and in all other events, the month preceding the month in which the rebate will come into operation.
"E"		
1.7	**"exemption"**	In relation to the payment of a rate, means an exemption granted by the Municipality in terms of the provisions of section 15 of the MPRA.
"F"		
1.8	**"financial year"**	Means the period commencing on the 1st day of July in any calendar year and ending on the 30th day of June of the following calendar year.
"I"		
1.9	**"Income Tax Act"**	Means the Income Tax Act, Act 58 of 1962.
1.10	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality

		renders to Registered Indigents and households headed by Registered Indigents.
	"L"	
1.11	**"Land Use Management Scheme"**	Means the Land Use Management Scheme adopted by the Council in terms of the provisions of the Town Planning and Townships Ordinance, Ordinance 15 of 1986.
1.12	**"low cost residential property"**	Means a property which was obtained by the owner thereof, being the beneficiary of a subsidy availed to such owner in terms of the Housing Subsidy System, as provided for in the Housing Code, 2009, read with the provisions of the Housing Act, Act 107 of 1997.
	"M"	
1.13	**"MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.14	**"MPRA"**	Means the Local Government: Municipal Property Rates Act, Act 6 of 20042004 as amended by Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014.
1.15	**"MPRA Rate Ratio Regulations"**	Means the Municipal Property Rates Act: Regulations on the Rate Ratio between Residential and Non-Residential Properties promulgated in terms of the provisions of section 83 of the MPRA and published in GN R195 in GG 33016 of 12 March 2010.
1.16	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as the "RLM"), a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act, read with the provisions of Chapter 7 of the Constitution of the Republic of South Africa and sections 12 and 14

		of the Local Government: Municipal Structures Act, Act 117 of 1998, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at the Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and includes: (a) its successor in title; or (b) a functionary exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
"N"		
1.17	**"non-residential property"**	Means all properties (including all undeveloped properties) other than those defined as "residential property".
"P"		
1.18	**"public service infrastructure"**	Means public service infrastructure as defined in the Municipal Property Rates Act, Act 6 of 2004.
"R"		
1.19	**"rateable property" and "property"**	Means property on which the Municipality may in terms of the provisions of sections 1, 2 and 7 of the MPRA levy a rate, excluding property fully excluded from the levying of rates in terms of the provisions of section 17 of the MPRA and including a) immovable property registered in the name of a person,

		including, in the case of a sectional title scheme, sectional title unit registered in the name of a person; b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against property; c) a land tenure right registered in the name of person of granted to a person in terms of legislation, or d) public service infrastructure.
1.20	**"ratepayer"**	Means any owner of rateable property as well as any owner of rateable property held under sectional title, situate within the municipal area of the Municipality.
1.21	**"rates"**	Means a municipal rate on property levied in terms of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.22	**"rebate"**	Means a discount granted in terms of the provisions of section 15 of the MPRA on the amount of the rate payable on the property.
1.23	**"reduction"**	Means the lowering in terms of the provisions of section 15 of the MPRA of the amount for which the property was valued and the rating at that lower amount.
1.24	**"Registered Indigent"**	Means a person who has applied to the Municipality in terms of the Indigent Policy of the Municipality to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent on the Indigent Register, as contemplated in terms of the Indigent Policy of the Municipality
1.25		
"S"		

1.26	**"school"**	Means a school as defined in terms of the South African Schools Act, Act 84 of 1996 and include both a private and a public school**.**
1.27	**"Sectional Titles Act"**	Means the Sectional Titles Act, Act 95 of 1986.
1.28	**"Social housing"**	Means property registered in the name of the institution accredited in terms of the Social Housing Act 16 of 2008 which provides or intends to provide rental of co-operative housing options for households with a gross monthly household income less than the maximum housing subsidy income limit. Such property owners must also be registered with the South African Revenue Services as a Public Benefit Organization in terms of Section 30 of the Income Tax Act of 1962, read with Ninth Schedule to the Act.
1.29	**"State"**	In so far as it relates to property owned and used by the State, means property owned and used by the National Government and North West Provincial Government for the provision of community type services, including but not limited to police stations, hospitals. All other property owned and utilised by the State will be classified in accordance with its zoning i.e. business for offices, residential for housing schemes etc.
1.30	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998.
1.31	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000.
"T"		
1.32	**"technical and other colleges"**	Means a public college and a private college as contemplated in the Further Education and Training Colleges Act, Act 16 of 2006.

1.33	**"the/this policy"**	Means the Property Rates Policy of the Municipality as adopted by the Municipality in terms of the provisions of section 3(1) of the MPRA.
1.34	**"threshold"**	Means the amount, determined from time to time by the Municipality during its annual budget process referred to in section 12(2) of the MPRA, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only.
	"V"	
1.35	**"valuation roll"**	Means a valuation roll prepared in terms of the provisions of section 30 of the MPRA or a supplementary valuation roll prepared in terms of the provisions of section 78 of the MPRA.
	"Z"	
1.36	**"zoning"**	Means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in the applicable Land Use Management Scheme, or any revision or amendment thereof, and "zoned" has a corresponding meaning, provided that where a property carries multiple zoning rights, the categorisation of such property will be in accordance with the highest rating category.

2. AIM AND PURPOSE

(1) This policy constitutes the policy as contemplated in terms of the provisions of section 3(1) of the MPRA and the aim and purpose of this policy is as set out in the provisions of section 3(3) of the MPRA.

(2) The aim of this policy is to:

(a) ensure that all owners of rateable property are informed about their liability for rates;

(b) specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates as contemplated in terms of the provisions of section 15 of the MPRA;

(c) empower the Municipality to specify a threshold at which rating in respect of residential properties may commence as provided for in terms of the provisions of section 15(1)(a) of the MPRA, which it is authorised to do;

(d) set out the criteria to be applied by the Municipality when it:

(i) increases rates; and

(ii) levies differential rates on different categories of property;

(e) provide for categories of public benefit organisations, approved in terms of the provisions of section 30(1) of the Income Tax Act, Act 58 of 1962 (hereinafter referred to as "the Income Tax Act"), which are ratepayers, and who may apply to the Municipality for relief from rates;

(f) recognise the State, organs of state and the owners of public service infrastructure as property owners;

(g) encourage the development of property;

(h) ensure that all persons liable for rates are treated equitably as required by the MPRA; and

(i) provide that any rebate is to benefit the owner in occupation of the property.

3. TITLE AND APPLICATION

(1) This policy is known as the Rates Policy of the Rustenburg Local Municipality.

(2) This policy revokes all previous policies, decisions and/or *ad hoc* clauses within any other policy, regarding the subject matter of this policy.

4. COMMENCEMENT AND VALIDITY

This policy shall come into force and effect on the first implementation of the general valuation roll to be prepared by the Municipality in terms of the provisions of section 30, read with section 31 of the MPRA. This policy shall form part of the Municipality's budget related policies when such budget is tabled in the Council of the Municipality in terms of the provisions of section 16(2) of the MFMA for approval, to allow for the Council of the Municipality to consider and approve this policy in terms of the provisions of section 24(1) of the MFMA. Once this policy is approved by the Council, the general valuation rolls to be compiled by the Municipality will be compiled taking account of the principles and provisions of this policy in as far as *inter alia* the different categories of properties and special rating areas are concerned.

5. RESPONSIBLE AUTHORITY

The responsible authority for the adoption, publication and implementation of this policy is the Municipality, and where applicable the Council of the Municipality.

CHAPTER 2

RATING PRINCIPLES AND CATEGORIES OF PROPERTY

6. OPERATIONAL BACKGROUND AND PRINCIPLES

(1) This policy has been prepared to ensure equitable treatment by the Municipality in the levying of rates on property owners, including owners under sectional title as contemplated in terms of the Sectional Titles Act, as well as any other person who may become liable for the payment of rates based on the guiding principles of equity, affordability, poverty alleviation, social and economic development, financial sustainability and cost efficiency.

(2) This policy must be read in conjunction with the provisions of the Land Use Management Scheme and the Town Planning and Townships Ordinance 15 of 1986, and any other applicable legislation, including, but not limited to, the MFMA, the Systems Act, and any legislation which replaces any of the acts or ordinance.

(3) The Municipality is required by the terms of section 16(1) of the MFMA, read with section 24(1) of the MFMA, to approve an annual operating budget prior to the commencement of every financial year. The income from rates must be used to finance in full or in part, the annual operating expenditure of the Municipality as reflected in such budget.

(4) As provided in the MPRA, the Municipality has elected to differentiate between various categories of property and property owners. Some categories of property and categories of owners are granted relief from rates. The Municipality does, however, not grant relief from rates in respect of payments for rates to any

category of owners or properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

(5) Rates are levied in accordance with the provisions of the MPRA as a cent-in-the-rand based on the property value determined for a property as contained in the valuation roll and supplementary valuation roll.

7. ANNUAL OPERATING BUDGET

(1) Rates and rate ratios shall be levied and established as part of the approved annual budget of the Municipality and shall remain valid and in force and effect until amended, changed or varied by the Council.

(2) In terms of the provisions of section 28(6) of the MFMA a municipal tax may not be increased during a financial year, except when required in terms of a financial recovery plan.

(3) The Municipality must consider the levying of rates annually during the budget process as contemplated in section 12(2) of the MPRA.

(4) Rate increases must be used to finance the increase in operating costs of the municipal services and facilities of the Municipality.

(5) In determining the level of increases in rates, the criteria to be applied may include the following:

(a) the inflation rate as indicated by the consumer price index, excluding mortgage bonds;

(b) the financing of increased operating expenditure in the budget of the Municipality;

(c) the financing of additional maintenance expenditure included in the operating budget of the Municipality;

(d) the financing of additional depreciation charges included in the operating budget of the Municipality;

(e) the additional cost of servicing debt included in the operating budget of the Municipality;

(f) the augmentation of any revenue shortfall;

(g) the financing from the annual operating budget of expenditure related to anything the Municipality is lawfully empowered to do for which provision has to be made in the budget; (h) the taking into consideration of the medium-term budget growth factors as determined by National Treasury;

(h) the valuation roll; and

(i) any other relevant factor.

(6) Also in determining the level of increases in rates and in order to assist the Municipality in dealing with the criteria as set out above, the Municipality will make reference to the following classifications:

(a) Services:

(i) trading services (as referred to in the Tariff Policy);

(ii) non-trading services (as referred to in the Tariff Policy).

(b) Expenditure:

(i) salaries, wages and allowances;

(ii) bulk purchases;

(iii) general expenditure;

(iv) repairs and maintenance;

(v) capital charges;

(vi) contribution to fixed assets;

(vii) contribution to funds;

(aa) bad debts;

(bb) working capital; and

(cc) statutory funds;

(viii) contribution to reserves;

(ix) gross expenditure [(i) to (viii)];

(x) less charge-out (inter-departmental charge-outs);

(xi) nett expenditure [(ix) less (x)];

(xii) income; and

(xiii) surplus/deficit [difference between (xi) and (xii)].

(c) Cost centres (to which the costs associated with rendering the service can be allocated):

(i) by department;

(ii) by section/service; and

(iii) by division/service.

(7) Differential rates may be levied in terms of the provisions of section 8 of the MPRA according to the permitted use or, where applicable, the actual use of the property concerned.

(8) In addition to the criteria specified above, the following criteria may be considered in determining whether a differential rate should be applied:

(a) the need to promote economic development;

(b) any administrative advantages in applying a differential rate; and

(c) the need to alleviate the rates burden on the owners of any category of property specified in this policy.

(9) Rates are levied in accordance with the MPRA as an amount in the Rand based on the market value of all rateable property as reflected in the valuation roll and any supplementary valuation roll, as contemplated in terms of Chapters 6 and 8 of the MPRA, respectively.

8. CATEGORIES OF PROPERTY FOR LEVYING OF DIFFERENTIAL RATES

(1) The Municipality may levy different rates for different categories of rateable property, provided that the maximum ratio to the rate on residential property which may be imposed on agricultural/farming property, public service infrastructure property and public benefit organisation property may not exceed the ratio as published in terms of the MPRA Rate Ratio Regulations.

(2) All rateable property will be classified within a specific category and will be rated upon the said classification, which will be in accordance with the permitted use thereof, unless otherwise stated in this policy.

(3) For purposes of levying different rates based on the permitted use of properties in terms of the provisions of section 8(1)(b) of the MPRA, read with sections 3(3)(b) and 3(3)(c) of the MPRA, the following categories of property are determined, as well as the main criteria to be used in order to determine the category of the property:

(a) "Residential property" Means property which is:

(i) used predominantly (60% or more) for residential purposes, with not more than 2 (two) dwelling units per property, and includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes); or

(ii) a unit registered in terms of the Sectional Titles Act, used predominantly (60% or more) for residential purposes, and includes any unit in the same sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker's quarters (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes and for clearance application purposes); or

(iii) owned by a share-block company and used predominantly (60% or more) for residential purposes; or

(iv) a retirement scheme or life right scheme used predominantly (60% or more) for residential purposes.

(b) Business and commercial property:

Refers to property on which the activity of buying, selling or trading in goods and/or services occurs. It includes any office or other accommodation on the same property, the use of which is incidental to the business, but excludes

the business of mining. It further includes hostels, guesthouses, bed and breakfast establishments and properties which is being used for storage or parking in line with the zoning of such property. It also includes office blocks, retail shops, shopping centres, showrooms, petrol filling stations & private hospitals and clinics.

(c) Industrial Property

"Industrial property" means property used for the trading in, the manufacturing and production of good and products or the assembly or processing of finished products from raw materials or fabricated parts in respect of which capital and labour are utilised, and includes any office or other facility on the same property, the use of which is incidental to such activity;

(d) Mining property:

Refers to property used for mining purposes or purposes incidental to mining operations and including any building, other immovable structures and infrastructure above the surface required for purposes of mining and may also include a sub-category for vacant land zoned for mining purposes or purposes incidental to mining operations in terms of the Land Use Management Scheme, but excludes mining rights or a mining permit as defined in the Mineral & Petroleum Resources Development Act, Act 28 of 2002.

(e) Public service infrastructure property and private service infrastructure property:

Refers to property utilised to accommodate publicly or privately controlled infrastructure of the following kinds:

(i) national, provincial, municipal public roads or private roads;

(ii) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water or sewage pumps forming part of a water, waste water or sewer network serving the public;

(iii) power stations, power sub-stations or power lines forming part of an electricity network;

(iv) railway lines forming part of a national railway network;

(v) communication towers, masts, exchanges or lines forming part of a communication network;

(vi) runways or aprons at the municipal airport of the Municipality;

(vii) any other publicly controlled infrastructure as may be prescribed;

(viii) rights of way, easements or servitudes in connection with infrastructure mentioned in sub-paragraphs (3)(e)(i) to (3)(e)(viii) above;

but with the exemption that the public service infrastructure property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure", as contained in section 1 of the MPRA, may not be rated in terms of section 17(1) (aA) to the extent set out in the sliding-scale contained in section 93A (2) of the MPRA.

(f) Municipal properties:

Refers to property owned by, vested in or under the control and management of the Municipality and will consist of the following 2 (two) :

(i) Municipal property: not rateable:

The following types of property owned by, vested in or under the control and management of the Municipality are not rateable:

(aa) public service infrastructure owned by the Municipality, including those referred to in sub-paragraph(3)(e) above;

(bb) waste-dump sites;

(cc) municipal burial grounds and adjacent public open space within the burial ground precinct;

(dd) property used for the provision of public parks and zoned as public open space and includes undeveloped municipal property which is for the purposes of this policy deemed to be public open space;

(ee) property used for culture, sporting and recreational facilities other than property subject to a registered lease in terms of the Formalities in respect of Leases of Land Act, Act 18 of 1969, in which case the area subject to the lease shall be separately rated; and

(ff) municipal housing schemes.

(ii) Municipal property: rateable:

The following types of property owned by, vested in or under the control and management of the Municipality are rateable:

(aa) property leased to third parties in terms of a lease registered in terms of the Formalities in Respect of Leases of Land Act, Act 18 of 1969. Where property owned by the Municipality is leased to a third party, the rating thereof shall be the prevailing rating applied to the principle property; and

(bb) municipal property used for purposes other than those specified in sub-paragraph(f)(i) above.

(g) Agricultural/farming property:

Property in this category is limited to agricultural/farming property zoned as agricultural/farming and used for bona fide agricultural purposes with the property owner deriving his principal source of income from the produce of the land on such property, but excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game. Agricultural/farming property not used for bona fide agricultural/farming purposes shall be rated according to the actual use thereof which include agricultural/farming property utilised commercially for the hospitality of guests, and/or eco-tourism or for the trading in or hunting of game.

(h) State-owned or organ of state-owned property (also referred to as "Government Property"):

(i) property owned by the state or an organ of state is rateable and will be categorised according to the zoning or use of the property; and

(ii) if property owned by the state or an organ of state is zoned or used for residential purposes, the rates must, after presentation of a certificate of occupancy, be levied in terms of the residential tariff. The rebate afforded to state owned properties of organ of state owned properties does not apply to properties zoned or used for residential purposes as the rebate relating to residential properties already applies to such properties.

(i) Protected areas:

Refers to property which receives protection because of its recognised natural, ecological and/or cultural values.

(j) Multiple Purposes:

This category comprises of properties used for more than one purpose and that cannot be assigned to an existing category of property.

(k) Educational:

Refers to property owned by educational institutions which are registered with the South African Revenue Services in terms of the provisions of section 30 of the Income Tax Act and which provide education and development services as contemplated in terms of Part 1, section 4 of the Ninth Schedule to that Act and includes sub "private school" and "crèche".

(l) Public benefit organisation property:

Refers to property owned by a public benefit organisation and used for public benefit activities as listed in item 1(welfare and humanitarian), item 2 (health care), item 4(education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.

(m) Property used for religious purposes:

Refers to property registered in the name of and used solely as a place of public worship by a religious community, including an official residence registered in the name of such community which is occupied by an office–bearer of such community who officiates at services at that place of public worship.

(n) Exclusive Use Area

Refers to an area within the Sectional Title Scheme where part of the Body Corporate is exclusively used by owners of sections.

(o) Sectional Title Garages

Refers to any garage within a residential sectional title scheme that has been registered as a separate sectional title unit.

(p) Vacant Land

Refers to any undeveloped land as listed in the valuation roll and includes bulk land identified by the municipality and where there is an approved Surveyor General, Township Layout or approved general diagram, may be separately valued and rated notwithstanding the non-registration of any sub-divisions.

(q) Private Road

Refers to a road owned and maintained by a private individual, organisation or company rather than the government.

(r) Private Open Space

Refers to an outdoor area of a dwelling or residential building or land for the exclusive use of the occupants.

(s) **Privately owned towns serviced by the owner**

The municipality grants an additional rebate to be determined on an annual basis which applies to privately owned towns services by the owner

(4) In determining the category of a property referred to in sub-paragraph (3) above, the Municipality will take into consideration the following criteria, or a combination thereof:

(a) the actual dominant use of the property concerned;

(b) conditions for township establishment and land use rights pertaining to the property;

(c) the geographical area in which the property is situated;

(d) the nature and extent of the improvements on the property.

(5) In order to ensure certainty and consistency in the application of the criteria mentioned in sub-paragraph (4) above, the Municipality will endeavour to apply the above criteria uniformly and in order of priority as follows:

(a) properties must firstly be categorised in accordance with its permitted land use in terms of the Land Use Management Scheme;

(b) in addition to the land use of a property, the actual dominant use of a property may also be used to categorise, or to narrow or confirm the category of such property. An inspection of the property concerned may be undertaken in order to obtain such information;

(c) where the dominant and permitted use of a property differ, the actual dominant use will supersede the permitted use; and

(d) the geographical area where a property is situated, as well as the nature and extent of any improvements made to such property, may also be considered to categorise the property.

(6) Property used for multiple purposes must be categorised and rated in accordance with the provisions of section 9 of the MPRA.

(7) Property which is used in conflict to its zoning will be rated at the tariff applicable to properties used for business and commercial purposes.

CHAPTER 3

DIFFERENTIAL RATING, EXEMPTIONS, REDUCTIONS AND REBATES

9. DIFFERENTIAL RATING

(1) The Municipality will apply a differential rating system based on the different property categories set out in paragraph8 above, by means of a set rate to be applied to each category of property, provided that the maximum ratio to the rate on residential property which may be imposed on agricultural/farming property, public service infrastructure property and public benefit organisation property may not exceed the ratio as published in terms of the MPRA Rate Ratio Regulations.

(2) The criteria for the implementation of the differential rating system on different categories of properties will be according to:

(a) the nature and use of the property;

(b) the sensitivity to rating of the category of property;

(c) the extent of municipal services and infrastructure available to the property;

(d) the nature and extent of reductions and rebates applicable to the owners of the category of property;

(e) the promotion of social and economic development; and

(f) whether the property is being used for the use permitted for the property by the provisions of the Land Use Management Scheme of the Municipality.

10. CATEGORIES OF PROPERTY OWNERS FOR PURPOSES OF EXEMPTIONS, REDUCTIONS AND REBATES AND THE CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES

The municipality will not levy a rate on the first part of the value up R 100 000,00 of the market value as per the Valuation Roll:

- on the first R 15000 on the basis set out in section17 (1)(h) of the MPRA; and

- on the balance of the market value up to R 85 000 in terms of section 15 of the MPRA in respect of residential properties, provided that the Council from time to time during its annual budget process contemplated in section 12 (2) of the Act determine. as threshold, the amount to be deducted from the market value of the residential properties as a result of which rates will only be determined on the balance of the market value of such properties after deduction of the threshold amount.

For purposes of exemptions, reductions and rebates from the payment of a rate levied on the different categories of property as contemplated in terms of the provisions of section 15(1) of the MPRA, the following categories of property owners and the criteria to be applied for the granting of exemptions, reductions and rebates to these categories of property owners are determined:

(1) Exemptions:

The following properties are either exempted from paying rates, or the owners thereof may apply to the Municipality to be exempted from the paying of rates as indicated below:

(a) An owner of residential property:

(i) low cost residential properties used for residential purposes are only fully exempted if the owner of such a property is a Registered Indigent in terms of the Municipality's Indigent Policy receiving indigent support. This is an important part of the Indigent Policy of the Municipality which is aimed primarily at alleviating poverty;

(ii) all residential properties with a market value of less than the amount annually determined by the Municipality in the Tariff

Policy are exempted from paying rates. The impermissible rates contemplated in terms of section 17(1)(h) of the MPRA are included in the amount referred to above as annually determined by the Municipality;

(b) Property owned by the Municipality:

The Municipality is exempted from paying rates in respect of the property referred to in sub-paragraph 8(3)(f)(i) above.

(c) Property owned by Public Benefit Organisations:

The following Public Benefit Organisations **may apply** in writing to the Municipality (as per **"Schedule F"**) for an exemption from paying rates on property, provided a true and certified copy of a tax exemption certificate which has been issued by the South African Revenue Services as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act is submitted together with such application:

(i) State or Organ of State Owned Health Care Institutions:

State owned, or Organ of State owned property used solely for health care institution purposes, provided that all profits from the use of such property are used entirely for the benefit of such health care institution.

(ii) Welfare Institutions:

Property used exclusively as an orphanage, non-profit retirement village, old age home or benevolent institution, including workshops used by the residents, laundry or cafeteria facilities, provided that any profits from the use of the property are used

entirely for the benefit of the institution and/or to charitable purposes within the Municipality.

(iii) Educational Institutions:

Property owned by a non-profit educational institution, registered as such in terms of the applicable legislation.

(iv) Charitable Institutions:

Property owned by a non-profit institution or organisation, which performs charitable work.

(v) Sporting Bodies:

Property owned by an organisation which main purpose is to use such property for sporting purposes on a non-professional and non-profitable basis.

(vi) Cultural Institutions:

Property owned by an institution declared to be subject to the provisions of the Cultural Institutions Act, Act 119 of 1998.

(vii) Museums, Libraries, Art Galleries and Botanical Gardens:

Museums, Libraries, Art Galleries and/or Botanical Gardens, operated on a non-profit basis and open to the public.

(viii) Youth Development Organisations:

Property owned and used by an institution or organisation for the provision of youth leadership or a youth development programme on a non-profit basis.

(ix) Animal Welfare:

Property owned and used by an institution or organisation with the exclusive aim to protect birds, reptiles and/or animals on a non-profit basis.

(d) Property used for Religious purposes:

A Property used for Religious purposes as referred to in sub-paragraph 8(3)(n) above, is exempted from the payment of rates as per the provisions of section 17(1)(i) of the MPRA.

(e) Registered Indigents:

All Registered Indigents, registered in terms of the provisions of the Indigent Policy of the Municipality, shall be fully subsidised for the payment of property rates, as referred to in sub-paragraph (1)(a)(i) above as part of the indigent support such a person receives from the Municipality. The subsidy shall not be more than the applicable rate for that year, and will be applied for the duration of that particular fiscal year.

(f) Social Housing

Refers to property registered in the name of an institution accredited in terms of the Social Housing Act 16 of 2008 which provides or intends to provide rental of co-operative housing options for households with a gross monthly household income less than the maximum housing subsidy income limit. Such property owners may qualify to be rated at the

same rate as public benefit organizations in terms of the MPRA, i.e. at a ratio of 1:0.25. Properties where the gross monthly household income exceeds the income limit or any other non-residential properties of such institution will not qualify in terms of this paragraph.

If the usage of a property changes during the financial year, the rebate applicable will be reduced pro rata for the balance of the financial year.

All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted.

(2) An exemption from the payment of rates will only qualify to be considered for exemption by the Municipality subject to the following conditions:

(a) on application, which application must be addressed in writing to the Municipality in the prescribed manner (as per **Schedule "F"**);

(b) a true and certified copy of a tax exemption certificate issued by the South African Revenue Service must be submitted together with the application;

(c) the Municipal Manager or the person to whom the authority to approve an application for an exemption has been delegated, must consider and approve or dismiss the application;

(d) in considering the application for an exemption the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application;

(e) the application must be submitted to the Municipality before the end of **April preceding the start of the new municipal financial year (i.e. 1 July) for which such exemption is sought**; and

(f) the Municipality reserves the right to refuse any exemption if the details provided in the application are incomplete, incorrect or false.

(3) Reductions:

(a) The Municipality will consider reductions from rates payable by owners of property on an *ad hoc* basis, in any of the following circumstances:

(i) partial or destruction of a property and/or improvements on such property; and

(ii) in the event of a disaster, as defined in terms of the provisions of the Disaster Management Act, Act 57 of 2002, directly or indirectly affects the property.

(b) A reduction from rates payable by owners of property will only be granted by the Municipality subject to the following conditions:

(i) the owner of a property in respect of which a reduction is applied for must apply in writing to the Municipality for such reduction, and the onus will rest on such applicant to prove to the satisfaction of the Municipality that such property has been totally or partially destroyed or affected by a disaster as contemplated in sub-paragraph (3)(a)(i) and (ii) above. Such owner will further have to indicate to which extent the property can still be used and the impact on the value of the property;

(ii) the percentage of the reduction granted and the period for which the reduction will be granted, if any, is solely within the discretion of the Municipality;

(iii) the Municipal Manager or the person to whom this authority to approve an application for a reduction has been delegated, must consider and approve or dismiss the application; and

(iv) in considering the application for a reduction the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application.

(4) Rebates:

(a) State-owned or Organ of State-owned property:

The State or an Organ of State will receive a rebate on rates applicable to State-owned or Organ of State-owned property, as determined in **Schedule "A"**, in the event of the full payment of the rates before 30 September of the applicable financial year. This rebate does not apply to State-owned or Organ of State-owned property zoned or used for residential purposes.

(b) Agricultural/farming property:

(i) the owners of agricultural/farming property may be granted a rebate subject to such owner providing the Municipality with the prescribed information as set out in **Schedule "C"** and in the format provided in **Schedule "C"**;

(ii) the prescribed information provided in the format of **Schedule "C"**, must be submitted to the Municipality before the end of April, preceding the financial for which the rebate is applied for;

(iii) rebates may be granted by utilizing the criteria as set out and referred to in paragraphs 3.1 to 3.2 of **Schedule "A"**.

(c) Public Service Infrastructure Property:

A rebate of 30% as mandated by the provisions of section 17(1)(a) of the MPRA will be granted by the Municipality for Public Service Infrastructure property as they provide essential municipal services to the local community.

(4B) Categories of owners:

(a) Retired and/or Disabled Persons Rate Rebate:

Retired and/or disabled persons qualify for special rebates according to their monthly household income as referred to and set out in paragraph 3.3 of **Schedule "A"**. To qualify for this rebate a property owner must comply with the following requirements:

(i) occupies the property as his/her normal and only residence;

(ii) be at least 60 years of age or have been awarded a disability pension from the Department of Social Development or other approved pension funds;

(iii) be in receipt of a total monthly household income from any and all sources (including income of spouses of owner) as set out in paragraph 3.3 of **Schedule "A"**;

(iv) not be the owner of more than one property;

(v) provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;

(vi) property owners must apply to the Municipality for the rebate on the prescribed application form as set out in **Schedule "E"** and provide such documents as required therein;

(vii) this application must be submitted to the Municipality before the end of September preceding the start of the new financial year of the Municipality for which the rebate is applied for;

(viii) the Municipal Manager or the person to whom the authority to approve the application for a rebate has been delegated, must consider and approve or dismiss the application;

(ix) in considering the application for a rebate the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application;

(x) the Municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false; and

(xi) the extent of the rebate is set out in paragraph 3.3 of **Schedule "A"**.

(5) Persons or entities, who are in terms of the provisions of this policy entitled to apply for and receive an exemption, reduction or rebate from the payment of a rate levied, must apply annually and in the prescribed manner for such an exemption, reduction or rebate, and any such exemption, reduction or rebate

approved will only be valid and applicable for 1 (one) financial year, and for so long as the person or entity continue to meet all of the circumstances and conditions that entitled the exemption, reduction or rebate to be granted, where after the approved exemption, reduction or rebate will lapse. If eligible, the person or entity who or which is desirous to obtain an exemption, reduction or rebate for the next financial year, must proceed to apply for such an exemption, reduction or rebate in the prescribed manner. Exemptions, reductions and rebates shall only be valid and applicable when granted and where the applicant meets the criteria therefor.

(6) A reduction, exemption or rebate granted to an applicant who does not qualify may be removed at any time.

(7) Any person or entity receiving any exemption, rebate or reduction shall immediately notify the municipal manager of the Municipality, in writing, if the circumstances or conditions which entitled the Municipality to grant the exemption, rebate or reduction, change or ceases to exist.

11. COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING-IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY

(1) The Municipal Manager must ensure that all exemptions, reductions, rebates and the phasing-in of certain rates, as contemplated in terms of the provisions of sections 15 and 21 of the MPRA, are appropriately disclosed in the annual operating budget, annual financial statements and annual report of the Municipality and that such exemptions, reductions, rebates and phasing-in of

certain rates are clearly indicated on the rate account which is submitted to every respective property owner liable to pay rates to the Municipality.

(2) The Municipal Manager must also disclose all costs in respect of such exemptions, reductions, rebates and/or phasing-in of rates, as provided in **Schedule "B"**.

(3) The benefit in respect of and the reasons and criteria for the granting of certain exemptions, reductions, rebates and/or phasing-in of certain rates to the various property owners includes, but is not limited to:

(a) the promotion of local economic development which includes the promotion of business investments within the municipal area of the Municipality;

(b) job creation for the local community;

(c) the promotion of service delivery by *inter alia* farmers;

(d) poverty alleviation of indigent individuals;

(e) social and moral development, including assistance to religious institutions, sporting bodies, educational institutions and/or other non-governmental organisations which promote health and/or other benefits to the local community; and

(f) improved local economic growth.

CHAPTER 4

GENERAL PROVISIONS

12. SPECIAL RATING AREAS

(1) The Municipality may, if and when it deems necessary, by means of a Council resolution determine special rating areas in consultation with the relevant communities as provided for in terms of the provisions of section 22 of the MPRA.

(2) The following matters shall be attended to in consultation with the property owners within the area where the Municipality considers imposing such special rating area:

(a) the proposed boundaries of the special rating area;

(b) statistical data in respect of the area concerned and any such further information as may be required by the property owners who owns property within the proposed special rating area;

(c) information in respect of the proposed improvements and/or upgrades, clearly indicating the estimated costs of each respective improvement and/or upgrade;

(d) the proposed financing of the improvements and/or upgrades;

(e) the priority of improvements and/or upgrades, if applicable;

(f) the socio-economic factors of the relevant property owners concerned;

(g) the different categories of property;

(h) the amount of the proposed special rating;

(i) the details regarding the implementation of the special rating;

(j) the additional income which will be generated by means of the special rating; and

(k) the precise manner in terms of which the Municipality will utilize the additional income so generated.

(3) A committee of property owners who own property within the proposed special rating area, consisting of 6 (six) property owners must be established in order to advise and consult the Municipality regarding such proposed special rating area. This committee will be elected by the inhabitants within the proposed special rating area concerned, who must be at least 18 (eighteen) years of age. The election of the committee will commence under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no executive powers.

(4) The consent required from the property owners who own property within the proposed special rating area, must be obtained in writing or by means of a formal voting process under the auspices of the Municipal Manager. The majority vote is regarded as 50% plus 1 (one), of the property owners concerned. Each property owner, being the receiver of the monthly account for the municipal rate, will have 1 (one) vote each.

(5) In determining the special additional rates, the Municipality shall differentiate between different categories as referred to in paragraph 8 above.

(6) The additional rates levied must be utilized for the purpose of improving or upgrading the specific area only and not for any other purpose.

(7) The Municipality shall establish separate accounting and other record-keeping systems, compliant with GAMAP/GRAP, for the identified area and the property

4owners concerned shall be kept informed of progress with projects and financial implications on an annual basis.

(8) Council may approve a rebate, reduction or exception in a determined amount and for a determinable period to a specific property owner to set off or reduce any amounts payable by the Municipality to the property owner whether under a services agreement or otherwise.

13. RATE INCREASES

(1) In terms of the provisions of section 17(3)(a)(ii) of the MFMA and section 24(2)(c)(i) of the MFMA, read with section 28(6) of the MFMA, the Municipality may only consider the increase of rates annually during the drafting and adoption of its annual budget.

(2) Income derived from the increasing of rates must be used by the Municipality to finance any increase in operating costs of subsidized municipal services and/or any increase in the rendering of municipal services to the local community.

(3) The following annual adjustments may be considered and/or made in respect of subsidized municipal services and/or the rendering of municipal services to the local community:

(a) salary and/or wage increases as agreed with the South African Local Government Bargaining Council;

(b) salary increases of managers directly accountable to the Municipal Managers in terms of the provisions of section 56 of the Systems Act;

(c) inflation adjustments in respect of general expenditure, repairs, maintenance and/or contributions to statutory funds, and

(d) additional depreciation costs, interest on and/or reduction of loans associated with the assets obtained by the Municipality during the previous financial year.

(4) Extraordinary expenditure in respect of community municipal services which was not expected or budgeted for, may be financed by an increase of property rates.

(5) The Municipality must take into consideration the ability of ratepayers to afford any proposed increase of rates prior to implementing any increase of property rates.

(6) Any and all increases of property rates must be communicated to the local community in terms of paragraph14 of this policy and the applicable provisions of the MFMA.

14. NOTIFICATION OF RATES

(1) In terms of the provisions of section 16(2) of the MFMA, read with the provisions of section 22 of the MFMA, the public must be informed of the rates on property which the Municipality intends to levy in the next financial year as contained in the Municipality's annual budget. The public then may submit representations regarding the contents of the said annual budget in terms of the provisions of section 22(a) (ii) of the MFMA.

(2) Once the Council has, considered, in terms of the provisions of section 24(1) of the MFMA, amongst others, the representations by the public, the Council may proceed to approve the annual budget, and once it has done so the Municipality shall have levied the rate as contained in the annual budget as contemplated in terms of the provisions of section 24(2)(c)(i) of the MFMA.

(3) The Municipality must give notice to the local community of the rates levied on property in accordance with the provisions of section 14 of the MPRA, which in turn requires that the resolution levying the rates on property be promulgated by publishing the resolution levying the rates in the Provincial Gazette and within 60 (sixty) days after the passing of the resolution levying the rates:

(a) in terms of the provisions of section 14(3)(a) and (b) of the MPRA, whenever a Municipality passes a resolution as referred to in sub-paragraph (3) above, the Municipal Manger must, within 60 (sixty) days after the passing of the resolution levying the rates:

(i) Conspicuously display the resolution for a period of at least 30 (thirty) days:

(aa) at the Municipality's head and satellite offices and libraries; and

(bb) if the Municipality has an official website or a website available to it as envisaged in section 21B of the Systems Act, on that website; and

(ii) advertise in the media a notice stating that:

(aa) a resolution levying a rate on property has been passed by the Council; and

(bb) the resolution is available at the Municipality's head and satellite offices and libraries for public inspection during office hours and, if the Municipality has an official website or a website available to it, that the resolution is also available on that website.

(4) The resolution levying the rates must contain the date on which the resolution was passed, differentiate between categories of properties and reflect the cent amount in the rand rate for each category of property.

15. PAYMENT OF RATES

(1) A ratepayer has the option to pay the rates for which such ratepayer is liable to the Municipality in one annual instalment on or before the end of September of a given year, or to pay such rates monthly on or before the last day of the month.

(2) If the owner of rateable property wishes to opt for the payment of rates annually in one instalment, such owner must notify the Municipal Manager in writing of such election and the owner will then become liable to the Municipality to pay the rates on an annual basis, and full payment of the rates to be received by no later than the last day of September.

(3) Interest on arrear rates will be levied and payable as set out in terms of the provisions of section 75A(1)(b) of the Systems Act, read with section 97(1)(e) of the Systems Act and the applicable provisions of the Credit Control & Debt Collection Policy and by-laws of the Municipality.

(4) If the owner of rateable property fails, neglects or refuses to pay such rates which is owing and due to the Municipality, the Municipality must recover such rates in accordance with the provisions of its Credit Control and Debt Collection Policy and by-laws of the Municipality, read with the provisions of Chapter 9 of the Systems Act.

(5) Arrear rates may be recovered from any tenants or occupiers of a rateable property or their agent as set out in terms of the provisions of sections 28 and 29 of the MPRA.

16. PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

(1) Rates on property in respect of a sectional title scheme, shall be levied on the individual sectional title units in the scheme and not on the property as a whole.

(2) The rate levied on a sectional title unit is payable and must be recovered from the owner of such unit and no rates in respect of any such unit may be recovered from the established body corporate of the scheme.

(3) The provisions of sub-paragraph (2) above do not exempt a body corporate of a sectional title scheme from the payment of rates on a sectional title unit in respect of which such body corporate is the owner.

(4) A body corporate which controls a sectional title scheme may not apportion and collect rates contemplated in terms of the MPRA from the owners of the sectional title units in such scheme.

(5) The common area of the property in sectional title schemes, shall be proportionally divided and included into each sectional title unit and this proportioned common area shall be payable by the owners of the specific sectional title units.

17. ACCOUNTS TO BE FURNISHED

(1) The Municipality must furnish every owner of rateable property liable for the payment of such rates with a written account therefore, which account must provide:

(a) the amount due for such rates;

(b) the date upon or before which the rates are payable;

(c) the manner in terms of which the rates were calculated;

(d) the municipal value of the property for which the account was furnished; and

(e) the percentage or amount of any applicable exemptions, reductions and/or rebates.

(2) An owner of rateable property who/which is liable for the payment of such rates remains liable for the payment thereof, irrespective of whether such owner received an account furnished by the Municipality therefor.

(3) An owner contemplated in sub-paragraph (2) above, must enquire and attempt to obtain such account from the Municipality for the payment thereof and is responsible for enquiring and ascertaining from the Municipality, monthly and timeously, the amount due to the Municipality should no account be received.

(4) Where a rateable property is owned by 2 (two) or more owners, the Municipality may recover the applicable property rate therefore from anyone of the owners in order to reduce its administrative costs and in terms of the provisions of section 24(2)(a) of the MPRA.

(5) The Municipality and the ratepayer have the rights in respect of accounts, as set out in terms of the provisions of section 102 of the Systems Act and the provisions of the Credit Control & Debt Collection Policy and by-laws of the Municipality dealing with accounts.

18. FREQUENCY OF VALUATION

(1) The Municipality must prepare a new valuation roll at least every 5 (five) financial years, and reserves the right to extend the validity of the valuation roll to 7 (seven) financial years in terms of the provisions of section 32(2)(b) of the MPRA.

(2) Supplementary valuations will be done on a continuous basis to ensure that the valuation roll is properly updated, as provided for in terms of the provisions of section 78 of the MPRA.

19. COMMUNITY PARTICIPATION

This policy may only be adopted once the Municipality has followed a process of community participation, in accordance with the provisions set out in Chapter 4 of the Systems Act and section 4(2) of the MPRA, and the Municipality must further take all comments and representations received as a result of the community participation process into account when it considers the adoption of this policy.

20. REGISTER OF PROPERTY

The Municipality must compile, maintain and display a register of properties in accordance with the provisions of section 23 of the MPRA.

21. CERTIFICATE OF OCCUPANCY

(1) Prior to a residential property being eligible for a rebate, a certificate of occupancy must have been issued in respect thereof, by the Municipality.

(2) The onus of obtaining a certificate of occupancy rests with the owner of a property.

22. ILLEGAL USE OF PROPERTY

(1) If a property is used for a use, other than that permitted for the property by the applicable provisions of the Land Use Management Scheme (also referred to as the "illegal use of the property"), the Municipality will be entitled to levy on the property concerned the highest tariff provided for in the differential rate categories of the Municipality.

(2) (a) The owner of property contemplated in sub-paragraph(1) above then bears the onus of satisfying the Municipality that the illegal use of the property has ceased and may request in writing from the Municipality to proceed to reinstate the levying of rates against the property as per the valuation roll;

(b) such a request in writing by the owner of the property must be accompanied by an affidavit by the owner of the property, confirming that the illegal use of the property has been ceased and that the property is being used for the use allowed for the property in terms of the provisions of the Land Use Management Scheme;

(c) the Municipality shall consider the request and if the cessation of illegal use of the property is verified and if the request is approved, the Municipality will reinstate the levying of rates against the property as per the valuation roll.

23. INSPECTION OF AND OBJECTIONS TO ENTRIES INTO THE VALUATION ROLL OF THE MUNICIPALITY

(1) Once the Municipality has given notice in terms of the provisions of section 49 of the MPRA that the valuation roll is open for public inspection, any person may within such period stated in section 49(1)(a) of the MPRA, in terms of the provisions of section 50(1) of the MPRA:

(a) inspect the roll during office hours;

(b) upon payment of a reasonable fee request the Municipality during office hours to provide an extract from the roll; and

(c) may lodge an objection with the Municipal Manager against any matter reflected in, or omitted from the roll.

(2) An objection as contemplated in sub-paragraph (1)(c) above, must be in relation to a specific individual property and not against the valuation roll as a whole.

(3) The lodging of an objection does not defer liability for the payment of rates beyond the date determined therefore.

(4) All objections received shall be dealt with in the manner prescribed in terms of the provisions of section 51 to section 54 of the MPRA.

23. RATES CLEARANCE

1. Section 118 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000) states that; *A registrar of deeds may not register the transfer except on production of a prescribed certificate, issued by a municipality or municipalities in which that property is situated and which certifies that all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes levies and duties during the two years preceding the date of the application for the certificate have been fully paid*

A prescribed certificate issued by a municipality in terms of sub section 1 is valid for a period of 60 days from the date it has been issued".~~for the~~

Definition of a Rates Clearance Certificate

2.

A rates clearance is a certificate provided by the relevant local authority on application by a conveyancer to transfer a property. This certificate certifies that there is no current outstanding debt due by the seller on the property. The Registrar of Deeds may then pass transfer on the property and registration in the purchaser's name may go ahead.

3. **Process of obtaining rates clearance certificate**

The conveyancer or attorney needs to apply for clearance figures at the municipality and pay a prescribed fee.

The rates clearance figures will be issued by the municipality and will be valid for four (4) months.

The payment relating to the rates clearance figures needs to be effected on or before the end of the second month. No payments will be allowed after the end of the second month. The conveyancing attorney will need to re – apply for clearance figures if the payment was not received on or before the end of the second month.

This process will give deeds office 60 days to do transfer as required by the legislation.

24. BY-LAWS TO GIVE EFFECT TO RATES POLICY

The Municipality must adopt by-laws to give effect to the implementation of this policy.

25. POLICY REVIEW

This policy must be reviewed annually by the Council of the Municipality as prescribed in terms of the provisions of section 5 of the MPRA.

SCHEDULE "A" – REBATE ON RATES

NO.	CATEGORY / DESCRIPTION	APPLICABLE REBATE
1.	**Exemptions:**	
1.1	**Residential**	**R 100000.00**(The first R15 000.00 of the market value of a property assigned in the valuation roll or supplementary valuation roll is statutorily exempted from the levying of rates as per the provisions of section 17(1)(h) of the MPRA)
2.	**Reductions:**	
2.1	**Partial or destruction of a property and/or improvements on such property**	**25%**
2.2	**in the event of a disaster, as defined in terms of the provisions of the Disaster Management Act, Act 57 of 2002, directly or indirectly affects the property**	**50%**
3.	**Rebates:**	
	State owned or Organ of State owned properties (excluding properties zoned or used for residential purposes)	10%
	Residential Properties	__%
	Public schools	__%

	Private schools	25%
	Public Service Infrastructure	30% (but not less than 30% in terms of the provisions of section 17(1)(a) of the MPRA)
3.1	**Agricultural/Farming Land:**	
3.1.1	The extent of the municipal services provided to agricultural/farming property:	
	No municipal roads next to property	__%
	No municipal sewerage to the property	__%
	No municipal electricity to the property	__%
	No water supply to the property by the Municipality	__%
	No refuse removal provided by the Municipality	__%
3.1.2	The contribution of the farming/agriculture property to the local economy: A rebate may be granted to the owner of agricultural/farming property which contributes substantially to job creation, and the salaries/wages of farm workers are reasonable, e.g. if they meet minimum standards set by Government or if they are in line with the sector's average. In this regard the criteria are as follows and should be substantiated by the information provided in **Schedule "C"**:	
	Salaries/wages of farm workers meet minimum standards.	__%
3.1.3.	Rebates may be granted after submission of proof by the owner, as per **Schedule "C"**, to the 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:	
	If the owner is providing permanent residential property to the farm workers and such property is registered in the name of such farm workers.	__%
	If such residential properties are provided with potable water.	__%

	If the owner has provided electricity to the residential properties of his farm workers.	__%
	If the owner is availing his land/buildings to be used for the purposes of a cemetery, education and/or recreational purposes of the farm workers and their dependants and the nearby community in general.	__%
3.2.	**Farming, Business, Commercial and Industrial:**	
3.2.1.	Contribution to job creation:	
	1 to 10 workers:	__%
	11 to 50 workers	__%
	51 workers or more	__%
3.2.2.	Social upliftment of the local community: (specify criteria and extent in order to calculate percentage of rebate)	
		__ %
3.2.3.	Establishment of infrastructure for the benefit of the local community: (specify criteria and extent in order to calculate percentage of rebate)	
		__%
3.3.	**Retired and/or disabled persons on residential property only:**	
	Owner with a gross monthly income from R 0 – R4 500.00	40%
	Owner with a gross monthly income from R4 501.00 – R5 500.00	30%
	Owner with a gross monthly income from R5 501 – R6 000.00	20%

SCHEDULE "B"

THE COSTS ASSOCIATED WITH EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS AND PHASING IN OF RATES

FINANCIAL YEAR _____

NO.	COST ITEM	AMOUNT
1.	**Exemptions:**	
1.1	**Residential Property**	**R**
1.2	**Property owned by the Municipality**	**R**
1.3	**Property owned by Public Benefit Organisations:**	**R**
1.3.1	State or Organ of State Healthcare Institutions	R
1.3.2	Welfare Institutions	R
1.3.3	Educational Institutions	R
1.3.4	Charitable Institutions	R
1.3.5	Sporting Bodies	R
1.3.6	Cultural Institutions	R
1.3.7	Museums, Libraries, Art Galleries and Botanical Gardens	R
1.3.8	Youth Development Organisations	R
1.3.9	Animal Welfare	R
1.3.10	Property used for Religious Purposes	R
1.3.11	Registered Indigents	R
2.	**Reductions:**	
2.1	**Partial or Total Destruction of a property**	**R**
2.2	**Properties affected by Disaster**	**R**
3.	**Rebates:**	
3.1	**Categories of Property:**	**R**
3.1.1	Business, Commercial and Industrial property	R

3.1.2	State-owned or Organ of State-owned property (excl) residential properties)	R
3.1.3	Agricultural/farming property	R
3.1.4	Public Service Infrastructure property	R
3.2	**Categories of Owners of Property:**	**R**
3.2.1	Retired and/or Disabled persons	R
	TOTAL COST:	**R**

SCHEDULE "C"

APPLICATION TO BE RATED AS AGRICULTURAL/FARMING PROPERTY

USED FOR AGRICULTURAL/FARMING PURPOSES

FINANCIAL YEAR | |

Complete the following in full and return by hand to the offices of the Municipality, at the Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, or by post to P.O. Box __, Rustenburg, ____. Only applications with the original commissioner's oath stamp and duly commissioned will be accepted i.e. no copies or faxed application will be considered. Please note that the onus lies with the applicant to confirm that the Municipality has received his/her application.

Farm / Erf No.:		**Portion No.:**	
Farm Name:			

If you have previously been granted a bona fide farmers rebate and an inspection was carried out on your property, kindly provide the certificate number which was issued to you.												
Municipal Account Number:												
Registered Owner of Property:												
(full names)												
Physical Address of Owner:												
Postal Address of Owner:												

Telephone No.:	**Home:**		**Work:**	
	Cell:		**Fax:**	
E-mail Address:				

Is any portion of the property used for any purpose other than agriculture? (e.g. business, mining, eco-tourism, trading in or hunting game)

Mark with a 'X'

YES	NO

IF YES, DESCRIBE: _____

_____

_____

_____

LAND USE ANALYSIS

Number of boreholes	
Output – Litres / Hour	
Dams capacity	

Is the property exposed to a river?			
Yes		**No**	

Type of Farming (mark with a 'X')	Cash Crop	Citrus	Soft Fruit	Poultry	Livestock	Pasture	Grazing	Dairy
Other (please specify)								

LAND INFORMATION	EXTENT
Arable – Dry	
Arable – Irrigation	
Pasture – Dry	
Pasture – Irrigation	
Grazing – Veld	
Cash Crop	
Home site and farmyard	
Other (specify)	

LIVE STOCK INFORMATION	NUMBER OF LIVESTOCK
Cattle	
Sheep	
Poultry	`
Goats	
Pigs	
Other (specify)	

Building No.	Description	Size M^2	Condition	Is the building functional

I the undersigned, _____ **(first name and surname printed)** in my capacity as _____ do hereby declare under oath that:

(1) the contents of this application and affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) the above property complies with all the above mentioned conditions for an agricultural/farming property in terms of the Municipal Property Rates Act, Act 6 of 2004 and the Municipality's Rates Policy;

(3) I authorise that the Municipality may inspect the property at any reasonable time during the financial year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(4) I confirm that I have completed this application in full and am aware of the fact that if I have not, that my application cannot be processed until such time that I have done so;

(5) I undertake to notify the Municipality immediately should any change occur in the use of the property of the conditions conferring a rates rebate in terms of the Municipal Property Rates Act, Act 6 of 2004, the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality; and

(6) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me herein or otherwise, the Municipality has the right to withdraw any rebate granted and recover such rebate. The Municipality will raise interest on such accounts where such rebates were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information.

I further confirm under oath that:

(DELETE WHERE NOT APPLICABLE)

(1) I/The owner of the above referred to property **conducts / do not conduct***bona fide* farming activities on the property and I/the owner derive more than 50% of my/his/her/its income from the *bona fide* farming activities conducted on the property;

(2) I/The owner **avails / does not avail** land/buildings for cemetery, residential, educational and recreational purposes for the farm workers and their dependants and the nearby community in general, of which the details are as follows:

_____
_____
_____;

(3) The residential units on the above property **are / are not** provided with potable water;

(4) The residential units on the above property **are / are not** utilised for residential purposes by the farm workers employed on the above property;

(5) The residential units on the above property **have / have not** been provided with electricity;

(6) The residential units on the above property **are / are not** permanent residential property and **have / have not** been registered in the name of the farm workers employed on the above property;

(7) The salaries/wages of farm workers employed on the above property **meet / do not meet** the prescribed minimum standards in terms of the applicable labour legislation;

(8) I/The owner **contributes / do not contribute** to the social upliftment of the local community, of which the details are as follows:

_____
_____
_____;

(9) I/The owner **established / did not establish** infrastructure on the above property for the benefit of the local community, of which the details are as follows:

_____
_____
_____;

(10) I/The owner is registered as a bona fide farmer with SARS, and the last tax assessment is attached hereto as proof;

_____ _____

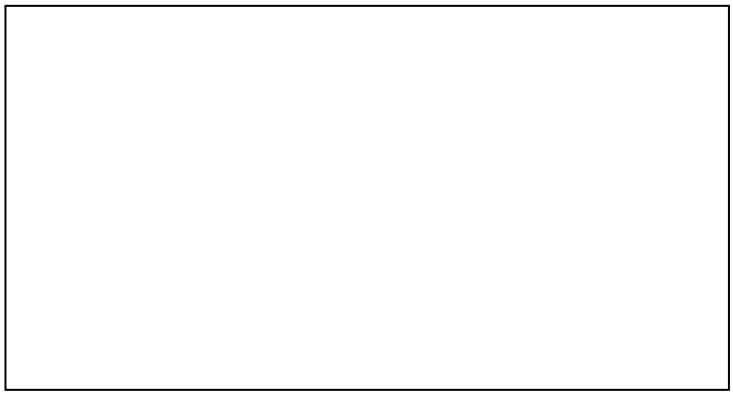
SIGNATURE OF AUTHORISED PERSON ON BEHALF OF APPLICANT **DATE**

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP



SCHEDULE "D"

APPLICATION FOR A RATE REBATE BY A PERSON OR ENTERPRISE WHO OR WHICH IS THE OWNER OF RATEABLE PROPERTY AND WHO OR WHICH PROMOTES LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

FINANCIAL YEAR ____

Complete the following in full and return by hand to the offices of the Municipality, at Missionary Mpheni House, c/o NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE or send by post to P.O. Box __, Rustenburg, ___. Only applications with the original commissioner's oath stamp and duly commissioned will be accepted i.e. no copies or faxed application will be considered. Please note that the onus lies with the applicant to confirm that the Municipality has received his/her application.

Erf:		**Portion No.:**		**Suburb:**	
Name of Enterprise:					
Registration No. of Enterprise:					
Municipal Account Number:					
Registered Owner of Property:					
(full names or organisation name)					
Usage (purpose for which the					
property is used):					
Physical Address of Enterprise:					
Postal Address of Enterprise:					
Telephone No.:	**Home:**		**Work:**		
	Cell:		**Fax:**		
E-mail Address:					

The following documentation must be attached:

- the business plan of the enterprise indicating how the local, social and economic development objectives of the Municipality is met;
- a continuation plan issued by the directors/members of the enterprise and certified by the auditors of the enterprise stating that the objectives have been met in the first year after establishment and in which manner the enterprise will continue to meet the objectives;
- a true and certified copy of the documents of establishment of the enterprise, e.g. Trust Deed, Memorandum of Articles of Association, constitution or any other written confirmation or document under which or officially confirming that the organisation was established;
- a resolution by the enterprise, authorising the signee to apply for this rebate on behalf of the enterprise;
- a true and certified copy of the authorised person's identity document; and
- a true and certified copy of the most recent approved and signed audited financial statements.

I the undersigned _____ **(first name and surname printed)** in my capacity as _____, and duly authorised representative of the Applicant do hereby declare under oath that:

(1) the contents of this application/affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) I give permission that the Municipality may inspect the property at any reasonable time during the financial year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(3) I confirm that I have completed this application in full and am aware of the fact that if I have not, that my application cannot be processed until such time that I have done so;

(4) I undertake to notify the Municipality immediately should any change occur in the use of the property of the conditions conferring a rates rebate in terms of the Municipal Property Rates Act, Act 6 of 2004, the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality;

(5) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me, the Municipality has the right to withdraw any rebate granted and recover such rebate. The Municipality will raise interest on such accounts where such rebates were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information;

(6) I confirm that the enterprise promotes local, social and economic development within the municipal area of the Municipality in the following manner:

_____

_____

_____

_____

(7) I confirm that the enterprise creates jobs within the municipal area, in the following manner:

_____

_____

_____

_____

(8) I confirm that the enterprise is involved and contributes to social upliftment of the local community, in the following manner:

_____

_____

_____

_____

(9) I confirm that the enterprise established the following infrastructure for the benefit of the local community:

_____

_____

_____

_____

_____ _____

SIGNATURE OF AUTHORISED PERSON ON BEHALF OF APPLICANT

DATE

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP

SCHEDULE "E"

APPLICATION FOR A PENSIONER'S AND/OR DISABLE PERSON'S PROPERTY RATES REBATE

FINANCIAL YEAR _____

To qualify for a pensioners and/or disabled person's property rates rebate, a retired and/or disabled property owner must:

(a) be a natural person;

(b) the property must be categorised as residential;

(c) be the owner of the property on the 1st of July of the year which is being applied for;

(d) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse/partner or minor children may satisfy the occupancy requirement;

(e) be a pensioner i.e. be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60; ***or***

be a disabled person, i.e. be in receipt of disability grant/pension and submit proof of the nature of the disability e.g. letter from doctor, with the application.

(f) be in receipt of a total gross annual income from all sources, excluding medical aid contributions received, child support / grant ***but including*** the income of the spouse/partner of the owner and ***all*** persons normally residing on that property, **not exceeding R72 000.00 per annum (R6000.00 per month)**;

(g) not be in receipt of indigent support;

in addition:

(h) an usufructuary will be regarded as the owner;

(i) the owner will only qualify for one rebate per year, in other words the percentage rebate granted will remain in effect for the year, it will not be amended on an *ad hoc* basis should the household's financial circumstances change during the year; and

(j) applications will only be considered if there are no outstanding balances on any of the owner's municipal accounts. If there are outstanding balances, the application will only be considered after arrangements have been made at the Municipality, to pay the outstanding amounts. Furthermore,

the owner must ensure that he/she continues to pay the rates account in full until the rebate is granted, as no interest or monies due will be reversed.

This application must be accompanied by the following documents:

- original certified copy of bar-coded identity document; (owner and spouse/partner)
- pension statements (of owner and spouse/partner), last 3 months bank statements from **all bank, investment and retirement annuity accounts of owner and spouse/partner**, and proof of gross salary of any other persons living on the property (not just rental received). All documents provided must clearly state who it relates – documents which do not reflect person's name or ID number on will not be considered;
- a certified affidavit declaring any assistance (financially or otherwise) from any other sources including any assistance from family members. (Assistance received from family members will not however be included in the calculation of household income);
- provide a certified affidavit to explain ***all*** once-off monies received e.g. gifts, donations, pension pay-outs (e.g. on retirement), all bonuses, refunds, cash deposits, etc.; and
- in the case of usufructuary – a certified copy of the legal documents granting the usufruct such rights.

Please note:	**The Municipality can request any other document it deems necessary to substantiate the application.**

Kindly complete the following in FULL and return by hand to the Rustenburg Local Municipality, at the Missionary Mpheni House, c/o NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE or send by post to P.O. Box __, Rustenburg, ___. Only applications with the original commissioner's oath stamp will be accepted i.e. no copies or faxed applications will be considered.

Erf/Unit No.:		**Suburb/Sectional Title Name:**	
Municipal Account No.:			
Registered Owner of Property:			
(full names)			
Physical Address of Owner:			

Postal Address of Owner:				
Telephone No.:	**Home:**		**Work:**	
	Cell:		**Fax:**	
E-mail Address:				

Gross Income Details	**GROSS INCOME – SELF (Annual)**	**GROSS INCOME – SPOUSE/PARTNER (Annual)**
Income from employer:		
Pension:		
Annuity:		
Interest on savings:		
Rentals:		
Financial assistance – from children etc.:		
Other: (please specify)		
TOTAL		

Occupants (Full Names)	**Relationship**	**Age**	**Gross Income (Annual)**

I the undersigned _____ **(first name and surname printed)** in my capacity as _____ of _____ ***(in the event of this application being completed by a person other than the applicant, by reasons of the fact that the applicant is not able to complete this application him/herself, then the person***

completing this application must state his/her full details and address, as well as the capacity in which he/she is representing or assisting the applicant)do hereby declare under oath:

(1) that the contents of this application/affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) I confirm that the above property complies with all the above mentioned conditions for a pensioner's and/or disabled person's rebate in terms of the Municipal Property Rates Act, Act 6 of 2004 and the Municipality's Rates Policy;

(3) that I give permission that the Municipality may inspect the above property at any reasonable time during the financial year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(4) I did provide all the required documentation as stipulated on page 1 and2 of this application;

(5) I have completed this application in full and am aware of the fact that if I have not, that my application cannot be processed until such time that I have done so;

(6) I undertake to notify the Municipality immediately should any change occur in the use of the property of the conditions conferring a rates rebate in terms of the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality; and

(7) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me, the Municipality has the right to withdraw any rebate granted and recover such rebate. The Municipality will raise interest on such accounts where such rebates were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information.

_____ _____

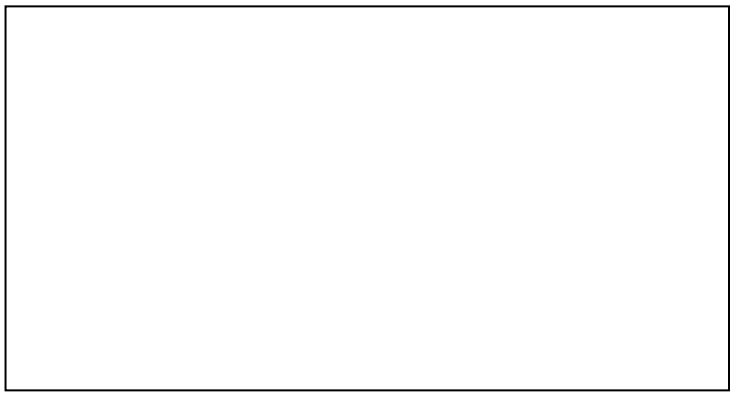
SIGNATURE OF APPLICANT OR AUTHORISED PERSON ON BEHALF OF APPLICANT **DATE**

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP



SCHEDULE "F"

APPLICATION FOR EXEMPTION FROM PROPERTY RATES AS CONTEMPLATED IN PARAGRAPH 10 OF THE MUNICIPALITY'S RATES POLICY FOR OWNERS OF PUBLIC BENEFIT ORGANISATIONS

FINANCIAL YEAR _____

This application form is used for owners of residential properties and Public Benefit Organisations applying for exemptions in terms of the provisions of paragraph 10 of the Rates Policy of the Municipality.

Applications for exemptions by Public Benefit Organisations must be accompanied by a letter from the SARS confirming that the organisations qualify for exemption in terms of the Section 30 Income Tax Act, 1962, read with the Ninth Schedule to that Act.

All residential property owners and public benefit organisations seeking an exemption must submit either a letter from their auditors, or annual financial statements, or payslips, or salary advice confirming that the applicant qualifies for an exemption.

THE FOLLOWING DOCUMENTATION MUST BE ATTACHED, DEPENDING ON AND WHERE APPLICABLE TO OWNERS OF RESIDENTIAL PROPERTIES OR PUBLIC BENEFIT ORGANISATIONS:

1. A true and certified copy of the constitution, trust deed, memorandum of articles of association, or any other written instrument under which the organisation was established.
2. A true and certified copy of the tax exemption certificate issued for the organisation by the South African Revenue Service, as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, Act 58 of 1962.
3. A resolution by the organisation, authorising the signee to apply for this exemption, on behalf of the organisation.
4. A true and certified copy of the authorised person's or owner's Identity Document.
5. A true and certified copy of the most recent, approved and signed audited financial statements, salary advice, or pay slip.

The effective date of the rebate will be the date when the Municipality approves the application, irrespective of whether the property qualified for exemption in terms of its use prior to that date.

Kindly complete the following in FULL and return by hand to the Municipality, at the Missionary Mpheni House, c/o NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE or send by post to P.O. Box __, Rustenburg, ___. Only applications with the original commissioner's oath stamp will be accepted i.e. no copies or faxed applications will be considered.

Erf:		**Portion No.:**		**Suburb:**	
Municipal Account Number:					
Registered Owner of Property: (full names or organisation name)					
Physical Address of Owner / Organisation:					
Postal Address of Owner / Organisation:					
Total monthly income of owner (if exemption is for owner of residential property):					
Telephone No.:	**Home:**		**Work:**		
	Cell:		**Fax:**		
E-mail Address:					

I confirm that I herewith, in terms of the provisions of paragraph 10 of the Rates Policy of the Municipality apply for an exemption from the payment of property rates for residential properties (as contemplated in paragraph 10(1)(a)(iii) of the Rates Policy) // for a Public Benefit Organization (delete which is not applicable).

I the undersigned _____ **(first name and surname printed)** in my capacity as owner / _____, (fill in or delete which is not applicable) and duly authorised by the Applicant to apply for this exemption on behalf of the Applicant, do hereby declare under oath

(1) that the contents of this application/affidavit are within my personal knowledge, save where the contrary appears from the context hereof or is expressly stated otherwise, and are both true and correct;

(2) that the above property complies with all the above mentioned conditions for a Public Benefit Organisation and not-to-gain institutions exemption, in terms of the Municipal Property Rates Act, Act 6 of 2004 and the Municipality's Rates Policy, if applicable;

(3) that I give permission that the Municipality may inspect the above property at any reasonable time during the fiscal year to confirm the compliance with the conditions of the rebate. Where access is denied, the rebate may be withheld, or withdrawn, if already effective;

(4) I confirm that I will provide all the required documentation as stipulated on page 1 of this application;

(5) I have completed this application in full and know if I have not, that my application cannot be processed until such time that I have done so;

(6) I undertake to notify the Municipality immediately should any change occur in my income or the use of the property of the conditions conferring a rates rebate in terms of the Municipal Property Rates Act, Act 6 of 2004, the Municipal Systems Act, Act 32 of 2000 and the Rates Policy of the Municipality; and

(7) I further acknowledge that should it transpire that any information was knowingly/unlawfully/incorrectly recorded/supplied by me, the Municipality has the right to withdraw any exemption granted and recover such exemption. The Municipality will raise interest on such accounts where such exemptions were fraudulently obtained, and reserve the right to take further action against any person(s) who applied false information.

_____ _____

SIGNATURE OF OWNER / AUTHORISED PERSON ON BEHALF OF APPLICANT (DELETE WHICH IS NOT APPLICABLE)

DATE

Signed and sworn before me at _____ on this the _____ day of _____ 20___, the deponent having acknowledged that he/she knows and understands the contents of this declaration and that he/she has no objection to the taking of the prescribed oath and that he/she considers it binding on his/her conscience. I certify that the provisions of Regulation R.1258 of 21 July 1972 have been complied with.

_____ _____

COMMISSIONER OF OATHS FULL NAMES **SIGNATURE**

COMMISSIONER OF OATH'S STAMP

RUSTENBURG

LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

The Municipal Manager of the Rustenburg Local Municipality (hereinafter referred to as "the Municipality"), being responsible for managing the financial administration of the Municipality hereby, in terms of the provisions of section 62(1)(f)(iv), read with section 111 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as the "MFMA"), and in order to give effect to section 217(1) of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), establishes the Supply Chain Management Policy of the Municipality (also hereinafter referred to as "the SCM Policy), as approved by its Council and which came into operation on and is to be implemented as such from the date of acceptance by the Council.

The SCM Policy of the Municipality will be one of the Municipality's budget related policies, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008 and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA, and accordingly the Municipality will annually revise this policy and this policy, or any amendments thereto will be approved by the Council of the Municipality during the process in terms of which the Municipality adopts its budget, as described in section 24 of the MFMA.

THE RUSTENBURG LOCAL MUNICIPALITY:

SUPPLY CHAIN MANAGEMENT POLICY

TABLE OF CONTENTS

(FOR EASE OF REFERENCE THE CORRESPONDING REGULATION NUMBER IN THE "MUNICIPALSUPPLY CHAIN MANAGEMENT REGULATIONS" –WHERE APPLICABLE – HAS BEEN INSERTED IN BRACKETS BEHIND THE "ITEM")

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF THE SCM POLICY

NO	ITEM	PAGE NO
1.	DEFINITIONS	10
2.	INTRODUCTION	24
3.	TITLE AND APPLICATION OF THE POLICY	25
4.	AIM AND PURPOSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM	26
5.	OBJECTIVES OF THIS POLICY	27
6.	DELEGATED AUTHORITY OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES	28
	6.1 SUB-DELEGATIONS	30
	6.2 OVERSIGHT ROLE OF THE MUNICIPALITY	33
	6.3 SUPPLY CHAIN MANAGEMENT UNITS	34
7.	COMPETENCY AND TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS	34
8.	DUTIES AND RESPONSIBILITIES	35
	8.1 GENERAL RESPONSIBILITIES OF THE OFFICIALS OF THE MUNICIPALITY	35

	8.2 RESPONSIBILITIES OF THE MUNICIPAL MANAGER	35
	8.3 RESPONSIBILITIES OF THE DIRECTORS/MANAGER APPOINTED IN TERMS OF THE PROVISIONS OF SECTION 56 OF THE MSA	36
	8.4 RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER	37
	8.5 RESPONSIBILITIES OF THE SUPPLY CHAIN MANAGEMENT UNIT	38
9.	COMMUNICATIONS	39

CHAPTER 2

FRAMEWORK OF THE SCM POLICY

10.	ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT SYSTEM	40
11.	DEMAND MANAGEMENT (REGULATION 10)	40
12.	ACQUISITION MANAGEMENT (REGULATION 11)	44
	12.1 RANGE OF PROCUREMENT PROCESSES (REGULATION 12)	47
	12.2 GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS (REGULATION 13)	49
	12.3 LISTS OF ACCREDITED PROSPECTIVE PROVIDERS (REGULATION 14)	50
	12.4 PETTY CASH PURCHASES (REGULATION 15)	52
	12.5 WRITTEN OR VERBAL QUOTATIONS (REGULATION 16)	53
	12.6 FORMAL WRITTEN PRICE QUOTATIONS (REGULATION 17)	55
	12.7 COMPETITIVE BIDS AND PROCESS FOR COMPETITIVE BIDS (REGULATION 19 & 20)	56
	12.7.1 BID DOCUMENTATION FOR COMPETITIVE BIDS (REGULATION 21)	59
	12.7.2 PUBLIC INVITATION FOR COMPETITIVE BIDS (REGULATION 22)	65
	12.7.3 ISSUING OF BIDS DOCUMENTS	67
	12.7.4 SITE INSPECTIONS	67
	12.7.5 PRE-QUALIFICATION CRITERIA FOR PREFERENTIAL PROCUREMENT	68

	12.7.6 TWO-STAGE (PREQUALIFICATION) BIDDING PROCESS (REGULATION 25)	69
	12.7.7 PREPARATION OF THE TERMS OF REFERENCE (TOR'S)	70
	12.7.8 DRAFTING OF THE TERMS OF REFERENCE	71
	12.7.9 VALIDITY PERIODS	72
	12.7.10 CONTRACT PRICE ADJUSTMENT	73
	12.7.11 PROVISIONAL SUMS AND PRIME COST ITEMS	74
	12.7.12 SAMPLES	74
	12.7.13 CLOSING OF BIDS	75
	12.7.14 COMMUNICATION WITH BIDDERS BEFORE BID CLOSING	76
	12.7.15 SUBMISSION OF BIDS	77
	12.7.16 LATE BIDS	78
	12.7.17 OPENING OF BIDS	79
	12.7.18 INVALID BIDS	81
	12.7.19 BID SUM	81
	12.8 COMMITTEE SYSTEM FOR COMPETITIVE BIDS (REGULATION 26)	82
	12.9 BID SPECIFICATIONS	82
	12.10 BID SPECIFICATION COMMITTEE (REGULATION 27)	84
	12.11 BID EVALUATION	85
	12.12 BID EVALUATION COMMITTEE (REGULATION 28)	86
	12.13 BID ADJUDICATION	90
	12.14 BID ADJUDICATION COMMITTEE (REGULATION 29)	93
	12.15 TERM BIDS	95
	12.16 PROCUREMENT OF BANKING SERVICES (REGULATION 30)	96
	12.17 PROCUREMENT OF IT RELATED GOODS AND/OR SERVICES (REGULATION 31)	97
	12.18 PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE (REGULATION 32)	98

	12.19 PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS (REGULATION 33)	98
	12.20 PROUDLY SA CAMPAIGN (REGULATION 34)	99
	12.21 APPOINTMENT OF CONSULTANTS (REGULATION 35)	99
	12.22 DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES (REGULATION 36)	105
	12.23 UNSOLICITED BIDS (REGULATION 37)	107
13.	LOGISTICS MANAGEMENT (REGULATION 39)	109
	13.1 SETTING OF INVENTORY LEVELS	109
	13.2 PLACING OF ORDERS	110
	13.3 RECEIVING AND DISTRIBUTION OF GOODS	111
	13.4 STORES AND WAREHOUSE MANAGEMENT	111
	13.5 EXPEDITING ORDERS	111
	13.6 TRANSPORT MANAGEMENT	112
	13.7 VENDOR PERFORMANCE	112
	13.8 CONTRACT MANAGEMENT (SECTION 116(3) MFMA)	112
	13.9 MAINTENANCE AND CONTRACT ADMINISTRATION	113
	13.10 CONTRACT ADMINISTRATION	114
	13.11 LEVELS OF CONTRACT ADMINISTRATION	115
	13.12 APPOINTING OF A CONTRACT MANAGER	115
	13.13 DUTIES AND POWERS OF A CONTRACT MANAGER	116
	13.14 CONTRACT GUIDELINES	117
	13.15 DELEGATING TO CONTRACT ADMINISTRATOR	117
	13.16 CONTRACT MANAGEMENT PROCESS	118
	13.17 DOCUMENT RETENTION	119
	13.18 GUIDELINES ON CONTRACT ADMINISTRATION	119
14.	DISPOSAL MANAGEMENT (REGULATION 40)	120
15.	RISK MANAGEMENT (REGULATION 41)	133
16.	PERFORMANCE MANAGEMENT (REGULATION 42)	134

CHAPTER 3

OTHER MATTERS

17.	PROHIBITION ON AWARDS TO PERSONS WHOSE/WHICH TAX MATTERS ARE NOT IN ORDER (REGULATION 43)	136
18.	PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE (REGULATION 44)	136
19.	AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE (REGULATION 45)	137
20.	CODE OF ETHICAL STANDARDS (REGULATION 46)	137
	20.1 INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO THE MUNICIPALITY, ITS OFFICIALS AND/OR OTHER ROLE-PLAYERS (REGULATION 47)	139
	20.2 SPONSORSHIPS (REGULATION 48)	140
	20.3 OBJECTIONS AND COMPLAINTS (REGULATION 49)	141
	20.4 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES (REGULATION 50)	141
	20.5 CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER (REGULATION 51)	142
21	CESSION	143
	21.1 SUPPLIER TO SUPPLIER COMPANY BASED ON A VALID AGREEMENT	143
	21.2 CESSION BASED ON MATERIAL SUPPLIES	143
	21.3 CESSION BASED ON ACCESS TO FINANCE	143
	21.4 CESSION BASED ON INSURANCE	143
	21.5 CESSION BASED ON CAPACITY	144
22	SUPPLIER DEVELOPMENT PROGRAMME	144
23	CONTRACT TERMINATION	145
24	EMERGENCY PROCUREMENT	145
25	SOLE SOURCE	146
26	PILOT INOVATIVE PROJECTS	151

CHAPTER 4

COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

27.	COMBATING OF ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM (REGULATION 38)	153
	27.1 MUNICIPALITY'S REGISTER OF TENDER AND CONTRACT DEFAULTERS	155
	27.2 AUTOMATIC REJECTION OF BID	156
	27.3 ADEQUATE NOTICE OF MANNER OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM	157
	27.4 RIGHT OF ACCESS TO INFORMATION	158
	27.5 ADMINISTRATION OF HEARINGS	159
	27.6 RIGHT TO BE HEARD	159
	27.7 ORAL HEARINGS	159
	27.8 PROCEDURE AT ORAL HEARING	160
	27.9 ONUS OF PROOF	161
	27.10 RIGHT TO LEGAL REPRESENTATION	161
	27.11 RIGHT TO REQUEST REASONS	161
	27.12 CRIMINAL PROCEEDINGS	161
	27.13 INFORMING PROVINCIAL AND NATIONAL TREASURY	161

CHAPTER 5

PREFERENTIAL PROCUREMENT

28.	PLANNING AND STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILISED	162
29.	EVALUATION OF BIDDERS ON FUNCTIONALITY	162
30	THE 80/20 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS / SERVICES UP TO A RAND VALUE OF R50 000 000.00	163
31	THE 90/10 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS/SERVICES UP TO A RAND VALUE ABOVE R50 000 000.00	165
32.	AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS	167

33.	CANCELLATION AND RE-INVITATION OF BIDS	168
34	PROCESS TO APPOINT FROM A PANEL OF APPOINTED SERVICE PROVIDERS	169
35.	LOCAL PRODUCTION AND CONTENT	171
36	B-BBEE STATUS LEVEL CERTIFICATE	174
37.	GENERAL CONDITIONS	174
38.	DECLARATIONS	177
39.	REMEDIES	177
40	TREASURY INSTRUCTION NOTE ON COST CONTAINMENT	178

CHAPTER 6

GENERAL PROVISIONS

41	COMPLIANCE	179
42	SCM OBJECTIVES	179
34.	AVAILABILITY OF THIS POLICY	180
35.	IMPLEMENTATION AND REVIEW OF THIS POLICY	180
36	SHORT TITLE	181

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words, expressions and/or abbreviations shall have the respective meanings assigned to them hereunder and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MFMA will have the corresponding meaning assigned thereto in terms of such section. Some of these words, expressions and/or abbreviations may not occur in the Policy but are included for the sake of completeness. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"Accounting Officer"**	The Municipal Manager of the Municipality as referred to the definition of "Accounting Officer" as defined in terms of the provisions of section 1 of the MFMA and referred to in section 60 of the MFMA and includes a person acting as an Accounting Officer, or the person to whom the Accounting Officer has delegated his/her authority to act. Also refer to the definition of Municipal Manager below.
1.2	**"adjudication points"**	The points referred to in the Preferential Procurement Policy Framework Act, Act 5 of 2000: Preferential Procurement Regulations, 2017, and

		the preferential procurement section of this policy, also referred to as "evaluation points" or "preference points".
1.3	**"all applicable taxes"**	Includes value added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.
1.4	**"Auditor-General"**	The person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person acting as Auditor-General, acting in terms of a delegation by the Auditor-General or designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General.
1.5	**"authority"**	A right or power attached to a rank or position permitting the holder thereof to make decisions, to execute such decisions or to have such decisions executed, take command or to demand action by others.
"B"		
1.6	**"B-BBEE"**	The Broad Based Black Economic Empowerment as defined in terms of the provisions of section 1 of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.7	**"B-BBEE status level of contributor"**	The B-BBEE status awarded to a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of the provisions of section 9(1) of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.8	**"bid"**	Includes a responsive tender, quotation, expression of interest, proposal, or any other proposition for

		doing business with the Municipality, whether solicited or not, or a written offer in a prescribed or stipulated form in response to an invitation by the Municipality for the provisions of goods and services.
1.9	**"bidder"**	Any person or entity submitting a bid.
	"C"	
1.10	**"capital asset"**	Any immovable asset such as land, property or buildings or any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future economic or social benefit can be derived, such as plant, machinery and equipment.
1.11	**"Chief Financial Officer"**	A person appointed by the Council and designated by the Municipal Manager to manage the financial administration of the Municipality and who remains directly accountable to the Municipal Manager as contemplated in terms of the provisions of section 80(2)(a) read with section 1 and section 81 of the MFMA.
1.12	**"close family member"**	A spouse, child or parent of a person.
1.13	**"closing time"**	The time and date specified in bid documentation as the closing time for submission of bids after which no more bids may be submitted to or be accepted by the Municipality.
1.14	**"community-based vendor"**	A supplier of goods and/or services who resides in a target area or community, who/which meets the criteria for community-based vendors as

		determined by the Municipality from time to time, and who/which is registered on the list of the Municipality as an accredited prospective provider of goods and/or services.
1.15	**"comparative price"**	The price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration. A "non-firm price" means all prices other than a "firm price".
1.16	**"competitive bid"**	A responsive bid in terms of a competitive bidding process.
1.17	**"competitive bidding process"**	A competitive bidding process referred to in regulation 12(1)(d) of the SCMR and this policy.
1.18	**"consortium or joint venture"**	An association of persons or entities formed for the purpose of combining the expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The joint venture or consortium must be formalised by agreement between the parties thereto.
1.19	**"Construction Industry Development Board" or "CIDB"**	The Construction Industry Development Board established by section 2 of the Construction Industry Development Board Act.
1.20	**"Construction Industry Development Board Act"**	The Construction Industry Development Board Act, Act 38 of 2000.
1.21	**"construction works"**	The provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a

		fixed asset including building and engineering infrastructure.
1.22	**"consultant"**	A person or entity providing labour and knowledge-based expertise which is applied with reasonable skill, care and diligence.
1.23	**"contract"**	A written agreement resulting from the acceptance of a bid or quotation from a bidder by the Municipality and as contemplated in the provisions of section 116 of the MFMA.
1.24	**"contractor"**	A person or entity whose/which bid, or quotation has been accepted by the Municipality and "service provider" has a corresponding meaning.
1.25	**"Council"**	The Municipal Council of the Municipality, its legal successors in title and its delegates.
"D"		
1.26	**"days"**	Calendar days, unless the context indicates otherwise.
1.27	**"demand management"**	A system which insures that the resources required to support the strategic and operational commitments of the Municipality are delivered at the correct time, at the right price, and at the right location, and that the quantity and quality satisfy the needs of the Municipality.
1.28	**"designated sector"**	A sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced goods and/or services or locally manufactured goods meet the stipulated minimum threshold for local production and content.

1.29	**"disability"**	In respect of a person means a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner or in the range considered normal for a human being.
1.30	**"Disciplinary Regulations"**	Local Government: Disciplinary Regulations for Senior Managers, published under GN 344 in GG 34213 of 21 April 2011
1.31	**"disposal"**	A process of preparing, negotiating and concluding a written contract which involves the alienation of a capital asset of the Municipality, including a capital asset no longer needed by the Municipality or rights in respect thereof, by means of a sale or a donation, and "dispose" has a similar meaning.
1.32	**"disposal management"**	The system of the Municipality for the disposal or letting of assets, including unserviceable, redundant or obsolete assets in a cost-effective, but transparent and responsible manner, and entails the maintenance of records and documents.
"E"		
1.33	**"engineering and construction works"**	The provision of a combination of goods and services, arranged for the development and provision of an asset including construction works and engineering infrastructure, or for the refurbishment of an existing asset.
1.34	**"evaluation points"**	Refer to "adjudication points" and/or "preference points".
1.35	**"exempted capital asset"**	A municipal capital asset which is exempted by section 14(6) of the MFMA from the other provisions of that section, read with regulation 1 of the MATR.

	"F"	
1.36	**"final award"**	The final decision on which bid or quote to accept.
1.37	**"firm price"**	The price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change in position, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of a contract.
1.38	**"formal written price quotation"**	Quotations referred to in this policy and in regulation 12(1)(c) of SCMR and includes an electronic offer to the Municipality in response to an invitation to submit such a quotation.
1.39	**"functionality"**	The measurement according to predetermined norms and/or criteria, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, considering, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder.
	"G"	
1.40	**"general conditions of contract"**	The general conditions of contract as set out in the bid documentation applicable to the said bid and not limited to the General Conditions of Contract for Construction Contracts, 2010 of the South African Institute of Civil Engineers.

1.41	**"goods and/or services"**	Apart from the normal grammatical meaning, also includes engineering and construction works and consultant works.
1.42	**"green procurement"**	Considering environmental criteria for goods and services to be purchased to ensure that the related environmental impact is minimised.
	"H"	
1.43	**"historically disadvantaged individual" or "HDI"**	A South African citizen who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution or the Constitution of the Republic of South Africa, Act 200 1993 ("the Interim Constitution"); and/or who is a female, and/or who has a disability, provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.
	"I"	
1.44	**"improper conduct"**	Conduct which is tantamount to fraud, corruption, favouritism, unfair, irregular and unlawful practices, misrepresentation of information submitted in bid documents for the purposes of procuring a contract with the Municipality, misrepresentation regarding the contractor's expertise and capacity to perform in terms of a contract procured via the Supply Chain Management System, breach of a contract procured via the Supply Chain Management System and failure to comply with the Supply Chain Management System.

1.45	**"in the service of the state"**	Means to be: (a) a member of: (i) any municipal council; (ii) any provincial legislature; or (iii) the National Assembly or the National Council of provinces; (b) a member of the board of directors of any municipal entity; (c) an official of any municipality or municipal entity; (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution with the meaning of the Public Finance Management Act, Act 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.
1.46	**"information technology" or "IT"**	The acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications.
1.47	**"Integrated Development Plan" or "IDP"**	The plan envisaged in terms of the provisions of section 25 of the MSA.

"L"		
1.48	**"list of accredited prospective providers"**	The list of accredited prospective providers that a Municipality must keep in terms of regulation 14 of the SCMR.
1.49	**"local business"**	Service providers with active offices within the municipal area of the Municipality, which shall be interpreted based on whether the offices are utilised for the goods and/or services to be procured, and whether most staff are local.
1.50	**"Local Government: Municipal Finance Management Act" or "MFMA"**	The Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.51	**"Local Government: Municipal Systems Act" or "MSA"**	The Local Government: Municipal Systems Act, Act 32 of 2000.
1.52	**"Structures Act" or "MSTA"**	The Local Government: Municipal Structures Act, Act 117 of 1998.
1.53	**"long term contract"**	A contract with a duration period exceeding 1 (one) year.
"M"		
1.54	**"Municipal Asset Transfer Regulations" or "MATR"**	The Asset Transfer Regulations, 2008, published under GN R878 in GG 31346 of 22 August 2008 (with effect from 1 September 2008) and promulgated in terms of the provisions of section 168 of the MFMA.
1.55	**"Municipal Budget & Reporting Regulations, 2008"**	The Municipal Budget & Reporting Regulations, 2008, published under GN R393 in GG 32141 of 17 April 2009 (with effect from 1 July 2009) and

		promulgated in terms of the provisions of section 168 of the MFMA
1.56	**"municipal entity"**	Means: (a) a private company referred to in section 86B(1)(a) of the MSA; (b) a service utility; or (c) a multi-jurisdictional service utility; as contemplated in terms of the provisions of the MSA.
1.57	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or

		(c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.58	**"Municipal Manager"**	The person appointed in terms of the provisions of section 54A of the MSA, and Accounting Officer of the Municipality.
1.59	**"Municipal Public-Private Partnership Regulations"**	The Municipal Public-Private Partnership Regulations, published under GN R309 in GG 27431 of 1 April 2005 (with effect from 1 April 2005) and promulgated in terms of the provisions of section 168 of the MFMA.
1.60	**"Municipality's Register of Tender and Contract Defaulters"**	The list compiled by the Municipality for purposes of the combating of abuse of the Supply Chain Management System in terms of which the persons reflected on the list are prohibited from being awarded any contract by the Municipality for the specified period reflected on the list.
"N"		
1.61	**"non-exempted capital asset"**	A municipal capital asset which is not exempted in terms of the provisions of section 14(6) of the MFMA from the other provisions of that section.
"O"		
1.62	**"obsolete"**	As asset of the Municipality which is no longer in use or out of date, or which has become obsolete by reason of it being replaced with something new.
1.63	**"official"**	In relation to the Municipality or municipal entity, means: (a) an employee of a Municipality or municipal entity;

		(b) a person seconded to a Municipality or municipal entity to work as a member of the staff of the Municipality or municipal entity; or (c) a person contracted by a Municipality or municipal entity to work as a member of the staff of the Municipality or municipal entity otherwise than as an employee.
1.64	**"organ of state"**	Means: (a) any department of state or administration in the national, provincial or local sphere of government; or (b) any other functionary or institution: (i) exercising a power or performing a function in terms of the Constitution or a provincial constitution; or (ii) exercising a public power or performing a public function in terms of any legislation but does not include a court or a judicial officer.
1.65	**"other applicable legislation"**	Any other legislation applicable to the supply chain management of the Municipality, including but not limited to the Preferential Procurement Policy Framework Act, the Broad-Based Black Economic Empowerment Act, the Construction Industry Development Board Act and the Consumer Protection Measures Act, Act 68 of 2008.
"P"		

1.66	**"planned project work"**	As opposed to term bids for the supply of goods and/or services that is of an ad-hoc or repetitive nature for a predetermined period.
1.67	**"this policy"**	This Supply Chain Management Policy of the Municipality.
1.68	**"preference points"**	Refer to "adjudication points" and/or "evaluation points".
1.69	**"Preferential Procurement Policy Framework Act" or "PPPFA"**	The Preferential Procurement Policy Framework Act, Act 5 of 2000.
1.70	**"Preferential Procurement Regulations" or "PPR"**	The regulations published in terms of the provisions of section 5 of the PPPFA, specifically the Preferential Procurement Regulations, 2011 published under Government Gazette No. 34350 of 8 June 2011.
1.71	**"Prevention and Combating of Corrupt Activities Act" or "PCCAA"**	The Prevention and Combating of Corrupt Activities Act, Act 12 of 2004.
1.72	**"prime contractor"**	The person or entity with whom the Municipality contracts, as opposed to sub-contractors, suppliers, manufacturers or service providers who contract with the prime contractor.
1.73	**"prime cost item(s)"**	An item in a bid, the price of which cannot be fixed at the time of bidding, and which may only relate to the supply of materials and not to the carrying out of works.
1.74	**"provisional sum(s)"**	An amount allocated for specialised work, to be executed by a specialised service provider and for

		which the details are not available at the time of bidding.
1.75	**"Promotion of Access to Information Act" or "PAIA"**	The Promotion of Access to Information Act, Act 2 of 2000.
1.76	**"Public-Private Partnership" or "PPP"**	Refers to the definition of "public-private partnership"" as defined in terms of the provisions of Regulation 1 of the Municipal Public-Private Partnership Regulations, published under GN R309 in GG 27431 of 1 April 2005 and promulgated in terms of the provisions of section 168 of the MFMA.
"Q"		
1.77	**"quality"**	The measure according to predetermined criteria, of the suitability of a proposal, design or product for the use for which it is intended and may also include the measure of the competency of a supplier.
"R"		
1.78	**"rand value"**	The total estimated value of a contract in South African Rands, calculated at the time of quotation and bid invitations and includes all applicable taxes and excise duties.
1.79	**"Republic"**	The Republic of South Africa.
1.80	**"responsible agent"**	Internal project managers being officials of the Municipality, or external consultants appointed by the Municipality to oversee the implementation of a project or contract.
1.81	**"risk management"**	The identification, measurement and economic control of risks that threaten the assets and

		income/earnings of person or entity or business or other enterprise.
	"S"	
1.82	**"sole-source selection"**	The procuring of services or goods from one sole source because of the specialised or unique characteristics of the goods or services procured.
1.83	**"SITA"**	State Information Technology Agency.
1.84	**"small, medium and micro enterprises" or "SMME"**	Refers to "small enterprise" as defined in terms of the provisions of section 1 of the National Small Enterprise Act, Act 102 of 1996.
1.85	**"sub-contract"**	The agreement in terms of which or the act of a primary contractor appointing a sub-contractor.
1.86	**"sub-contractor"**	Any person or entity that is employed, assigned, or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract.
1.87	**"Supply Chain Management Policy"**	This Supply Chain Management Policy of the Municipality.
1.88	**"Supply Chain Management Regulations" or "SCMR"**	The Municipal Supply Chain Management Regulations, published under GN 868 in GG 27636 of 30 May 2005 and promulgated in terms of the provisions of section 168 of the MFMA.
1.89	**"Supply Chain Management Unit" or "SCMU"**	The Supply Chain Management Unit which functions under the management and control of the Municipal Manager of the Municipality, which unit is responsible for the implementation and management of this policy, as well as all other issues related to supply chain management which may be assigned to them by the Municipality.

	"T"	
1.90	**"tender"**	Means bid in the context of procurement.
1.91	**"term bid"**	A rates-based bid for the ad hoc or repetitive supply of goods, services or construction works, where the individual rates are approved for use over a specified period.
1.92	**"total cost of ownership" or "TCO"**	The sum of direct spend, related spend, process spend, and opportunity cost associated within a specific commodity and service to the owner.
1.93	**"treasury guidelines"**	Any guidelines on supply chain management issued by the Minister in terms of the provisions of section 168 of the MFMA.
1.94	**"trust"**	The arrangement through which the property of one person is made over of bequeathed to a trustee to administer such property for the benefit of another person.
	"U"	
1.95	**"unserviceable"**	The condition of an asset which is no longer suitable for use and cannot be economically repaired.
1.96	**"unsolicited bid"**	An offer submitted by any person or entity at its own initiative, without having been invited by the Municipality to do so as envisaged by section 113 of the MFMA read together with Regulation 37 of the SCMR.

2. INTRODUCTION

(1) Section 111 of the MFMA requires each Municipality to adopt and implement a Supply Chain Management Policy which gives effect to the requirements of

the MFMA, and section 217(1) of the Constitution. In addition, the PPPFA requires the Municipality to determine its preferential procurement policy and to implement it within the framework prescribed. These requirements are given effect to herein.

(2) The Supply Chain Management System of the Municipality, contained in this policy, provides a mechanism to ensure fair, equitable, transparent, competitive and cost-effective procurement and, sustainable and accountable supply chain management within the Municipality whilst promoting black economic empowerment, which includes general principles for achieving the following socio-economic objectives:

(a) to stimulate and promote local economic development in a targeted and focused manner;

(b) to promote resource efficiency and "green procurement";

(c) to facilitate creation of employment and business opportunities for the people of the Municipality with reference to HDI's;

(d) to promote the competitiveness of local businesses;

(e) to increase the small business sector access, in general, to procurement business opportunities created by Council;

(f) to increase participation by small, medium and micro enterprises; and

(g) to promote joint venture or consortium partnerships.

3. TITLE AND APPLICATION OF THE POLICY

(1) This policy shall be known as the Municipality's Supply Chain Management Policy and shall be applicable to the municipal area of the Municipality as determined by the Municipal Demarcation Board and promulgated in terms of the provisions of section 12(1) and section 12(3)(c) of the Structures Act.

(2) This policy applies to:

(a) the procuring of goods and/or services;

(b) the disposal by Council of goods no longer needed;

(c) the selection of contractors to help in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; and

(d) the selection of external mechanisms referred to in section 80(1)(b) of the MSA for the provisions of municipal services in circumstances contemplated in section 83 of that Act.

(3) Unless specifically stated otherwise herein or in the SCMR, this policy does not apply where the Municipality contracts with another organ of state for:

(a) the provision of goods and/or services to the Municipality; or

(b) the provision of a municipal service or assistance in the provision of a municipal service; or

(c) the procurement of goods and services under a contract secured by that organ of state, provided that the relevant supplier has agreed to such procurement and the process is compliant to the provisions of this policy; or

(4) Where the Municipality wishes to contract with another organ of state as envisaged in sub-paragraph (3), a report must nevertheless be submitted to the bid adjudication committee seeking authority to contract with another organ of state, including, water from the Department of Water Affairs or a public entity, another municipality or municipal entity and electricity from Eskom or another public entity, another municipality or municipal entity and approval must be given by the Municipal Manager in writing.

(5) The Municipality and all private person/s and/or entities must adhere to the principles, provisions, rules and requirements contained in this policy when dealing with any matter connected with and/or contained herein.

4. AIM AND PURPOSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The aim and the purpose of the Supply Chain Management System is to have and maintain an efficient, fair, equitable, transparent, competitive and cost-effective supply chain system when sourcing and procuring goods and/or services, selling or letting of assets, which conforms to constitutional and legislative principles and maximises the benefits from the Municipality's consolidated buying power in the market place.

(2) The Municipality must manage its financial and administrative resources in such a manner as to meet and sustain statutory or social obligations.

5. OBJECTIVES OF THIS POLICY

(1) The objectives of this policy are to implement the legislative provisions relating to the supply chain management of the Municipality, that:

(a) gives effect to:

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the MFMA;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with:

(i) the regulatory framework prescribed in Chapter 2 of the SCMR; and

(ii) any minimum norms and standards that may be prescribed by means of regulations or guidelines as envisaged by the provisions of section 168 of the MFMA;

(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) The Municipality may not act otherwise than in accordance with this Supply Chain Management Policy when:

(a) procuring goods and/or services;

(b) disposing of goods no longer needed;

(c) selecting contractors to help in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; or

(d) in the case of the Municipality selecting external mechanisms referred to in section 80(1)(b) of the MSA for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) To assure the creation of an environment where business can be conducted with integrity and in a fair, reasonable and accountable manner, this policy will ensure that the Municipal Manager and all officials of the Municipality involved in supply chain management activities must act with integrity, accountability, transparency and with the highest of ethical standards and free of favouritism, nepotism and corruption of any kind. The officials of the Municipality involved in supply chain management activities must adhere to the code of ethical standards contained in this policy, together with the Code of Conduct for Municipal Staff Members as contained in Schedule 2 of the MSA.

6. DELEGATED AUTHORITY OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

(1) The Council has, in terms of its delegation of powers and functions in terms of the provisions of section 59 of the MSA, delegated such additional powers and duties to the Municipal Manager to enable the Municipal Manager:

(a) to discharge the supply chain management responsibilities conferred to the Municipal Manager in terms of:

(i) Chapter 8 and Chapter 10 of the MFMA; and

(ii) this policy;

(b) to maximise administrative and operational efficiency in the implementation of the Supply Chain Management System;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the Supply Chain Management System; and

(d) to comply with his/her responsibilities in terms of section 115 and other applicable provisions of the MFMA.

(2) Section 79 and 106 of the MFMA applies to the sub-delegation of powers and duties delegated to the Municipal Manager in terms of sub-paragraph (1) above.

(3) Neither the Council, nor the Municipal Manager may delegate or sub-delegate any supply chain management powers or duties:

(a) to a person who is not an official of the Municipality; or

(b) to a committee which is not exclusively composed of officials of the Municipality; or

(c) other than as provided for in the Municipality's system of delegations.

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

(5) No decision-making in terms of any supply chain management powers and duties may be delegated or sub-delegated to an external advisor or consultant. Consultants may however be engaged to advise or assist the officials and any committee of the Municipality with any functions or advice.

(6) Delegations and/or sub-delegations of authority:

(a) must be in accordance with pre-established levels of authority to ensure control and division of responsibility;

(b) must be in terms of the Municipality's system of delegations;

(c) must be in writing;

(d) must be made to a specific position and not to a named individual;

(e) may be confirmed, varied or revoked by the person who made such delegation or sub-delegation, but no such variation or revocation may detract from any right which may have accrued because of the delegation or sub-delegation; and

(f) does not divest the Municipal Manager of the responsibility and/or accountability concerning the exercise of the delegated power or the performance of the delegated duty.

(7) The Municipal Manager may confirm, vary or revoke any decision taken in terms of a delegation or sub-delegation, provided that no such variation or revocation may detract from any right which may have accrued because of such decision.

(8) The Municipal Manager of the Municipality must develop and review, annually, a practical and efficient system of delegation and sub-delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the financial administration of the Municipality.

6.1 Sub-delegations

(1) The Municipal Manager may, in terms of the provisions of section 79 or 106 of the MFMA sub-delegate any supply chain management powers and duties, including those delegated to the Municipal Manager in terms of sub-paragraph 6(1) above, but any such sub-delegation must be consistent with the provisions of the MSA, the MFMA, the system of delegations adopted by the Municipality and this policy.

(2) The power to make a final award:

(a) above R10 million (including VAT) may not be sub-delegated by the Municipal Manager; to comply with this requirement, the Municipal Manager may either chair the bid adjudication committee or consider recommendation of the bid adjudication committee and make a final award for bids above R million (including VAT);

(b) above R2 million (including VAT), but not exceeding R10 million (including VAT), may be sub-delegated but only to:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA; or

(iii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is a member; or

(c) not exceeding R2 million (including VAT) may be sub-delegated but only to:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA;

(iii) a manager directly accountable to the Chief Financial Officer or a director/senior manager; or

(iv) the 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 sub-paragraph (2) above, must within 5(five) days of the end of each month submit to the official referred to in sub-paragraph (4) below, 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.

d) the BBBEE status of that supplier

(4) All contract awards with a value exceeding R100 000 (VAT INCLUDED) must be captured and reported on a quarterly basis to Council.

(5) A written report referred to in sub-paragraph (3) above must be submitted:

(a) to the Municipal Manager, in the case of an award by:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA; or

(iii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is a member; or

(b) to the Chief Financial Officer or the director/senior manager responsible for the relevant bid, in the case of an award by:

(i) a director/manager referred to in sub-paragraph (2)(c)(iii) above; or

(ii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is not a member.

(6) Sub-paragraphs (3) and (4) above do not apply to procurements out of petty cash.

(7) 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 this policy.

(8) No decision – making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

6.2 Oversight role of the Municipality

(1) The Council must maintain oversight over the implementation of this policy by the Municipal Manager.

(2) For the purposes of such oversight the Municipal Manager must:

(i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality;

(ii) whenever there are serious and material non-compliance, problems or deviations in the implementation of this policy, immediately submit a report on such matters to the Council.

(3) The Municipal Manager must, within 10 (ten) days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor of the Municipality.

(4) The Executive Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality and may monitor and oversee the exercise of responsibilities assigned to the Municipal Manager and Chief Financial Officer in terms of the MFMA. This role of the Executive Mayor is an oversight role only, and specifically excludes any interference or influence in or over a decision to award procurement contracts.

(5) The reports of the municipality must be made public in accordance with Section 21A of the Municipal Systems Act. The reports of a municipal entity must be made public in a similar way.

6.3 Supply Chain Management Units

(1) The Municipal Manager must establish a Supply Chain Management Unit to implement this policy.

(2) The Supply Chain Management Unit must, where possible, operate under the direct supervision of the Chief Financial Officer, or an official to whom this duty has been delegated in terms of this paragraph.

7. COMPETENCY AND TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

(1) The Municipal Manager must ensure that all officials involved in the implementation of this policy meet the prescribed competency levels, and where necessary, shall provide or procure relevant training.

(2) The training of officials involved in implementing this policy must be in accordance with any treasury guidelines on supply chain management training.

8. DUTIES AND RESPONSIBILITIES

8.1 General responsibilities of the officials of the Municipality

(1) Each official must carry out their activities within his/her area of responsibility.

(2) Each official must take appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure in his/her area of responsibility.

(3) Each official responsible for a task must carry it out in accordance with the various supply chain requirements contained in this policy.

(4) Any matter not specifically delegated or sub-delegated to an official, must be referred to the Municipal Manager for proper allocation thereof.

(5) Each official is responsible for all assets of the Municipality within his/her area of responsibility.

8.2 Responsibilities of the Municipal Manager

(1) The Municipal Manager must:

(a) ensure strict adherence and compliance with the provisions of this policy and all relevant legislation;

(b) implement and comply with the provisions of this policy;

(c) appoint the members of the Bid committees after personally ensuring the competency and suitability of such members for the position;

(d) ensure that the most favourable service providers are appointed in accordance with this policy and that any deviations from a proposal by the bid adjudication committee are, reported to the Council at the next available Council meeting;

(e) establish a Supply Chain Management Unit within the financial directorate to assist the Municipal Manager to implement this policy;

(f) review this policy at least annually or when the Municipal Manager considers it necessary and submits proposals or amendments to this policy to the Council.

8.3 Responsibilities of the Directors/Manager appointed in terms of the provisions of section 56 of the MSA

(1) Each director/manager of the Municipality, appointed in terms of the provisions of section 56 of the MSA, is responsible and accountable for:

(a) exercising the powers, performing the functions and discharging the duties conferred or assigned to him in terms of this policy or any delegation from the Municipal Manager;

(b) implementing this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(c) ensure compliance with this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(d) developing draft specifications, or causing draft specifications to be developed, for the procurement by his/her directorate of goods or services;

(e) the management of asset utilisation in his/her area of responsibility;

(f) planning for and, in as far as is possible, accurately estimating the costs for the provision of services, works or goods for which offers are to be solicited;

(g) selecting the appropriate preference point system to be utilised in the solicitation and evaluation of bids in accordance with the PPPFA and it's regulations (PPPR 2017);

(h) assuring that objectives and targets are achieved about procurements and/or disposals by the Municipality; and

(i) proper contract and project management of every contract and/or project undertaken by his/her directorate.

8.4 Responsibilities of the Chief Financial Officer

The Chief Financial Officer is the custodian of this policy and is responsible for:

(1) reporting to the Municipal Manager on the progress regarding the implementation of this policy;

(2) recommending improvements on the practical implementation of this policy and possible amendments;

(3) the conducting of procurement audits of the entire Supply Chain Management System to identify successes and/or failures and/or unauthorised, irregular, fruitless and wasteful expenditure and to report on any findings which are not in accordance with the provisions of this policy to the Municipal Manager;

(4) management of the quotation and competitive bidding process from the solicitation thereof to processing invoice payment;

(5) promoting a corporate approach by encouraging standardisation of items purchased within the Municipality to realise and achieve economies of scale;

(6) providing supplier interface on supplier performance issues;

(7) ensuring that all procurement and/or disposals are provided in accordance with all relevant legislation;

(8) managing procurement and/or disposals to ensure that the Supply Chain Management System and this policy are complied with;

(9) ensuring that the procurement and/or disposal process followed by the Municipality adheres to the preference targets without compromising price, quality, service and developmental objectives;

(10) ensuring that the officials of the Municipality who are involved in the supply chain management process receive the necessary training and are properly qualified to support the implementation of this policy;

(11) specifying the amount to be paid by prospective service providers as a non-refundable deposit for enquiry documents issued by the Municipality;

(12) the verification of applications from prospective service providers for possible inclusion in the Register;

(13) submitting regular reports to the Municipal Manager and the relevant committee structure of the Municipality regarding progress and any matters of importance relating to this policy; and

(14) authorising and designating officials to distribute bid documentation, and when required notices regarding supply chain management matters.

8.5 Responsibilities of the Supply Chain Management Unit

(1) The SCMU shall be subject to the management and control of, and accountable to the Chief Financial Officer.

(2) The SCMU must consist of at least the following sections or designate persons responsible for:

(a) demand management;

(b) procurement/acquisition management;

(c) logistics;

(d) performance and contract management;

(e) disposal and asset management; and

(f) risk management.

(3) The manager of the SCMU will be responsible and accountable for the day-to-day management of the SCMU.

(4) The personnel of the SCMU are appointed by the Municipal Manager in consultation with the Chief Financial Officer.

(5) The SCMU must issue, receive and finalise the appropriate documents for the procurement of goods and/or services by means of verbal, written or formal price quotations of a transaction value of over R2 000.00 (including VAT), up to R200 000.00 (including VAT), as well as all documents for procurement by

means of a competitive bidding process of a transaction value of over R200 000.00 (including VAT).

(6) All documents for the disposal of movable and/or immovable capital assets must be issued, received and dealt with by the SCMU.

9. COMMUNICATIONS

All correspondence regarding this policy must be addressed to the manager of the SCMU and copied to the Municipal Manager.

CHAPTER 2

FRAMEWORK OF THE SCM POLICY

10. ESTABLISHMENT AND IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

The Supply Chain Management System of the Municipality is an integrated system for the acquiring of goods, works and services on a fair, equitable, competitive and cost-effective basis and consists of the following systems:

(1) Demand management;

(2) Acquisition management;

(3) Logistics management;

(4) Disposal management;

(5) Risk management system; and

(6) Performance management.

11. DEMAND MANAGEMENT SYSTEM

(1) The Municipal Manager must establish, through operational procedures, an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments outlined in the Integrated Development Plan of the Municipality are delivered at the correct time, at the right price, at the right location, and that the quantity and quality satisfies the needs of the Municipality.

(2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategy document setting out how the Municipality intends to address its development challenges in a financial year. The IDP determines how the

resources of the Municipality will be allocated and is the planning device on which the budget is based.

(3) The demand management system must:-

(a) Include timely development of procurement plans and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, effectively delivered at the right locations, at the critical delivery dates, are of 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 repetitive nature;

(c) Include development of a system which results on continuing improvement in affordability and value for money, based on total costs of ownership and quality of procurement as competition amongst suppliers is enhanced;

(d) Provide for the compilation of the required specifications to ensure that its needs are met and;

(e) Provide for an appropriate industry analysis and research to ensure that innovations and technical benefits are maximised.

(4) In order to achieve effective demand management, the manager of the SCMU must continuously ensure

(a) that efficient and effective provisioning and procurement systems and practices are implemented to enable the Municipality to deliver the required quantity and quality of services to the communities;

(b) the establishment of uniformity in policies, procedures, documents and contract options and the implementation of sound systems of control and accountability;

(c) the development of a world-class professional Supply Chain Management System which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced; and

(d) in dealing with suppliers and potential suppliers that the Municipality responds promptly, courteously and efficiently to enquiries, suggestions and complaints.

(5) Each director/manager, appointed in terms of the provisions of section 56 of the MSA, must during the preparation of his/her directorate's estimates for the budget year:

(a) determine which functions must be performed;

(b) determine the products and services it must provide in the performance of those functions;

(c) conduct a condition assessment of the assets managed by his/her directorate;

(d) based on the analysis in terms of the above, make recommendations and determine the financial needs during the budget year for:

(i) maintaining existing assets at an acceptable level calculated to ensure the continued productivity of the asset in question and minor repairs;

(ii) repairing existing assets;

(iii) refurbishing or renovating existing assets;

(iv) extensive repairing of existing assets;

(v) replacing existing assets; and

(vi) acquiring new assets.

(6) The SCMU must, after consultation with each director/manager, compile a schedule of goods and services to be procured for capital projects in respect of each financial year, which schedule must be attached to the Municipality's budget implementation plan.

(7) During the consultations between the SCMU and the directors/managers, all reasonable steps must be taken to determine:

(a) the desired date and time at which a specific contract must be awarded;

(b) the desired date and time when specific goods must be delivered, services rendered, or work executed including key milestones and deliverables so that performance can be monitored and evaluated;

(c) the place where any goods to be supplied shall be delivered;

(d) the quantity of any goods to be supplied; and

(e) any other relevant matter.

(8) Procurement Plans-

9.1 Circular No. 62 from the MFMA, No. 56 as issued by National Treasury:

(a) **Implementation of demand management and procurement plans.** The Municipal Manager of the municipality may, upon request, make available to the relevant Treasury a procurement plan containing all planned procurement for the financial year, in respect of the procurement of goods, services and infrastructure projects which exceeds R200 000 including vat. These procurement plans must be approved by the Municipal Manager or his/her delegate.

(b) **Heads of departments and all user departments** of the municipality must submit the procurement plans to the Municipal Manager of the municipality, the procurement plans must then be submitted to the head of supply chain management in the municipality or in the municipal entity to improve planning and management of resources, with the format contained in the procurement plans.

(c) Submission of Procurement Plans

Key priority	Deadline	Responsible
Forward Procurement Plans to SCM	April to May each financial year	Directorates
Forward Specifications to SCM	June to August each financial year	Directorates

12. ACQUISITION MANAGEMENT

(1) The acquisition management system provides the general conditions and procedures which are applicable, as amended from time to time, to all procurement, contracts and orders of the Municipality.

(2) The acquisition management system of the Municipality must ensure that:

(a) goods and/or services, including construction works and consultant services are procured by the Municipality in accordance with authorised processes incorporated herein;

(b) expenditure on goods and/or services, including construction works and consultant services is incurred and managed in terms of an approved budget;

(c) the threshold values for the different procurement procedures are complied with;

(d) bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with the requirements of relevant legislation including the PPPFA and any conditions of the CIDB (in as far as applicable); and

(e) that any procurement guidelines issued by National Treasury or the Provincial Treasury are properly considered, this includes the

Provincial Government and National Government programmes on National Key Priorities to address socio-economic development.

3. This policy except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in Section11(2) of the MFMA, including –

(a) Water from the Department of Water Affairs or public entity;

(b) Another municipality or a municipal entity; and

(c) Electricity from Eskom or another public entity, another municipality or a municipal entity.

(4) The Municipality must make public the details of the nature of goods and/or services together with the name/s of the provider/s where the Municipality procures such goods and/or services from another organ of state or a public entity.

(5) The Municipality must make public the fact that it procures goods and/or services otherwise than through its Supply Chain Management System, including:

(a) the kind/type of goods and/or services; and

(b) the name of the supplier.

(6) Where appropriate the Municipal Manager may appoint a neutral and/or independent observer to ensure fairness and transparency in the application of the acquisition management system, or to assist and advise the SCMU in the execution of their functions and duties.

(7) The Municipality may not enter into any contract which will impose financial obligations beyond the 3(three) years covered in the annual budget for that

financial year unless the requirements of section 33(1) of the MFMA have been fully complied with or proper provision has been made in such contract to so comply.

(8) The following applies where the Municipality procures public-private partnership agreements:

(a) Part 2 of Chapter 11 of the MFMA; and

(b) section 33 of the same act where such agreement will have multi-year budgetary implications for the Municipality within the meaning of that section;

(c) the provisions of the Municipal Public-Private Partnership Regulations as published in terms of S 168 of the MFMA.

(9) In respect of any contract relating to the publication of official and/or legal notices and/or advertisements through the legislated medium of publication on behalf of the Municipality, a competitive bidding process need not be followed.

(10) The manager of the SCMU may request quotations directly from community-based vendors in a specific area or from a specific community for the procurement of goods and services for transaction amounts of a value less than R30 000.00 (including VAT).

(11) This policy, save where the SCMR provides otherwise, does not apply in respect of the procurement of:

(a) goods or services to the Municipality in terms of a contract with another organ of state;

(b) the provision of a municipal service in terms of a contract with another organ of state;

(c) goods and services under a contract secured by another organ of state provided that the supplier and that other organ of state has agreed and conserved in writing to such procurement and:

(i) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(ii) the Municipality on [reasonable enquiry] has no reason to believe that such contract was not validly procured;

(iii) there are demonstrable discounts or benefits for the Municipality to procure under such contract.

12.1 Range of procurement processes

(1) The procurement of goods and services including construction works and consultant services must be done through the range of procurement processes set out in this paragraph, which are:

(a) petty cash purchases up to, and including a transaction value of R2 000.00 (including VAT);[LJ1]

(b) minimum of three (3) written quotations for procurement of a transaction value exceeding R2 000.00, up to and including a transaction value of R30 000.00 (including VAT);

(c) formal written price quotations acquired through a seven- day quotation for procurements of a transaction value exceeding R30 000.00, up to and including a transaction value of R200 000.00 (including VAT); and

(d) a competitive bidding process for:

(i) procurements above a transaction value of R200 000 up to R50 000 000 (VAT included) using the 80/20 preferential point scoring system;

(ii) procurements above a transaction value of R 50 000 000 (VAT included) using the 90/10 preferential point scoring system; and

(iii) the procurement of long term contracts

(2) The Municipal Manager of the Municipality may:

(a) lower, but not increase, the different threshold values specified in this acquisition management system; or

(b) direct that:

(i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000.00;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000.00; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.00.

(3) Goods and/or services may not be deliberately divided into parts or items of a lesser value merely to avoid complying with the requirements of this policy and when transaction values are determined for procurements consisting of various parts or items it must, in as far as possible, be treated, dealt with and be calculated as a single transaction.

12.2 General preconditions for the consideration of written quotations or bids

(1) The Municipality may not consider a formal written price quotation obtained through seven (7) day quotation or competitive bidding unless the provider who submitted the quotation or bid:

(a) has furnished the Municipality with that provider's:

(i) full name;

(ii) proof of registration with Company Intellectual Property Commission (CIPC) in the case of private company, public company or co-operatives, and Non- Government Organisation (NGO), with company registration number, certified ID copy with ID number in case of a sole proprietor or any other registration number and

(iii) tax reference number and CSD registration number;

(iv) VAT registration number, if any; and

(v) a certificate of attendance at a compulsory site inspection or appear in the site inspection attendance register, where applicable

(b) has submitted an original and valid tax clearance certificate or PIN obtainable and CSD number from the South African Revenue Services (SARS) certifying that the provider's tax matters are in order;

(c) the municipality must verify and attach proof of verification with all relevant documentation to prove that the verification was conducted. The designated official(s) should verify the bidder's tax compliance status prior to the finalisation of the award of the bid or price quotation obtained through seven (7) day quotation process.
Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant[LJ2] status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing.

The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the time frame stated above.

It is not the responsibility of the municipality to obtain a copy of the service provider's tax clearance certificate and or a PIN form the South African Revenue Services (SARS); and

(d) has indicated:

(i) whether he/she or it is in the service of the state, or has been in the service of the state in the previous 12 (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 12 (twelve) months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (ii) above, is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months.

(e) statement(s) proving that water, electricity, rates and business levy accounts of the owners or directors of the company, including the business are up to date or formal payment arrangement has been made;

(f) in a case of a company operating from the household under Tribal Authority, proof of address from the Chief or an affidavit from the South African Police Service (SAPS) must be provided with the quotation or bid;

(g) in case where a company leases the operating space the valid proof of lease signed by both the lessee and the lessor must be furnished with the quotation or bid; and

(h) Proof of registration on the Central Database and the registration number by the National Treasury.

(i) Declaration for procurement above R10 million (all applicable taxes included)

(j) Preference claim points or BBBEE

(k) Declaration of local production where applicable

(l) Declarations of bidders past supply chain management practices

(m) Certificate of independent bid determination

(n) Declaration of municipal fees

(2) Chapter 3 of this policy applies *mutatis mutandis* to this paragraph.

12.3 Lists of accredited prospective providers

(1) The Municipal Manager must:

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the Municipality through written or verbal quotations and formal written price quotations; The Municipality will have to advertise on the website, all the prospective bidders will have to register into the central supplier database to be able to do business with the Municipality.

(b) at least once a year through the newspapers commonly circulating locally, the website of the Municipality and any other appropriate ways, invite prospective providers of goods and/or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers

(d) adhere to the specified listing criteria for accredited prospective providers; and

(e) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) Prospective providers will be allowed to submit applications for listing once a year as prescribed in 14(1)(b). This does not preclude any potential service provider from quoting or bidding. Should service provider be successful they would be required to meet all the requirements of the listing criteria of this

policy before awarding is done in order for their quotations/bids to be responsive.

(3) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services.

(4) Prospective providers will be allowed to submit applications and amendments for listing at any time.

(5) The list must be compiled per commodity and per type of service.

(6) The listing criteria for accredited prospective providers which must be provided are among others are as follows as per the Municipal requirements

(a) name of supplier/service provider;

(b) physical address;

(c) postal address;

(d) contact person;

(e) contact person in sales department, if any;

(f) relevant telephone numbers;

(g) relevant fax numbers;

(h) relevant cellular phone numbers;

(i) relevant e-mail addresses;

(j) VAT registration number, if applicable;

(k) bank details;

(l) type of industry and specific goods or services offered;

(m) valid certification for specialised services;

(n) valid tax clearance certificate;

(o) CIDB registration if applicable; and

(p) valid certification of HDI status.

(6) For quotations up to and including R200 000.00 (including VAT), bidders are required to be registered on the Municipality's list of accredited prospective providers on or before the closing date for their quotations to be responsive.

(7) All parties to a consortium or joint venture must comply with the requirements of sub-paragraphs (6) and (7) above.

12.4 Petty cash purchases

(1) Petty cash purchases may be made where goods and/or services which does not exceed a transaction value of R2 000.00 (including VAT) are required.

(2) The Municipal Manager may delegate the petty cash procurement responsibilities to a manager reporting to the Municipal Manager on the terms and conditions set for delegations in this policy. The Manager may not in turn delegate the responsibility for petty cash purchases to any other official.

(3) Each director/manager appointed in terms of the provisions of section 56 of the MSA must compile and submit a monthly reconciliation report to the Chief Financial Officer, which report must include the total amount of petty cash purchases for that months accompanied by the receipts and appropriate documents for each purchase.

(4) Dividing any purchases into lesser transaction values to circumvent the written price quotation and/or formal written price quotation processes is prohibited.

(5) The total number of petty cash purchases per directorate is limited to 10 (ten) per month.

12.5 Written or verbal quotations

(1) When the Municipality intends to procure by way of written or verbal quotations, goods and/or services which has a transaction value of over R2 000.00 (including VAT) up to and including R30 000.00 (including VAT), written price quotations must be obtained from at least 3 (three) different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Municipality, provided that if quotations are obtained from providers who are not so listed, such providers must meet the listing criteria in terms of the provisions of paragraph12.3 above.

(2) The Municipality must attempt to promote ongoing competition amongst providers of goods and/or services by inviting such providers to submit written or verbal quotations on a rotational basis.

(3) ~~To the extent feasible~~, {providers}[LJ3] must be requested to submit such quotations in writing.

(4) If it is not possible to obtain at least 3 (three)written quotations, the reasons must be recorded and approved by the manager of the SCMU who must, within 3 (three) days before the end of each month, report to the Chief Financial Officer on any such approvals given in this regard.

(5) The Municipal Manager must record the names of the potential providers requested to provide quotations, together with their quoted prices.

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

(7) Dividing required purchases into lesser transaction values to circumvent the written price quotation process is not permissible.

(8) The Municipal Manager must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations is not abused and that full and complete records of all such procurements are kept including the date of the procurement, the goods or services procured, the selected provider, the details and prices of the other providers and any other relevant information.

(9) The Municipal Manager and the Chief Financial Officer must, monthly, be notified in writing of all written or verbal price quotations accepted by an official acting in terms of a sub-delegation.

(10) Notwithstanding the provisions of this paragraph, if formal written price quotations have been invited on the official website of the Municipality, or in writing to more than 3 potential suppliers, no additional quotes need be obtained where the number of responses thereto are less than 3 (three).

(11) The Municipal Manager must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations are not abused.

(12) The Municipal Manager and the Chief Financial Officer must, monthly, be notified in writing of all quotations accepted by an official acting in terms of a sub-delegation.

12.6 Formal written price quotations

(1) Requests to submit formal written price quotations which are likely to be more than R30 000.00 (including VAT) but not exceed R200 000.00 (including VAT), must be advertised for at least 7 (seven) days on the official website of the Municipality as well as the official notice board of the Municipality**.**

(2) Quotation documents must be available for download from the Municipality website.

(3) The submissions must be submitted at the tender box of the Municipality no later than the stipulated date and time contained in the advert.

(4) The submissions must be recorded to indicate the name, BBBEE level and where possible the bidding price of the potential suppliers.

(5) The 80/20 preference point system for acquisition of goods and services shall be used to evaluate submissions of formal written quotation received through the seven - day quotation process.

(6) The formal written quotation must be awarded to the highest scoring bidder in terms of the PPPFA and its regulations.

(7) No formal quotation shall be awarded to any bidder owing rates and taxes more than 90 {days}[LJ4].

(8) The power of final award may be sub-delegated to the Head: Supply Chain Management Unit.

(9) The sub-delegated authority must at the end of each month submit a report to the Chief Financial Officer regarding awards made through the seven-day formal written quotation process, which report must include the full name of the supplier, total amount of the award, BBBEE level and whether the supplier is within the juristiction of the Rustenburg Local Municipality.

(10) No requirement for goods or services above an estimated transaction value of R30 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 seven (7) day quotation.

12.7 Competitive bids and process for competitive bids

(1) Competitive bids must be called for any procurement of goods and/or services above a transaction value of R200 000.00 (including VAT), and/or for any long-term contracts.

(a) the 80/20 preference point system for acquisition of services, works or goods up to a rand value of R50 million must be used to calculate the points for price in respect of tenders with a rand value equal to or above R200 000 up to a rand value of R50 000 000 (all inclusive).

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Evaluation of tenders on functionality – If tenders will be evaluated on functionality it must be clearly specified in the tender invitation. The evaluation criteria must be objective, and the following must be clearly specified:

(a) the evaluation criteria for measuring functionality;

(b) weight of each criterion;

(c) applicable values; and

(d) minimum qualifying score for functionality.

(3) All bid documents must indicate:
- (i) the price validity of the bid in terms of days,
- (ii) the general conditions of contract;
- (iii) any Treasury guidelines on bid documentation; and
- (iv) the requirements of the Construction industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (v) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (vi) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(4) If the value of the transaction is expected to exceed **R10** million (VAT included), require bidders to declare:
- if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements -
  - (aa) for the past three years; or
  - (bb) since their establishment if established during the past three years;
- a certificate signed by the[LJ5] 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 than **30** days;
- circulars of any contracts awarded to the bidder by any organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- 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;

13 PUBLIC INVITATION FOR COMPETITIVE BIDS

(1) Invitations for competitive bidding must be done through the E-tender website, website of the Municipality and the notice board. The information a public advertisement must contain, which must 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 of a long-term nature, or 14 days in any other case and 21 days for construction projects from the date on which the advertisement is placed and;

(ii) bids may only be submitted on the bid documentation provided by the municipality.

(2) the accounting officer can 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 to the municipality must be sealed.

12.8 Cancellation and re-invitation of tenders:

(a) in the event that the application of the 80/20 preference point systems, all tenders received exceed the rand value of R 50 000 000, the tender invitation must be cancelled.

(b) If one or more of the acceptable tenders received are within the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 80/20 preference point system.

(c) In the event that, in the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal to, or below R50 000 000, the tender must be cancelled.

(d) If one or more of the acceptable tenders received are above the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 90/10 preference point system.

(e) An organ of state which has cancelled a tender invitation as contemplated in sub-regulations (1)(a) and (2)(a) must re-invite tenders and must, in the tender documents, stipulate the correct preference point system to be applied.

(f) An organ of state may, prior to the award of a tender, cancel a tender if-

- due to changed circumstances, there is no longer a need for the services, works or goods requested; or
- funds are no longer available to cover the total envisaged expenditure; or
- no acceptable tenders are received.

- The decision to cancel a tender in terms of sub-regulation (4) must be published in the Government Tender Bulletin or the media in which the original tender invitation was advertised.

No requirement for goods and/or services above an estimated transaction value of R200000.00 (VAT included), may be deliberately divided into parts or items of lesser value merely for the sake of circumventing the competitive bidding process and/or procuring such goods and/or services otherwise than through a competitive bidding process.

(4) Goods and/or services to be procured which consist of various parts or items must, in as far as possible, be treated, dealt with and be calculated as a single Procedures for competitive bidding

The accounting officer must establish procedures for a competitive bidding process for each of the following stages:

(a) the compilation of bidding documentation;
(b) the public invitation of bids;

(c) site meetings or briefing sessions, if applicable;

(d) the handling of bids submitted in response to public invitation;

(e) the evaluation of bids;

(f) the award of contracts;

(g) the administration of contracts; and

(h) proper record keeping.

transaction.

12.7.1 Bid documentation for competitive bids

(1) In addition to the contents of paragraph12.2 of this policy, the compilation of bid documentation by the Municipality must:

(a) consider and contain, where applicable:

(i) the General Conditions of Contract of National Treasury (July 2010, or as amended from time to time);

(ii) any treasury guidelines on bid documentation;

(iii) the requirements of the CIDB, including the general conditions of contract, in the case of a bid relating to construction works, upgrading or refurbishment of buildings or infrastructure;

(iv) supply chain management guidelines of National Treasury or the Provincial Treasury in respect of goods and/or services;

(v) the General Conditions & Procedures of the State Tender Board;[LJ6]

(vi) the general conditions of contract, in as far as applicable; and

in as far as the contents of the above referred to documents are in accordance and amplification of this policy, but in the event of any conflict between the contents of these documents and this policy, the provisions of this policy will prevail.

(b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation, and in instances where functionality forms part of such criteria ensure that the bid documentation complies with the conditions set pertaining to functionality as set out in the PPR and National Treasury's SCM Circular 53;

(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 (including VAT), require bidders to furnish:

(i) their audited annual financial statements, if the bidder is required by law to prepare annual financial statements for auditing:

(aa) for the past 3(three) years; or

(bb) since their establishment, if the bidder was established during the past 3 (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 (thirty) days;

(iii) particulars of any contracts awarded to the bidder by the Municipality during the past 5 (five) years, including particulars of any material non-compliance or dispute concerning the execution of such contract; and

(iv) a statement indicating whether any portion of the goods and/or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the Municipality is expected to be transferred out of the Republic;

(e) stipulate that disputes, objections, complaints and quires must be dealt with as prescribed in terms of this policy and the SCMR;

(f) a clear indication of the terms and conditions of contract, specifications, criteria for evaluation and adjudication procedures to be followed where applicable, and include where, in exceptional circumstances, site inspections are compulsory;

(g) an appropriate contract and/or delivery period specification for all contracts;

(h) the requirements of the preferential procurement paragraph of this policy (Chapter 5) and be clearly set out in the bid documentation.

(2) Bid documentation and evaluation criteria may not be aimed at hampering competition, but rather to ensure fair, equitable, transparent, competitive and cost-effective bidding, as well as the protection or advancement of persons, or categories of persons, as embodied in the preferential procurement paragraph of this policy.

(3) Bid documentation must compel a bidder to furnish the following:

(a) full name/s;

(b) identification number, company or other registration number;

(c) tax reference number;

(d) VAT registration number, if any;

(e) an original tax clearance certificate from SARS stating that the bidder's tax matters are in order and CSD reference numbers;

(f) proof that the bidder's account and that of any member or director of the bidder for municipal rates and taxes and municipal service charges are not in arrears, or where the bidder does not have such an account, the person(s) managing or in control of the bidder; and

(g) disclosure as to whether:

(i) the bidder is listed on any government database of persons prohibited from doing business with the public sector; or

(ii) has failed to perform satisfactorily on a previous contract with the Municipality or any other municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(iii) the bidder or any of its members or directors has committed a corrupt or fraudulent act in competing for the contract;

(iv) the bidder or any of its members or directors:

(aa) has abused the Supply Chain Management System of the Municipality or has committed any improper conduct in relation to such system;

(bb) has been convicted or fraud or corruption during the past five years;

(cc) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public-sector contract during the past 5 years; or

(dd) has been listed in the Register for Tender Defaulters in terms of S29 of the Prevention and Combating or Corrupt Activities Act, Act 12 of 2004.

(4) A provision for the termination/cancellation of the contract in the case of no or under-performance must be included in the bid documentation.

(5) Unless otherwise indicated in the bid documents, the Municipality will not be liable for any expenses incurred in the preparation and/or submission of a bid.

(6) Bid documentation must state that the Municipality is not be obliged to accept the lowest bid, any alternative bid or any bid.

(7) Bid documentation must compel bidders to declare any conflict/s of interest they may have in the transaction for which the bid is submitted.

(8) The bid documentation must require bidders to disclose:

(a) whether he or she is in the service of the state, or has been in the service of the state within the previous 12 (twelve) months;

(b) if the bidder is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months; or

(c) whether a spouse, child or parent of the bidder or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (8)(b) above, is or has been in the service of the state within the previous 12 (twelve) months.

(9) Bid documentation for consultant services must require bidders to furnish to the Municipality of all consultancy services, and any similar services (to the services being bid for) provided to the Municipality in the last 5 (five) years.

(10) Bid documentation for consultant services must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, item, system or process designed or devised by a consultant in terms of an appointment by the Municipality, shall vest in the Municipality.

(11) Bid documentation may state that alternative bids can be submitted provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted.

(12) Where provided for in the bid documentation, an alternative bid must be submitted on a separate complete set of bid documents and must clearly be marked “Alternative Bid”, to distinguish it from the unqualified bid.

(13) Bid documentation must state that the Municipality will not be bound to consider alternative bids.

(14) Bid documentation must provide the validity period of the bid. The validity of the bid can only be extended once and must be extended before they expire as stated on the bid document.

(15) Unless the Municipal Manager directs otherwise, bids are invited within the Republic only.

(16) The laws of the Republic will apply and govern contracts of the Municipality arising from the acceptance of bids.

(17) Bid documentation must also state that:

(a) the Municipality may award the bid to the bidder who has not scored the highest points if objective criteria, in addition to the criteria set out in section 2(1)(d) and section 2(1)(f) of the PPPFA, justify the award of the bid to another bidder; and

(b) where a bid appears to be unrealistic and the Municipal Manager has satisfied himself or herself on enquiry with the bidder that the bid cannot be completed on the terms or for the price so bid, that such bid may be excluded.

12.7.2 Public invitation for competitive bids

(1) The accounting officer must determine the procedure for the invitation of competitive bids, which must stipulate that:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(2) The notice of invitation must contain the following advertisement information:

(a) the closure date and time for the submission of bids, which may not be less than 30 (thirty) days in the case of transactions over R10 million (including VAT), or which are of a long-term nature, 21 days for construction and 14 (fourteen) days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraph (3) below;

(b) a statement that bids may only be submitted on the bid documentation provided by the Municipality;

(c) the title of the proposed contract and the bid or contract reference number;

(d) such particulars of the proposed contract as the Municipality deems fit;

(e) the date, time and location of any site inspection, if applicable;

(f) the place where the bid documentation is available for collection and the times between which bid documentation may be collected;

(g) the place where bids must be submitted;

(h) the required CIDB contractor grading for construction works, if applicable; and

(i) the validity period of the bid.

(k) the evaluation criteria to used.

(3) The Municipal Manager may determine a closure date for the submission of bids which is less than the 30 (thirty), 21 days for construction or 14 (fourteen) days requirement provided in sub-paragraph (2) above, but only if such shorter period can be justified on the grounds of an emergency, urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(4) The bid notice may require payment of a non-refundable tender fee by bidders wanting to collect bid documents, which tender fee will be determined by the Chief Financial Officer in terms of paragraph8.4 above.

(5) Bid documentation will be available for collection until the closing date and time of bids.

(6) Bids submitted to the Municipality must be sealed.

(7) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

12.7.3 Issuing of bid documents[LJ7]

(1) Bid documents and any subsequent notices may only be issued by officials authorised and designated by the Chief Financial Officer

(2) Details of all prospective bidders who have been issued with bid documents must be recorded by the issuing office but shall remain **confidential** for the duration of the bid period.

(3) Details of prospective bidders must, wherever possible, include the full name of the person drawing documents, a contact person, a contact telephone and fax number and a postal and email address.

12.7.4 Site inspections

(1) In general, and where applicable, site inspections will not be compulsory unless otherwise stated in the bid documents.

(2) If site inspections are compulsory and to be held, this fact, as well as full details of the site inspection must be included in the bid notice.

(3) Where site inspections are made compulsory, the date for the site inspection must be at least 14 (fourteen) days after the bid has been advertised, and a certificate of attendance signed by the responsible agent must be submitted with the bid.

(4) If at a site meeting, any additional information is provided, or clarification of vague points is given, such additional information or clarification must be conveyed to all bidders in accordance with sub-paragraph12.7.12 below of this policy.

12.7.5. Pre-qualification criteria for preferential procurement

If the Municipality decides to apply pre-qualifying criteria to advance certain designated groups, it must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-

(a) a tenderer having a stipulated minimum B-BBEE status level of contributor; (b) an EME or QSE;

(c) a tenderer subcontracting a minimum of 30% to-

(i) an EME or QSE which is at least 51% owned by black people;

(ii) an EME or QSE which is at least 51% owned by black people who are youth; (iii) an EME or QSE which is at least 51% owned by black people who are women;

(iv) an EME or QSE which is at least 51% owned by black people with disabilities;

(v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;

(vi) a cooperative which is at least 51% owned by black people;

(vii) an EME or QSE which is at least 51% owned by black people who are military veterans;

(viii) an EME or QSE.

(2) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

12.7.6. Two-stage (prequalification) bidding process

(1) This process may be applied to bids for:

(a) large complex projects of a specialist or long-term nature; or

(b) where there are legislative, speciality design, technological and/or safety reasons to restrict bidding to firms who have proven their capability and qualification to meet the specific requirements of the bid;

(c) projects where it may be undesirable to prepare complete detailed technical specifications; or

(d) long term projects with a duration exceeding 3 (three) years.

(2) In the first stage of a bid (prequalification) bidding process, bidders are, invited to firstly prequalify in terms of predetermined criteria, without being required to submit detailed technical proposals and/or a financial offer. In the first stage bidders may be invited to submit technical proposals on conceptual design or performance specifications or other matters.

(3) In the second stage, all bidders that qualify in terms of the predetermined criteria will be shortlisted and invited to submit final technical proposals and priced bids.

(4) The notice inviting bidders to pre-qualify must comply with the provisions for the public invitation of competitive bids as

(5) Once bidders have pre-qualified for a project, they must be given no less than 7 (seven) days to submit a final technical proposal and/or a financial offer.

12.7.7 PREPARATION OF THE TERMS OF REFERENCE (TOR'S)

Rustenburg Local Municipality should prepare the TOR. The scope of the services described should be compatible with the available budget. The TOR should define clearly the task directive (methodology), objectives, goals and scope of the assignment and provide background information, including a list of existing relevant studies and basic data, to facilitate the consultants' preparation of their bids.

(1) Time frames linked to various tasks should be specified, as well as the frequency of monitoring actions. The respective responsibilities of Rustenburg Local Municipality and the consultant should be clearly defined.

(2) The evaluation criteria, their respective weights, the minimum qualifying score for functionality and the values that will be applied for evaluation should be clearly indicated. The evaluation criteria should include at least the following:

(a) Consultant's experience relevant to assignment.

(b) The quality of the methodology.

(c) The qualifications of key personnel; and

(d) The transfer of knowledge (where applicable).

(3) In more complicated projects, provision may also be made for pre-bid briefing sessions or presentations by bidders as part of the evaluation process.

(4) A clear indication should be given of which preference point system in terms of the PPPFA and its associated Regulations will be applicable as well as the goals to be achieved and the points allocated for these goals.

(5) Detailed information on the evaluation process should be provided by firstly indicating the ratio of percentage between functionality and price. The percentage for price should be determined taking into account the complexity of the assignment and the relative importance of functionality. The percentage for price should normally be determined and approved by the Accounting Officer or the delegate prior to finalising the TOR.

(6) If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, etc., to enable consultants to estimate the required resources. The TOR should list the services and surveys necessary to carry out the assignment and the expected outputs (for example reports, data, maps, surveys, etc), where applicable.

(7) Evaluation criteria could be divided into sub-criteria.

(8) Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate should be based on the Accounting Officer or delegate assessment of the resources needed to carry out the assignment such as staff time, logistical support and physical inputs (i.e. vehicles, laboratory equipment, etc). The cost of staff time should be estimated on a realistic basis for foreign and local personnel.

(9) The TOR should specify the validity period (normally 60 – 90 days).

(10) The TOR should form part of the standard bid documentation. At this stage the evaluation panel, consisting of at least three members who are demographically representative in terms of race, gender and expertise, should also be selected and finalised.

12.7.8 DRAFTING OF THE TERMS OF REFERENCE

(1) A consultant shall execute his/her tasks according to the TOR.

(2) The TOR shall clearly define the task directive (methodology), objectives, goals and scope of the assignment and provide background information to facilitate the consultants' preparation of their bids. It shall include at least the following:

(a) timeframes linked to various tasks.

(b) nature and frequency of monitoring actions.

(c) respective responsibilities of Rustenburg Local Municipality and consultant.

(d) evaluation criteria, their respective weights, minimum qualifying score for functionality, among others:

(i) consultant's experience.

(ii) quality of the methodology.

(iii) qualification of key personnel.

(iv) transfer of knowledge (where applicable).

(v) pre-bid briefing sessions or presentations by bidders, if necessary.

(vi) the relevant PPPFA preference point system to be used.

(vii) PPPFA goals to be attained through the contract as well as points allocated for these goals.

(viii) the ratio between price and functionality.

(ix) consultants may be requested to submit their prices and proposals in two separate envelopes (two-envelope system).

12.7.9 Validity periods

(1) The period for which bids are to remain valid and binding must be indicated in the bid documents. If no bidder has been appointed during the validity period, or the extended validity period as referred to below, the bid will lapse.

(2) The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

(3) This period of validity may be extended by the chairperson of the bid evaluation committee, provided that:

(a) the original validity period of the bid has not already expired;

(b) all the bidders who have submitted bids have been requested to consent to the extension of the validity period and to confirm that their prices and terms will remain as initially stated until expiry of the extended validity period;

(c) all the bidders who have submitted bids have agreed in writing to the extension of the validity period of the bid and to their price and terms remaining valid for the extended period; and

(d) the validity period of a bid may only be extended once.

(4) If bidders are requested to extend the validity period of their bids as referred to in sub-paragraph (3) because of an objection or complaint being lodged:

(a) it must be made clear to bidders that this is the reason for the request for the extension of the validity period; and

(b) the responsible official must ensure that all bidders are requested to extend the validity period and terms of their bids where necessary to ensure that the bids remain valid throughout the objection or complaint period or until the objection or complaint is finalised.

12.7.10 Contract price adjustment

(1) For all contract periods equal to or exceeding 1 (one) year, an appropriate contract price adjustment formula must be specified in the bid documents.

(2) In general, if contract periods do not exceed 1 (one) year, the bid shall be a fixed price bid and not subject to contract price adjustment.

(3) If, however, because of any extension of time granted or extension of the bid validity period, the duration of a fixed price contract exceeds 1 (one) year, the contract will automatically be subject to contract price adjustment for that period by which the extended contract period exceeds such 1 (one) year.

12.7.11 Provisional sums and prime cost items

(1) If monetary allowances more than R200 000.00 for provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by subcontractors/suppliers, then a competitive bidding process shall be followed in respect of these sums/items.

(2) When monetary allowances of less than R200 000.00for provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, the contractor must be required to obtain a minimum of 3 (three) written quotations for approval by the responsible agent.

12.7.12 Samples

(1) Where samples are called for in the bid documents, samples marked with the bid and item number as well as the bidder's name and address must be delivered separate from the bid to the addressee mentioned in the bid documents.

(2) Bids may not be included in parcels containing samples.

(3) If samples are not submitted as required in the bid documents or within any further time stipulated by the chairperson of the bid evaluation committee inwriting, then the bid concerned may be declared non-responsive.

(4) Samples must be supplied by a bidder at his/her own expense and risk.

(5) The Municipality will not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and reserves the right not to return such samples and to dispose of them at its own discretion.

(6) If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample.

(7) All goods/materials supplied shall comply in all respects to that contract sample.

12.7.13 Closing of Bids

(1) Bids shall close on the date and at the time stipulated in the bid notice inviting the bids.

(2) Save in instances as contemplated in paragraph 12.7.2(3) above, the bid closing date may not be less than the periods as prescribed in terms of paragraph 12.7.2(2)(a) above.

(3) For banking services, the bid closing date must be at least 60 (sixty) days after publication of the notice.

(4) No Clause.

(5) The bid closing date may be extended prior to the original bid closing date by the manager of the SCMU, if circumstances justify such an extension, provided that the closing date may not be extended unless a notice is published in the press where the bid was originally advertised, which notice must also be posted on the official notice boards designated by the Municipal Manager.

(6) The Municipal Manager may determine a closing date for the submission of bids which is less than any of the periods specified in this paragraph, but only if such shorter period can be justified on the grounds of an emergency, urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

12.7.14 Communication with bidders before bid closing

(1) The manager of the SCMU may, if necessary, communicate with prospective bidders and/or bidders prior to bids closing.

(2) Such communication shall be in the form of a notice issued to all prospective bidders and/or bidders who have already submitted bids or indicated the

intention to do so by the manager of the SCMU by either e-mail, facsimile, or registered post, as may be appropriate.

(3) A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes.

(4) Notices should be issued at least one week prior to the bid closing date, where possible.

(5) Notwithstanding a request for acknowledgement of receipt of any notice issued, the prospective bidders and/or bidders who have already submitted bids or indicated the intention to do so will be deemed to have received such notice if the procedures in sub-paragraphs (2), (3) and (4) above, have been complied with.

12.7.15 Submission of bids

(1) Bids must be submitted before the closing date and time, at the address and in accordance with the directives in the bid documents.

(2) Each bid must be in legible writing using non-erasable black ink and must be submitted on the official form of bid/offer issued with the bid documents.

(3) The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope.

(4) The envelope may not contain documents relating to any bid other than that shown on the envelope.

(5) Only sealed bids will be accepted.

(6) The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.

(7) Postal bids will not be accepted for consideration.

(8) No bids forwarded by telegram, facsimile or similar apparatus may be considered.

(9) Photostat copies of bids or facsimiles which are submitted in the prescribed manner will, however, be considered, provided the original forms of bid/offer can be shown to have been posted or couriered prior to the close of bids.

(10) Electronic bids will not be accepted.

(11) The bidder shall choose a *domicilium citandi et executandi* within the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.

(12) No person may amend or tamper with any bids or quotations after their submission.

12.7.16 Late bids

(1) A bid is late if it is not placed in the relevant bid box by the closing time for such bid.

(2) A late bid will not be admitted for consideration and where feasible, but without any obligation to do so whatsoever, will be returned unopened to the bidder with the reason for the return thereof endorsed on the envelope.

12.7.17 Opening of bids

(1) At the specified closing time on the closing date, the applicable bid box must be closed in public.

(2) The bid box must be opened in public as soon as practical after the closing time.

(3) Immediately after the opening of the bid box, all bids must be opened in public and at the same time checked for physical and outward compliance as to whether the bid was contained in a sealed envelope.

(4) The official opening the bids must in all cases read out the name of the bidder and, where practical, the amount of the bid.

(5) As soon as a bid or technical proposal has been opened the Municipal Manager must ensure that:

(a) all bids received in time must be recorded in the bid opening record;

(b) the bid/proposal must be stamped with the official stamps, and endorsed with the opening official's signature;

(c) the name of the bidder, and where possible, the bid sum must be recorded in the bid opening record kept for that purpose;

(d) the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record;

(e) the bid opening record must be made public for inspection; and

(f) the entries in the bid opening record must be published on the website of the Municipality.

(6) There shall be no obligation on the Municipality to re-direct bids found to have been inadvertently placed in the incorrect bid box. Bids shall not be re-directed unless the applicable bids either closed on the same day at the same time or are still open. The Municipality disclaims any responsibility for seeing that the bids are in fact lodged in the correct bid box.

(7) A record of all bids placed in an incorrect box must be kept and such record must contain details of the official who discovered the bid in the incorrect bid box.

(8) Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained where possible. In this regard:

(a) a bid which was in the correct bid box will be read out;

(b) a bid which is found to be in the incorrect bid box, may be redirected provided that the applicable bids either closed on the same day at the same time, or are still open; and

(c) where the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box.

(d) where the bid number or title cannot be ascertained from an examination of the bid documents, the bid may be declared invalid.

(9) The Municipality however disclaims any responsibility for seeing that the bid is in fact lodged in the correct box.

12.7.18 Invalid bids

(1) Bids will be invalid and be endorsed and recorded as such in the bid opening record by the responsible official appointed by the manager of the SCMU to open the bid, in the following instances:

(a) where the bid is not sealed;

(b) where the bid, including the bid price/tendered amount, where applicable is not submitted on the official form of bid/offer;

(c) where the bid is not completed in non-erasable ink;

(d) where the form of bid/offer has not been signed;

(e) where the form of bid/offer is signed, but the name of the bidder is not stated, or is indecipherable;

(f) where the bid envelope does not contain the title of the bid and bid number, and these cannot be ascertained from an examination of the bid documents.

(2) When bids are declared invalid at the bid opening, the bid sum of such bids may not be read out, however, the name of the bidder and the reason for the bid having been declared invalid must be announced and recorded in the bid opening record.

12.7.19 Bid sum

(1) A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words must be read out at the bid opening and this will be the price upon which the bid is evaluated.

(2) All rates, apart from rates set out in rate only bids, and proprietary information are confidential and may not be disclosed.

12.8. Committee system for competitive bids

(1) The committee system of the Municipality for competitive bids provides for:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee.

(2) The Municipal Manager of the Municipality:

(a) must appoint the members of each committee and, in doing so, must consider section 117 of the MFMA;

(b) may, when appropriate, appoint a neutral or independent observer to ensure fairness and transparency in the application of this acquisition management system; and

(c) may apply the committee system to formal written price quotations.

12.9 Bid specifications

(1) The bid specification committee must compile the specifications for each procurement of goods and/or services by Municipality.

(2) The specifications:

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods and/or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, South African Bureau of Standards or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

(e) may not refer to any trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”;

(f) must indicate each specific goal for which points may be awarded;

(g) must reserve the Municipality’s right to reject any bid which is unrealistic or which if accepted may expose the Municipality to unacceptable risk provided that the Municipality has first, after consultation with the bidder, satisfied itself that the bid is indeed unrealistic and would expose the Municipality to unacceptable risk if accepted;

(h) must wherever professional services or construction or specialist services are procured, provide for a suitable mechanism to verify the expertise and ability of the bidder to undertake to execute the bid at an appropriate standard. This may include providing for pre-qualification criteria, previous track record or any other appropriate method; and

(i) must be approved by the Municipal Manager prior to publication of the invitation for bids;

(j) may stipulate that goods or services equating up to 25% of the value of the bid price/tendered amount must be subcontracted to a local business, or to a local business which is listed on the Municipality's list of approved local SMME businesses.

(3) Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient and if the bid specifications also contain extracts from such standard documents, then unless the specifications expressly provide otherwise, the entire document referred to shall be incompetent and the reference to extracts therefrom in the specifications shall not exclude those terms not expressly quoted.

12.10 Bid specification committee

(1) All bid specifications and bid documentation must be compiled by the bid specification committee of the Municipality. An ad hoc bid specification committee may be constituted for a projector procurement activity.

(2) The bid specification committee shall be comprised of at least 3 (three) officials of the Municipality, an appointed chairperson, a responsible official and at least 1 (one) supply chain management practitioner of the Municipality.

(3) Where appropriate a representative of internal audit department/division and/or legal services department/division and/or an external specialist advisor may form part of this committee provided that no person, advisor or competent

entity involved with the bid specification committee, or director of such corporate entity, may bid for any resulting contracts.

(4) Green procurement must be incorporated as far as reasonable possible, for all specifications of goods and/or services.

(5) In the development of bid specifications, innovative mechanisms should be explored to render the service or product more resource and energy efficient.

(6) The Municipal Manager, or his delegated authority, must adhere to the provisions of section 117 of the MFMA when appointing the members of the bid specification committees.

(7) Bid specification committee meetings must be conducted in accordance with the applicable Rules of Order/Standing Rules regulating the conduct of meetings of the Municipality and must be fully recorded.

12.11 Bid evaluation

(1) The Municipality shall not be obliged to accept any bid.

(2) The Municipality shall have the right to accept the whole or part of a bid or any item or part of an item of a bid or to accept more than one bid for goods and services.

(3) The bid evaluation committee must:

(a) evaluate bids in accordance with:

(i) the specifications which were set for the bid; and

(ii) the points system as prescribed by the PPPFA, and if functionality forms a part of the evaluation criteria of the bid, then compliance with the applicable provisions of the PPR and National Treasury's Circular 53 pertaining to functionality must be ensured;

(b) evaluate each bidder's ability to execute the contract;

(c) check for responsiveness and compliance with the prescribed formalities and requirements as set out in the bid documentation i.e. whether municipal rates and taxes and municipal service charges are not in arrears and tax matters in order; and

(d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

12.12 Bid evaluation committee

(1) The bid evaluation committee must as far as possible be composed of:

(a) officials from departments requiring the goods and/or services; and

(b) at least one supply chain management practitioner of the Municipality.

(2) The responsible agent, if applicable, must carry out a preliminary evaluation of all valid bids received and submit a draft bid evaluation report to the bid evaluation committee for consideration. The bid evaluation committee may engage independent external experts to provide reports or guidance to assist the bid evaluation committee in their evaluations provided that only the bid evaluation committee may exercise discretion and make any decisions and provided further that no such external person, advisor or entity involved with the bid evaluation committee, or director or member of such corporate entity, may bid for any resulting contracts.

(3) Any evaluation of a bid must consider the bids received and note for inclusion in the evaluation report all details of a bidder:

(a) whose bid was endorsed as being invalid by the responsible official at the bid opening;

(b) whose bid does not comply with the provisions of the Prevention and Combating or Corrupt Activities Act;

(c) whose bid does not comply with the general conditions applicable to bids and quotations of this policy;

(d) whose bid is not in compliance with the specifications for the bid or does not meet the pre-qualification criteria or who is otherwise excluded by the bid specifications or conditions;

(e) whose bid does meet the minimum points for functionality, if applicable;

(f) whose bid is not in compliance with the terms and conditions of the bid documentation;

(g) whose bid does not comply with any minimum points and goals stipulated in terms of the preferential procurement paragraph of this policy and the PPPFA;

(h) who is not registered and listed on the list of accredited providers of the Municipality;

(i) who, in the case of construction works acquisitions, does not comply with the requirements of the CIDBA regarding registration of contractors;

(j) who has failed to submit an original and valid tax clearance certificate from SARS, certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS.

(4) Bids shall be evaluated according to the following, as applicable:

(a) functionality;

(b) bid price and specific goals as per the applicable provisions of the PPPFA (corrected, if applicable and brought to a comparative level where necessary);

(c) the unit rates and prices;

(d) the bidder's ability to execute the contract;

(e) any qualifications to the bid;

(f) the bid ranking obtained in respect of preferential procurement as required by this policy;

(g) the financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable; and

(h) any other criteria specified in the bid documents.

(5) No bidder may be recommended for an award unless the bidder has demonstrated that it has the resources and skills required to fulfil its obligations in terms of the bid document and at the bid price.

(6) Additional information or clarification of bids may be called for if required but only in writing and as stipulated in terms of this policy.

(7) Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted and the alternate is clearly marked as such.

(8) Where a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report for decision by the bid adjudication committee.

(9) The bidder obtaining the highest number of points must be recommended for acceptance unless there are objective criteria in addition to the criteria mentioned in section 2(1)(d) and section 2(1)(e) of the PPPFA justifying the award of the bid to another bidder.

(10) Where, after bids have been brought to a comparative level, 2 (two) or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points.

(11) Where 2 (two) or more bids are equal in all respects, the bid evaluation committee will draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.

(12) All disclosures of a conflict of interest must be considered by the bid evaluation committee and shall be reported to the bid adjudication committee.

(13) The bid evaluation committee must, having considered the responsible agent's draft report (if any), submit a report, including recommendations regarding the award of the bid or any other related matter, to the bid adjudication committee for award.

(14) A bid evaluation committee can either be constituted on an ad hoc basis for each project or procurement activity or be appointed by the Municipal Manager for a financial year, to evaluate bids received.

(15) The bid evaluation committee shall be comprised of at least 3 (three) officials of the Municipality, an appointed chairperson, who may be the same person as the chairperson of the bid specification committee, a responsible official and at least one supply chain management practitioner of the Municipality.

(16) Where appropriate, a representative of internal audit department/division and/or legal services department/division may form part of this committee, which may also include other internal specialists/experts as necessary.

(17) External specialists/experts may advise the bid evaluation committee, as required.

(18) The Municipal Manager, or his delegated authority, must, considering section 117 of the MFMA, appoint the members of the bid evaluation committees.

(19) Bid evaluation committee meetings must be conducted in accordance with the applicable Rules of Order/Standing Orders regulating the conduct of meetings of the Municipality.

12.13 Bid adjudication

(1) The 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 make a recommendation to the Municipal Manager regarding the making of a final award; or

(ii) make another recommendation to the Municipal Manager on how to proceed with the relevant procurement.

(2) Where it holds the delegated power to do so in terms of the Municipality's system of delegations, the bid adjudication committee may make an award to a preferred bidder, subject to the Municipal Manager negotiating with the preferred bidder, provided that such negotiation is in accordance with the conditions set out in sub-paragraph (3) below, which apply *mutatis mutandis*.

(3) The Municipal Manager may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, provided that such negotiation:

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder;

(c) does not lead to a higher price than the bid as submitted; and

(d) minutes of such negotiations must be kept for record purposes; and overall

(e) does not materially affect the bid in a manner which compromises the integrity of the bidding process.

(4) If a bid other than the one recommended in the normal course of implementing this policy is approved, then the Municipal Manager must, within 10 (ten) working days and in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation.

(5) The Municipal Manager may, at any stage of a bidding process, refer any recommendation made by the bid evaluation committee or bid adjudication committee back to that committee for reconsideration of the recommendation.

(6) A person aggrieved by a decision or action taken in the execution of this policy may lodge within 14 (fourteen) days of such a decision or action a written objection or compliant to the Municipality against the decision or action as set out in paragraph 20.3below of this policy.

(7) Bid documents must state that any objection or complaint in terms of this policy must be submitted in writing to the Municipal Manager at the address stated, and must contain the following:

(a) reasons and/or grounds for the objection or complaint;

(b) the way in which the objector or complainant's rights have been affected; and

(c) the remedy sought by the objector or complainant.

(8) No bid may be formally accepted until either the expiry of the 14 (fourteen)day objection or complaint period, confirmation in writing before the expiry of the 14 (fourteen)day objection or complaint period that none of the affected parties intend to object or complain or confirmation of the satisfactory resolution of any objection or complaint.

(9) If the bid adjudication committee or the Municipal Manager has resolved that a bid be accepted, the successful bidder must be notified in writing of this decision.

(10) The successful bidder must, in addition, be advised of the 14 (fourteen) day objection or complaint period and be notified that no rights accrue to him/her until the bid is formally accepted in writing.

(11) Every notification of decision must be faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification which must be kept for record purposes.

(12) Where it becomes necessary to cancel or re-advertise formal bids, a report to this effect must be submitted to the bid adjudication committee for decision.

(13) Where bids have been cancelled, all bidders must be notified of such cancellation in writing.

(14) It is not necessary to notify original bidders when new bids are invited and advertised.

(15) No bid may be re-advertised before the expiry of the validity period of the original bid or any extended validity period.

(16) Notwithstanding sub-paragraph (14) above and where no valid bids are received, or all bidders have indicated in writing that they have no objection to the re-advertisement of the bid, then the bid may forthwith be re-advertised.

(17) In the case of bids for construction works, and where the bid adjudication committee resolved that there were no responsive bids received, then the bid may forthwith be re-advertised.

(18) Bids which were recommended for re-advertisement by the Bid Adjudication Committee must be advertised for at least fourteen days.

12.14 Bid adjudication committee

(1) The bid adjudication committee must consist of at least 4 (four) senior managers of the Municipality which must include:

(a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer;

(b) at least one senior supply chain management practitioner who is an official of the Municipality; and

(c) a technical expert in the relevant field who is an official of the Municipality, if the Municipality has such an expert.

(2) The Municipal Manager must appoint the chairperson of the committee. When 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.

(3) 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.

(4) Where the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid:

(a) ensure that the preferred bid is in all respects responsive and compliant and verify that the preferred bidder's municipal rates and taxes and municipal service charges are not in arrears;

(b) notify the Municipal Manager, who may:

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee; and

(ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(5) The Municipal Manager may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(6) The Municipal Manager must comply with the procedure set out in section 114 of the MFMA within 10 (ten) working days if a bid other than the one recommended in the normal course of implementing this policy is approved.

12.15 Term bids

(1) Term bids are for the supply of goods and/or services that are of an *ad-hoc* or repetitive nature for a predetermined period and where awarded will entitle, but not oblige, the Municipality to purchase the specified goods or services at the bid price from the successful bidder for the duration of the term.

(2) The Municipality may invite term bids.

(3) The general acquisition procedure for term bids must comply with procedures contained in the acquisition management system for competitive bids.

(4) Where applicable, bid documentation must state that the acceptance of term bids based on a schedule of rates will not necessarily guarantee the bidder any business with the Municipality.

(5) The practice of using term bids to circumvent the bid process in respect of what should be planned project work is not permissible.

(6) Unless expressly stated in the bid documents, the award of the term bid shall not confer any exclusivity on the successful bidder nor prevent the Municipality from proving the same or similar services elsewhere.

(7) Material for repairs and maintenance can be purchased on a term bid where circumstances warrant it.

(8) Additional items included in a term bid by any bidder, which are clearly not an alternative to any of the items specified in the bid documents, will not be considered.

(9) The process for considering term bids must be in terms of the evaluation and adjudication procedures for conventional competitive bids.

(10) Subsequent to an award where different selections of items are required in terms of the same term bid, and where it is not possible or practical to separate orders for different items from different suppliers, service providers or contractors, then and in that instance, a selection process must be carried out in respect of each application by the responsible agent. Individual orders must be placed based on the highest total evaluation points received, preapplication.

(11) Where the selected supplier, contractor or service provider, in terms of the selection process specified in the term bid documentation, is unable to provide the required goods, services or construction works at the required time and confirms as such in writing, the bidder with the next highest valuation points (re-calculating the bid scores excluding the successful bidder) must be selected.

12.16 Procurement of banking services

(1) A contract for the provision of banking services to the Municipality:

(a) must be procured through competitive bids;

(b) must be consistent with section 7 of the MFMA and regulation 30 of the SCMR; and

(c) may not be for a period of more than 5 (five) years at a time.

(2) The process for procuring a contract for banking services must commence at least 9(nine) months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 (sixty) days from the date on which the advertisement is advertised.

(4) Bids must be restricted to banks registered as such in terms of the Banks Act, Act 94 of 1990.

12.17 Procurement of IT related goods and/or services

(1) The Municipal Manager may request the SITA to assist the Municipality with the acquisition of IT related goods and/or services through a competitive bidding process.

(2) The parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to SITA.

(3) The Municipal Manager must notify SITA together with a motivation of the IT needs of the Municipality where:

(a) the transaction value of IT related goods and/or services required by the Municipality in any financial year will exceed R50 million (including VAT); or

(b) the transaction value of a contract to be procured by the Municipality whether for one or more years exceeds R50 million (including VAT).

(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 of SITA must be submitted to the Council, the Provincial and National Treasury and the Auditor General prior to awarding the bid.

12.18 Procurement of goods and services under contracts secured by other organs of state

(1) The Municipal Manager may procure goods and/or services for the Municipality under a contract secured by another organ of state, but only if:

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the Municipality has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the Municipality to do so; and

(d) that other organ of state and the relevant provider have consented to such procurement in writing.

12.19 Procurement of goods necessitating special safety arrangements

(1) Goods, other than water, which necessitate special safety arrangements, may not be acquired or stored in bulk and more than immediate requirement, including gasses and fuel, unless sound justification therefore exists.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost advantages for the Municipality and the Municipal Manager may then authorise the same, in writing.

12.20 Proudly SA campaign

The accounting officer must determine internal operating procedures supporting the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly –suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic of South Africa

12.21 Appointment of consultants

(1) The Municipal Manager may procure consulting services provided that National Treasury, Provincial Treasury and CIDB guidelines in respect of consulting services are considered when such procurements are made.

(2) A contract for the provision of consultancy services to the Municipality must be procured through competitive bids where:

(a) the value of the contract exceeds R200 000.00 (including VAT); or

(b) the duration period of the contract exceeds 1 (one) year.

(3) In addition to the requirements prescribed for competitive bids in this policy, bidders must furnish the Municipality with particulars of:

(a) all consultancy services provided to the Municipality in the last 5 (five) years; and

(b) any similar consultancy services provided to the Municipality in the last 5 (five) years.

(4) Dividing the transaction values of required consultant appointments into lesser transaction values to circumvent the competitive bidding process is not permitted.

(5) Where the estimated value of consultant fees is less than or equal to R200 000.00 (including VAT) and the duration of the appointment is less than 1 (one) year, the selection of a consultant to provide the required service must follow a written price quotation or a formal written price quotation procedure as provided for in this policy.

(6) Responsible agents must endeavour to ensure that there is rotation in respect of inviting suitably qualified consultants to submit quotes.

(7) A price/preference points system, contained in the preferential procurement paragraph of this policy, must be applied to such quotations.

(8) Where it is in the interests of the Municipality to follow an advertised process, a formal competitive bidding process in accordance with the requirements of this policy may be followed irrespective of the estimated value of the consultant fees.

(9) The Municipality must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant during the consultancy service is vested in the Municipality.

(10) The Municipality may only consider single-source selection where it is in line with the exceptional cases provided in treasury guidelines the justification for

single-source selection is examined in the context of the overall interests of the Municipality and the project.

(11) Single-source selection may be appropriate only if it presents a clear advantage over a competitive process:

(a) for services that represent a natural continuation of previous work carried out by the consultant, and continuity of downstream work is considered essential;

(b) where rapid selection is essential;

(c) for very small appointments;

(d) when only one consultant is qualified or has experience of exceptional worth for the project.

(12) Single source selection may also be justified in instances where the type of consultant services required are of a *sui generis* nature and based on a specific type of relationship of expertise, privilege, confidentiality, the utmost good faith and trust.

(13) The reasons for single-source selection must be fully motivated in a report and approved by the bid adjudication committee prior to conclusion of a contract, provided that if the award is for an amount of R200 000.00 (including VAT) or less, such award must be approved by the manager of the SCMU.

(14) Single source shall be regarded as a deviation in terms of paragraph 12.22 below and must comply therewith.

12.21.1 Appointment of consultants

The municipality may only contract in consultants after a gap analysis has been confirmed that the municipality does not have the requisite skills or resources in its full time employ to perform the assignment in question. Based on a business case, the

appointment of consultants may only be approved by the accounting officer. All request to deviate from the instruction note maybe directed to: The Director-General at National treasury.

- the consultants may only be remunerated at the rates:

(a) Determined in the "Guideline for fees", issued by the South African Institute of Charted Accountants (SAICA);

(b) Set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); OR

(c) Prescribed by the body regulating the profession of the consultant.

(d) A database of consultants shall be in place and be co-ordinated by the Supply Chain Management and Local Economic Development.

(e) An appointed consultant shall be subjected to the 25% sub-contracting of emerging smaller consultant companies from Rustenburg Municipality's database of emerging smaller consultants, within one to three years of existence.

(f) The joint venture relationship in the consultants' environment is explained in the following diagram (SMME development):

(i) in respect of professional consultant support, the following areas must be covered in support of emerging BBBEE consulting companies:

Professional area	**Subcontracting Amount**	**%**	**Joint Venture Amount**	**%**
Architect	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Structural Engineering	R1M to 10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Electrical Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Mechanical Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV

SI	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Civil Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Project Management	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Quantity Surveying	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV

12.21.2 PRIMARY REASONS FOR THE APPOINTMENT OF CONSULTANTS

(1) Consultants are engaged principally for the following reasons:

(a) to provide specialised services for limited periods without any obligation of permanent employment.

(b) to benefit from superior knowledge, transfer of skills and upgrading of a knowledge base while executing an assignment.

(c) to provide independent advice on the most suitable approaches, methodologies and solutions of projects.

12.21.3 MINIMUM REQUIREMENTS WHEN APPOINTING CONSULTANTS

(1) When appointing consultants, it is necessary to strive to satisfy the following minimum requirements:

(a) meeting the highest standards of quality and efficiency.

(b) obtaining advice that is unbiased, that is, being delivered by a consultant acting independently from any affiliation, economic or otherwise, which may cause conflicts between the consultant's interests and those of government.

(2) Ensuring the advice proposed, or assignment executed, meets the ethical principles of the consultancy professions**.**

12.21.4 Measures to address over reliance on consultants are as follows:

a) Assessment of whether expertise required does not reside where in the City

b) Assess the cost effectiveness of make or buy decision to determine whether the objectives of the institution are better achieved through consultants or permanent work

c) Monitor and continually evaluate extend and use of consultant and ensure skills transfer where feasible**.**

12.21.5 APPLICABILITY OF PROCEDURES

(1) The procedures outlined herein apply to all contracts for consulting services. In procuring consulting services, the Accounting Officer or the delegate should satisfy himself/herself that:

(a) the procedures to be used will result in the selection of consultants who have the necessary professional qualifications.

(2) The selected consultant will carry out the assignment in accordance with the agreed schedule.

(3) The scope of the services is consistent with the needs of the project.

12.22 DEVIATION FORM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESS

(1) The Municipal Manager may:

(a) dispense with the official procurement processes established by this policy and to procure any required goods and/or services through any convenient process, which may include direct negotiations, but only:

(i) in an emergency;

(ii) if such goods and/or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) for the acquisition of animals for zoos and nature reserve;

(v) for the acquisition of special works of art or historical objects where specifications are difficult to compile; and

(vi) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The Municipal Manager must record the reasons for any deviations in terms of sub-paragraph (1)(a) and(1)(b) above and report them to the next meeting of the Council and must be included as a note to the annual financial statements. This sub-paragraph does not apply to the procurement of goods and services contemplated in paragraph 3(3) of this policy.

(3) The conditions relating to the procurement of contracts relating to an emergency, as referred to in sub-paragraph (1)(a)(i) above should include the existence of one or more of the following:

(a) the possibility of human injury or death;

(b) the prevalence of human suffering or deprivation of rights;

(c) the possibility of damage to property, or suffering and death of livestock and animals;

(d) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;

(e) the possibility of severe damage occurring to the natural environment;

(f) the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and

(g) the possibility that the security of the state could be compromised.

(4) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, to allow time for the formal procurement process.

(5) Where interim measures to alleviate the immediate situation are appropriate, these should be considered to give time to procure a permanent solution.

(6) Emergency dispensation will not be granted in respect of circumstances other than those contemplated in sub-paragraph (3) above.

(7) Where possible, in an emergency, 3 (three) quotes in accordance with general acquisition management principles should be obtained and a report submitted to the Municipal Manager for approval. Where, however, time is of the essence, the emergency must be immediately addressed, and the process formalised in a report to the Municipal Manager as soon as possible thereafter.

(8) The Municipal Manager may, upon recommendation of the bid adjudication committee, and only if worthy cause exists condone any expenditure incurred in contravention of, or that is not in accordance with, a requirement of this policy, provided that:

(a) this power may not be sub-delegated by the Municipal Manager;

(b) such condonation will not preclude the taking of disciplinary steps against the responsible official; and

(c) the Municipal Manager record the reasons for the condonation in writing and report them to the next meeting of the Council and must be included as a note to the annual financial statements.

(9) In the event where the Municipal Manager refuses to condone any expenditure referred to in sub-paragraph (7) above, such expenditure will be deemed to be irregular expenditure as defined in terms of the provisions of section 1 of the MFMA and must be treated as such by the Municipal Manager according to the relevant provisions provided therefore in the MFMA.

12.23 Unsolicited bids

(1) The Municipality is not obliged to consider any unsolicited bids received outside a normal bidding process.

(2) The Municipality may only consider an unsolicited bid if:

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages for the Municipality;

(c) the person or entity who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the Municipal Manager.

(3) Where the Municipal Manager decides to consider an unsolicited bid that complies with sub-paragraph (2) above, the Municipality must make its decision public in accordance with section 21A of the MSA, together with:

(a) its reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits for the Municipality were it to accept the unsolicited bid; and

(c) an invitation to the public or other potential suppliers to submit their written comments within 30 (thirty) days of the notice.

(4) Once the Municipality has received written comments pursuant to sub-paragraph (3) above, it must submit such comments, including any responses from the unsolicited bidder, to the National Treasury and the relevant Provincial Treasury for comment.

(5) The Municipality's adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Municipal Manager, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must consider:

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant Provincial Treasury.

(8) Where any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Municipal Manager must submit to the Auditor General, the relevant Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within 7 (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 or signed within 30 (thirty) days of the submission.

13 LOGISTICS MANAGEMENT

Logistics management provides an effective logistic management system for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, maintenance and contract administration, as set out below:

13.1 Setting of inventory levels

(1) Levels must be determined.

(2) Stock items must be systematically replenished using the re-order point planning strategy in conjunction with minimum and maximum levels.

(3) Open reservations must be considered during the replenishment run.

13.2 Placing of orders

(1) Purchase orders must be created with reference to requisitions where the supply source is by means of a contract or verbal, written or formal quotations.

(2) All purchase orders which are for imported goods and which are subject to rate and exchange adjustments must specify that the vendor must take out a forward exchange contract to fix the Rand based price in the purchase order.

(3) A proper record of all purchase orders must be kept by the manager of the SCMU and a copy thereof must be submitted to the Chief Financial Officer monthly.

(4) Standing orders will be utilised in cases where a longer-term arrangement, such as after hour services and copier contracts, are required.

(5) Purchase order approvals must be system based and will involve the procurement department only.

(6) The assets (for asset creation) and the insurance section (for claims) must be informed after approval of any purchase orders.

13.3 Receiving and distribution of goods

(1) Goods will be received on the Municipality's inventory system with specific reference to purchase orders.

(2) No over-receipt of stock may be allowed. The purchase order must be kept open for under-receipts for the outstanding delivery quantity.

(3) Goods must be issued from stock with reference to reservations.

(4) Goods may be issued for consumption against internal orders, cost centres, projects and assets under construction.

13.4 Stores and warehouse management

(1) The stores and warehousing function must be decentralised in different areas and will operate under the jurisdiction of the SCMU.

(2) The SCMU must ensure proper financial and budgetary control, uphold the principle of effective administration, proper stock holding and control, product standardisation, quality of products and a high standard of service levels.

13.5 Expediting orders

(1) The purchasing expeditor is required to monitor and expedite outstanding purchase orders.

(2) Reminder letters must be faxed automatically to vendors based on the reminder levels prior to the delivery due date which is set in the purchase order.

13.6 Transport management

The Municipality's fleet management system/policy must be adhered to always.

13.7 Vendor performance

(1) The Municipality must have a system which is able to evaluate a vendor 'performance regarding certain pre-determined criteria.

(2) The information will be available for contract negotiations and regular feedback to the vendors.

13.8 Contract management

(1) The Municipal Manager must take all reasonable steps to ensure that contracts procured through this policy are properly implemented and enforced. To this end the Municipal Manager shall devise a system to ensure that he is given, monthly, all relevant details regarding the performance of each contract and details of defaults.

(2) The performance of contractor under the contract procured through this policy must be monitored monthly.

(3) All contracts must be administered by a designated official(s), having the necessary competencies to ensure effective management of the contract. The responsibility of managing a contract falls on the specific directorate to which such a contract relates together with and in co-operation with the SCMU.

(4) The Municipal Manager must regularly report to the Council on the management of contracts and the performance of contractors.

13.9 Maintenance and contract administration

(1) Contracts relating to the procurement of goods and/or services will be captured on the Municipality's contract administration system in the form of a price schedule.

(2) Value (where the maximum value of the contract is restricted) and volume (where the maximum units procured are restricted) based contracts must be utilised in as far as possible.

(3) The use of fixed price and fixed term contracts must be promoted, and expenditure will be driven towards such contracts as opposed to once-off purchases.

(4) Consolidated procurement volumes must be utilised to drive down negotiated contract prices.

(5) Contract price adjustments may only be processed in accordance with contract terms and conditions and must accord with the provisions of this policy.

13.10 Contract administration

(1) Contract administration is the last stage of the procurement and contract cycle, and includes all administrative duties associated with a contract after it is executed, including contract review.

(2) The effectiveness of contract administration depend on how thoroughly the earlier steps were completed as changes can be made far more readily early in the tendering cycle than after contract management has commenced.

(3) Some of the key initial stages, which influence the effectiveness of contract administration and which the Municipality must properly implement, include:

(a) defining the outputs by writing specifications which identify what the aims and outputs of a contract will be;

(b) assessing risk;

(c) researching the market place, including conducting pre-tender briefings;

(d) formulating appropriate terms and conditions of contract;

(e) identifying appropriate performance measures and benchmarks so that all parties know in advance what is expected, and how it will be tested;

(f) actively creating competition, so the best possible suppliers bid for contracts; and

(g) evaluating bids competently, to select the best contractor, with a strong customer focus and good prospects of building a sound relationship.

13.11 Levels of contract administration

(1) There are three levels of contract administration, being:

(a) the first operational level for standard contracts for goods and services. Day to day contract administration should become no more than the execution of performance monitoring, record keeping and price adjustment authorisation functions;

(b) the second or intermediate level is for more complex contracts for services. This type of contract requires a more active role for the contract manager in developing the relationship between the Municipality and the contractor and includes the functions set out as part of the first operational level;

(c) the third level is for strategic contracts involving complex partnerships and outsourcing arrangements. These contracts require more active

management of the business relationships between the supplier and the users, for example to manage outputs and not the process and include the functions set out in the first operational level and the second level, as referred to above.

13.12 Appointing a contract manager

(1) A contract manager must be appointed by the Municipal Manager together with the director in charge of the project prior to the execution of the contract.

(2) Where it is practical to do so, the contract manager must be involved at the earliest stage of the acquisition, which is the time of writing the specifications for the contract.

(3) Contract administration arrangements must be identified and planned to include, delegations, reporting requirements and relationships and specific task responsibilities.

(4) Departments are responsible for ensuring that contract managers:

(a) prepare the contract administration plan;

(b) monitor the performance of the contract;

(c) are appointed with appropriate responsibility and accountability;

(d) are adequately trained so that they can perform and exercise the responsibility; and

(e) act with due care and diligence and observe all accounting and legal requirements.

13.13 Duties and powers of a contract manager

(1) The contract manager's duties and powers are governed by the conditions of contract and the applicable legal principles and statutes.

(2) The contract manager must monitor the performance of the contract monthly and must report to the Municipal Manager on the performance of the contractor and the progress of the contract monthly.

(3) The contract manager is also required to form opinions and make decisions, and in doing so is expected to be even-handed, prudent and to protect the interests of the Municipality.

(4) The SCMU is responsible for notifying the contract manager 90 (ninety) days prior to the expiry of each contract to allow the contract manager sufficient time to decide whether to renew a contract or efficiently conclude a new contract.

(5) The contract manager must ensure that the contractor duly performs according to the specifications of the contract in delivering goods and/or services on time, in the correct manner and/or quantity and to the required standard.

(6) Regular meetings and site inspections must be held by the contract manager and the contractor to inspect the progress, deliverables, identify potential problems and/or possible remedial action during the contract period.

13.14 Contract guidelines

(1) A guideline, which provides a description of the roles and responsibilities of a contract manager during the contract administration stage, must be documented.

(2) The provisions of this paragraph are not an exhaustive description of contract administrative activities, and some tasks may not be carried out in the sequence presented, may be done concurrently with other tasks or may not be necessary in some circumstances.

13.15 Delegating to contract administrator

(1) Where appropriate, a contract manager may delegate some contract administration duties to a contract administrator.

(2) The contract administrator will be required to perform duties related to processes for record keeping, authorising payment and collecting data on contractor performance.

(3) The contract manager will however remain ultimately responsible and accountable for the performance of the contract.

13.16 Contract management process

(1) The contract manager must ensure that the contractor fulfils its obligations and complies with its liabilities under the contract and must also ensure that contractors are treated fairly and honestly. Any non-compliance with the terms

of the contract and any non-delivery or anticipated non-delivery or breaches must be reported to the Municipal Manager in writing immediately.

(2) Both parties adhering to the agreed terms will result in:

(a) value for money;

(b) timeliness;

(c) cost effectiveness; and

(d) proper contract performance.

(3) In the event of non-compliance with any contract, the contractor must be placed in default in writing approved by the Municipality's legal advisors and a complete record of all written notices of non-compliance or nature of breach, as the case may be, must be kept on record.

13.17 Document retention

(1) The need exists to retain documents on a contract file for information and audit purposes, and in order to comply with the requirements of the records office.

(2) Proper records regarding all aspects of the contract must accordingly be maintained. The contract manager shall be responsible for ensuring that the Municipality has, on the appropriate control sheet, copies of all procurement documents, bids, awards, notices and other written communications.

13.18 Guidelines on contract administration

(1) The responsibilities of a contract manager may include the following:

(a) establishing a contract management plan for the execution of the contract, especially for contracts pertaining to construction and land development projects;

(b) reviewing the contract management process (including the contract management plan) on a regular basis;

(c) providing a liaison between internal managers and users, and suppliers to pre-empt, identify and resolve issues as they arise;

(d) monitoring the contractor's continuing performance against contract obligations;

(e) providing the contractor with advice and information regarding developments within the department, where such developments are likely to affect the products provided;

(f) determining if staged products should continue, and providing a procurement process for additional stages which meet the principle of obtaining value for money;

(g) providing accurate and timely reporting to the senior management in charge of the project, highlighting significant performance issues or problems;

(h) ensuring that insurance policy terms and conditions provide adequate protection for the Municipality and are maintained throughout the contract period;

(i) ensuring all products provided are certified as meeting the specifications before the supplier is paid;

(j) maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

(k) managing contract change procedures;

(l) resolving disputes as they arise;

(m) conducting post contract reviews;

(n) pursuing remedies in the event of any breach of the contract;

(o) reporting on performance/non-performance to the Municipal Manager monthly; and

(p) the Municipal Manager must establish capacity and a system to ensure effective contract management.

14 DISPOSAL MANAGEMENT

(1) The disposal management system of the Municipality provides an effective system for the transfer of ownership, disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the MFMA and the MATR in as far as capital assets are concerned.

(2) Every disposal by the Municipality must comply with the relevant and applicable provisions of the MFMA and MATR in as far as capital assets are concerned.

(3) The way assets may be disposed of by the Municipality includes, but is not limited to, the following:

(a) transferring an asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;

(b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(c) selling the asset; or

(d) destroying the asset.

(4) Immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise and in accordance with the provisions of the Disposal Policy of the Municipality.

(5) Movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Municipality.

(6) In the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 (thirty) days whether any of the local schools are interested in the equipment.

(7) In the case of the disposal of firearms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person or institution within or outside the Republic.

(8) Immovable property must be let at market related rates except when the public interest or the plight of the poor demands otherwise.

(9) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be reviewed annually.

(10) Where assets are traded in for other assets, the highest possible trade-in price must be negotiated.

(11) As far as possible, assets to be disposed of must be subjected to recycling. Disposal to landfill is not allowed unless there are no available recycling options.

(12) Non-exempted capital assets must be transferred or permanently disposed of strictly in accordance with section 14 of the MFMA read with Chapter 2 of the MATR.

(13) Exempted capital assets must be transferred strictly in accordance with Chapter 3 of the MATR.

(14) The granting of rights by the Municipality to use, control or manage municipal capital assets, where section 14 of the MFMA do not apply, must be executed strictly in accordance with Chapter 4 of the MATR.

14.1 DISPOSAL MANAGEMENT FRAMEWORK

The authority to make the determinations and subsequently in principle approve the disposal of movable assets with a value of less than R 1 million in terms of section 14(2) (a) and (b) of the MFMA as set out in MAT regulation 5(1) (b) (i) and (ii) is delegated to the accounting officer in terms of paragraph 5(6) of the MAT regulations.

14.2 DISPOSAL CATEGORIES

A. Non-exempted capital assets

(1) General determinations

(a) The fair market value of all non-exempted capital assets should be determined before the transfer or disposal thereof is considered

(b) Where assets are traded in for other assets, the highest possible trade-in price should be negotiated.

(2) Approval in principle

(a) A capital asset may only be transferred or otherwise be permanently disposed of after the determinations have been made and an approval has been granted in principle in terms of sub-section 14 (2) of the MFMA as set out in MAT Regulation 5(1)(b)(I) and(ii).

(3) Advertising of proposed disposals in terms of the Local Government Ordinance 1939.

The proposed disposal of a non-exempted immovable capital asset should be advertised in case of objections in terms of section 79(18) of the Local Government Ordinance, 1939, if a public participation process is not required, as set out in sub-paragraph (4) and any objections should be submitted for consideration with the proposal in terms of MAT regulation 5(1) (b) (i) and (ii).

(4) Public participation process

(a) Capital assets may only be transferred or otherwise disposed of after the Accounting Officer has conducted a public participation process to facilitate the determinations and approval has been granted in principle in terms of the section 14(2) of the MFMA, if

(i) the fair market value of the capital asset exceeds any of the following amounts:

(aa) R50 million; or

(bb) one percent of the total value of the capital assets of the Municipality as determined from the latest available audited annual financial statements of the Municipality; or

(ii) the combined value of any capital assets that the Municipality intends to transfer or dispose of in the relevant financial year exceeds five percent of the total value of its assets as determined in the latest audited financial

(b) Only the Municipal Council may authorize the public participation process referred to in sub-paragraph (a).

(i) A request to the Municipal Council for authorization of a public participation process must be accompanied by an information statement stating

(aa) the valuation of the capital asset to be transferred or disposed of and the method of valuation used to determine that valuation;

(bb) the reasons for the proposal to transfer or dispose of the capital asset;

(cc) any expected benefits to the Municipality that may result from the transfer of disposal;

(dd) any expected proceeds to be received by the Municipality arising from the transfer of disposal; and

(ee) any expected gain or loss that will be realized or incurred by the Municipality arising from the disposal.

(c) If the Municipal Council has authorized the accounting officer to conduct a public participation process in connection with any proposed transfer or disposal of a high-value capital asset or other asset referred to in MAT regulation 5(2), the accounting officer must at least 60 days before the meeting of the Council at which the determinations referred to in MAT regulation 5(1) (b) are to be considered,

(j) in accordance with section 21A of the Municipal Systems Act,

(aa) make public the proposal to transfer or dispose of the capital asset together with the information statement referred to in paragraph (b)(i); and

(bb) invite the local community and other interested persons to submit to the Municipality comments or representations in respect of the proposed transfer or disposal of the capital asset; and

(ii) Solicit the views and recommendations of the National Treasury and the provincial treasury on the matter.

(5) Consideration of proposals and applications

(a) The Municipal Council and the accounting officer in cases where the authority has been delegated, must, when considering any proposed transfer or disposal of a non-exempted capital asset in terms of MAT regulation 5(1)(b)(i) and (ii), take into account

(i) whether the capital asset may be required for the Municipality's own use at a later date;

(ii) the expected loss or gain that is expected to result from the proposed transfer or disposal;

(iii) the extent to which any compensation to be received in respect of the proposed transfer or disposal will result in a significant economic or financial cost or benefit to the Municipality;

(iv) the risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the Municipality's interests;

(v) the effect that the proposed transfer or disposal will have on the credit rating of the Municipality, its ability to raise long- term or short-term loans in the future and its financial position and cash flow;

(vi) any limitations or conditions attached to the capital asset or the transfer or disposal of the asset, and the consequences of any potential non-compliance with those conditions;

(vii) the estimated cost of the proposed transfer or disposal;

(viii) the transfer of any liabilities and reserve funds associated with the capital asset;

(ix) any comments or representations on the proposed transfer or disposal received from the local community and other interested persons;

(x) any written views and recommendations on the proposed transfer or disposal by the National Treasury and the relevant provincial treasury;

(xi) the interests of any affected organ. of state, the legal and economic interests and the interests of the local community; and

(xii) compliance with the legislative regime applicable to the proposed transfer or disposal.

(b) Approval in principle in terms of regulation 5(1)(b)(ii) that a non-exempted capital asset may be transferred or disposed of, may notwithstanding anything to the contrary in this policy, be given subject to any conditions, including conditions specifying

(i) the way in which the capital asset is to be sold or disposed of;

(ii) a floor price or minimum compensation for the capital asset;

(iii) whether the capital asset may be transferred or disposed of for less than its fair market value, in which case the criteria set out in MAT regulation 13(2) must first be considered;

(iv) a framework within which direct negotiations for the transfer or disposal of the capital asset must be conducted with another person, if the transfer or disposal is subject to direct negotiations

(c) A decision by the municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal service may in terms of section 14 of the MFMA not be reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

14.3 DISPOSAL MECHANISMS

(1) The following disposal mechanisms should be used unless determined otherwise in terms of paragraph:

(a) Immovable assets

(i) the following immovable capital assets should be sold out of hand if only one unsolicited bid or application is received for the purchase of such asset:

(aa) Redundant portions of land and portions of land required for gardening purposes of less than 450 square meters in extent

(bb) Church sites

(cc) unimproved residential sites

(ii) transfers and disposals of immovable assets other than in terms of sub- paragraph (a) (i);

(iii) subsidiary assets attached to immovable assets that are unsafe and/or not economically viable to repair, may be destroyed after approval in principle has been obtained in terms of section 14(2) of the MFMA, subject thereto that

(aa) in case of a building, the necessary permit be obtained from the City Planning Division;

(bb) the assets may be destroyed with in-house capacity or a service may be procured through the procurement processes set out in this policy

(b) Movable assets

(1) The following disposal methods should be used in respect of movable assets:

(aa) obsolete and redundant movable assets which cannot be disposed of in terms of the afore-going mechanisms, may be destroyed after approval in principle has been obtained in terms of section 14(2) of the MFMA- subject thereto that the assets may be destroyed with in-house capacity or a service procured through the procurement processes set out in this policy

(2) The disposal mechanisms set out in this paragraph do not apply to the transfer of a non-exempted capital asset if

(a) the Municipality

(i) reviews in terms of Chapter 8 of the Municipal Systems Act its service delivery mechanisms for the performance of a municipal service;

(ii) appoints a private sector party through a competitive bidding process as the service provider for the performance of that municipal service; and

(iii) transfers the capital asset as an integral component of the performance of that municipal service to that service provider; or

(b) the Municipality –

(i) appoints a private sector party or organ of state through a competitive bidding process as the service provider for the performance of a commercial service; and

(ii) transfers the capital asset as an integral component of the performance of that commercial service to that service provider.

(3) The Municipality may negotiate directly with the selected service provider regarding the transfer of a capital asset

(4) The Municipality may not commence with the process refer or negotiations unless approval in principle has been given in terms of MAT regulation 5(1)(b)(ii)) that the relevant capital asset may be transferred or disposed of.

(5) In applying the process referred to in sub-paragraph (1) or conducting negotiations referred to in sub-regulation (3), the Municipality must consider the gain or loss that will

(a) result from the transfer or disposal of the relevant capital asset; and

(b) be recorded in the accounting records of the Municipality.

(6) If the Municipality intends to transfer to a private sector party or organ of state a non-exempted capital asset following the selection through a competitive bidding process of a service provider for the performance of a municipal service or for the performance of a commercial service

(a) all assets needed or directly related to the performance of that service must be properly identified to distinguish those assets from the other assets of the Municipality;

(b) all decisions referred to in MAT regulation 5(1)(b)(i) and (ii) relating to the transfer of the capital asset must be taken as an integral part of the broader decision-making process on the appointment of a service provider for the performance of that service; and

(c) all documents prepared for the purpose of those decisions, must be taken into account in any feasibility study conducted to determine the financial and other implications of appointing a service provider for the performance of that service.

(7) Compensation for transfer of non-exempted municipal capital assets

(a) The compensation payable to the Municipality or for the transfer of a non-exempted capital asset must, subject to sub-paragraphs (b) and (c), reflect fair market value.

(b) The minimum selling prices of immovable property must be determined as set out in the Supplementary Alienation Policy Framework attached as annexure to the Supply Chain Management Policy

(c) If the Municipality, on account of the public interest, in particular in relation to the plight of the poor, intends to transfer a non-exempted capital asset for less than its fair market value, the Municipality must, when considering the proposed transfer, take into account

(i) the interests of the State and the local community;

(ii) the strategic and economic interests of the Municipality, including the long-term effect of the decision on the Municipality;

(iii) the constitutional rights and legal interests of all affected parties; whether the interests of the parties to the transfer should carry more weight than the interest of the local community, and how the individual interest is weighed against the collective interest; and

(iv) whether the local community would be better served if the capital asset is transferred at less than its fair market value, as opposed to a transfer of the asset at fair market value.

(8) Discharge of loans on assets transferred or disposed of

(a) The proceeds received from the transfer or disposal of an asset must be used to discharge any loans against the asset as at its redemption date, or another date as may be negotiated with the lender

(b) Sub-paragraph (a) may not be read as preventing the Municipality from negotiating with the private sector party or organ of state to whom an asset is transferred, to take over, as part of the compensation payable to the Municipality, any loan the Municipality made against the asset.

(9) Transfer agreements

(a) The Municipality may transfer assets approved for transfer to a private sector party or organ of state in terms of this policy, only by way of a written transfer agreement concluded between the Municipality and the receiving private sector party or organ of state.

(b) A transfer agreement must set out the terms and conditions of the transfer, including, at least –

(i) a sufficient description of the capital asset being transferred in order to identify the asset;

(ii) particulars of any subsidiary assets that are transferred with the capital asset;

(iii) particulars of any liabilities transferred with the asset;

(iv) the amount of compensation payable to the Municipality for the transfer of the asset or assets, and the terms and conditions of payment; and

(v) the effective date from which the risk and accountability for the asset or assets are transferred to the receiving party.

(a) If a capital asset is transferred following the selection of a service provider for the performance of a municipal service referred to in MAT regulation 12(2)(a) or for the performance of a commercial service referred to in MAT regulation 12(2)(b), through a competitive bidding process, the transfer agreement

(i) must make provision for:

(aa) contract termination in the case of non- or underperformance;

(bb) dispute resolution mechanisms to (bb)settle disputes between the parties; and

(cc) a period review of the agreement once in every three years, in the case of an agreement for longer than three years; and may be incorporated into any service delivery agreement or procurement contract to be concluded with the service provider.

(10) Access to transfer agreements

a) An agreement in terms of which the Municipality transfers a non--exempted capital asset in terms this policy:

(i) must be made available in its entirety to the council of the Municipality; and

(ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).

(11) Non-exempted capital assets not transferred or disposed of in terms of this policy

(a) Housing schemes: This policy is not applicable to housing schemes and disposals for the plight of the poor.

(b) Public private partnerships: The transfer and disposal of non--exempted capital assets emanating from public private partnership agreements should be done in terms of section 14 of the MFMA read with the Municipal Public Partnership Regulations promulgated in terms of the said Act.

14.4 DISPOSAL OF REDUNDANT AND OBSOLETE GOODS, STOCK AND MATERIALS

(1) Goods and stock do not meet the requirements of capital assets, as they cannot continuously and repeatedly be used for a period of more than one year in the production or supply of goods and services or for administrative purposes, or for rental to others and future economic and social benefit cannot be derived from them.

(2) Redundant and obsolete stock must be reported to the CFO on a quarterly basis, including the values of the said stock and the reasons why it has become redundant or obsolete.

(3) All determinations with regard to the advertising and selling or destruction of movable assets set out in this policy are mutatis mutandis applicable to the disposal of redundant and obsolete stock that has been written off by the CFO in terms of the relevant delegation.

15 RISK MANAGEMENT

(1) The risk management system of the Municipality provides for an effective system to identify, consider and avoid potential risks in the Supply Chain Management System.

(2) The management of risks pertaining to supply chain management must always comply with the criteria laid down in the Risk Management Policy of the Municipality.

(3) Managing risk must be part of the philosophy, practices and business plans of the Municipality and should not be viewed and practiced as a

separate activity in isolation but must be integrated in the systems and functions of the Municipality. Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of acquisition management.

(4) Risk management includes, but is not limited to:

(a) early and systematic identification of risks on a case-by-case basis, analysis and assessment of risk, including conflicts of interest and the development of plans for handling the same;

(b) the allocation and acceptance of the responsibility of risk to the party best suited and placed to manage such risk;

(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 risk in a pro-active manner and the provision of adequate cover for residual risk;

(e) the assignment of relative risk to the contracting parties through clear and unambiguous contract documentation;

(f) ensuring that the costs incurred in managing risk are commensurate with the importance of the purchase and the risk to the operations of the Municipality; and

(g) taking appropriate professional advice from the appropriate officials or service providers to identify appropriate processes, procedures, outcomes, controls and other pertinent factors prior to undertaking activities with high levels of risk.

(5) The risk management process must be applied to all stages of supply chain management, be it the conceptual stage, project definition, specification preparation, acquisition approval or implementation to completion.

(6) Appropriate risk management conditions must therefore be incorporated in contracts and monitored.

16 PERFORMANCE MANAGEMENT

(1) The performance management system of the Municipality provides for an effective internal monitoring system to determine, based on a retrospective analysis, whether the authorised supply chain management processes are being, or were followed, and whether the desired objectives of this policy are being or were achieved.

(2) The Municipal Manager must establish and implement the system contemplated in sub-paragraph (1) above.

(3) Performance management must contain a monitoring process together with a process of retrospective analysis to determine whether:

(a) value for money has been attained;

(b) proper processes have been followed;

(c) desired objectives have been achieved;

(d) there is an opportunity to improve the process and limit similar risk in future;

(e) suppliers have been assessed and the results of the assessment; and

(f) there has been deviation from procedures and, if so, what the reasons for such deviation are.

(4) The performance management system must accordingly focus on, amongst other outcomes, the:

(a) achievement of goals;

(b) compliance to norms and standards and applicable legislation;

(c) savings generated;

(d) cost variances per item;

(e) non-compliance with contractual conditions and requirements; and

(f) cost efficiency of the procurement process itself.

CHAPTER 3

OTHER MATTERS

17. PROHIBITION ON AWARDS TO PERSONS WHOSE/WHICH TAX MATTERS ARE NOT IN ORDER

(1) The Municipality may not under any circumstances, irrespective of the procurement process followed, make an award above R15000.00to any person or entity whose/which tax matters have not been declared to be in order by The South African Revenue Services.

(2) Before making an award to a person or entity, the Municipality must first check with the South African Revenue Services whether that person's or entities' tax matters are in order.

(3) If the South African Revenue Services does not respond within 7 (seven) days such person's or entities' tax matters may for purposes of sub-paragraph (1) above, be presumed to be in order.

18. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

The Municipality may not under any circumstances, irrespective of the procurement process followed, make an award to a person or entity:

(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) who is an advisor or consultant contracted with Municipality.

19. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

The Municipal Manager must ensure that the notes to the annual financial statements of the Municipality disclose the particulars of any award of more than R2 000.00 to a person who is a spouse, child or parent of a person in the service of the state, or who has been in the service of the state in the previous 12 (twelve) months, including:

(a) the name of that person;

(b) the capacity in which that person is or was in the service of the state; and

(c) the amount of the award.

20. CODE OF ETHICAL STANDARDS

(1) In addition to this code of ethical standards, the codes of conduct for councillors and municipal staff members as set out in Schedule 1 and Schedule 2to the MSA shall apply in the implementation of this policy.

(2) The code of ethical standards for officials and all other role-players in the Supply Chain Management System which is established hereby seeks to promote:

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair, honest and reasonable manner.

(3) An official and/or other role-player involved in the implementation of this policy:

(a) must treat all providers and potential providers equitably;

(b) may not use his or her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person of more than R350.00 in value;

(d) notwithstanding sub-paragraph(c) above, must declare to the Municipal Manager details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the Municipal Manager details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by the Municipality;

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(g) must be scrupulous in his or her use of property belonging to the Municipality;

(h) must assist the Municipal Manager in combating fraud, corruption, favouritism, unfair and irregular practices in the Supply Chain Management System; and

(i) must report to the Municipal Manager any alleged irregular conduct in the Supply Chain Management System which that person may become aware of, including:

(i) any alleged fraud, corruption, favouritism or unfair conduct;

(ii) any alleged contravention of Regulation 47 of the SCMR; or

(iii) any alleged breach of the code of ethical standards.

(4) All declarations in terms of sub-paragraph20(3)(d) and 20(3)(e) above, must be recorded by the Municipal Manager in a register which the Municipal Manager must keep for this purpose.

(5) All declarations by the Municipal Manager must be made to the Executive Mayor of the Municipality, who must ensure that such declarations are recorded in the register.

(6) The Municipal Manager is responsible to ensure that appropriate steps are taken against any official or other role-player who commits a breach of any provision of this code of ethical standards, and Council must ensure that the

same measures are enforced where a breach has been committed by the Municipal Manager.

(7) A breach of the code of ethical standards and any adopted code/s of conduct must be dealt with in accordance with Schedule 1 or Schedule 2 of the MSA, depending upon the circumstances, or the Disciplinary Regulations.

(8) This Municipal Manager must, in his/her implementation of this policy, consider, adopt and apply the National Treasury's Code of Conduct for Supply Chain Management Practitioners (Practise Note SCM 4 of 2003). This code of conduct is binding on all officials and other role-players involved in the implementation of this policy and a copy thereof is available on the website www.treasury.gov.za/mfma located under “legislation”.

20.1 Inducements, rewards, gifts and favours to the Municipality, its officials and/or other role-players

(1) No person who is a provider or prospective provider of goods and/or services to the Municipality, or a recipient or prospective recipient of goods disposed or to be disposed of by the Municipality, may either directly or through a representative or intermediary promise, offer or grant:

(a) any inducement or reward to the Municipality for or in connection with the award of a contract; or

(b) any reward, gift, favour or hospitality to any official of the Municipality or any other role-player involved in the implementation of this policy of the Municipality.

(2) The Municipal Manager of the Municipality must promptly report any alleged contravention of sub-paragraph (1) above to the National Treasury for considering whether the offending person, and any representative or

intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Sub-paragraph (1) above does not apply to gifts less than R350.00 in value.

(4) The Municipal Manager must, on becoming aware that any reasonably suspected crime has been committed involving any procurement or disposal process or contract, report same to the SAPS, Council and the Provincial and National Treasuries. The Municipality may help the SAPS and the National Prosecuting Authorities to ensure the effective prosecution of wrongdoers.

(5) The Municipality has a “zero tolerance” approach to criminal wrongdoing.

20.2 Sponsorships

The Municipal Manager of the Municipality must promptly disclose to the National Treasury and the relevant Provincial Treasury any sponsorship promised, offered or granted to the Municipality or any of its officials, whether directly or through a representative or intermediary, by any person who is:

(a) a provider or prospective provider of goods and/or services to the Municipality; or

(b) a recipient or prospective recipient of goods disposed or to be disposed of by the Municipality.

20.3 Objections and complaints

Persons aggrieved by decisions or actions taken by the Municipality in the implementation of this policy, may lodge within 14 (fourteen) days of the decision or action, a written objection or complaint against the decision or action.

20.4 Resolution of disputes, objections, complaints and queries

(1) The Municipal Manager must appoint an independent and impartial person not directly involved in the supply chain management processes of the Municipality:

(a) to assist in the resolution of disputes between the Municipality and other persons regarding:

(i) any decisions or actions taken by the Municipality in the implementation of its Supply Chain Management System; or

(ii) any matter arising from a contract awarded during its Supply Chain Management System; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The Municipal Manager, or another official designated by the Municipal Manager, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed by the Municipal Manager in terms of sub-paragraph (1) above must:

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

(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 (sixty) days; or

(b) no response is received from the Municipality within 60 (sixty) days.

(5) If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

20.5 Contracts providing for compensation based on turnover

Where a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, service charges or taxes, and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Municipality must stipulate:

(a) a cap on the compensation payable to the service provider; and

(b) that such compensation must be performance based.

21 CESSION

The Municipal Manager or a delegated authority may allow cessions for the purpose of supplier/contractor development without putting Rustenburg Local Municipality at higher risk. Such conditions are subject to standard terms and conditions of contracts.

Cessions may include the following:

21.1 SUPPLIER-TO-SUPPLIER COMPANY BASED ON A VALID AGREEMENT

This is where company A decides to give between 25 and 45% of its work to a competent company based on certain changes (financial or capacity-wise) after the award. The company may decide to cede its portion of the work based on a written cession agreement. The company is also required to notify Rustenburg Local Municipality and explain the rationale behind such a move.

21.2 CESSION BASED ON MATERIAL SUPPLIES

Based on lack of finance, the company that was awarded the bid may cede the entire or part of its payment to suppliers who will claim 'from his/her payment certificate. In this case, Rustenburg Local Municipality may pay the suppliers directly or accept a formal agreement between the suppliers and contractors' payment conditions until the end of the contract.

21.3 CESSION BASED ON ACCESS TO FINANCE

This shall also include cases where a financial company pays the supplier/contractor in advance and later claims on ·the contractor's certificate. The bank may want a contractor to cede a certain portion of the contract to it as part of risk management. If that becomes the case, Rustenburg Local Municipality needs to be aware of such an arrangement and make its own analysis of the risks involved.

21.4 CESSION BASED ON INSURANCE

The same may apply to insurance companies before they award insurance affecting cessions based on access to finance.

21.5 CESSIONS BASED ON CAPACITY

A company may obtain extra capacity owing to lack of skills within the company and allow a skilled company to take over part or a larger part of its work not more than 40%, based on an agreed cession without promoting fronting.

22 SUPPLIER DEVELOPMENT PROGRAMME

(1) The objective of this programme is to help increase the capacity and capability of all suppliers doing business with the Rustenburg Local Municipality. Capacitate the suppliers on sustainable procurement requirements/practices and also promote BEE-related entrepreneurial development.

The E-Procurement Database Categories businesses in the following manner:

(a) women-owned businesses

(b) youth-owned businesses

(c) businesses owned by people with disability

(d) SMME-owned businesses.

(e) Military veterans- owned businesses

(2) The mechanism in supporting this programme will include:

(a) tender accessibility - to reach all suppliers from all sectors of society by advertising through the E-Procurement, National Treasury e-tender portal and appropriate media.

(b) early payment - Council shall, upon receipt of all relevant documentation, pay small and micro-suppliers within 15 days whenever possible.

(c) financial and non-financial support - assist small and micro-suppliers to expand capacity through: tendering advice, business training, access to procurement opportunities and contract guarantees.

23. CONTRACT TERMINATION

(1) A contract may be terminated for many reasons, including a breach of contract, a legal dispute, supplier reconsideration, change of a supplier, etc. A contract may only be terminated strictly in accordance with the termination clauses and reasons for termination as contained in the contract.

(2) Before a contract is terminated, all risks need to be assessed in terms of the supply of the assets, goods or services, including legal risks, operational risks and financial risks. The City Legal Department must get involved so as to determine the risk to the City in terminating the contract, and how the City's legal risk position will change, as a result of giving effect to a termination. The termination process and associated conditions thereof are described in the contract conditions. The payment to be settled between the parties differs depending on whether the City terminates the contract, or the supplier terminates the contract. It is of utmost importance that the City Treasury Section is informed of any terminations in cases where there is FOREX involved with forward cover taken out. The contract file must be updated with all correspondence between the City and the Supplier for audit purposes and/or in the event of legal issues.

36. EMERGENCY PROCUREMENT

(1) In emergency cases, an institution may dispense with the invitation of bids and may obtain the required goods, works or services by preferably making use of the database of prospective suppliers, or otherwise in any manner to the best interest of the Rustenburg Local Municipality.

(2) Emergency cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. (However, a lack of proper planning should not be constituted as an emergency case.)

(3) In the case of an emergency, where a deviation from the procurement processes is necessary, or in any other exceptional case where it is impractical or impossible to follow the official procurement processes; this policy will allow the Accounting Officer:

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include negotiations; and

(b) to ratify or rectify 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.

(c) Appropriate authorisation must immediately be sought before work can commence.

(d) Relevant approval documentation, including Adjudication Committee Report must be completed within 48 hours and submitted for FINAL ratification.

(4) The Accounting Officer must record the reasons for any such deviation envisioned in sub-paragraph (1) above, and report them to the next meeting of the council or board of directors in the case of a municipal entity; as well as, include a note to the annual financial statements.

(5) Sub-paragraph (2) does not apply to the procurement of goods and services contemplated in section 110(2) of the Act.

37 SOLE SOURCE

(1) Where, as a result of proven in-depth market analysis, only one supplier in the market has been identified as being capable or available to supply the assets, goods or services in the existing circumstances, it may then become necessary to deviate from competitive tendering and follow the sole source process.

(2) Alternatively, the Sole Source Justification Form can be used to identify a supplier as a general sole source for a specified category of assets, goods or services to the City for a maximum period of 1 year. In this case, the approval for the appointment of the supplier as a general sole source supplier for the identified category of supply /services needs to be obtained from the BAC, as this is considered to be a “blanket” approval with no specific value attached to the total number of orders / contracts to be placed with the supplier over the specified 1 year period. Suppliers falling into this category are generally OEM’s.

Once the "blanket" approval has been granted by the EAC to categorise the supplier as a general sole source for the category of supply /services, a Sole Source Justification Form will not be required for every order /contract placed with the supplier within the validity period of the "blanket approval". A list of these suppliers with their approved Sole Source Justification Forms, and corresponding validity periods, will be stored on the Documentation Management System for accessibility to all Supply Chain Management Officials.

(3) The management of sole suppliers is an important part of ensuring fairness, equitability, transparency, competitiveness and cost-effectiveness.

(4) It is unacceptable for an End-User to refuse to use alternatives to a preferred supplier/brand where there is no valid technical or business case for such a decision.

(5) Supply Chain Management Officials and End-Users are not permitted to negotiate without prior tendering in order to avoid competition, to discriminate against certain suppliers or groups of suppliers, or to give unwarranted protection to selected suppliers.

(6) Sole Source Justification Forms will not be required in the case of negotiation with an Internal Supplier, or where the request for mandated negotiations is with two suppliers, which precludes execution of a competitive tender.

(7) It is furthermore a material breach of this policy for any employee to engage in negotiations with a supplier without an approved mandate to negotiate, or to participate in any negotiation on their own.

(8) There are a number of ways in which a supplier may be justified as a sole source:

(a) True Sole Source (Monopoly)

Assets, goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists such as reasons connected with intellectual property rights (e.g. patents or copyrights), or in the absence of competition.

Thorough market research must be done to ensure that a true monopoly exists both in the local, national and international markets. In the longer term, the City should consider alternatives or try to encourage development of competition.

(b) Installed Base [Original Equipment Manufacturer (OEM)]

A change of supplier would compel the City to obtain spare parts or additional assets, goods or services that are not compatible or interchangeable with existing assets, goods or services that were obtained from an original supplier. Spares can only be bought from the OEM, unless risk analysis shows that the use of parts from alternative manufacturers is feasible, and this has been confirmed in writing by the applicable technical experts.

The implications of installed base should be factored into procurement decisions, based on the initial Total Cost of Ownership analysis which has been confirmed in writing by the applicable technical experts.

(c) Incompatible Material

Changing the source or type of materials, such as chemicals, lubricants or fuels, would necessitate the complete exchange of material due to incompatibility of material from different sources.

The Supply Chain Management Official, together with the End-User, may conduct a market analysis and apply a Total Cost of Ownership model to establish whether the complete change of material, “flush- out” and opportunity costs will be beneficial over time.

(d) Established (On-site) Supplier

At times, additional works or services, not forming part of the initial contract, become necessary in order to complete the plant, system or structure. If separating the additional works / services from the original contract will be difficult for technical or economic reasons and/or the separation will cause significant cost or time constraints to the City, a valid sole source motivation exists.

The Supply Chain Management Official together with the End-User must do a formal cost/benefit analysis to establish whether it is more cost-effective to continue with the established supplier, or whether to request competitive tenders/ proposals. This must form part of the motivation for the use of the supplier as a sole source. If negotiation only with the established supplier is envisaged, the negotiations must be based on a best estimate of the cost of the works / services excluding site establishment costs and a properly motivated request for a mandate to negotiate must be presented to the EAC.

(9) The following steps must be followed when a sole source supplier is identified:

(a) The Head of Supply Chain Management, in developing the commercial strategy, arrives at the conclusion /deduction that a sole source supplier situation exists.

(b) The strategy indicating a sole source supplier situation must be compiled on the Commercial Strategy Approval template and approved by the Head of Supply Chain Management or delegated Official within Supply Chain Management and End User based on the strategy.

(c) Where the sole source is an OEM or a sole distributor of the OEM, who provides spare parts to the City, the BAC must determine whether to proceed directly to negotiations or whether to follow an enquiry process. It is not permissible to request a quotation /proposal from a sole source supplier without first presenting the mandate request to the EAC, as City employees (including Supply Chain Management Officials) are not permitted to engage with suppliers in negotiations without a formal mandate from an EAC.

(d) After approval of the commercial strategy, the Supply Chain Management Official together with the BEC, must complete a

Commercial Transaction Approval Form requesting a mandate to negotiate from the EAC. The approval of the commercial strategy and the request for a mandate to negotiate may be handled together by the EAC.

(e) A formal supporting motivation for the use of the supplier as a sole source must be provided by the End-User and approved by his/her designated Official in their department, who is responsible for the technical and operational integrity of the assets, goods or services required. This motivation is set out within a Sole Source Justification Form which must be duly signed and validated by all required signatories and which must accompany the Commercial Transaction Approval Form for approval by the EAC.

(f) Prior research into the prices needs to be conducted by the Supply Chain Management Official in order to determine a real and aspiration base for negotiations on price, and any other parameters which may become a negotiation objective, forming part of the mandate request.

(g) The SCM Official and End-User, together with BSC may present the Commercial Transaction Approval Form, together with the signed Sole Source Justification Form to the EAC for approval.

(h) Once the mandate is approved, the Supply Chain Management Official either proceeds directly with negotiations or prepares a RFQ /RFP, based on the approved mandate, and in consultation with the BSC, and then issues the enquiry to the sole supplier for a quote/proposal. The offer /quotation is requested and submitted in the same way as for an informal tender amounting up to R200,000, and processed in the same way as a formal tender if greater than R200,000. The Supply Chain Management Official then develops and plans their strategy for negotiation based on the Supplier's proposal / quotation.

(i) In order to proceed with negotiations, the Supply Chain Management Official arranges a venue, invites the relevant supplier and the negotiation team as per the approved mandate, formulates an agenda and ensures that minutes of the negotiations are recorded in writing.

(j) The lead negotiator, as assigned by the EAC granting the mandate, will lead the negotiations and ensure that all mandated parameters are discussed and agreed upon. After each session of negotiations, the supplier and the City sign off on the recorded minutes, as proof of what has been agreed upon and what remains outstanding for resolution.

(k) Should negotiations not transpire as per the negotiation strategy or where negotiations result in failing to achieve the required mandate, the lead negotiator must seek advice from the assigned negotiation controller who must advise and direct the negotiation team toward resolution of the issues or toward an alternative negotiation strategy.

(l) If the outcome of the negotiations is within the ambit of the approved mandate parameters, the Supply Chain Management Official submits feedback from the negotiations against the relevant section of the Commercial Transaction Approval Form to the EAC outlining the results of the negotiations against the mandate parameters.

(m) If the outcome of negotiations is outside the mandated parameters, the Supply Chain Management Official in consultation with the negotiation team /BEC may request an approval of a negotiated outcome, a revised mandate or may request cancellation of the transaction from the EAC.

(n) Where the BAC grants approval to proceed with contract finalisation, the Supply Chain Management Official in consultation with the BEC prepares the contract documents and arranges for the signing thereof.

(o) The SCM Official ensures that all relevant documents are filed for audit purposes.

38 PILOT / INNOVATIVE PROJECTS

(1) A bid for a pilot project is considered to be a bid that is received outside the normal bidding process.

(2) The Rustenburg Local Municipality is not obliged to accept a bid received to initiate a pilot project.

(3) If the Rustenburg Local Municipality decides to consider such a bid, it may do so only in accordance with a prescribed framework.

(4) In the case of such, a pilot project being approved by the Accounting Officer and initiated on behalf of Rustenburg Local Municipality, the policy will only allow the pilot project to proceed, if the pilot project:

(a) offering the proposed product or service is a demonstrably or proven unique innovative concept for the Rustenburg Local Municipality;
(b) offering the proposed product or service will be exceptionally beneficial to Rustenburg Local Municipality;
(c) will be at no cost to the Rustenburg Local Municipality;
(d) there must be demonstrable benefits that accrue to the City
(e) has a sound and approved business case which has been reviewed by the EAC; and
(f) has an end user(s) which has/have accepted and remain liable and responsible for the project management plan, roll-out and deployment.

(5) The pilot project may not exceed a life-span of twelve (12) months and once this life-span has come to an end.

(6) There would be no expectation that the City will automatically award to prospective supplier.

(7) The project must be advertised on an open tender and follow all policy processes and procedures in doing so.

(8) In instances where such project will be acquired the normal procurement process will be followed.

CHAPTER 4

COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

27. COMBATING OF ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The terms of reference of this paragraph of this policy ensure compliance with Regulation 38 of the SCMR.

(2) The Municipal Manager shall take all reasonable steps to prevent abuse of the Supply Chain Management System and to investigate any allegations of improper conduct against the concerned official, councillor, or other role player and when justified may:

(a) take, or ensure that appropriate steps are taken, against such official, councillor or other role player; and/or

(b) inform the Speaker of any allegations against any councillor involved in contraventions of the Supply Chain Management System; and/or

(c) report any alleged criminal conduct to the South African Police Service and/or other recognised state authority dealing with criminal investigations.

(2) The steps referred to in sub-paragraph (2) above which the Municipal Manager may take include registering the affected person in the Municipality's Register of Tender and Contract Defaulters as well as:

(a) rejection or withdrawal of recommendations, or invalidation of decisions that were unlawfully or improperly made or influenced, including recommendations or decisions that were made or in any way influenced by:

(i) councillors in contravention of item 5, 6 or 9 of the Code of Conduct for Councillors set out in Schedule 1 of the MSA; or

(ii) municipal staff members in contravention of item 4, 5 or 8 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 of the MSA;

(vii) the unlawful or improper conduct of a bidder or its representatives in competing for the contract;

(b) rejection of the bid of an affected person if that person or any of its representatives (including partners, directors of members):

(i) has failed to pay municipal rates and taxes or municipal service charges and such rates, taxes and charges are in arrears for a period longer than 3 (three) months, as at the date of the submission of the bid;

(ii) has abused the Supply Chain Management System or has committed any improper conduct in relation to the Supply Chain Management System;

(iii) has been convicted of fraud or corruption during the 5 (five) year period immediately preceding the invitation of bid in question;

(iv) is listed:

(aa) in the Register for Tender and or Contract Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act;

(bb) on the National Treasury's database as a person prohibited from doing business with the public sector or;

(cc) on the Municipality's Register of Tender and Contract Defaulters.

(v) who, during the last 5 (five) year period immediately preceding the invitation of the bid in question, failed to perform satisfactorily on a previous or current contract with the Municipality or other organ of state after written notice was given to the affected person that such person's performance was unsatisfactory; and/or

(vi) wilfully neglected and/or breached any government, municipal or other public-sector contract during the 5 (five) year period immediately preceding the invitation of the bid in question;

(c) cancellation of a contract awarded to a person if that person:

(i) committed a fraudulent act during the procurement process or the execution of the contract;

(ii) incited or participated in any corrupt or fraudulent act, by an official, councillor or other role-player during the procurement process or in the execution of that contract and the person who committed the corrupt or fraudulent act benefited there from.

27.1 Municipality's register of tender and contract defaulters

(1) The Municipal Manager shall, subject to the procedures prescribed in this policy, been entitled to list a person or any of its representatives, where applicable, on the Municipality's Register of Tender and Contract Defaulters for a period not exceeding 5 (five) years in any of the circumstances listed in terms of this policy.

(2) In the circumstances referred to in paragraph 21(3)(c)(i) and 21(3)(c)(ii) above, the person convicted of the relevant offence shall automatically also be listed on the Municipality's Register of Tender Contract Defaulters by the Municipal Manager.

(3) In circumstances where a preference in terms of the PPPFA has been obtained on a fraudulent basis or any specific goals are not attained in the performance of the contract, the affected person may be listed on the Municipality's Register of Tender and Contract Defaulters for a period not exceeding 10 (ten)years.

(4) Any listing in terms of paragraph 21(3) above shall, at the discretion of the Municipal Manager, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first mentioned person, and with which enterprise or person the first-mentioned person, is, or was, in the opinion of the Municipal Manager, actively associated.

(5) A person who has been listed on the Municipality's Register of Tender and Contract Defaulters shall not be entitled to be awarded any contract by the Municipality for the duration of the period reflected on such register.

(6) The Municipal Manager may, on worthy cause shown, remove a person from the Municipality's Register of Tender Contract Defaulters or reduce the period for which a person is prohibited from being awarded any contract by the Municipality. The reasons therefor shall be disclosed at the next opportunity to Council.

27.2 Automatic rejection of bid

The Municipal Manager may, after written verification with a person, automatically reject the bid of such a person if the person:

(a) has been convicted of fraud or corruption during the past 5 (five) year period immediately preceding the invitation of the bid in question; and/or

(b) is listed on the:

(i) Register for Tender Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act;

(ii) National Treasury's database as a person prohibited from doing business with the public sector; and/or

(iii) Municipality's Register of Tender and Contract Defaulters.

27.3 Adequate notice of manner of abuse of Supply Chain Management System

(1) Once the Municipality has obtained *prima facie* evidence which it deems to be sufficient to initiate proceedings to take steps against the affected person as contemplated in paragraph 21(2) and 21(3) of this policy, the Municipality must give the affected person adequate written notice of the way it is alleged that the affected person abused the Supply Chain Management System

(2) In order to constitute adequate notice of the way it is alleged that the affected person abused the Supply Chain Management System the notice must:

(a) outline the grounds on which it is alleged that the affected person abused the Supply Chain Management System, with sufficient particulars to enable the affected person to respond to the allegations stipulated in the notice;

(b) refer to the applicable provisions of this policy in terms of which steps may be taken in the event where it is proved that the affected person abused the Supply Chain Management System;

(c) stipulate that the affected person must make written representations in response to such allegations of abuse of the Supply Chain Management System within 14(fourteen) calendar days of the date when the notice was served by a duly authorised person, acting on behalf of the Municipality, on the affected person;

(d) state that written submissions received after the due date for such submissions shall be disregarded, unless worthy cause is shown by way of a request for condonation for the late lodgement of the submissions and only when the condonation would not lead to unnecessary delays or otherwise prejudice the public interest;

(e) state the name, official title, postal address, street address, telephone number of the official of the Municipality to whom written submissions or any correspondence in terms of this policy must be sent.

27.4 Right of access to information

(1) When furnishing the affected person with the notice referred to in paragraph21.3 above, the Municipality shall furnish the affected person with access to all documents upon which the Municipality relies in respect of the allegations against the affected person.

(2) The affected person shall be furnished by the Municipality with any such additional information as the affected person is entitled to in terms of PAIA on the same terms provided therein.

(3) Where further information is requested, the Municipality may, in its sole discretion and upon a written request to do so, appropriately extend the period contemplated inparagraph21.3(2)(c) so that the affected person is granted adequate time to consider any information provided pursuant to such request prior to the due date for such submissions.

27.5 Administration of hearings

(1) The Municipal Manager shall appoint an independent and impartial person, who may be an official of the Municipality, to preside and adjudicate on allegations of abuse of the Supply Chain Management System against an affected person.

(2) The Presiding Officer will adjudicate on the matter based on the written notice and written response and will inform all relevant parties accordingly should the matter, or part thereof be referred for an oral hearing.

27.6 Right to be heard

(1) An affected person shall, in accordance with and subject to, the procedures in terms of this policy, be granted the right to be heard upon receiving notice as contemplated in terms of paragraph21.3 above, and prior to the Municipal Manager taking any of the steps listed in paragraph 21(2) and 21(3) above.

27.7 Oral hearings

(1) An affected person does not have an automatic right to an oral hearing but may apply to the presiding officer to have the matter set down for an oral hearing in instances where the presiding officer decided to entertain the matter without oral evidence being heard, or not to refer the matter for an oral hearing.

(2) The presiding officer may grant such an opportunity in its discretion where the affected person has provided sufficient grounds to the presiding officer to refer the matter for an oral hearing

(3) The presiding officer shall take any relevant factor into account when deciding whether or not to grant an application referred to in sub-paragraph (2) above by an affected person.

(4) The presiding officer must ensure that notice of an oral hearing shall be served by a duly authorised person on all relevant parties within 7 (seven) days of receipt of their presentations referred to in paragraph21.3(2)(c) above, and must:

(a) set the date of the oral hearing;

(b) inform the affected person of their right to legal representation; and

(c) include any other information which the presiding officer may deem relevant or necessary to be included in the notice.

(5) The Municipality must be appropriately represented at these hearings by a natural person to lead the evidence against the affected person.

27.8 Procedure at oral hearing

(1) The procedure to be followed at an oral hearing shall be determined by the presiding officer.

(2) Witnesses must testify under oath.

(3) Affected person(s) or their representatives shall have the right to present their case and to cross-examine any witnesses who testify at the hearing.

(4) Witnesses called by the affected person(s) shall be subjected to cross-examination by any party who may have an interest at the hearing.

27.9 Onus of proof

The onus is on the Municipality to prove any allegations of abuse of the Supply Chain Management System which proof shall be on a balance of probabilities.

27.10 Right to legal representation

An affected person shall have a right to legal representation.

27.11 Right to request reasons

An affected person shall be informed of the right to request written reasons in terms of the provisions of section 5of PAIA in respect of any decision taken by the Municipality in terms of this policy.

27.12 Criminal proceedings

The Municipal Manager shall institute criminal proceedings where there is *prima facie* proof of abuse of the Supply Chain Management System that constitutes a criminal offence of corruption or fraud.

27.13 Informing Provincial and National Treasury

The Municipal Manager must inform the Provincial and National Treasury of any actions taken in terms of this paragraph.

CHAPTER5

PREFERENTIAL PROCUREMENT

28. PLANNING AND STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILISED

The Municipality must, prior to making an invitation for bidders:

(1) properly plan for, and, as far as possible, accurately estimate the costs of the provision of goods and/or services for which an invitation for bids is to be made;

(2) determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids; and

(3) determine whether the goods and/or services for which an invitation for bids is to be made have been designated for local production and content in terms of paragraph34 below.

29. EVALUATION OF BIDDERS ON FUNCTIONALITY

(1) The Municipality must indicate in the invitation to submit a bid if such a bid will be evaluated for functionality.

(2) The evaluation criteria for measuring functionality must be objective and clearly stated.

(3) When evaluating bids on functionality, the:

(a) evaluation criteria for measuring functionality;

(b) weight of each criterion;

(c) applicable values; and

(d) minimum qualifying score for functionality; may not be so-

- low that it may jeopardize the quality of the required goods or services; or
- high that it is unreasonably restrictive.

Points scored for functionality must be rounded off to the nearest two decimal places.

(e) The above criteria must be clearly specified in the invitation to submit a bid.

(4) No bid must be regarded as an acceptable bid if such bid fails to achieve the minimum qualifying score for functionality as indicated in the bid invitation.

(5) Bids which have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system prescribed in paragraphs30 and 31 below.

(6) Score sheets should be signed by the panel members and if necessary written motivation may be requested from the panel members where there are vast discrepancies in the values awarded to each for each criterion or the committee can do the functionality together to avoid discrepancies and enhance objectivity.

30. THE 80/20 PREFERENCE POINT SYSTEM FOR THE ACQUISITION OF GOODS AND/OR SERVICES UP TO A RAND VALUE OF R50 MILLION

(1) (a) The following formula must be utilised to calculate the points for price in respect of bids (including price quotations) with a rand value equal to, or above R30 000.00 and up to a rand value of R50 million (all applicable taxes included):

$$Ps = 80\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid of offer.

(b) The Municipality may apply the formula in sub-paragraph (1)(a) above for price quotations with a value less than R30 000.00, where and when appropriate.

(2) Subject to sub-paragraph (3) below, points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following table:

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

(3) A tenderer must submit proof of its B-BBEE status level of contributor.

(4) A tenderer failing to submit proof of B-BBEE status level of contributor or

is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) may only score points out of 80 for price; and

(b) scores 0 points out of 20 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE in terms of sub-regulation (2) must be added to the points scored for price under sub regulation (1).

(7) The points scored must be rounded off to the nearest two decimals places.

(8) Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

(9) (a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(b) The organs of state may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;

(iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)

(iii), the organ of state must cancel the tender.

31. THE 90/10 PREFERENCE POINT SYSTEM FOR THE ACQUISITION OF GOODS AND/OR SERVICES WITH A RAND VALUE ABOVE R50 MILLION

(1) The following formula must be utilised to calculate the points for price in respect of bids with a rand value above R50 million (all applicable taxes included):

$$Ps = 90\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid of offer.

(2) Subject to sub-paragraph (3) below, points must be awarded to a bidder for attaining their B-BBEE status level of contributor in accordance with the following table:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9

3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

(3) A tenderer must submit proof of its B-BBEE status level of contributor.

(4) A tenderer failing to submit proof of B-BBEE status level of contribution or is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) may only score points out of 90 for price; and

(b) scores 0 points out of 10 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE contribution in terms of sub regulation (2) must be added to the points scored for price under sub regulation (1).

(7) The points scored must be rounded off to the nearest two decimal places.

(8) Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

(9) (a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(b) The organs of state may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) if the tenderer does not agree to a market-related price,

negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;

(iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the organ of state must cancel the tender.

32. AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS

A contract may be awarded to a bidder who/which did not score the highest total number of points, but only if objective criteria in addition to those contemplated in section 2(1)(d) and section 2(1)(e) of the PPPFA justify the award to another tenderer.

33. CANCELLATION AND RE-INVITATION OF BIDS

(1) (a) When, in the application of the 80/20 preference point system as stipulated in the bid documents, **all** bids received exceed the estimated rand value of R1 million, the bid invitation must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are within the prescribed threshold of R1 million, all bids received must be evaluated on the 80/20 preference point system.

(2) (a) When, in the application of the 90/10 preference point system as stipulated in the bid documents, **all** bids received are equal to, or below R1 million, the bid must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are above the prescribed threshold of R1 million, all bids received must be evaluated on the 90/10 preference point system.

(3) Where the Municipality cancels a bid invitation as contemplated in sub-paragraphs (1) and (2) above, the Municipality must re-invite bidders and must stipulate in the bid documents the correct preference point system to be applied.

(4) The Municipality may, prior to the award of a bid, cancel such a bid when:

(a) due to changed circumstances, there is no longer a need for the requested goods and/or services;

(b) funds are no longer available to cover the total envisaged expenditure of the bid; or

(c) no acceptable bids are received.

(5) The decision to cancel a bid in terms of sub-paragraph (4) above must be published in the Government Tender Bulletin or the media in which the original bid invitation was advertised.

(6) An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

(7) Negotiation with bidders who offered a none market related price:

- If the price offered by a bidder scoring the highest point is not market related
- the organ of state may not award the contract to the bidder, the organ of state may negotiate the price with the bidder or cancel the bid.

34. PROCESS TO APPOINT FROM A PANEL OF APPOINTED SERVICE PROVIDERS

(1) The appointment of a panel of service-providers must be executed against a signed and approved specification which incorporates the sustainable procurements elements. An approval for contract award must be obtained from a relevant Delegated Approval Authority.

(2) The appointment of a panel of service providers must follow a two-stage process. The first stage is conducted as a pre-qualification enquiry where suppliers are first screened and pre-qualified for general compliance to technical, SHE, quality, and Product Development requirements, including specific goals, if applicable. Price is generally not requested as part of the pre-qualification enquiry, unless a standard rate is prescribed for acceptance.

(3) Once pre-qualified, suppliers on the panel may then compete on a per task order basis as part of the second stage, where they may quote based on the 80:20 or 90:10 preference point system as may be relevant to the task

order, or where capacity /capability /location, treated as objective criteria, may become factors in task order award.

(4) The principle of rotation when sourcing form panels must be used to promote fairness and equitable work distribution.

(5) The Head of Supply Chain Management is responsible for putting in place appropriate systems and controls to ensure that:

(i) The department to send their request to SCM for the panel appointment process to start;

(ii) Requests from departments to include specifications and be signed off by the Group Head

(iii) work / task orders to be distributed fairly and equitably among the panel of suppliers;

(iv) all RFQs relating to task orders must be formally received and

(v) task orders are placed against contracts with sufficient funds and time available for the completion of the supply / services;

(vi) Price and BBBEE level of contribution to be evaluated and scored accordingly before the award is made,

(vii) Approved task orders are supported by an appointment letter from the accounting officer confirming the order / commitment; and

(viii) Procurement targets and objectives to be being monitored and tracked

(6) All of the above controls must be dealt with upfront as part of the approved strategy and executed during the contract management phase.

(7) Where FIXED RATES are applicable as in the case of framework contracts, direct appointment will be made without requesting quotations but strict compliance to ROTATION PRINCIPLE must be adhered to.

(8) An approval report will be signed by the Head of Supply Chain Management, relevant Strategic Executive Director and relevant Cluster Deputy City Manager.

(9) A letter of appointment will be forwarded to the Accounting Officer or his/her nominee as per delegation for signature.

(10) Supply Chain Management will issue the appointment letter to the successful panellist and hand over the process to the department.

(11) Reports on the efficacy of the panel are to be compiled and submitted to Accounting Officer.

(12) If the appointment of a service provider from the panel is in year two and the project duration is five years, MFMA section 33 will have to be complied with.

(13) With reference to the opinion on the use of panel received from National Treasury on 27 March 2017, the following guidelines is to be implemented with immediate effect

(14) An approved panel/list of service providers established through a competitive bidding process will be used for service that are routine or of simple nature where the scope and content of work to be done can be described, and for a period of not more than three years. This includes consulting services.

(15) All panels in the City are subject to annual review by contract management.

(16) The period of a framework agreement that is repetitive nature for services that the City has an obligation to provide on an ongoing basis for the duration of the resulting contract(s), cannot extent beyond the 3 years period covered in the annual budget for the financial year in which the contract will commence, unless all related legislative process are complied with.

35. LOCAL PRODUCTION AND CONTENT

(1) The Municipality must, in the case of designated sectors, where local production and content is of critical importance in the award of bids, advertise such bids with a specific bid condition that only locally produced goods and/or services or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

(2) The instructions, circulars and guidelines issued by the National Treasury with specific reporting mechanisms to ensure compliance with sub-paragraph (1) above, must be considered by the Municipality when applying this paragraph.

(3) Where there is no designated sector, the Municipality may include, as a specific bid condition, that only locally produced goods and/or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered, provided that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department Trade and Industry.

(4) Every bid issued in terms of this paragraph must be measurable and audited.

(5) Where necessary, for bids referred to in sub-paragraphs (1) and (3) above, a two-stage bidding process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second stage price and B-BBEE with the possibility of price negotiations only with the short-listed bidder(s).

(6) Evaluation of bids based on a stipulated minimum threshold for local production and content.

(7) Bids that were invited based on local production and content should be evaluated by following a <u>two-stage binging process.</u>

7.1 STAGE 1

a) Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed, as this may jeopardise the fairness of the process.

b) A bid will be disqualified if the bidder fails to achieve the stipulated minimum threshold for local production and content or if the declaration certificate for local content (MBD 6.2) is not submitted as part of the bid documentation.

i. Since 16 July 2012, the Minister of Finance has approved the issuance of directive together with the Municipal Bidding Documents (MBD 6.2) "Declaration of Certificate for Local Production and Content for Designated Sectors" for the following sectors that have been designated:

- Textiles, clothing, leather and footwear
- Buses (bus body)
- Steel power pylons
- Canned/processed vegetables
- Rail Rolling Stock
- Set top boxes
- Furniture
- Electrical and telecom cable products

All queries in this regard maybe directed to the National Treasury, tell (012) 315 5339.

ii. For bids in respect of local content, only locally produced or locally manufactured textiles, clothing, leather and footwear from local raw materials or inputs will be considered.

iii. If the raw material or input to be used for a specific item is not available locally, bidders should obtain written authorisation from the DTI, should there be a need to import such raw materials or input.

iv. A copy of an authorisation letter must be submitted together with the bid document at the closing date and time of the bid. For further information, bidders may contact the clothing, textile and leather unit within DTI at telephone 012 394 3717/1390

v. The accounting officer or delegated must stipulate in the bid invitation the exchange rate published by the South African Reserve Bank at 12:00 on the date of advertising of the bid.

vi. Only SABS approved technical specification number SATS 1286:2011 must be used to calculate the local content.

36. B-BBEE STATUS LEVEL CERTIFICATE

(1) Bidders with an annual total revenue of R5 million or less qualifies as exempted micro enterprises in terms of the B-BBEE and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, Act 69 of 1984) or an accredited verification agency.

(2) Bidders other than exempted micro enterprises must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.

(3) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

(4) The B-BBEE status level attained by the bidder must be utilised to determine the number of points allocated in terms of paragraphs 24(2) and 25(2) above.

30. GENERAL CONDITIONS

(1) Only bidders who/which have completed and signed the declaration part of the bid documentation may be considered for such bid.

(2) The Municipality must, when calculating comparative prices, consider any discounts which have been offered unconditionally as reflected in the bid.

(3) A discount which has been offered conditionally must, despite not being considered for evaluation purposes, be implemented when payment is provided.

(4) Points scored must be rounded off to the nearest 2 (two) decimal places.

(5) In the event that 2 (two) or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE:

(a) When, however, functionality is part of the evaluation process and 2 (two) or more bids have scored equal points including equal preference points for B-BBEE, the successful bidder must be the one scoring the highest score for functionality.

(b) Where 2 (two) or more bids are equal in all respects, the award will be decided by the drawing of lots.

(6) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as a legal entity, provided that such entity submits its B-BBEE status level certificate.

(7) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as an unincorporated entity, provided such entity submit its consolidated B-BBEE scorecard as if the entity is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.

(8) Subcontracting as condition of tender

(1) If feasible to subcontract for a contract above R30 million, the Municipality must apply subcontracting to advance designated groups.

(2) If the Municipality applies subcontracting as contemplated in sub regulation (1), the organ of state must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-

(a) an EME or QSE;
(b) an EME or QSE which is at least 51% owned by black people;
(c) an EME or QSE which is at least 51% owned by black people who are youth;
(d) an EME or QSE which is at least 51% owned by black people who are women;
(e) an EME or QSE which is at least 51% owned by black people with disabilities;
(f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
(g) a cooperative which is at least 51% owned by black people;
(h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
(i) more than one of the categories referred to in paragraphs (a) to (h).

(3) The organ of state must make available the list of all suppliers registered on a database approved by the

National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub regulation (2) from which the tenderer must select a supplier.

(9) Subcontracting after award of tender

(1) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.

(2) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(4) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract

38. DECLARATIONS

(1) A bid must, in the manner stipulated in the bid document, compel a bidder to declare that:

(a) the information provided is true and correct;

(b) the signatory to the bid is duly authorised; and

(c) documentary proof regarding any bid issue must, when required, be submitted to the satisfaction of the Municipality.

39. REMEDIES

Upon detecting that a tenderer submitted false information regarding its B-BBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the organ of state must-

(a) inform the tenderer accordingly;

(b) give the tenderer an opportunity to make representations within 14 days as to why-

(i) the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;

(ii) if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalized up to 10 percent of the value of the contract; and

(iii) the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and

(c) if it concludes, after considering the representations referred to in sub regulation

(1) that-

(i) such false information was submitted by the tenderer-

(aa) disqualify the tenderer or terminate the contract in whole or in part; and

(bb) if applicable, claim damages from the tenderer; or

(ii) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalize the tenderer up to 10 percent of the value of the contract.

(2) (a) The Municipality must-

(i) inform the National Treasury, in writing, of any actions taken in terms of sub regulation (1);

(ii) provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and

(iii) submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

(c) The National Treasury may request an organ of state to submit further information pertaining to sub regulation (1) within a specified period.

(3) The National Treasury must-

(a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and

(b) maintain and publish on its official website a list of restricted suppliers.

40 TREASURY INSTRUCTION NOTE ON COST CONTAINMENT

1. It is mandatory for accounting officers of departments and constitutional institutions and accounting authorities of public entities listed Schedules 2 and 3 to the PFMA to implement the cost containment measures.

2. - Hotel accommodation and related costs in respect of consultants may not exceed the amount of R1300 a night; air travel must be restricted to economy class and claims for kilometres may not exceed the rates approved by the Automobile Association of South Africa.

3. - Expenses related to Catering and events the municipality may not incur catering expenses for internal meeting, i.e. for meetings attended only by persons in its employ, unless approved by the accounting officer.

4. - the accounting officer must ensure that team building exercises and social functions, including year-end functions, are not financed from the municipal budget or by any suppliers or sponsors.

5. - Corporate branded items availed to employees must be recovered at full cost.

6. - Meetings and planning sessions must, as far as practically possible, be held in-house. In instances where such sessions cannot be held in-house, alternate facilities at other government institutions must be sought, unless approved by the accounting officer.

CHAPTER 6

GENERAL PROVISIONS/ADDITIONAL INFORMATION

41.COMPLIANCE

(1) Every contract entered by the Municipality shall be entered pursuant to or in connection with the Municipality's functions and shall comply with Acts and regulations

42 SCM OBJECTIVES

The objectives of Supply Chain Management (SCM) are to:

- give effect to the provisions of the Constitution-section 217, 1996;
- give effect to the provisions of the MFMA, 2003;
- transform outdated procurement and provisioning practises into an integrated SCM function;
- ensure that SCM forms an integral part of the financial management system of the Municipality;
- make significant improvement to financial management in the broader public sector;
- introduce a system for the appointment of consultants;

- create a mutual understanding and interpretation of government's preferential procurement policy objectives;
- promote consistency in respect of Supply Chain Management policy and other related policy initiatives in Government; align with global trends and ensure that South Africa adheres to international best practices

42. AVAILABILITY OF THIS POLICY

(1) A copy of this policy shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the MSA.

(2) The Municipality shall take all required legal steps to inform consumers, debtors, owners and occupiers of the content of this policy.

(3) A copy of this policy shall be available for inspection at the offices of the Municipality at all reasonable times.

(4) A copy of this policy may be obtained from the Municipality against payment of an amount as determined by the Council.

43. IMPLEMENTATION AND REVIEW OF THIS POLICY

(1) This policy shall be implemented once approved by Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008, and section 17(3)(e), section 21(1)(b)(ii) (bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.

(2) In terms of the provisions of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

44. SHORT TITLE

This policy shall be called the Supply Chain Management Policy of the Rustenburg Local Municipality.

The 2017 PPPFA have been included verbatim thus reference to sub-regulations, readers should read the policy in juxtaposition with the PPPFA 2017 regulations for clear understanding.

The policy was reviewed and approved at a Council sitting on the _____
Item number_____

RUSTENBURG

LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

The Municipal Manager of the Rustenburg Local Municipality (hereinafter referred to as "the Municipality"), being responsible for managing the financial administration of the Municipality hereby, in terms of the provisions of section 62(1)(f)(iv), read with section 111 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as the "MFMA"), and in order to give effect to section 217(1) of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), establishes the Supply Chain Management Policy of the Municipality (also hereinafter referred to as "the SCM Policy), as approved by its Council and which came into operation on and is to be implemented as such from the date of acceptance by the Council.

The SCM Policy of the Municipality will be one of the Municipality's budget related policies, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008 and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA, and accordingly the Municipality will annually revise this policy and this policy, or any amendments thereto will be approved by the Council of the Municipality during the process in terms of which the Municipality adopts its budget, as described in section 24 of the MFMA.

THE RUSTENBURG LOCAL MUNICIPALITY:

SUPPLY CHAIN MANAGEMENT POLICY

TABLE OF CONTENTS

(FOR EASE OF REFERENCE THE CORRESPONDING REGULATION NUMBER IN THE "MUNICIPALSUPPLY CHAIN MANAGEMENT REGULATIONS" –WHERE APPLICABLE – HAS BEEN INSERTED IN BRACKETS BEHIND THE "ITEM")

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF THE SCM POLICY

NO	ITEM	PAGE NO
1.	DEFINITIONS	10
2.	INTRODUCTION	24
3.	TITLE AND APPLICATION OF THE POLICY	25
4.	AIM AND PURPOSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM	26
5.	OBJECTIVES OF THIS POLICY	27
6.	DELEGATED AUTHORITY OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES	28
	6.1 SUB-DELEGATIONS	30
	6.2 OVERSIGHT ROLE OF THE MUNICIPALITY	33
	6.3 SUPPLY CHAIN MANAGEMENT UNITS	34
7.	COMPETENCY AND TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS	34
8.	DUTIES AND RESPONSIBILITIES	35
	8.1 GENERAL RESPONSIBILITIES OF THE OFFICIALS OF THE MUNICIPALITY	35

	8.2 RESPONSIBILITIES OF THE MUNICIPAL MANAGER	35
	8.3 RESPONSIBILITIES OF THE DIRECTORS/MANAGER APPOINTED IN TERMS OF THE PROVISIONS OF SECTION 56 OF THE MSA	36
	8.4 RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER	37
	8.5 RESPONSIBILITIES OF THE SUPPLY CHAIN MANAGEMENT UNIT	38
9.	COMMUNICATIONS	39

CHAPTER 2

FRAMEWORK OF THE SCM POLICY

10.	ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT SYSTEM	40
11.	DEMAND MANAGEMENT (REGULATION 10)	40
12.	ACQUISITION MANAGEMENT (REGULATION 11)	44
	12.1 RANGE OF PROCUREMENT PROCESSES (REGULATION 12)	47
	12.2 GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS (REGULATION 13)	49
	12.3 LISTS OF ACCREDITED PROSPECTIVE PROVIDERS (REGULATION 14)	50
	12.4 PETTY CASH PURCHASES (REGULATION 15)	52
	12.5 WRITTEN OR VERBAL QUOTATIONS (REGULATION 16)	53
	12.6 FORMAL WRITTEN PRICE QUOTATIONS (REGULATION 17)	55
	12.7 COMPETITIVE BIDS AND PROCESS FOR COMPETITIVE BIDS (REGULATION 19 & 20)	56
	12.7.1 BID DOCUMENTATION FOR COMPETITIVE BIDS (REGULATION 21)	59
	12.7.2 PUBLIC INVITATION FOR COMPETITIVE BIDS (REGULATION 22)	65
	12.7.3 ISSUING OF BIDS DOCUMENTS	67
	12.7.4 SITE INSPECTIONS	67
	12.7.5 PRE-QUALIFICATION CRITERIA FOR PREFERENTIAL PROCUREMENT	68

	12.7.6 TWO-STAGE (PREQUALIFICATION) BIDDING PROCESS (REGULATION 25)	69
	12.7.7 PREPARATION OF THE TERMS OF REFERENCE (TOR'S)	70
	12.7.8 DRAFTING OF THE TERMS OF REFERENCE	71
	12.7.9 VALIDITY PERIODS	72
	12.7.10 CONTRACT PRICE ADJUSTMENT	73
	12.7.11 PROVISIONAL SUMS AND PRIME COST ITEMS	74
	12.7.12 SAMPLES	74
	12.7.13 CLOSING OF BIDS	75
	12.7.14 COMMUNICATION WITH BIDDERS BEFORE BID CLOSING	76
	12.7.15 SUBMISSION OF BIDS	77
	12.7.16 LATE BIDS	78
	12.7.17 OPENING OF BIDS	79
	12.7.18 INVALID BIDS	81
	12.7.19 BID SUM	81
	12.8 COMMITTEE SYSTEM FOR COMPETITIVE BIDS (REGULATION 26)	82
	12.9 BID SPECIFICATIONS	82
	12.10 BID SPECIFICATION COMMITTEE (REGULATION 27)	84
	12.11 BID EVALUATION	85
	12.12 BID EVALUATION COMMITTEE (REGULATION 28)	86
	12.13 BID ADJUDICATION	90
	12.14 BID ADJUDICATION COMMITTEE (REGULATION 29)	93
	12.15 TERM BIDS	95
	12.16 PROCUREMENT OF BANKING SERVICES (REGULATION 30)	96
	12.17 PROCUREMENT OF IT RELATED GOODS AND/OR SERVICES (REGULATION 31)	97
	12.18 PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE (REGULATION 32)	98

	12.19 PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS (REGULATION 33)	98
	12.20 PROUDLY SA CAMPAIGN (REGULATION 34)	99
	12.21 APPOINTMENT OF CONSULTANTS (REGULATION 35)	99
	12.22 DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES (REGULATION 36)	105
	12.23 UNSOLICITED BIDS (REGULATION 37)	107
13.	LOGISTICS MANAGEMENT (REGULATION 39)	109
	13.1 SETTING OF INVENTORY LEVELS	109
	13.2 PLACING OF ORDERS	110
	13.3 RECEIVING AND DISTRIBUTION OF GOODS	111
	13.4 STORES AND WAREHOUSE MANAGEMENT	111
	13.5 EXPEDITING ORDERS	111
	13.6 TRANSPORT MANAGEMENT	112
	13.7 VENDOR PERFORMANCE	112
	13.8 CONTRACT MANAGEMENT (SECTION 116(3) MFMA)	112
	13.9 MAINTENANCE AND CONTRACT ADMINISTRATION	113
	13.10 CONTRACT ADMINISTRATION	114
	13.11 LEVELS OF CONTRACT ADMINISTRATION	115
	13.12 APPOINTING OF A CONTRACT MANAGER	115
	13.13 DUTIES AND POWERS OF A CONTRACT MANAGER	116
	13.14 CONTRACT GUIDELINES	117
	13.15 DELEGATING TO CONTRACT ADMINISTRATOR	117
	13.16 CONTRACT MANAGEMENT PROCESS	118
	13.17 DOCUMENT RETENTION	119
	13.18 GUIDELINES ON CONTRACT ADMINISTRATION	119
14.	DISPOSAL MANAGEMENT (REGULATION 40)	120
15.	RISK MANAGEMENT (REGULATION 41)	133
16.	PERFORMANCE MANAGEMENT (REGULATION 42)	134

CHAPTER 3

OTHER MATTERS

17.	PROHIBITION ON AWARDS TO PERSONS WHOSE/WHICH TAX MATTERS ARE NOT IN ORDER (REGULATION 43)	136
18.	PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE (REGULATION 44)	136
19.	AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE (REGULATION 45)	137
20.	CODE OF ETHICAL STANDARDS (REGULATION 46)	137
	20.1 INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO THE MUNICIPALITY, ITS OFFICIALS AND/OR OTHER ROLE-PLAYERS (REGULATION 47)	139
	20.2 SPONSORSHIPS (REGULATION 48)	140
	20.3 OBJECTIONS AND COMPLAINTS (REGULATION 49)	141
	20.4 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES (REGULATION 50)	141
	20.5 CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER (REGULATION 51)	142
21	CESSION	143
	21.1 SUPPLIER TO SUPPLIER COMPANY BASED ON A VALID AGREEMENT	143
	21.2 CESSION BASED ON MATERIAL SUPPLIES	143
	21.3 CESSION BASED ON ACCESS TO FINANCE	143
	21.4 CESSION BASED ON INSURANCE	143
	21.5 CESSION BASED ON CAPACITY	144
22	SUPPLIER DEVELOPMENT PROGRAMME	144
23	CONTRACT TERMINATION	145
24	EMERGENCY PROCUREMENT	145
25	SOLE SOURCE	146
26	PILOT INOVATIVE PROJECTS	151

CHAPTER 4

COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

27.	COMBATING OF ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM (REGULATION 38)	153
	27.1 MUNICIPALITY'S REGISTER OF TENDER AND CONTRACT DEFAULTERS	155
	27.2 AUTOMATIC REJECTION OF BID	156
	27.3 ADEQUATE NOTICE OF MANNER OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM	157
	27.4 RIGHT OF ACCESS TO INFORMATION	158
	27.5 ADMINISTRATION OF HEARINGS	159
	27.6 RIGHT TO BE HEARD	159
	27.7 ORAL HEARINGS	159
	27.8 PROCEDURE AT ORAL HEARING	160
	27.9 ONUS OF PROOF	161
	27.10 RIGHT TO LEGAL REPRESENTATION	161
	27.11 RIGHT TO REQUEST REASONS	161
	27.12 CRIMINAL PROCEEDINGS	161
	27.13 INFORMING PROVINCIAL AND NATIONAL TREASURY	161

CHAPTER 5

PREFERENTIAL PROCUREMENT

28.	PLANNING AND STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILISED	162
29.	EVALUATION OF BIDDERS ON FUNCTIONALITY	162
30	THE 80/20 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS / SERVICES UP TO A RAND VALUE OF R50 000 000.00	163
31	THE 90/10 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS/SERVICES UP TO A RAND VALUE ABOVE R50 000 000.00	165
32.	AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS	167

33.	CANCELLATION AND RE-INVITATION OF BIDS	168
34	PROCESS TO APPOINT FROM A PANEL OF APPOINTED SERVICE PROVIDERS	169
35.	LOCAL PRODUCTION AND CONTENT	171
36	B-BBEE STATUS LEVEL CERTIFICATE	174
37.	GENERAL CONDITIONS	174
38.	DECLARATIONS	177
39.	REMEDIES	177
40	TREASURY INSTRUCTION NOTE ON COST CONTAINMENT	178

CHAPTER 6

GENERAL PROVISIONS

41	COMPLIANCE	179
42	SCM OBJECTIVES	179
34.	AVAILABILITY OF THIS POLICY	180
35.	IMPLEMENTATION AND REVIEW OF THIS POLICY	180
36	SHORT TITLE	181

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words, expressions and/or abbreviations shall have the respective meanings assigned to them hereunder and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MFMA will have the corresponding meaning assigned thereto in terms of such section. Some of these words, expressions and/or abbreviations may not occur in the Policy but are included for the sake of completeness. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO	WORD/EXPRESSION	DEFINITION
	"A"	
1.1	**"Accounting Officer"**	The Municipal Manager of the Municipality as referred to the definition of "Accounting Officer" as defined in terms of the provisions of section 1 of the MFMA and referred to in section 60 of the MFMA and includes a person acting as an Accounting Officer, or the person to whom the Accounting Officer has delegated his/her authority to act. Also refer to the definition of Municipal Manager below.
1.2	**"adjudication points"**	The points referred to in the Preferential Procurement Policy Framework Act, Act 5 of 2000: Preferential Procurement Regulations, 2017, and

		the preferential procurement section of this policy, also referred to as "evaluation points" or "preference points".
1.3	**"all applicable taxes"**	Includes value added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.
1.4	**"Auditor-General"**	The person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person acting as Auditor-General, acting in terms of a delegation by the Auditor-General or designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General.
1.5	**"authority"**	A right or power attached to a rank or position permitting the holder thereof to make decisions, to execute such decisions or to have such decisions executed, take command or to demand action by others.
"B"		
1.6	**"B-BBEE"**	The Broad Based Black Economic Empowerment as defined in terms of the provisions of section 1 of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.7	**"B-BBEE status level of contributor"**	The B-BBEE status awarded to a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of the provisions of section 9(1) of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.8	**"bid"**	Includes a responsive tender, quotation, expression of interest, proposal, or any other proposition for

		doing business with the Municipality, whether solicited or not, or a written offer in a prescribed or stipulated form in response to an invitation by the Municipality for the provisions of goods and services.
1.9	**"bidder"**	Any person or entity submitting a bid.
	"C"	
1.10	**"capital asset"**	Any immovable asset such as land, property or buildings or any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future economic or social benefit can be derived, such as plant, machinery and equipment.
1.11	**"Chief Financial Officer"**	A person appointed by the Council and designated by the Municipal Manager to manage the financial administration of the Municipality and who remains directly accountable to the Municipal Manager as contemplated in terms of the provisions of section 80(2)(a) read with section 1 and section 81 of the MFMA.
1.12	**"close family member"**	A spouse, child or parent of a person.
1.13	**"closing time"**	The time and date specified in bid documentation as the closing time for submission of bids after which no more bids may be submitted to or be accepted by the Municipality.
1.14	**"community-based vendor"**	A supplier of goods and/or services who resides in a target area or community, who/which meets the criteria for community-based vendors as

		determined by the Municipality from time to time, and who/which is registered on the list of the Municipality as an accredited prospective provider of goods and/or services.
1.15	**"comparative price"**	The price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration. A "non-firm price" means all prices other than a "firm price".
1.16	**"competitive bid"**	A responsive bid in terms of a competitive bidding process.
1.17	**"competitive bidding process"**	A competitive bidding process referred to in regulation 12(1)(d) of the SCMR and this policy.
1.18	**"consortium or joint venture"**	An association of persons or entities formed for the purpose of combining the expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The joint venture or consortium must be formalised by agreement between the parties thereto.
1.19	**"Construction Industry Development Board" or "CIDB"**	The Construction Industry Development Board established by section 2 of the Construction Industry Development Board Act.
1.20	**"Construction Industry Development Board Act"**	The Construction Industry Development Board Act, Act 38 of 2000.
1.21	**"construction works"**	The provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a

		fixed asset including building and engineering infrastructure.
1.22	**"consultant"**	A person or entity providing labour and knowledge-based expertise which is applied with reasonable skill, care and diligence.
1.23	**"contract"**	A written agreement resulting from the acceptance of a bid or quotation from a bidder by the Municipality and as contemplated in the provisions of section 116 of the MFMA.
1.24	**"contractor"**	A person or entity whose/which bid, or quotation has been accepted by the Municipality and "service provider" has a corresponding meaning.
1.25	**"Council"**	The Municipal Council of the Municipality, its legal successors in title and its delegates.
"D"		
1.26	**"days"**	Calendar days, unless the context indicates otherwise.
1.27	**"demand management"**	A system which insures that the resources required to support the strategic and operational commitments of the Municipality are delivered at the correct time, at the right price, and at the right location, and that the quantity and quality satisfy the needs of the Municipality.
1.28	**"designated sector"**	A sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced goods and/or services or locally manufactured goods meet the stipulated minimum threshold for local production and content.

1.29	**"disability"**	In respect of a person means a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner or in the range considered normal for a human being.
1.30	**"Disciplinary Regulations"**	Local Government: Disciplinary Regulations for Senior Managers, published under GN 344 in GG 34213 of 21 April 2011
1.31	**"disposal"**	A process of preparing, negotiating and concluding a written contract which involves the alienation of a capital asset of the Municipality, including a capital asset no longer needed by the Municipality or rights in respect thereof, by means of a sale or a donation, and "dispose" has a similar meaning.
1.32	**"disposal management"**	The system of the Municipality for the disposal or letting of assets, including unserviceable, redundant or obsolete assets in a cost-effective, but transparent and responsible manner, and entails the maintenance of records and documents.
"E"		
1.33	**"engineering and construction works"**	The provision of a combination of goods and services, arranged for the development and provision of an asset including construction works and engineering infrastructure, or for the refurbishment of an existing asset.
1.34	**"evaluation points"**	Refer to "adjudication points" and/or "preference points".
1.35	**"exempted capital asset"**	A municipal capital asset which is exempted by section 14(6) of the MFMA from the other provisions of that section, read with regulation 1 of the MATR.

	"F"	
1.36	**"final award"**	The final decision on which bid or quote to accept.
1.37	**"firm price"**	The price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change in position, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of a contract.
1.38	**"formal written price quotation"**	Quotations referred to in this policy and in regulation 12(1)(c) of SCMR and includes an electronic offer to the Municipality in response to an invitation to submit such a quotation.
1.39	**"functionality"**	The measurement according to predetermined norms and/or criteria, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, considering, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder.
	"G"	
1.40	**"general conditions of contract"**	The general conditions of contract as set out in the bid documentation applicable to the said bid and not limited to the General Conditions of Contract for Construction Contracts, 2010 of the South African Institute of Civil Engineers.

1.41	**"goods and/or services"**	Apart from the normal grammatical meaning, also includes engineering and construction works and consultant works.
1.42	**"green procurement"**	Considering environmental criteria for goods and services to be purchased to ensure that the related environmental impact is minimised.
	"H"	
1.43	**"historically disadvantaged individual" or "HDI"**	A South African citizen who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution or the Constitution of the Republic of South Africa, Act 200 1993 ("the Interim Constitution"); and/or who is a female, and/or who has a disability, provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.
	"I"	
1.44	**"improper conduct"**	Conduct which is tantamount to fraud, corruption, favouritism, unfair, irregular and unlawful practices, misrepresentation of information submitted in bid documents for the purposes of procuring a contract with the Municipality, misrepresentation regarding the contractor's expertise and capacity to perform in terms of a contract procured via the Supply Chain Management System, breach of a contract procured via the Supply Chain Management System and failure to comply with the Supply Chain Management System.

1.45	**"in the service of the state"**	Means to be: (a) a member of: (i) any municipal council; (ii) any provincial legislature; or (iii) the National Assembly or the National Council of provinces; (b) a member of the board of directors of any municipal entity; (c) an official of any municipality or municipal entity; (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution with the meaning of the Public Finance Management Act, Act 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.
1.46	**"information technology" or "IT"**	The acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications.
1.47	**"Integrated Development Plan" or "IDP"**	The plan envisaged in terms of the provisions of section 25 of the MSA.

"L"		
1.48	**"list of accredited prospective providers"**	The list of accredited prospective providers that a Municipality must keep in terms of regulation 14 of the SCMR.
1.49	**"local business"**	Service providers with active offices within the municipal area of the Municipality, which shall be interpreted based on whether the offices are utilised for the goods and/or services to be procured, and whether most staff are local.
1.50	**"Local Government: Municipal Finance Management Act" or "MFMA"**	The Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.51	**"Local Government: Municipal Systems Act" or "MSA"**	The Local Government: Municipal Systems Act, Act 32 of 2000.
1.52	**"Structures Act" or "MSTA"**	The Local Government: Municipal Structures Act, Act 117 of 1998.
1.53	**"long term contract"**	A contract with a duration period exceeding 1 (one) year.
"M"		
1.54	**"Municipal Asset Transfer Regulations" or "MATR"**	The Asset Transfer Regulations, 2008, published under GN R878 in GG 31346 of 22 August 2008 (with effect from 1 September 2008) and promulgated in terms of the provisions of section 168 of the MFMA.
1.55	**"Municipal Budget & Reporting Regulations, 2008"**	The Municipal Budget & Reporting Regulations, 2008, published under GN R393 in GG 32141 of 17 April 2009 (with effect from 1 July 2009) and

		promulgated in terms of the provisions of section 168 of the MFMA
1.56	**"municipal entity"**	Means: (a) a private company referred to in section 86B(1)(a) of the MSA; (b) a service utility; or (c) a multi-jurisdictional service utility; as contemplated in terms of the provisions of the MSA.
1.57	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or

		(c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.58	**"Municipal Manager"**	The person appointed in terms of the provisions of section 54A of the MSA, and Accounting Officer of the Municipality.
1.59	**"Municipal Public-Private Partnership Regulations"**	The Municipal Public-Private Partnership Regulations, published under GN R309 in GG 27431 of 1 April 2005 (with effect from 1 April 2005) and promulgated in terms of the provisions of section 168 of the MFMA.
1.60	**"Municipality's Register of Tender and Contract Defaulters"**	The list compiled by the Municipality for purposes of the combating of abuse of the Supply Chain Management System in terms of which the persons reflected on the list are prohibited from being awarded any contract by the Municipality for the specified period reflected on the list.
"N"		
1.61	**"non-exempted capital asset"**	A municipal capital asset which is not exempted in terms of the provisions of section 14(6) of the MFMA from the other provisions of that section.
"O"		
1.62	**"obsolete"**	As asset of the Municipality which is no longer in use or out of date, or which has become obsolete by reason of it being replaced with something new.
1.63	**"official"**	In relation to the Municipality or municipal entity, means: (a) an employee of a Municipality or municipal entity;

		(b) a person seconded to a Municipality or municipal entity to work as a member of the staff of the Municipality or municipal entity; or (c) a person contracted by a Municipality or municipal entity to work as a member of the staff of the Municipality or municipal entity otherwise than as an employee.
1.64	**"organ of state"**	Means: (a) any department of state or administration in the national, provincial or local sphere of government; or (b) any other functionary or institution: (i) exercising a power or performing a function in terms of the Constitution or a provincial constitution; or (ii) exercising a public power or performing a public function in terms of any legislation but does not include a court or a judicial officer.
1.65	**"other applicable legislation"**	Any other legislation applicable to the supply chain management of the Municipality, including but not limited to the Preferential Procurement Policy Framework Act, the Broad-Based Black Economic Empowerment Act, the Construction Industry Development Board Act and the Consumer Protection Measures Act, Act 68 of 2008.
"P"		

1.66	**"planned project work"**	As opposed to term bids for the supply of goods and/or services that is of an ad-hoc or repetitive nature for a predetermined period.
1.67	**"this policy"**	This Supply Chain Management Policy of the Municipality.
1.68	**"preference points"**	Refer to "adjudication points" and/or "evaluation points".
1.69	**"Preferential Procurement Policy Framework Act" or "PPPFA"**	The Preferential Procurement Policy Framework Act, Act 5 of 2000.
1.70	**"Preferential Procurement Regulations" or "PPR"**	The regulations published in terms of the provisions of section 5 of the PPPFA, specifically the Preferential Procurement Regulations, 2011 published under Government Gazette No. 34350 of 8 June 2011.
1.71	**"Prevention and Combating of Corrupt Activities Act" or "PCCAA"**	The Prevention and Combating of Corrupt Activities Act, Act 12 of 2004.
1.72	**"prime contractor"**	The person or entity with whom the Municipality contracts, as opposed to sub-contractors, suppliers, manufacturers or service providers who contract with the prime contractor.
1.73	**"prime cost item(s)"**	An item in a bid, the price of which cannot be fixed at the time of bidding, and which may only relate to the supply of materials and not to the carrying out of works.
1.74	**"provisional sum(s)"**	An amount allocated for specialised work, to be executed by a specialised service provider and for

		which the details are not available at the time of bidding.
1.75	**"Promotion of Access to Information Act" or "PAIA"**	The Promotion of Access to Information Act, Act 2 of 2000.
1.76	**"Public-Private Partnership" or "PPP"**	Refers to the definition of "public-private partnership"" as defined in terms of the provisions of Regulation 1 of the Municipal Public-Private Partnership Regulations, published under GN R309 in GG 27431 of 1 April 2005 and promulgated in terms of the provisions of section 168 of the MFMA.
"Q"		
1.77	**"quality"**	The measure according to predetermined criteria, of the suitability of a proposal, design or product for the use for which it is intended and may also include the measure of the competency of a supplier.
"R"		
1.78	**"rand value"**	The total estimated value of a contract in South African Rands, calculated at the time of quotation and bid invitations and includes all applicable taxes and excise duties.
1.79	**"Republic"**	The Republic of South Africa.
1.80	**"responsible agent"**	Internal project managers being officials of the Municipality, or external consultants appointed by the Municipality to oversee the implementation of a project or contract.
1.81	**"risk management"**	The identification, measurement and economic control of risks that threaten the assets and

		income/earnings of person or entity or business or other enterprise.
	"S"	
1.82	**"sole-source selection"**	The procuring of services or goods from one sole source because of the specialised or unique characteristics of the goods or services procured.
1.83	**"SITA"**	State Information Technology Agency.
1.84	**"small, medium and micro enterprises" or "SMME"**	Refers to "small enterprise" as defined in terms of the provisions of section 1 of the National Small Enterprise Act, Act 102 of 1996.
1.85	**"sub-contract"**	The agreement in terms of which or the act of a primary contractor appointing a sub-contractor.
1.86	**"sub-contractor"**	Any person or entity that is employed, assigned, or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract.
1.87	**"Supply Chain Management Policy"**	This Supply Chain Management Policy of the Municipality.
1.88	**"Supply Chain Management Regulations" or "SCMR"**	The Municipal Supply Chain Management Regulations, published under GN 868 in GG 27636 of 30 May 2005 and promulgated in terms of the provisions of section 168 of the MFMA.
1.89	**"Supply Chain Management Unit" or "SCMU"**	The Supply Chain Management Unit which functions under the management and control of the Municipal Manager of the Municipality, which unit is responsible for the implementation and management of this policy, as well as all other issues related to supply chain management which may be assigned to them by the Municipality.

	"T"	
1.90	**"tender"**	Means bid in the context of procurement.
1.91	**"term bid"**	A rates-based bid for the ad hoc or repetitive supply of goods, services or construction works, where the individual rates are approved for use over a specified period.
1.92	**"total cost of ownership" or "TCO"**	The sum of direct spend, related spend, process spend, and opportunity cost associated within a specific commodity and service to the owner.
1.93	**"treasury guidelines"**	Any guidelines on supply chain management issued by the Minister in terms of the provisions of section 168 of the MFMA.
1.94	**"trust"**	The arrangement through which the property of one person is made over of bequeathed to a trustee to administer such property for the benefit of another person.
	"U"	
1.95	**"unserviceable"**	The condition of an asset which is no longer suitable for use and cannot be economically repaired.
1.96	**"unsolicited bid"**	An offer submitted by any person or entity at its own initiative, without having been invited by the Municipality to do so as envisaged by section 113 of the MFMA read together with Regulation 37 of the SCMR.

2. INTRODUCTION

(1) Section 111 of the MFMA requires each Municipality to adopt and implement a Supply Chain Management Policy which gives effect to the requirements of

the MFMA, and section 217(1) of the Constitution. In addition, the PPPFA requires the Municipality to determine its preferential procurement policy and to implement it within the framework prescribed. These requirements are given effect to herein.

(2) The Supply Chain Management System of the Municipality, contained in this policy, provides a mechanism to ensure fair, equitable, transparent, competitive and cost-effective procurement and, sustainable and accountable supply chain management within the Municipality whilst promoting black economic empowerment, which includes general principles for achieving the following socio-economic objectives:

(a) to stimulate and promote local economic development in a targeted and focused manner;

(b) to promote resource efficiency and "green procurement";

(c) to facilitate creation of employment and business opportunities for the people of the Municipality with reference to HDI's;

(d) to promote the competitiveness of local businesses;

(e) to increase the small business sector access, in general, to procurement business opportunities created by Council;

(f) to increase participation by small, medium and micro enterprises; and

(g) to promote joint venture or consortium partnerships.

3. TITLE AND APPLICATION OF THE POLICY

(1) This policy shall be known as the Municipality's Supply Chain Management Policy and shall be applicable to the municipal area of the Municipality as determined by the Municipal Demarcation Board and promulgated in terms of the provisions of section 12(1) and section 12(3)(c) of the Structures Act.

(2) This policy applies to:

(a) the procuring of goods and/or services;

(b) the disposal by Council of goods no longer needed;

(c) the selection of contractors to help in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; and

(d) the selection of external mechanisms referred to in section 80(1)(b) of the MSA for the provisions of municipal services in circumstances contemplated in section 83 of that Act.

(3) Unless specifically stated otherwise herein or in the SCMR, this policy does not apply where the Municipality contracts with another organ of state for:

(a) the provision of goods and/or services to the Municipality; or

(b) the provision of a municipal service or assistance in the provision of a municipal service; or

(c) the procurement of goods and services under a contract secured by that organ of state, provided that the relevant supplier has agreed to such procurement and the process is compliant to the provisions of this policy; or

(4) Where the Municipality wishes to contract with another organ of state as envisaged in sub-paragraph (3), a report must nevertheless be submitted to the bid adjudication committee seeking authority to contract with another organ of state, including, water from the Department of Water Affairs or a public entity, another municipality or municipal entity and electricity from Eskom or another public entity, another municipality or municipal entity and approval must be given by the Municipal Manager in writing.

(5) The Municipality and all private person/s and/or entities must adhere to the principles, provisions, rules and requirements contained in this policy when dealing with any matter connected with and/or contained herein.

4. AIM AND PURPOSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The aim and the purpose of the Supply Chain Management System is to have and maintain an efficient, fair, equitable, transparent, competitive and cost-effective supply chain system when sourcing and procuring goods and/or services, selling or letting of assets, which conforms to constitutional and legislative principles and maximises the benefits from the Municipality's consolidated buying power in the market place.

(2) The Municipality must manage its financial and administrative resources in such a manner as to meet and sustain statutory or social obligations.

5. OBJECTIVES OF THIS POLICY

(1) The objectives of this policy are to implement the legislative provisions relating to the supply chain management of the Municipality, that:

(a) gives effect to:

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the MFMA;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with:

(i) the regulatory framework prescribed in Chapter 2 of the SCMR; and

(ii) any minimum norms and standards that may be prescribed by means of regulations or guidelines as envisaged by the provisions of section 168 of the MFMA;

(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) The Municipality may not act otherwise than in accordance with this Supply Chain Management Policy when:

(a) procuring goods and/or services;

(b) disposing of goods no longer needed;

(c) selecting contractors to help in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; or

(d) in the case of the Municipality selecting external mechanisms referred to in section 80(1)(b) of the MSA for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) To assure the creation of an environment where business can be conducted with integrity and in a fair, reasonable and accountable manner, this policy will ensure that the Municipal Manager and all officials of the Municipality involved in supply chain management activities must act with integrity, accountability, transparency and with the highest of ethical standards and free of favouritism, nepotism and corruption of any kind. The officials of the Municipality involved in supply chain management activities must adhere to the code of ethical standards contained in this policy, together with the Code of Conduct for Municipal Staff Members as contained in Schedule 2 of the MSA.

6. DELEGATED AUTHORITY OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

(1) The Council has, in terms of its delegation of powers and functions in terms of the provisions of section 59 of the MSA, delegated such additional powers and duties to the Municipal Manager to enable the Municipal Manager:

(a) to discharge the supply chain management responsibilities conferred to the Municipal Manager in terms of:

(i) Chapter 8 and Chapter 10 of the MFMA; and

(ii) this policy;

(b) to maximise administrative and operational efficiency in the implementation of the Supply Chain Management System;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the Supply Chain Management System; and

(d) to comply with his/her responsibilities in terms of section 115 and other applicable provisions of the MFMA.

(2) Section 79 and 106 of the MFMA applies to the sub-delegation of powers and duties delegated to the Municipal Manager in terms of sub-paragraph (1) above.

(3) Neither the Council, nor the Municipal Manager may delegate or sub-delegate any supply chain management powers or duties:

(a) to a person who is not an official of the Municipality; or

(b) to a committee which is not exclusively composed of officials of the Municipality; or

(c) other than as provided for in the Municipality's system of delegations.

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

(5) No decision-making in terms of any supply chain management powers and duties may be delegated or sub-delegated to an external advisor or consultant. Consultants may however be engaged to advise or assist the officials and any committee of the Municipality with any functions or advice.

(6) Delegations and/or sub-delegations of authority:

(a) must be in accordance with pre-established levels of authority to ensure control and division of responsibility;

(b) must be in terms of the Municipality's system of delegations;

(c) must be in writing;

(d) must be made to a specific position and not to a named individual;

(e) may be confirmed, varied or revoked by the person who made such delegation or sub-delegation, but no such variation or revocation may detract from any right which may have accrued because of the delegation or sub-delegation; and

(f) does not divest the Municipal Manager of the responsibility and/or accountability concerning the exercise of the delegated power or the performance of the delegated duty.

(7) The Municipal Manager may confirm, vary or revoke any decision taken in terms of a delegation or sub-delegation, provided that no such variation or revocation may detract from any right which may have accrued because of such decision.

(8) The Municipal Manager of the Municipality must develop and review, annually, a practical and efficient system of delegation and sub-delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the financial administration of the Municipality.

6.1 Sub-delegations

(1) The Municipal Manager may, in terms of the provisions of section 79 or 106 of the MFMA sub-delegate any supply chain management powers and duties, including those delegated to the Municipal Manager in terms of sub-paragraph 6(1) above, but any such sub-delegation must be consistent with the provisions of the MSA, the MFMA, the system of delegations adopted by the Municipality and this policy.

(2) The power to make a final award:

(a) above R10 million (including VAT) may not be sub-delegated by the Municipal Manager; to comply with this requirement, the Municipal Manager may either chair the bid adjudication committee or consider recommendation of the bid adjudication committee and make a final award for bids above R million (including VAT);

(b) above R2 million (including VAT), but not exceeding R10 million (including VAT), may be sub-delegated but only to:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA; or

(iii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is a member; or

(c) not exceeding R2 million (including VAT) may be sub-delegated but only to:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA;

(iii) a manager directly accountable to the Chief Financial Officer or a director/senior manager; or

(iv) the 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 sub-paragraph (2) above, must within 5(five) days of the end of each month submit to the official referred to in sub-paragraph (4) below, 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.

d) the BBBEE status of that supplier

(4) All contract awards with a value exceeding R100 000 (VAT INCLUDED) must be captured and reported on a quarterly basis to Council.

(5) A written report referred to in sub-paragraph (3) above must be submitted:

(a) to the Municipal Manager, in the case of an award by:

(i) the Chief Financial Officer;

(ii) a director/senior manager, appointed in terms of the provisions of section 56 of the MSA; or

(iii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is a member; or

(b) to the Chief Financial Officer or the director/senior manager responsible for the relevant bid, in the case of an award by:

(i) a director/manager referred to in sub-paragraph (2)(c)(iii) above; or

(ii) the bid adjudication committee of which the Chief Financial Officer or a director/senior manager is not a member.

(6) Sub-paragraphs (3) and (4) above do not apply to procurements out of petty cash.

(7) 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 this policy.

(8) No decision – making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

6.2 Oversight role of the Municipality

(1) The Council must maintain oversight over the implementation of this policy by the Municipal Manager.

(2) For the purposes of such oversight the Municipal Manager must:

(i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality;

(ii) whenever there are serious and material non-compliance, problems or deviations in the implementation of this policy, immediately submit a report on such matters to the Council.

(3) The Municipal Manager must, within 10 (ten) days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor of the Municipality.

(4) The Executive Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality and may monitor and oversee the exercise of responsibilities assigned to the Municipal Manager and Chief Financial Officer in terms of the MFMA. This role of the Executive Mayor is an oversight role only, and specifically excludes any interference or influence in or over a decision to award procurement contracts.

(5) The reports of the municipality must be made public in accordance with Section 21A of the Municipal Systems Act. The reports of a municipal entity must be made public in a similar way.

6.3 Supply Chain Management Units

(1) The Municipal Manager must establish a Supply Chain Management Unit to implement this policy.

(2) The Supply Chain Management Unit must, where possible, operate under the direct supervision of the Chief Financial Officer, or an official to whom this duty has been delegated in terms of this paragraph.

7. COMPETENCY AND TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

(1) The Municipal Manager must ensure that all officials involved in the implementation of this policy meet the prescribed competency levels, and where necessary, shall provide or procure relevant training.

(2) The training of officials involved in implementing this policy must be in accordance with any treasury guidelines on supply chain management training.

8. DUTIES AND RESPONSIBILITIES

8.1 General responsibilities of the officials of the Municipality

(1) Each official must carry out their activities within his/her area of responsibility.

(2) Each official must take appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure in his/her area of responsibility.

(3) Each official responsible for a task must carry it out in accordance with the various supply chain requirements contained in this policy.

(4) Any matter not specifically delegated or sub-delegated to an official, must be referred to the Municipal Manager for proper allocation thereof.

(5) Each official is responsible for all assets of the Municipality within his/her area of responsibility.

8.2 Responsibilities of the Municipal Manager

(1) The Municipal Manager must:

(a) ensure strict adherence and compliance with the provisions of this policy and all relevant legislation;

(b) implement and comply with the provisions of this policy;

(c) appoint the members of the Bid committees after personally ensuring the competency and suitability of such members for the position;

(d) ensure that the most favourable service providers are appointed in accordance with this policy and that any deviations from a proposal by the bid adjudication committee are, reported to the Council at the next available Council meeting;

(e) establish a Supply Chain Management Unit within the financial directorate to assist the Municipal Manager to implement this policy;

(f) review this policy at least annually or when the Municipal Manager considers it necessary and submits proposals or amendments to this policy to the Council.

8.3 Responsibilities of the Directors/Manager appointed in terms of the provisions of section 56 of the MSA

(1) Each director/manager of the Municipality, appointed in terms of the provisions of section 56 of the MSA, is responsible and accountable for:

(a) exercising the powers, performing the functions and discharging the duties conferred or assigned to him in terms of this policy or any delegation from the Municipal Manager;

(b) implementing this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(c) ensure compliance with this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(d) developing draft specifications, or causing draft specifications to be developed, for the procurement by his/her directorate of goods or services;

(e) the management of asset utilisation in his/her area of responsibility;

(f) planning for and, in as far as is possible, accurately estimating the costs for the provision of services, works or goods for which offers are to be solicited;

(g) selecting the appropriate preference point system to be utilised in the solicitation and evaluation of bids in accordance with the PPPFA and it's regulations (PPPR 2017);

(h) assuring that objectives and targets are achieved about procurements and/or disposals by the Municipality; and

(i) proper contract and project management of every contract and/or project undertaken by his/her directorate.

8.4 Responsibilities of the Chief Financial Officer

The Chief Financial Officer is the custodian of this policy and is responsible for:

(1) reporting to the Municipal Manager on the progress regarding the implementation of this policy;

(2) recommending improvements on the practical implementation of this policy and possible amendments;

(3) the conducting of procurement audits of the entire Supply Chain Management System to identify successes and/or failures and/or unauthorised, irregular, fruitless and wasteful expenditure and to report on any findings which are not in accordance with the provisions of this policy to the Municipal Manager;

(4) management of the quotation and competitive bidding process from the solicitation thereof to processing invoice payment;

(5) promoting a corporate approach by encouraging standardisation of items purchased within the Municipality to realise and achieve economies of scale;

(6) providing supplier interface on supplier performance issues;

(7) ensuring that all procurement and/or disposals are provided in accordance with all relevant legislation;

(8) managing procurement and/or disposals to ensure that the Supply Chain Management System and this policy are complied with;

(9) ensuring that the procurement and/or disposal process followed by the Municipality adheres to the preference targets without compromising price, quality, service and developmental objectives;

(10) ensuring that the officials of the Municipality who are involved in the supply chain management process receive the necessary training and are properly qualified to support the implementation of this policy;

(11) specifying the amount to be paid by prospective service providers as a non-refundable deposit for enquiry documents issued by the Municipality;

(12) the verification of applications from prospective service providers for possible inclusion in the Register;

(13) submitting regular reports to the Municipal Manager and the relevant committee structure of the Municipality regarding progress and any matters of importance relating to this policy; and

(14) authorising and designating officials to distribute bid documentation, and when required notices regarding supply chain management matters.

8.5 Responsibilities of the Supply Chain Management Unit

(1) The SCMU shall be subject to the management and control of, and accountable to the Chief Financial Officer.

(2) The SCMU must consist of at least the following sections or designate persons responsible for:

(a) demand management;

(b) procurement/acquisition management;

(c) logistics;

(d) performance and contract management;

(e) disposal and asset management; and

(f) risk management.

(3) The manager of the SCMU will be responsible and accountable for the day-to-day management of the SCMU.

(4) The personnel of the SCMU are appointed by the Municipal Manager in consultation with the Chief Financial Officer.

(5) The SCMU must issue, receive and finalise the appropriate documents for the procurement of goods and/or services by means of verbal, written or formal price quotations of a transaction value of over R2 000.00 (including VAT), up to R200 000.00 (including VAT), as well as all documents for procurement by

means of a competitive bidding process of a transaction value of over R200 000.00 (including VAT).

(6) All documents for the disposal of movable and/or immovable capital assets must be issued, received and dealt with by the SCMU.

9. COMMUNICATIONS

All correspondence regarding this policy must be addressed to the manager of the SCMU and copied to the Municipal Manager.

CHAPTER 2

FRAMEWORK OF THE SCM POLICY

10. ESTABLISHMENT AND IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

The Supply Chain Management System of the Municipality is an integrated system for the acquiring of goods, works and services on a fair, equitable, competitive and cost-effective basis and consists of the following systems:

(1) Demand management;

(2) Acquisition management;

(3) Logistics management;

(4) Disposal management;

(5) Risk management system; and

(6) Performance management.

11. DEMAND MANAGEMENT SYSTEM

(1) The Municipal Manager must establish, through operational procedures, an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments outlined in the Integrated Development Plan of the Municipality are delivered at the correct time, at the right price, at the right location, and that the quantity and quality satisfies the needs of the Municipality.

(2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategy document setting out how the Municipality intends to address its development challenges in a financial year. The IDP determines how the

resources of the Municipality will be allocated and is the planning device on which the budget is based.

(3) The demand management system must:-

(a) Include timely development of procurement plans and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, effectively delivered at the right locations, at the critical delivery dates, are of 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 repetitive nature;

(c) Include development of a system which results on continuing improvement in affordability and value for money, based on total costs of ownership and quality of procurement as competition amongst suppliers is enhanced;

(d) Provide for the compilation of the required specifications to ensure that its needs are met and;

(e) Provide for an appropriate industry analysis and research to ensure that innovations and technical benefits are maximised.

(4) In order to achieve effective demand management, the manager of the SCMU must continuously ensure

(a) that efficient and effective provisioning and procurement systems and practices are implemented to enable the Municipality to deliver the required quantity and quality of services to the communities;

(b) the establishment of uniformity in policies, procedures, documents and contract options and the implementation of sound systems of control and accountability;

(c) the development of a world-class professional Supply Chain Management System which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced; and

(d) in dealing with suppliers and potential suppliers that the Municipality responds promptly, courteously and efficiently to enquiries, suggestions and complaints.

(5) Each director/manager, appointed in terms of the provisions of section 56 of the MSA, must during the preparation of his/her directorate's estimates for the budget year:

(a) determine which functions must be performed;

(b) determine the products and services it must provide in the performance of those functions;

(c) conduct a condition assessment of the assets managed by his/her directorate;

(d) based on the analysis in terms of the above, make recommendations and determine the financial needs during the budget year for:

(i) maintaining existing assets at an acceptable level calculated to ensure the continued productivity of the asset in question and minor repairs;

(ii) repairing existing assets;

(iii) refurbishing or renovating existing assets;

(iv) extensive repairing of existing assets;

(v) replacing existing assets; and

(vi) acquiring new assets.

(6) The SCMU must, after consultation with each director/manager, compile a schedule of goods and services to be procured for capital projects in respect of each financial year, which schedule must be attached to the Municipality's budget implementation plan.

(7) During the consultations between the SCMU and the directors/managers, all reasonable steps must be taken to determine:

(a) the desired date and time at which a specific contract must be awarded;

(b) the desired date and time when specific goods must be delivered, services rendered, or work executed including key milestones and deliverables so that performance can be monitored and evaluated;

(c) the place where any goods to be supplied shall be delivered;

(d) the quantity of any goods to be supplied; and

(e) any other relevant matter.

(8) Procurement Plans-

9.1 Circular No. 62 from the MFMA, No. 56 as issued by National Treasury:

(a) **Implementation of demand management and procurement plans.** The Municipal Manager of the municipality may, upon request, make available to the relevant Treasury a procurement plan containing all planned procurement for the financial year, in respect of the procurement of goods, services and infrastructure projects which exceeds R200 000 including vat. These procurement plans must be approved by the Municipal Manager or his/her delegate.

(b) **Heads of departments and all user departments** of the municipality must submit the procurement plans to the Municipal Manager of the municipality, the procurement plans must then be submitted to the head of supply chain management in the municipality or in the municipal entity to improve planning and management of resources, with the format contained in the procurement plans.

(c) Submission of Procurement Plans

Key priority	Deadline	Responsible
Forward Procurement Plans to SCM	April to May each financial year	Directorates
Forward Specifications to SCM	June to August each financial year	Directorates

12. ACQUISITION MANAGEMENT

(1) The acquisition management system provides the general conditions and procedures which are applicable, as amended from time to time, to all procurement, contracts and orders of the Municipality.

(2) The acquisition management system of the Municipality must ensure that:

(a) goods and/or services, including construction works and consultant services are procured by the Municipality in accordance with authorised processes incorporated herein;

(b) expenditure on goods and/or services, including construction works and consultant services is incurred and managed in terms of an approved budget;

(c) the threshold values for the different procurement procedures are complied with;

(d) bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with the requirements of relevant legislation including the PPPFA and any conditions of the CIDB (in as far as applicable); and

(e) that any procurement guidelines issued by National Treasury or the Provincial Treasury are properly considered, this includes the

Provincial Government and National Government programmes on National Key Priorities to address socio-economic development.

3. This policy except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in Section11(2) of the MFMA, including –

(a) Water from the Department of Water Affairs or public entity;

(b) Another municipality or a municipal entity; and

(c) Electricity from Eskom or another public entity, another municipality or a municipal entity.

(4) The Municipality must make public the details of the nature of goods and/or services together with the name/s of the provider/s where the Municipality procures such goods and/or services from another organ of state or a public entity.

(5) The Municipality must make public the fact that it procures goods and/or services otherwise than through its Supply Chain Management System, including:

(a) the kind/type of goods and/or services; and

(b) the name of the supplier.

(6) Where appropriate the Municipal Manager may appoint a neutral and/or independent observer to ensure fairness and transparency in the application of the acquisition management system, or to assist and advise the SCMU in the execution of their functions and duties.

(7) The Municipality may not enter into any contract which will impose financial obligations beyond the 3(three) years covered in the annual budget for that

financial year unless the requirements of section 33(1) of the MFMA have been fully complied with or proper provision has been made in such contract to so comply.

(8) The following applies where the Municipality procures public-private partnership agreements:

(a) Part 2 of Chapter 11 of the MFMA; and

(b) section 33 of the same act where such agreement will have multi-year budgetary implications for the Municipality within the meaning of that section;

(c) the provisions of the Municipal Public-Private Partnership Regulations as published in terms of S 168 of the MFMA.

(9) In respect of any contract relating to the publication of official and/or legal notices and/or advertisements through the legislated medium of publication on behalf of the Municipality, a competitive bidding process need not be followed.

(10) The manager of the SCMU may request quotations directly from community-based vendors in a specific area or from a specific community for the procurement of goods and services for transaction amounts of a value less than R30 000.00 (including VAT).

(11) This policy, save where the SCMR provides otherwise, does not apply in respect of the procurement of:

(a) goods or services to the Municipality in terms of a contract with another organ of state;

(b) the provision of a municipal service in terms of a contract with another organ of state;

(c) goods and services under a contract secured by another organ of state provided that the supplier and that other organ of state has agreed and conserved in writing to such procurement and:

(i) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(ii) the Municipality on [reasonable enquiry] has no reason to believe that such contract was not validly procured;

(iii) there are demonstrable discounts or benefits for the Municipality to procure under such contract.

12.1 Range of procurement processes

(1) The procurement of goods and services including construction works and consultant services must be done through the range of procurement processes set out in this paragraph, which are:

(a) petty cash purchases up to, and including a transaction value of R2 000.00 (including VAT);[LJ1]

(b) minimum of three (3) written quotations for procurement of a transaction value exceeding R2 000.00, up to and including a transaction value of R30 000.00 (including VAT);

(c) formal written price quotations acquired through a seven- day quotation for procurements of a transaction value exceeding R30 000.00, up to and including a transaction value of R200 000.00 (including VAT); and

(d) a competitive bidding process for:

(i) procurements above a transaction value of R200 000 up to R50 000 000 (VAT included) using the 80/20 preferential point scoring system;

(ii) procurements above a transaction value of R 50 000 000 (VAT included) using the 90/10 preferential point scoring system; and

(iii) the procurement of long term contracts

(2) The Municipal Manager of the Municipality may:

(a) lower, but not increase, the different threshold values specified in this acquisition management system; or

(b) direct that:

(i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000.00;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000.00; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.00.

(3) Goods and/or services may not be deliberately divided into parts or items of a lesser value merely to avoid complying with the requirements of this policy and when transaction values are determined for procurements consisting of various parts or items it must, in as far as possible, be treated, dealt with and be calculated as a single transaction.

12.2 General preconditions for the consideration of written quotations or bids

(1) The Municipality may not consider a formal written price quotation obtained through seven (7) day quotation or competitive bidding unless the provider who submitted the quotation or bid:

(a) has furnished the Municipality with that provider's:

(i) full name;

(ii) proof of registration with Company Intellectual Property Commission (CIPC) in the case of private company, public company or co-operatives, and Non- Government Organisation (NGO), with company registration number, certified ID copy with ID number in case of a sole proprietor or any other registration number and

(iii) tax reference number and CSD registration number;

(iv) VAT registration number, if any; and

(v) a certificate of attendance at a compulsory site inspection or appear in the site inspection attendance register, where applicable

(b) has submitted an original and valid tax clearance certificate or PIN obtainable and CSD number from the South African Revenue Services (SARS) certifying that the provider's tax matters are in order;

(c) the municipality must verify and attach proof of verification with all relevant documentation to prove that the verification was conducted. The designated official(s) should verify the bidder's tax compliance status prior to the finalisation of the award of the bid or price quotation obtained through seven (7) day quotation process.
Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant[LJ2] status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing.

The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the time frame stated above.

It is not the responsibility of the municipality to obtain a copy of the service provider's tax clearance certificate and or a PIN form the South African Revenue Services (SARS); and

(d) has indicated:

(i) whether he/she or it is in the service of the state, or has been in the service of the state in the previous 12 (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 12 (twelve) months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (ii) above, is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months.

(e) statement(s) proving that water, electricity, rates and business levy accounts of the owners or directors of the company, including the business are up to date or formal payment arrangement has been made;

(f) in a case of a company operating from the household under Tribal Authority, proof of address from the Chief or an affidavit from the South African Police Service (SAPS) must be provided with the quotation or bid;

(g) in case where a company leases the operating space the valid proof of lease signed by both the lessee and the lessor must be furnished with the quotation or bid; and

(h) Proof of registration on the Central Database and the registration number by the National Treasury.

(i) Declaration for procurement above R10 million (all applicable taxes included)

(j) Preference claim points or BBBEE

(k) Declaration of local production where applicable

(l) Declarations of bidders past supply chain management practices

(m) Certificate of independent bid determination

(n) Declaration of municipal fees

(2) Chapter 3 of this policy applies *mutatis mutandis* to this paragraph.

12.3 Lists of accredited prospective providers

(1) The Municipal Manager must:

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the Municipality through written or verbal quotations and formal written price quotations; The Municipality will have to advertise on the website, all the prospective bidders will have to register into the central supplier database to be able to do business with the Municipality.

(b) at least once a year through the newspapers commonly circulating locally, the website of the Municipality and any other appropriate ways, invite prospective providers of goods and/or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers

(d) adhere to the specified listing criteria for accredited prospective providers; and

(e) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) Prospective providers will be allowed to submit applications for listing once a year as prescribed in 14(1)(b). This does not preclude any potential service provider from quoting or bidding. Should service provider be successful they would be required to meet all the requirements of the listing criteria of this

policy before awarding is done in order for their quotations/bids to be responsive.

(3) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services.

(4) Prospective providers will be allowed to submit applications and amendments for listing at any time.

(5) The list must be compiled per commodity and per type of service.

(6) The listing criteria for accredited prospective providers which must be provided are among others are as follows as per the Municipal requirements

(a) name of supplier/service provider;

(b) physical address;

(c) postal address;

(d) contact person;

(e) contact person in sales department, if any;

(f) relevant telephone numbers;

(g) relevant fax numbers;

(h) relevant cellular phone numbers;

(i) relevant e-mail addresses;

(j) VAT registration number, if applicable;

(k) bank details;

(l) type of industry and specific goods or services offered;

(m) valid certification for specialised services;

(n) valid tax clearance certificate;

(o) CIDB registration if applicable; and

(p) valid certification of HDI status.

(6) For quotations up to and including R200 000.00 (including VAT), bidders are required to be registered on the Municipality's list of accredited prospective providers on or before the closing date for their quotations to be responsive.

(7) All parties to a consortium or joint venture must comply with the requirements of sub-paragraphs (6) and (7) above.

12.4 Petty cash purchases

(1) Petty cash purchases may be made where goods and/or services which does not exceed a transaction value of R2 000.00 (including VAT) are required.

(2) The Municipal Manager may delegate the petty cash procurement responsibilities to a manager reporting to the Municipal Manager on the terms and conditions set for delegations in this policy. The Manager may not in turn delegate the responsibility for petty cash purchases to any other official.

(3) Each director/manager appointed in terms of the provisions of section 56 of the MSA must compile and submit a monthly reconciliation report to the Chief Financial Officer, which report must include the total amount of petty cash purchases for that months accompanied by the receipts and appropriate documents for each purchase.

(4) Dividing any purchases into lesser transaction values to circumvent the written price quotation and/or formal written price quotation processes is prohibited.

(5) The total number of petty cash purchases per directorate is limited to 10 (ten) per month.

12.5 Written or verbal quotations

(1) When the Municipality intends to procure by way of written or verbal quotations, goods and/or services which has a transaction value of over R2 000.00 (including VAT) up to and including R30 000.00 (including VAT), written price quotations must be obtained from at least 3 (three) different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Municipality, provided that if quotations are obtained from providers who are not so listed, such providers must meet the listing criteria in terms of the provisions of paragraph12.3 above.

(2) The Municipality must attempt to promote ongoing competition amongst providers of goods and/or services by inviting such providers to submit written or verbal quotations on a rotational basis.

(3) ~~To the extent feasible~~, {providers}[LJ3] must be requested to submit such quotations in writing.

(4) If it is not possible to obtain at least 3 (three)written quotations, the reasons must be recorded and approved by the manager of the SCMU who must, within 3 (three) days before the end of each month, report to the Chief Financial Officer on any such approvals given in this regard.

(5) The Municipal Manager must record the names of the potential providers requested to provide quotations, together with their quoted prices.

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

(7) Dividing required purchases into lesser transaction values to circumvent the written price quotation process is not permissible.

(8) The Municipal Manager must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations is not abused and that full and complete records of all such procurements are kept including the date of the procurement, the goods or services procured, the selected provider, the details and prices of the other providers and any other relevant information.

(9) The Municipal Manager and the Chief Financial Officer must, monthly, be notified in writing of all written or verbal price quotations accepted by an official acting in terms of a sub-delegation.

(10) Notwithstanding the provisions of this paragraph, if formal written price quotations have been invited on the official website of the Municipality, or in writing to more than 3 potential suppliers, no additional quotes need be obtained where the number of responses thereto are less than 3 (three).

(11) The Municipal Manager must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations are not abused.

(12) The Municipal Manager and the Chief Financial Officer must, monthly, be notified in writing of all quotations accepted by an official acting in terms of a sub-delegation.

12.6 Formal written price quotations

(1) Requests to submit formal written price quotations which are likely to be more than R30 000.00 (including VAT) but not exceed R200 000.00 (including VAT), must be advertised for at least 7 (seven) days on the official website of the Municipality as well as the official notice board of the Municipality**.**

(2) Quotation documents must be available for download from the Municipality website.

(3) The submissions must be submitted at the tender box of the Municipality no later than the stipulated date and time contained in the advert.

(4) The submissions must be recorded to indicate the name, BBBEE level and where possible the bidding price of the potential suppliers.

(5) The 80/20 preference point system for acquisition of goods and services shall be used to evaluate submissions of formal written quotation received through the seven - day quotation process.

(6) The formal written quotation must be awarded to the highest scoring bidder in terms of the PPPFA and its regulations.

(7) No formal quotation shall be awarded to any bidder owing rates and taxes more than 90 {days}[LJ4].

(8) The power of final award may be sub-delegated to the Head: Supply Chain Management Unit.

(9) The sub-delegated authority must at the end of each month submit a report to the Chief Financial Officer regarding awards made through the seven-day formal written quotation process, which report must include the full name of the supplier, total amount of the award, BBBEE level and whether the supplier is within the juristiction of the Rustenburg Local Municipality.

(10) No requirement for goods or services above an estimated transaction value of R30 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 seven (7) day quotation.

12.7 Competitive bids and process for competitive bids

(1) Competitive bids must be called for any procurement of goods and/or services above a transaction value of R200 000.00 (including VAT), and/or for any long-term contracts.

(a) the 80/20 preference point system for acquisition of services, works or goods up to a rand value of R50 million must be used to calculate the points for price in respect of tenders with a rand value equal to or above R200 000 up to a rand value of R50 000 000 (all inclusive).

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Evaluation of tenders on functionality – If tenders will be evaluated on functionality it must be clearly specified in the tender invitation. The evaluation criteria must be objective, and the following must be clearly specified:

(a) the evaluation criteria for measuring functionality;

(b) weight of each criterion;

(c) applicable values; and

(d) minimum qualifying score for functionality.

(3) All bid documents must indicate:
- (i) the price validity of the bid in terms of days,
- (ii) the general conditions of contract;
- (iii) any Treasury guidelines on bid documentation; and
- (iv) the requirements of the Construction industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (v) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (vi) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(4) If the value of the transaction is expected to exceed **R10** million (VAT included), require bidders to declare:
- if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements -
  - (aa) for the past three years; or
  - (bb) since their establishment if established during the past three years;
- a certificate signed by the[LJ5] 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 than **30** days;
- circulars of any contracts awarded to the bidder by any organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- 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;

13 PUBLIC INVITATION FOR COMPETITIVE BIDS

(1) Invitations for competitive bidding must be done through the E-tender website, website of the Municipality and the notice board. The information a public advertisement must contain, which must 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 of a long-term nature, or 14 days in any other case and 21 days for construction projects from the date on which the advertisement is placed and;

(ii) bids may only be submitted on the bid documentation provided by the municipality.

(2) the accounting officer can 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 to the municipality must be sealed.

12.8 Cancellation and re-invitation of tenders:

(a) in the event that the application of the 80/20 preference point systems, all tenders received exceed the rand value of R 50 000 000, the tender invitation must be cancelled.

(b) If one or more of the acceptable tenders received are within the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 80/20 preference point system.

(c) In the event that, in the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal to, or below R50 000 000, the tender must be cancelled.

(d) If one or more of the acceptable tenders received are above the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 90/10 preference point system.

(e) An organ of state which has cancelled a tender invitation as contemplated in sub-regulations (1)(a) and (2)(a) must re-invite tenders and must, in the tender documents, stipulate the correct preference point system to be applied.

(f) An organ of state may, prior to the award of a tender, cancel a tender if-

- due to changed circumstances, there is no longer a need for the services, works or goods requested; or
- funds are no longer available to cover the total envisaged expenditure; or
- no acceptable tenders are received.

- The decision to cancel a tender in terms of sub-regulation (4) must be published in the Government Tender Bulletin or the media in which the original tender invitation was advertised.

No requirement for goods and/or services above an estimated transaction value of R200000.00 (VAT included), may be deliberately divided into parts or items of lesser value merely for the sake of circumventing the competitive bidding process and/or procuring such goods and/or services otherwise than through a competitive bidding process.

(4) Goods and/or services to be procured which consist of various parts or items must, in as far as possible, be treated, dealt with and be calculated as a single Procedures for competitive bidding

The accounting officer must establish procedures for a competitive bidding process for each of the following stages:

(a) the compilation of bidding documentation;
(b) the public invitation of bids;

(c) site meetings or briefing sessions, if applicable;

(d) the handling of bids submitted in response to public invitation;

(e) the evaluation of bids;

(f) the award of contracts;

(g) the administration of contracts; and

(h) proper record keeping.

transaction.

12.7.1 Bid documentation for competitive bids

(1) In addition to the contents of paragraph12.2 of this policy, the compilation of bid documentation by the Municipality must:

(a) consider and contain, where applicable:

(i) the General Conditions of Contract of National Treasury (July 2010, or as amended from time to time);

(ii) any treasury guidelines on bid documentation;

(iii) the requirements of the CIDB, including the general conditions of contract, in the case of a bid relating to construction works, upgrading or refurbishment of buildings or infrastructure;

(iv) supply chain management guidelines of National Treasury or the Provincial Treasury in respect of goods and/or services;

(v) the General Conditions & Procedures of the State Tender Board;[LJ6]

(vi) the general conditions of contract, in as far as applicable; and

in as far as the contents of the above referred to documents are in accordance and amplification of this policy, but in the event of any conflict between the contents of these documents and this policy, the provisions of this policy will prevail.

(b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation, and in instances where functionality forms part of such criteria ensure that the bid documentation complies with the conditions set pertaining to functionality as set out in the PPR and National Treasury's SCM Circular 53;

(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 (including VAT), require bidders to furnish:

(i) their audited annual financial statements, if the bidder is required by law to prepare annual financial statements for auditing:

(aa) for the past 3(three) years; or

(bb) since their establishment, if the bidder was established during the past 3 (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 (thirty) days;

(iii) particulars of any contracts awarded to the bidder by the Municipality during the past 5 (five) years, including particulars of any material non-compliance or dispute concerning the execution of such contract; and

(iv) a statement indicating whether any portion of the goods and/or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the Municipality is expected to be transferred out of the Republic;

(e) stipulate that disputes, objections, complaints and quires must be dealt with as prescribed in terms of this policy and the SCMR;

(f) a clear indication of the terms and conditions of contract, specifications, criteria for evaluation and adjudication procedures to be followed where applicable, and include where, in exceptional circumstances, site inspections are compulsory;

(g) an appropriate contract and/or delivery period specification for all contracts;

(h) the requirements of the preferential procurement paragraph of this policy (Chapter 5) and be clearly set out in the bid documentation.

(2) Bid documentation and evaluation criteria may not be aimed at hampering competition, but rather to ensure fair, equitable, transparent, competitive and cost-effective bidding, as well as the protection or advancement of persons, or categories of persons, as embodied in the preferential procurement paragraph of this policy.

(3) Bid documentation must compel a bidder to furnish the following:

(a) full name/s;

(b) identification number, company or other registration number;

(c) tax reference number;

(d) VAT registration number, if any;

(e) an original tax clearance certificate from SARS stating that the bidder's tax matters are in order and CSD reference numbers;

(f) proof that the bidder's account and that of any member or director of the bidder for municipal rates and taxes and municipal service charges are not in arrears, or where the bidder does not have such an account, the person(s) managing or in control of the bidder; and

(g) disclosure as to whether:

(i) the bidder is listed on any government database of persons prohibited from doing business with the public sector; or

(ii) has failed to perform satisfactorily on a previous contract with the Municipality or any other municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(iii) the bidder or any of its members or directors has committed a corrupt or fraudulent act in competing for the contract;

(iv) the bidder or any of its members or directors:

(aa) has abused the Supply Chain Management System of the Municipality or has committed any improper conduct in relation to such system;

(bb) has been convicted or fraud or corruption during the past five years;

(cc) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public-sector contract during the past 5 years; or

(dd) has been listed in the Register for Tender Defaulters in terms of S29 of the Prevention and Combating or Corrupt Activities Act, Act 12 of 2004.

(4) A provision for the termination/cancellation of the contract in the case of no or under-performance must be included in the bid documentation.

(5) Unless otherwise indicated in the bid documents, the Municipality will not be liable for any expenses incurred in the preparation and/or submission of a bid.

(6) Bid documentation must state that the Municipality is not be obliged to accept the lowest bid, any alternative bid or any bid.

(7) Bid documentation must compel bidders to declare any conflict/s of interest they may have in the transaction for which the bid is submitted.

(8) The bid documentation must require bidders to disclose:

(a) whether he or she is in the service of the state, or has been in the service of the state within the previous 12 (twelve) months;

(b) if the bidder is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months; or

(c) whether a spouse, child or parent of the bidder or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (8)(b) above, is or has been in the service of the state within the previous 12 (twelve) months.

(9) Bid documentation for consultant services must require bidders to furnish to the Municipality of all consultancy services, and any similar services (to the services being bid for) provided to the Municipality in the last 5 (five) years.

(10) Bid documentation for consultant services must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, item, system or process designed or devised by a consultant in terms of an appointment by the Municipality, shall vest in the Municipality.

(11) Bid documentation may state that alternative bids can be submitted provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted.

(12) Where provided for in the bid documentation, an alternative bid must be submitted on a separate complete set of bid documents and must clearly be marked “Alternative Bid”, to distinguish it from the unqualified bid.

(13) Bid documentation must state that the Municipality will not be bound to consider alternative bids.

(14) Bid documentation must provide the validity period of the bid. The validity of the bid can only be extended once and must be extended before they expire as stated on the bid document.

(15) Unless the Municipal Manager directs otherwise, bids are invited within the Republic only.

(16) The laws of the Republic will apply and govern contracts of the Municipality arising from the acceptance of bids.

(17) Bid documentation must also state that:

(a) the Municipality may award the bid to the bidder who has not scored the highest points if objective criteria, in addition to the criteria set out in section 2(1)(d) and section 2(1)(f) of the PPPFA, justify the award of the bid to another bidder; and

(b) where a bid appears to be unrealistic and the Municipal Manager has satisfied himself or herself on enquiry with the bidder that the bid cannot be completed on the terms or for the price so bid, that such bid may be excluded.

12.7.2 Public invitation for competitive bids

(1) The accounting officer must determine the procedure for the invitation of competitive bids, which must stipulate that:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(2) The notice of invitation must contain the following advertisement information:

(a) the closure date and time for the submission of bids, which may not be less than 30 (thirty) days in the case of transactions over R10 million (including VAT), or which are of a long-term nature, 21 days for construction and 14 (fourteen) days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraph (3) below;

(b) a statement that bids may only be submitted on the bid documentation provided by the Municipality;

(c) the title of the proposed contract and the bid or contract reference number;

(d) such particulars of the proposed contract as the Municipality deems fit;

(e) the date, time and location of any site inspection, if applicable;

(f) the place where the bid documentation is available for collection and the times between which bid documentation may be collected;

(g) the place where bids must be submitted;

(h) the required CIDB contractor grading for construction works, if applicable; and

(i) the validity period of the bid.

(k) the evaluation criteria to used.

(3) The Municipal Manager may determine a closure date for the submission of bids which is less than the 30 (thirty), 21 days for construction or 14 (fourteen) days requirement provided in sub-paragraph (2) above, but only if such shorter period can be justified on the grounds of an emergency, urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(4) The bid notice may require payment of a non-refundable tender fee by bidders wanting to collect bid documents, which tender fee will be determined by the Chief Financial Officer in terms of paragraph8.4 above.

(5) Bid documentation will be available for collection until the closing date and time of bids.

(6) Bids submitted to the Municipality must be sealed.

(7) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

12.7.3 Issuing of bid documents[LJ7]

(1) Bid documents and any subsequent notices may only be issued by officials authorised and designated by the Chief Financial Officer

(2) Details of all prospective bidders who have been issued with bid documents must be recorded by the issuing office but shall remain **confidential** for the duration of the bid period.

(3) Details of prospective bidders must, wherever possible, include the full name of the person drawing documents, a contact person, a contact telephone and fax number and a postal and email address.

12.7.4 Site inspections

(1) In general, and where applicable, site inspections will not be compulsory unless otherwise stated in the bid documents.

(2) If site inspections are compulsory and to be held, this fact, as well as full details of the site inspection must be included in the bid notice.

(3) Where site inspections are made compulsory, the date for the site inspection must be at least 14 (fourteen) days after the bid has been advertised, and a certificate of attendance signed by the responsible agent must be submitted with the bid.

(4) If at a site meeting, any additional information is provided, or clarification of vague points is given, such additional information or clarification must be conveyed to all bidders in accordance with sub-paragraph12.7.12 below of this policy.

12.7.5. Pre-qualification criteria for preferential procurement

If the Municipality decides to apply pre-qualifying criteria to advance certain designated groups, it must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-

(a) a tenderer having a stipulated minimum B-BBEE status level of contributor; (b) an EME or QSE;

(c) a tenderer subcontracting a minimum of 30% to-

(i) an EME or QSE which is at least 51% owned by black people;

(ii) an EME or QSE which is at least 51% owned by black people who are youth; (iii) an EME or QSE which is at least 51% owned by black people who are women;

(iv) an EME or QSE which is at least 51% owned by black people with disabilities;

(v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;

(vi) a cooperative which is at least 51% owned by black people;

(vii) an EME or QSE which is at least 51% owned by black people who are military veterans;

(viii) an EME or QSE.

(2) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

12.7.6. Two-stage (prequalification) bidding process

(1) This process may be applied to bids for:

(a) large complex projects of a specialist or long-term nature; or

(b) where there are legislative, speciality design, technological and/or safety reasons to restrict bidding to firms who have proven their capability and qualification to meet the specific requirements of the bid;

(c) projects where it may be undesirable to prepare complete detailed technical specifications; or

(d) long term projects with a duration exceeding 3 (three) years.

(2) In the first stage of a bid (prequalification) bidding process, bidders are, invited to firstly prequalify in terms of predetermined criteria, without being required to submit detailed technical proposals and/or a financial offer. In the first stage bidders may be invited to submit technical proposals on conceptual design or performance specifications or other matters.

(3) In the second stage, all bidders that qualify in terms of the predetermined criteria will be shortlisted and invited to submit final technical proposals and priced bids.

(4) The notice inviting bidders to pre-qualify must comply with the provisions for the public invitation of competitive bids as

(5) Once bidders have pre-qualified for a project, they must be given no less than 7 (seven) days to submit a final technical proposal and/or a financial offer.

12.7.7 PREPARATION OF THE TERMS OF REFERENCE (TOR'S)

Rustenburg Local Municipality should prepare the TOR. The scope of the services described should be compatible with the available budget. The TOR should define clearly the task directive (methodology), objectives, goals and scope of the assignment and provide background information, including a list of existing relevant studies and basic data, to facilitate the consultants' preparation of their bids.

(1) Time frames linked to various tasks should be specified, as well as the frequency of monitoring actions. The respective responsibilities of Rustenburg Local Municipality and the consultant should be clearly defined.

(2) The evaluation criteria, their respective weights, the minimum qualifying score for functionality and the values that will be applied for evaluation should be clearly indicated. The evaluation criteria should include at least the following:

(a) Consultant's experience relevant to assignment.

(b) The quality of the methodology.

(c) The qualifications of key personnel; and

(d) The transfer of knowledge (where applicable).

(3) In more complicated projects, provision may also be made for pre-bid briefing sessions or presentations by bidders as part of the evaluation process.

(4) A clear indication should be given of which preference point system in terms of the PPPFA and its associated Regulations will be applicable as well as the goals to be achieved and the points allocated for these goals.

(5) Detailed information on the evaluation process should be provided by firstly indicating the ratio of percentage between functionality and price. The percentage for price should be determined taking into account the complexity of the assignment and the relative importance of functionality. The percentage for price should normally be determined and approved by the Accounting Officer or the delegate prior to finalising the TOR.

(6) If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, etc., to enable consultants to estimate the required resources. The TOR should list the services and surveys necessary to carry out the assignment and the expected outputs (for example reports, data, maps, surveys, etc), where applicable.

(7) Evaluation criteria could be divided into sub-criteria.

(8) Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate should be based on the Accounting Officer or delegate assessment of the resources needed to carry out the assignment such as staff time, logistical support and physical inputs (i.e. vehicles, laboratory equipment, etc). The cost of staff time should be estimated on a realistic basis for foreign and local personnel.

(9) The TOR should specify the validity period (normally 60 – 90 days).

(10) The TOR should form part of the standard bid documentation. At this stage the evaluation panel, consisting of at least three members who are demographically representative in terms of race, gender and expertise, should also be selected and finalised.

12.7.8 DRAFTING OF THE TERMS OF REFERENCE

(1) A consultant shall execute his/her tasks according to the TOR.

(2) The TOR shall clearly define the task directive (methodology), objectives, goals and scope of the assignment and provide background information to facilitate the consultants' preparation of their bids. It shall include at least the following:

(a) timeframes linked to various tasks.

(b) nature and frequency of monitoring actions.

(c) respective responsibilities of Rustenburg Local Municipality and consultant.

(d) evaluation criteria, their respective weights, minimum qualifying score for functionality, among others:

(i) consultant's experience.

(ii) quality of the methodology.

(iii) qualification of key personnel.

(iv) transfer of knowledge (where applicable).

(v) pre-bid briefing sessions or presentations by bidders, if necessary.

(vi) the relevant PPPFA preference point system to be used.

(vii) PPPFA goals to be attained through the contract as well as points allocated for these goals.

(viii) the ratio between price and functionality.

(ix) consultants may be requested to submit their prices and proposals in two separate envelopes (two-envelope system).

12.7.9 Validity periods

(1) The period for which bids are to remain valid and binding must be indicated in the bid documents. If no bidder has been appointed during the validity period, or the extended validity period as referred to below, the bid will lapse.

(2) The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

(3) This period of validity may be extended by the chairperson of the bid evaluation committee, provided that:

(a) the original validity period of the bid has not already expired;

(b) all the bidders who have submitted bids have been requested to consent to the extension of the validity period and to confirm that their prices and terms will remain as initially stated until expiry of the extended validity period;

(c) all the bidders who have submitted bids have agreed in writing to the extension of the validity period of the bid and to their price and terms remaining valid for the extended period; and

(d) the validity period of a bid may only be extended once.

(4) If bidders are requested to extend the validity period of their bids as referred to in sub-paragraph (3) because of an objection or complaint being lodged:

(a) it must be made clear to bidders that this is the reason for the request for the extension of the validity period; and

(b) the responsible official must ensure that all bidders are requested to extend the validity period and terms of their bids where necessary to ensure that the bids remain valid throughout the objection or complaint period or until the objection or complaint is finalised.

12.7.10 Contract price adjustment

(1) For all contract periods equal to or exceeding 1 (one) year, an appropriate contract price adjustment formula must be specified in the bid documents.

(2) In general, if contract periods do not exceed 1 (one) year, the bid shall be a fixed price bid and not subject to contract price adjustment.

(3) If, however, because of any extension of time granted or extension of the bid validity period, the duration of a fixed price contract exceeds 1 (one) year, the contract will automatically be subject to contract price adjustment for that period by which the extended contract period exceeds such 1 (one) year.

12.7.11 Provisional sums and prime cost items

(1) If monetary allowances more than R200 000.00 for provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by subcontractors/suppliers, then a competitive bidding process shall be followed in respect of these sums/items.

(2) When monetary allowances of less than R200 000.00for provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, the contractor must be required to obtain a minimum of 3 (three) written quotations for approval by the responsible agent.

12.7.12 Samples

(1) Where samples are called for in the bid documents, samples marked with the bid and item number as well as the bidder's name and address must be delivered separate from the bid to the addressee mentioned in the bid documents.

(2) Bids may not be included in parcels containing samples.

(3) If samples are not submitted as required in the bid documents or within any further time stipulated by the chairperson of the bid evaluation committee inwriting, then the bid concerned may be declared non-responsive.

(4) Samples must be supplied by a bidder at his/her own expense and risk.

(5) The Municipality will not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and reserves the right not to return such samples and to dispose of them at its own discretion.

(6) If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample.

(7) All goods/materials supplied shall comply in all respects to that contract sample.

12.7.13 Closing of Bids

(1) Bids shall close on the date and at the time stipulated in the bid notice inviting the bids.

(2) Save in instances as contemplated in paragraph 12.7.2(3) above, the bid closing date may not be less than the periods as prescribed in terms of paragraph 12.7.2(2)(a) above.

(3) For banking services, the bid closing date must be at least 60 (sixty) days after publication of the notice.

(4) No Clause.

(5) The bid closing date may be extended prior to the original bid closing date by the manager of the SCMU, if circumstances justify such an extension, provided that the closing date may not be extended unless a notice is published in the press where the bid was originally advertised, which notice must also be posted on the official notice boards designated by the Municipal Manager.

(6) The Municipal Manager may determine a closing date for the submission of bids which is less than any of the periods specified in this paragraph, but only if such shorter period can be justified on the grounds of an emergency, urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

12.7.14 Communication with bidders before bid closing

(1) The manager of the SCMU may, if necessary, communicate with prospective bidders and/or bidders prior to bids closing.

(2) Such communication shall be in the form of a notice issued to all prospective bidders and/or bidders who have already submitted bids or indicated the

intention to do so by the manager of the SCMU by either e-mail, facsimile, or registered post, as may be appropriate.

(3) A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes.

(4) Notices should be issued at least one week prior to the bid closing date, where possible.

(5) Notwithstanding a request for acknowledgement of receipt of any notice issued, the prospective bidders and/or bidders who have already submitted bids or indicated the intention to do so will be deemed to have received such notice if the procedures in sub-paragraphs (2), (3) and (4) above, have been complied with.

12.7.15 Submission of bids

(1) Bids must be submitted before the closing date and time, at the address and in accordance with the directives in the bid documents.

(2) Each bid must be in legible writing using non-erasable black ink and must be submitted on the official form of bid/offer issued with the bid documents.

(3) The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope.

(4) The envelope may not contain documents relating to any bid other than that shown on the envelope.

(5) Only sealed bids will be accepted.

(6) The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.

(7) Postal bids will not be accepted for consideration.

(8) No bids forwarded by telegram, facsimile or similar apparatus may be considered.

(9) Photostat copies of bids or facsimiles which are submitted in the prescribed manner will, however, be considered, provided the original forms of bid/offer can be shown to have been posted or couriered prior to the close of bids.

(10) Electronic bids will not be accepted.

(11) The bidder shall choose a *domicilium citandi et executandi* within the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.

(12) No person may amend or tamper with any bids or quotations after their submission.

12.7.16 Late bids

(1) A bid is late if it is not placed in the relevant bid box by the closing time for such bid.

(2) A late bid will not be admitted for consideration and where feasible, but without any obligation to do so whatsoever, will be returned unopened to the bidder with the reason for the return thereof endorsed on the envelope.

12.7.17 Opening of bids

(1) At the specified closing time on the closing date, the applicable bid box must be closed in public.

(2) The bid box must be opened in public as soon as practical after the closing time.

(3) Immediately after the opening of the bid box, all bids must be opened in public and at the same time checked for physical and outward compliance as to whether the bid was contained in a sealed envelope.

(4) The official opening the bids must in all cases read out the name of the bidder and, where practical, the amount of the bid.

(5) As soon as a bid or technical proposal has been opened the Municipal Manager must ensure that:

(a) all bids received in time must be recorded in the bid opening record;

(b) the bid/proposal must be stamped with the official stamps, and endorsed with the opening official's signature;

(c) the name of the bidder, and where possible, the bid sum must be recorded in the bid opening record kept for that purpose;

(d) the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record;

(e) the bid opening record must be made public for inspection; and

(f) the entries in the bid opening record must be published on the website of the Municipality.

(6) There shall be no obligation on the Municipality to re-direct bids found to have been inadvertently placed in the incorrect bid box. Bids shall not be re-directed unless the applicable bids either closed on the same day at the same time or are still open. The Municipality disclaims any responsibility for seeing that the bids are in fact lodged in the correct bid box.

(7) A record of all bids placed in an incorrect box must be kept and such record must contain details of the official who discovered the bid in the incorrect bid box.

(8) Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained where possible. In this regard:

(a) a bid which was in the correct bid box will be read out;

(b) a bid which is found to be in the incorrect bid box, may be redirected provided that the applicable bids either closed on the same day at the same time, or are still open; and

(c) where the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box.

(d) where the bid number or title cannot be ascertained from an examination of the bid documents, the bid may be declared invalid.

(9) The Municipality however disclaims any responsibility for seeing that the bid is in fact lodged in the correct box.

12.7.18 Invalid bids

(1) Bids will be invalid and be endorsed and recorded as such in the bid opening record by the responsible official appointed by the manager of the SCMU to open the bid, in the following instances:

(a) where the bid is not sealed;

(b) where the bid, including the bid price/tendered amount, where applicable is not submitted on the official form of bid/offer;

(c) where the bid is not completed in non-erasable ink;

(d) where the form of bid/offer has not been signed;

(e) where the form of bid/offer is signed, but the name of the bidder is not stated, or is indecipherable;

(f) where the bid envelope does not contain the title of the bid and bid number, and these cannot be ascertained from an examination of the bid documents.

(2) When bids are declared invalid at the bid opening, the bid sum of such bids may not be read out, however, the name of the bidder and the reason for the bid having been declared invalid must be announced and recorded in the bid opening record.

12.7.19 Bid sum

(1) A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words must be read out at the bid opening and this will be the price upon which the bid is evaluated.

(2) All rates, apart from rates set out in rate only bids, and proprietary information are confidential and may not be disclosed.

12.8. Committee system for competitive bids

(1) The committee system of the Municipality for competitive bids provides for:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee.

(2) The Municipal Manager of the Municipality:

(a) must appoint the members of each committee and, in doing so, must consider section 117 of the MFMA;

(b) may, when appropriate, appoint a neutral or independent observer to ensure fairness and transparency in the application of this acquisition management system; and

(c) may apply the committee system to formal written price quotations.

12.9 Bid specifications

(1) The bid specification committee must compile the specifications for each procurement of goods and/or services by Municipality.

(2) The specifications:

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods and/or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, South African Bureau of Standards or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

(e) may not refer to any trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”;

(f) must indicate each specific goal for which points may be awarded;

(g) must reserve the Municipality’s right to reject any bid which is unrealistic or which if accepted may expose the Municipality to unacceptable risk provided that the Municipality has first, after consultation with the bidder, satisfied itself that the bid is indeed unrealistic and would expose the Municipality to unacceptable risk if accepted;

(h) must wherever professional services or construction or specialist services are procured, provide for a suitable mechanism to verify the expertise and ability of the bidder to undertake to execute the bid at an appropriate standard. This may include providing for pre-qualification criteria, previous track record or any other appropriate method; and

(i) must be approved by the Municipal Manager prior to publication of the invitation for bids;

(j) may stipulate that goods or services equating up to 25% of the value of the bid price/tendered amount must be subcontracted to a local business, or to a local business which is listed on the Municipality's list of approved local SMME businesses.

(3) Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient and if the bid specifications also contain extracts from such standard documents, then unless the specifications expressly provide otherwise, the entire document referred to shall be incompetent and the reference to extracts therefrom in the specifications shall not exclude those terms not expressly quoted.

12.10 Bid specification committee

(1) All bid specifications and bid documentation must be compiled by the bid specification committee of the Municipality. An ad hoc bid specification committee may be constituted for a projector procurement activity.

(2) The bid specification committee shall be comprised of at least 3 (three) officials of the Municipality, an appointed chairperson, a responsible official and at least 1 (one) supply chain management practitioner of the Municipality.

(3) Where appropriate a representative of internal audit department/division and/or legal services department/division and/or an external specialist advisor may form part of this committee provided that no person, advisor or competent

entity involved with the bid specification committee, or director of such corporate entity, may bid for any resulting contracts.

(4) Green procurement must be incorporated as far as reasonable possible, for all specifications of goods and/or services.

(5) In the development of bid specifications, innovative mechanisms should be explored to render the service or product more resource and energy efficient.

(6) The Municipal Manager, or his delegated authority, must adhere to the provisions of section 117 of the MFMA when appointing the members of the bid specification committees.

(7) Bid specification committee meetings must be conducted in accordance with the applicable Rules of Order/Standing Rules regulating the conduct of meetings of the Municipality and must be fully recorded.

12.11 Bid evaluation

(1) The Municipality shall not be obliged to accept any bid.

(2) The Municipality shall have the right to accept the whole or part of a bid or any item or part of an item of a bid or to accept more than one bid for goods and services.

(3) The bid evaluation committee must:

(a) evaluate bids in accordance with:

(i) the specifications which were set for the bid; and

(ii) the points system as prescribed by the PPPFA, and if functionality forms a part of the evaluation criteria of the bid, then compliance with the applicable provisions of the PPR and National Treasury's Circular 53 pertaining to functionality must be ensured;

(b) evaluate each bidder's ability to execute the contract;

(c) check for responsiveness and compliance with the prescribed formalities and requirements as set out in the bid documentation i.e. whether municipal rates and taxes and municipal service charges are not in arrears and tax matters in order; and

(d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

12.12 Bid evaluation committee

(1) The bid evaluation committee must as far as possible be composed of:

(a) officials from departments requiring the goods and/or services; and

(b) at least one supply chain management practitioner of the Municipality.

(2) The responsible agent, if applicable, must carry out a preliminary evaluation of all valid bids received and submit a draft bid evaluation report to the bid evaluation committee for consideration. The bid evaluation committee may engage independent external experts to provide reports or guidance to assist the bid evaluation committee in their evaluations provided that only the bid evaluation committee may exercise discretion and make any decisions and provided further that no such external person, advisor or entity involved with the bid evaluation committee, or director or member of such corporate entity, may bid for any resulting contracts.

(3) Any evaluation of a bid must consider the bids received and note for inclusion in the evaluation report all details of a bidder:

(a) whose bid was endorsed as being invalid by the responsible official at the bid opening;

(b) whose bid does not comply with the provisions of the Prevention and Combating or Corrupt Activities Act;

(c) whose bid does not comply with the general conditions applicable to bids and quotations of this policy;

(d) whose bid is not in compliance with the specifications for the bid or does not meet the pre-qualification criteria or who is otherwise excluded by the bid specifications or conditions;

(e) whose bid does meet the minimum points for functionality, if applicable;

(f) whose bid is not in compliance with the terms and conditions of the bid documentation;

(g) whose bid does not comply with any minimum points and goals stipulated in terms of the preferential procurement paragraph of this policy and the PPPFA;

(h) who is not registered and listed on the list of accredited providers of the Municipality;

(i) who, in the case of construction works acquisitions, does not comply with the requirements of the CIDBA regarding registration of contractors;

(j) who has failed to submit an original and valid tax clearance certificate from SARS, certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS.

(4) Bids shall be evaluated according to the following, as applicable:

(a) functionality;

(b) bid price and specific goals as per the applicable provisions of the PPPFA (corrected, if applicable and brought to a comparative level where necessary);

(c) the unit rates and prices;

(d) the bidder's ability to execute the contract;

(e) any qualifications to the bid;

(f) the bid ranking obtained in respect of preferential procurement as required by this policy;

(g) the financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable; and

(h) any other criteria specified in the bid documents.

(5) No bidder may be recommended for an award unless the bidder has demonstrated that it has the resources and skills required to fulfil its obligations in terms of the bid document and at the bid price.

(6) Additional information or clarification of bids may be called for if required but only in writing and as stipulated in terms of this policy.

(7) Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted and the alternate is clearly marked as such.

(8) Where a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report for decision by the bid adjudication committee.

(9) The bidder obtaining the highest number of points must be recommended for acceptance unless there are objective criteria in addition to the criteria mentioned in section 2(1)(d) and section 2(1)(e) of the PPPFA justifying the award of the bid to another bidder.

(10) Where, after bids have been brought to a comparative level, 2 (two) or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points.

(11) Where 2 (two) or more bids are equal in all respects, the bid evaluation committee will draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.

(12) All disclosures of a conflict of interest must be considered by the bid evaluation committee and shall be reported to the bid adjudication committee.

(13) The bid evaluation committee must, having considered the responsible agent's draft report (if any), submit a report, including recommendations regarding the award of the bid or any other related matter, to the bid adjudication committee for award.

(14) A bid evaluation committee can either be constituted on an ad hoc basis for each project or procurement activity or be appointed by the Municipal Manager for a financial year, to evaluate bids received.

(15) The bid evaluation committee shall be comprised of at least 3 (three) officials of the Municipality, an appointed chairperson, who may be the same person as the chairperson of the bid specification committee, a responsible official and at least one supply chain management practitioner of the Municipality.

(16) Where appropriate, a representative of internal audit department/division and/or legal services department/division may form part of this committee, which may also include other internal specialists/experts as necessary.

(17) External specialists/experts may advise the bid evaluation committee, as required.

(18) The Municipal Manager, or his delegated authority, must, considering section 117 of the MFMA, appoint the members of the bid evaluation committees.

(19) Bid evaluation committee meetings must be conducted in accordance with the applicable Rules of Order/Standing Orders regulating the conduct of meetings of the Municipality.

12.13 Bid adjudication

(1) The 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 make a recommendation to the Municipal Manager regarding the making of a final award; or

(ii) make another recommendation to the Municipal Manager on how to proceed with the relevant procurement.

(2) Where it holds the delegated power to do so in terms of the Municipality's system of delegations, the bid adjudication committee may make an award to a preferred bidder, subject to the Municipal Manager negotiating with the preferred bidder, provided that such negotiation is in accordance with the conditions set out in sub-paragraph (3) below, which apply *mutatis mutandis*.

(3) The Municipal Manager may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, provided that such negotiation:

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder;

(c) does not lead to a higher price than the bid as submitted; and

(d) minutes of such negotiations must be kept for record purposes; and overall

(e) does not materially affect the bid in a manner which compromises the integrity of the bidding process.

(4) If a bid other than the one recommended in the normal course of implementing this policy is approved, then the Municipal Manager must, within 10 (ten) working days and in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation.

(5) The Municipal Manager may, at any stage of a bidding process, refer any recommendation made by the bid evaluation committee or bid adjudication committee back to that committee for reconsideration of the recommendation.

(6) A person aggrieved by a decision or action taken in the execution of this policy may lodge within 14 (fourteen) days of such a decision or action a written objection or compliant to the Municipality against the decision or action as set out in paragraph 20.3below of this policy.

(7) Bid documents must state that any objection or complaint in terms of this policy must be submitted in writing to the Municipal Manager at the address stated, and must contain the following:

(a) reasons and/or grounds for the objection or complaint;

(b) the way in which the objector or complainant's rights have been affected; and

(c) the remedy sought by the objector or complainant.

(8) No bid may be formally accepted until either the expiry of the 14 (fourteen)day objection or complaint period, confirmation in writing before the expiry of the 14 (fourteen)day objection or complaint period that none of the affected parties intend to object or complain or confirmation of the satisfactory resolution of any objection or complaint.

(9) If the bid adjudication committee or the Municipal Manager has resolved that a bid be accepted, the successful bidder must be notified in writing of this decision.

(10) The successful bidder must, in addition, be advised of the 14 (fourteen) day objection or complaint period and be notified that no rights accrue to him/her until the bid is formally accepted in writing.

(11) Every notification of decision must be faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification which must be kept for record purposes.

(12) Where it becomes necessary to cancel or re-advertise formal bids, a report to this effect must be submitted to the bid adjudication committee for decision.

(13) Where bids have been cancelled, all bidders must be notified of such cancellation in writing.

(14) It is not necessary to notify original bidders when new bids are invited and advertised.

(15) No bid may be re-advertised before the expiry of the validity period of the original bid or any extended validity period.

(16) Notwithstanding sub-paragraph (14) above and where no valid bids are received, or all bidders have indicated in writing that they have no objection to the re-advertisement of the bid, then the bid may forthwith be re-advertised.

(17) In the case of bids for construction works, and where the bid adjudication committee resolved that there were no responsive bids received, then the bid may forthwith be re-advertised.

12.14 Bid adjudication committee

(1) The bid adjudication committee must consist of at least 4 (four) senior managers of the Municipality which must include:

(a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer;

(b) at least one senior supply chain management practitioner who is an official of the Municipality; and

(c) a technical expert in the relevant field who is an official of the Municipality, if the Municipality has such an expert.

(2) The Municipal Manager must appoint the chairperson of the committee. When 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.

(3) 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.

(4) Where the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid:

(a) ensure that the preferred bid is in all respects responsive and compliant and verify that the preferred bidder's municipal rates and taxes and municipal service charges are not in arrears;

(b) notify the Municipal Manager, who may:

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee; and

(ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(5) The Municipal Manager may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(6) The Municipal Manager must comply with the procedure set out in section 114 of the MFMA within 10 (ten) working days if a bid other than the one recommended in the normal course of implementing this policy is approved.

12.15 Term bids

(1) Term bids are for the supply of goods and/or services that are of an *ad-hoc* or repetitive nature for a predetermined period and where awarded will entitle, but not oblige, the Municipality to purchase the specified goods or services at the bid price from the successful bidder for the duration of the term.

(2) The Municipality may invite term bids.

(3) The general acquisition procedure for term bids must comply with procedures contained in the acquisition management system for competitive bids.

(4) Where applicable, bid documentation must state that the acceptance of term bids based on a schedule of rates will not necessarily guarantee the bidder any business with the Municipality.

(5) The practice of using term bids to circumvent the bid process in respect of what should be planned project work is not permissible.

(6) Unless expressly stated in the bid documents, the award of the term bid shall not confer any exclusivity on the successful bidder nor prevent the Municipality from proving the same or similar services elsewhere.

(7) Material for repairs and maintenance can be purchased on a term bid where circumstances warrant it.

(8) Additional items included in a term bid by any bidder, which are clearly not an alternative to any of the items specified in the bid documents, will not be considered.

(9) The process for considering term bids must be in terms of the evaluation and adjudication procedures for conventional competitive bids.

(10) Subsequent to an award where different selections of items are required in terms of the same term bid, and where it is not possible or practical to separate orders for different items from different suppliers, service providers or contractors, then and in that instance, a selection process must be carried out in respect of each application by the responsible agent. Individual orders must be placed based on the highest total evaluation points received, preapplication.

(11) Where the selected supplier, contractor or service provider, in terms of the selection process specified in the term bid documentation, is unable to provide the required goods, services or construction works at the required time and confirms as such in writing, the bidder with the next highest valuation points (re-calculating the bid scores excluding the successful bidder) must be selected.

12.16 Procurement of banking services

(1) A contract for the provision of banking services to the Municipality:

(a) must be procured through competitive bids;

(b) must be consistent with section 7 of the MFMA and regulation 30 of the SCMR; and

(c) may not be for a period of more than 5 (five) years at a time.

(2) The process for procuring a contract for banking services must commence at least 9(nine) months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 (sixty) days from the date on which the advertisement is advertised.

(4) Bids must be restricted to banks registered as such in terms of the Banks Act, Act 94 of 1990.

12.17 Procurement of IT related goods and/or services

(1) The Municipal Manager may request the SITA to assist the Municipality with the acquisition of IT related goods and/or services through a competitive bidding process.

(2) The parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to SITA.

(3) The Municipal Manager must notify SITA together with a motivation of the IT needs of the Municipality where:

(a) the transaction value of IT related goods and/or services required by the Municipality in any financial year will exceed R50 million (including VAT); or

(b) the transaction value of a contract to be procured by the Municipality whether for one or more years exceeds R50 million (including VAT).

(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 of SITA must be submitted to the Council, the Provincial and National Treasury and the Auditor General prior to awarding the bid.

12.18 Procurement of goods and services under contracts secured by other organs of state

(1) The Municipal Manager may procure goods and/or services for the Municipality under a contract secured by another organ of state, but only if:

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the Municipality has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the Municipality to do so; and

(d) that other organ of state and the relevant provider have consented to such procurement in writing.

12.19 Procurement of goods necessitating special safety arrangements

(1) Goods, other than water, which necessitate special safety arrangements, may not be acquired or stored in bulk and more than immediate requirement, including gasses and fuel, unless sound justification therefore exists.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost advantages for the Municipality and the Municipal Manager may then authorise the same, in writing.

12.20 Proudly SA campaign

The accounting officer must determine internal operating procedures supporting the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly –suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic of South Africa

12.21 Appointment of consultants

(1) The Municipal Manager may procure consulting services provided that National Treasury, Provincial Treasury and CIDB guidelines in respect of consulting services are considered when such procurements are made.

(2) A contract for the provision of consultancy services to the Municipality must be procured through competitive bids where:

(a) the value of the contract exceeds R200 000.00 (including VAT); or

(b) the duration period of the contract exceeds 1 (one) year.

(3) In addition to the requirements prescribed for competitive bids in this policy, bidders must furnish the Municipality with particulars of:

(a) all consultancy services provided to the Municipality in the last 5 (five) years; and

(b) any similar consultancy services provided to the Municipality in the last 5 (five) years.

(4) Dividing the transaction values of required consultant appointments into lesser transaction values to circumvent the competitive bidding process is not permitted.

(5) Where the estimated value of consultant fees is less than or equal to R200 000.00 (including VAT) and the duration of the appointment is less than 1 (one) year, the selection of a consultant to provide the required service must follow a written price quotation or a formal written price quotation procedure as provided for in this policy.

(6) Responsible agents must endeavour to ensure that there is rotation in respect of inviting suitably qualified consultants to submit quotes.

(7) A price/preference points system, contained in the preferential procurement paragraph of this policy, must be applied to such quotations.

(8) Where it is in the interests of the Municipality to follow an advertised process, a formal competitive bidding process in accordance with the requirements of this policy may be followed irrespective of the estimated value of the consultant fees.

(9) The Municipality must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant during the consultancy service is vested in the Municipality.

(10) The Municipality may only consider single-source selection where it is in line with the exceptional cases provided in treasury guidelines the justification for

single-source selection is examined in the context of the overall interests of the Municipality and the project.

(11) Single-source selection may be appropriate only if it presents a clear advantage over a competitive process:

(a) for services that represent a natural continuation of previous work carried out by the consultant, and continuity of downstream work is considered essential;

(b) where rapid selection is essential;

(c) for very small appointments;

(d) when only one consultant is qualified or has experience of exceptional worth for the project.

(12) Single source selection may also be justified in instances where the type of consultant services required are of a *sui generis* nature and based on a specific type of relationship of expertise, privilege, confidentiality, the utmost good faith and trust.

(13) The reasons for single-source selection must be fully motivated in a report and approved by the bid adjudication committee prior to conclusion of a contract, provided that if the award is for an amount of R200 000.00 (including VAT) or less, such award must be approved by the manager of the SCMU.

(14) Single source shall be regarded as a deviation in terms of paragraph 12.22 below and must comply therewith.

12.21.1 Appointment of consultants

The municipality may only contract in consultants after a gap analysis has been confirmed that the municipality does not have the requisite skills or resources in its full time employ to perform the assignment in question. Based on a business case, the

appointment of consultants may only be approved by the accounting officer. All request to deviate from the instruction note maybe directed to: The Director-General at National treasury.

- the consultants may only be remunerated at the rates:

(a) Determined in the "Guideline for fees", issued by the South African Institute of Charted Accountants (SAICA);

(b) Set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); OR

(c) Prescribed by the body regulating the profession of the consultant.

(d) A database of consultants shall be in place and be co-ordinated by the Supply Chain Management and Local Economic Development.

(e) An appointed consultant shall be subjected to the 25% sub-contracting of emerging smaller consultant companies from Rustenburg Municipality's database of emerging smaller consultants, within one to three years of existence.

(f) The joint venture relationship in the consultants' environment is explained in the following diagram (SMME development):

(i) in respect of professional consultant support, the following areas must be covered in support of emerging BBBEE consulting companies:

Professional area	**Subcontracting Amount**	**%**	**Joint Venture Amount**	**%**
Architect	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Structural Engineering	R1M to 10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Electrical Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Mechanical Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV

SI	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Civil Engineering	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Project Management	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV
Quantity Surveying	R1M to R10M	Maximum of 25%	R10M and above	Between 30% and 40% JV

12.21.2 PRIMARY REASONS FOR THE APPOINTMENT OF CONSULTANTS

(1) Consultants are engaged principally for the following reasons:

(a) to provide specialised services for limited periods without any obligation of permanent employment.

(b) to benefit from superior knowledge, transfer of skills and upgrading of a knowledge base while executing an assignment.

(c) to provide independent advice on the most suitable approaches, methodologies and solutions of projects.

12.21.3 MINIMUM REQUIREMENTS WHEN APPOINTING CONSULTANTS

(1) When appointing consultants, it is necessary to strive to satisfy the following minimum requirements:

(a) meeting the highest standards of quality and efficiency.

(b) obtaining advice that is unbiased, that is, being delivered by a consultant acting independently from any affiliation, economic or otherwise, which may cause conflicts between the consultant's interests and those of government.

(2) Ensuring the advice proposed, or assignment executed, meets the ethical principles of the consultancy professions.

12.21.4 Measures to address over reliance on consultants are as follows:

a) Assessment of whether expertise required does not reside where in the City

b) Assess the cost effectiveness of make or buy decision to determine whether the objectives of the institution are better achieved through consultants or permanent work

c) Monitor and continually evaluate extend and use of consultant and ensure skills transfer where feasible.

12.21.5 APPLICABILITY OF PROCEDURES

(1) The procedures outlined herein apply to all contracts for consulting services. In procuring consulting services, the Accounting Officer or the delegate should satisfy himself/herself that:

(a) the procedures to be used will result in the selection of consultants who have the necessary professional qualifications.

(2) The selected consultant will carry out the assignment in accordance with the agreed schedule.

(3) The scope of the services is consistent with the needs of the project.

12.22 DEVIATION FORM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESS

(1) The Municipal Manager may:

(a) dispense with the official procurement processes established by this policy and to procure any required goods and/or services through any convenient process, which may include direct negotiations, but only:

(i) in an emergency;

(ii) if such goods and/or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) for the acquisition of animals for zoos and nature reserve;

(v) for the acquisition of special works of art or historical objects where specifications are difficult to compile; and

(vi) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The Municipal Manager must record the reasons for any deviations in terms of sub-paragraph (1)(a) and(1)(b) above and report them to the next meeting of the Council and must be included as a note to the annual financial statements. This sub-paragraph does not apply to the procurement of goods and services contemplated in paragraph 3(3) of this policy.

(3) The conditions relating to the procurement of contracts relating to an emergency, as referred to in sub-paragraph (1)(a)(i) above should include the existence of one or more of the following:

(a) the possibility of human injury or death;

(b) the prevalence of human suffering or deprivation of rights;

(c) the possibility of damage to property, or suffering and death of livestock and animals;

(d) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;

(e) the possibility of severe damage occurring to the natural environment;

(f) the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and

(g) the possibility that the security of the state could be compromised.

(4) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, to allow time for the formal procurement process.

(5) Where interim measures to alleviate the immediate situation are appropriate, these should be considered to give time to procure a permanent solution.

(6) Emergency dispensation will not be granted in respect of circumstances other than those contemplated in sub-paragraph (3) above.

(7) Where possible, in an emergency, 3 (three) quotes in accordance with general acquisition management principles should be obtained and a report submitted to the Municipal Manager for approval. Where, however, time is of the essence, the emergency must be immediately addressed, and the process formalised in a report to the Municipal Manager as soon as possible thereafter.

(8) The Municipal Manager may, upon recommendation of the bid adjudication committee, and only if worthy cause exists condone any expenditure incurred in contravention of, or that is not in accordance with, a requirement of this policy, provided that:

(a) this power may not be sub-delegated by the Municipal Manager;

(b) such condonation will not preclude the taking of disciplinary steps against the responsible official; and

(c) the Municipal Manager record the reasons for the condonation in writing and report them to the next meeting of the Council and must be included as a note to the annual financial statements.

(9) In the event where the Municipal Manager refuses to condone any expenditure referred to in sub-paragraph (7) above, such expenditure will be deemed to be irregular expenditure as defined in terms of the provisions of section 1 of the MFMA and must be treated as such by the Municipal Manager according to the relevant provisions provided therefore in the MFMA.

12.23 Unsolicited bids

(1) The Municipality is not obliged to consider any unsolicited bids received outside a normal bidding process.

(2) The Municipality may only consider an unsolicited bid if:

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages for the Municipality;

(c) the person or entity who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the Municipal Manager.

(3) Where the Municipal Manager decides to consider an unsolicited bid that complies with sub-paragraph (2) above, the Municipality must make its decision public in accordance with section 21A of the MSA, together with:

(a) its reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits for the Municipality were it to accept the unsolicited bid; and

(c) an invitation to the public or other potential suppliers to submit their written comments within 30 (thirty) days of the notice.

(4) Once the Municipality has received written comments pursuant to sub-paragraph (3) above, it must submit such comments, including any responses from the unsolicited bidder, to the National Treasury and the relevant Provincial Treasury for comment.

(5) The Municipality's adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Municipal Manager, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must consider:

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant Provincial Treasury.

(8) Where any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Municipal Manager must submit to the Auditor General, the relevant Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within 7 (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 or signed within 30 (thirty) days of the submission.

13 LOGISTICS MANAGEMENT

Logistics management provides an effective logistic management system for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, maintenance and contract administration, as set out below:

13.1 Setting of inventory levels

(1) Levels must be determined.

(2) Stock items must be systematically replenished using the re-order point planning strategy in conjunction with minimum and maximum levels.

(3) Open reservations must be considered during the replenishment run.

13.2 Placing of orders

(1) Purchase orders must be created with reference to requisitions where the supply source is by means of a contract or verbal, written or formal quotations.

(2) All purchase orders which are for imported goods and which are subject to rate and exchange adjustments must specify that the vendor must take out a forward exchange contract to fix the Rand based price in the purchase order.

(3) A proper record of all purchase orders must be kept by the manager of the SCMU and a copy thereof must be submitted to the Chief Financial Officer monthly.

(4) Standing orders will be utilised in cases where a longer-term arrangement, such as after hour services and copier contracts, are required.

(5) Purchase order approvals must be system based and will involve the procurement department only.

(6) The assets (for asset creation) and the insurance section (for claims) must be informed after approval of any purchase orders.

13.3 Receiving and distribution of goods

(1) Goods will be received on the Municipality's inventory system with specific reference to purchase orders.

(2) No over-receipt of stock may be allowed. The purchase order must be kept open for under-receipts for the outstanding delivery quantity.

(3) Goods must be issued from stock with reference to reservations.

(4) Goods may be issued for consumption against internal orders, cost centres, projects and assets under construction.

13.4 Stores and warehouse management

(1) The stores and warehousing function must be decentralised in different areas and will operate under the jurisdiction of the SCMU.

(2) The SCMU must ensure proper financial and budgetary control, uphold the principle of effective administration, proper stock holding and control, product standardisation, quality of products and a high standard of service levels.

13.5 Expediting orders

(1) The purchasing expeditor is required to monitor and expedite outstanding purchase orders.

(2) Reminder letters must be faxed automatically to vendors based on the reminder levels prior to the delivery due date which is set in the purchase order.

13.6 Transport management

The Municipality's fleet management system/policy must be adhered to always.

13.7 Vendor performance

(1) The Municipality must have a system which is able to evaluate a vendor 'performance regarding certain pre-determined criteria.

(2) The information will be available for contract negotiations and regular feedback to the vendors.

13.8 Contract management

(1) The Municipal Manager must take all reasonable steps to ensure that contracts procured through this policy are properly implemented and enforced. To this end the Municipal Manager shall devise a system to ensure that he is given, monthly, all relevant details regarding the performance of each contract and details of defaults.

(2) The performance of contractor under the contract procured through this policy must be monitored monthly.

(3) All contracts must be administered by a designated official(s), having the necessary competencies to ensure effective management of the contract. The responsibility of managing a contract falls on the specific directorate to which such a contract relates together with and in co-operation with the SCMU.

(4) The Municipal Manager must regularly report to the Council on the management of contracts and the performance of contractors.

13.9 Maintenance and contract administration

(1) Contracts relating to the procurement of goods and/or services will be captured on the Municipality's contract administration system in the form of a price schedule.

(2) Value (where the maximum value of the contract is restricted) and volume (where the maximum units procured are restricted) based contracts must be utilised in as far as possible.

(3) The use of fixed price and fixed term contracts must be promoted, and expenditure will be driven towards such contracts as opposed to once-off purchases.

(4) Consolidated procurement volumes must be utilised to drive down negotiated contract prices.

(5) Contract price adjustments may only be processed in accordance with contract terms and conditions and must accord with the provisions of this policy.

13.10 Contract administration

(1) Contract administration is the last stage of the procurement and contract cycle, and includes all administrative duties associated with a contract after it is executed, including contract review.

(2) The effectiveness of contract administration depend on how thoroughly the earlier steps were completed as changes can be made far more readily early in the tendering cycle than after contract management has commenced.

(3) Some of the key initial stages, which influence the effectiveness of contract administration and which the Municipality must properly implement, include:

(a) defining the outputs by writing specifications which identify what the aims and outputs of a contract will be;

(b) assessing risk;

(c) researching the market place, including conducting pre-tender briefings;

(d) formulating appropriate terms and conditions of contract;

(e) identifying appropriate performance measures and benchmarks so that all parties know in advance what is expected, and how it will be tested;

(f) actively creating competition, so the best possible suppliers bid for contracts; and

(g) evaluating bids competently, to select the best contractor, with a strong customer focus and good prospects of building a sound relationship.

13.11 Levels of contract administration

(1) There are three levels of contract administration, being:

(a) the first operational level for standard contracts for goods and services. Day to day contract administration should become no more than the execution of performance monitoring, record keeping and price adjustment authorisation functions;

(b) the second or intermediate level is for more complex contracts for services. This type of contract requires a more active role for the contract manager in developing the relationship between the Municipality and the contractor and includes the functions set out as part of the first operational level;

(c) the third level is for strategic contracts involving complex partnerships and outsourcing arrangements. These contracts require more active

management of the business relationships between the supplier and the users, for example to manage outputs and not the process and include the functions set out in the first operational level and the second level, as referred to above.

13.12 Appointing a contract manager

(1) A contract manager must be appointed by the Municipal Manager together with the director in charge of the project prior to the execution of the contract.

(2) Where it is practical to do so, the contract manager must be involved at the earliest stage of the acquisition, which is the time of writing the specifications for the contract.

(3) Contract administration arrangements must be identified and planned to include, delegations, reporting requirements and relationships and specific task responsibilities.

(4) Departments are responsible for ensuring that contract managers:

(a) prepare the contract administration plan;

(b) monitor the performance of the contract;

(c) are appointed with appropriate responsibility and accountability;

(d) are adequately trained so that they can perform and exercise the responsibility; and

(e) act with due care and diligence and observe all accounting and legal requirements.

13.13 Duties and powers of a contract manager

(1) The contract manager's duties and powers are governed by the conditions of contract and the applicable legal principles and statutes.

(2) The contract manager must monitor the performance of the contract monthly and must report to the Municipal Manager on the performance of the contractor and the progress of the contract monthly.

(3) The contract manager is also required to form opinions and make decisions, and in doing so is expected to be even-handed, prudent and to protect the interests of the Municipality.

(4) The SCMU is responsible for notifying the contract manager 90 (ninety) days prior to the expiry of each contract to allow the contract manager sufficient time to decide whether to renew a contract or efficiently conclude a new contract.

(5) The contract manager must ensure that the contractor duly performs according to the specifications of the contract in delivering goods and/or services on time, in the correct manner and/or quantity and to the required standard.

(6) Regular meetings and site inspections must be held by the contract manager and the contractor to inspect the progress, deliverables, identify potential problems and/or possible remedial action during the contract period.

13.14 Contract guidelines

(1) A guideline, which provides a description of the roles and responsibilities of a contract manager during the contract administration stage, must be documented.

(2) The provisions of this paragraph are not an exhaustive description of contract administrative activities, and some tasks may not be carried out in the sequence presented, may be done concurrently with other tasks or may not be necessary in some circumstances.

13.15 Delegating to contract administrator

(1) Where appropriate, a contract manager may delegate some contract administration duties to a contract administrator.

(2) The contract administrator will be required to perform duties related to processes for record keeping, authorising payment and collecting data on contractor performance.

(3) The contract manager will however remain ultimately responsible and accountable for the performance of the contract.

13.16 Contract management process

(1) The contract manager must ensure that the contractor fulfils its obligations and complies with its liabilities under the contract and must also ensure that contractors are treated fairly and honestly. Any non-compliance with the terms

of the contract and any non-delivery or anticipated non-delivery or breaches must be reported to the Municipal Manager in writing immediately.

(2) Both parties adhering to the agreed terms will result in:

(a) value for money;

(b) timeliness;

(c) cost effectiveness; and

(d) proper contract performance.

(3) In the event of non-compliance with any contract, the contractor must be placed in default in writing approved by the Municipality's legal advisors and a complete record of all written notices of non-compliance or nature of breach, as the case may be, must be kept on record.

13.17 Document retention

(1) The need exists to retain documents on a contract file for information and audit purposes, and in order to comply with the requirements of the records office.

(2) Proper records regarding all aspects of the contract must accordingly be maintained. The contract manager shall be responsible for ensuring that the Municipality has, on the appropriate control sheet, copies of all procurement documents, bids, awards, notices and other written communications.

13.18 Guidelines on contract administration

(1) The responsibilities of a contract manager may include the following:

(a) establishing a contract management plan for the execution of the contract, especially for contracts pertaining to construction and land development projects;

(b) reviewing the contract management process (including the contract management plan) on a regular basis;

(c) providing a liaison between internal managers and users, and suppliers to pre-empt, identify and resolve issues as they arise;

(d) monitoring the contractor's continuing performance against contract obligations;

(e) providing the contractor with advice and information regarding developments within the department, where such developments are likely to affect the products provided;

(f) determining if staged products should continue, and providing a procurement process for additional stages which meet the principle of obtaining value for money;

(g) providing accurate and timely reporting to the senior management in charge of the project, highlighting significant performance issues or problems;

(h) ensuring that insurance policy terms and conditions provide adequate protection for the Municipality and are maintained throughout the contract period;

(i) ensuring all products provided are certified as meeting the specifications before the supplier is paid;

(j) maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

(k) managing contract change procedures;

(l) resolving disputes as they arise;

(m) conducting post contract reviews;

(n) pursuing remedies in the event of any breach of the contract;

(o) reporting on performance/non-performance to the Municipal Manager monthly; and

(p) the Municipal Manager must establish capacity and a system to ensure effective contract management.

14 DISPOSAL MANAGEMENT

(1) The disposal management system of the Municipality provides an effective system for the transfer of ownership, disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the MFMA and the MATR in as far as capital assets are concerned.

(2) Every disposal by the Municipality must comply with the relevant and applicable provisions of the MFMA and MATR in as far as capital assets are concerned.

(3) The way assets may be disposed of by the Municipality includes, but is not limited to, the following:

(a) transferring an asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;

(b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(c) selling the asset; or

(d) destroying the asset.

(4) Immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise and in accordance with the provisions of the Disposal Policy of the Municipality.

(5) Movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Municipality.

(6) In the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 (thirty) days whether any of the local schools are interested in the equipment.

(7) In the case of the disposal of firearms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person or institution within or outside the Republic.

(8) Immovable property must be let at market related rates except when the public interest or the plight of the poor demands otherwise.

(9) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be reviewed annually.

(10) Where assets are traded in for other assets, the highest possible trade-in price must be negotiated.

(11) As far as possible, assets to be disposed of must be subjected to recycling. Disposal to landfill is not allowed unless there are no available recycling options.

(12) Non-exempted capital assets must be transferred or permanently disposed of strictly in accordance with section 14 of the MFMA read with Chapter 2 of the MATR.

(13) Exempted capital assets must be transferred strictly in accordance with Chapter 3 of the MATR.

(14) The granting of rights by the Municipality to use, control or manage municipal capital assets, where section 14 of the MFMA do not apply, must be executed strictly in accordance with Chapter 4 of the MATR.

14.1 DISPOSAL MANAGEMENT FRAMEWORK

The authority to make the determinations and subsequently in principle approve the disposal of movable assets with a value of less than R 1 million in terms of section 14(2) (a) and (b) of the MFMA as set out in MAT regulation 5(1) (b) (i) and (ii) is delegated to the accounting officer in terms of paragraph 5(6) of the MAT regulations.

14.2 DISPOSAL CATEGORIES

A. Non-exempted capital assets

(1) General determinations

(a) The fair market value of all non-exempted capital assets should be determined before the transfer or disposal thereof is considered

(b) Where assets are traded in for other assets, the highest possible trade-in price should be negotiated.

(2) Approval in principle

(a) A capital asset may only be transferred or otherwise be permanently disposed of after the determinations have been made and an approval has been granted in principle in terms of sub-section 14 (2) of the MFMA as set out in MAT Regulation 5(1)(b)(I) and(ii).

(3) Advertising of proposed disposals in terms of the Local Government Ordinance 1939.

The proposed disposal of a non-exempted immovable capital asset should be advertised in case of objections in terms of section 79(18) of the Local Government Ordinance, 1939, if a public participation process is not required, as set out in sub-paragraph (4) and any objections should be submitted for consideration with the proposal in terms of MAT regulation 5(1) (b) (i) and (ii).

(4) Public participation process

(a) Capital assets may only be transferred or otherwise disposed of after the Accounting Officer has conducted a public participation process to facilitate the determinations and approval has been granted in principle in terms of the section 14(2) of the MFMA, if

(i) the fair market value of the capital asset exceeds any of the following amounts:

(aa) R50 million; or

(bb) one percent of the total value of the capital assets of the Municipality as determined from the latest available audited annual financial statements of the Municipality; or

(ii) the combined value of any capital assets that the Municipality intends to transfer or dispose of in the relevant financial year exceeds five percent of the total value of its assets as determined in the latest audited financial

(b) Only the Municipal Council may authorize the public participation process referred to in sub-paragraph (a).

(i) A request to the Municipal Council for authorization of a public participation process must be accompanied by an information statement stating

(aa) the valuation of the capital asset to be transferred or disposed of and the method of valuation used to determine that valuation;

(bb) the reasons for the proposal to transfer or dispose of the capital asset;

(cc) any expected benefits to the Municipality that may result from the transfer of disposal;

(dd) any expected proceeds to be received by the Municipality arising from the transfer of disposal; and

(ee) any expected gain or loss that will be realized or incurred by the Municipality arising from the disposal.

(c) If the Municipal Council has authorized the accounting officer to conduct a public participation process in connection with any proposed transfer or disposal of a high-value capital asset or other asset referred to in MAT regulation 5(2), the accounting officer must at least 60 days before the meeting of the Council at which the determinations referred to in MAT regulation 5(1) (b) are to be considered,

(j) in accordance with section 21A of the Municipal Systems Act,

(aa) make public the proposal to transfer or dispose of the capital asset together with the information statement referred to in paragraph (b)(i); and

(bb) invite the local community and other interested persons to submit to the Municipality comments or representations in respect of the proposed transfer or disposal of the capital asset; and

(ii) Solicit the views and recommendations of the National Treasury and the provincial treasury on the matter.

(5) Consideration of proposals and applications

(a) The Municipal Council and the accounting officer in cases where the authority has been delegated, must, when considering any proposed transfer or disposal of a non-exempted capital asset in terms of MAT regulation 5(1)(b)(i) and (ii), take into account

(i) whether the capital asset may be required for the Municipality's own use at a later date;

(ii) the expected loss or gain that is expected to result from the proposed transfer or disposal;

(iii) the extent to which any compensation to be received in respect of the proposed transfer or disposal will result in a significant economic or financial cost or benefit to the Municipality;

(iv) the risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the Municipality's interests;

(v) the effect that the proposed transfer or disposal will have on the credit rating of the Municipality, its ability to raise long- term or short-term loans in the future and its financial position and cash flow;

(vi) any limitations or conditions attached to the capital asset or the transfer or disposal of the asset, and the consequences of any potential non-compliance with those conditions;

(vii) the estimated cost of the proposed transfer or disposal;

(viii) the transfer of any liabilities and reserve funds associated with the capital asset;

(ix) any comments or representations on the proposed transfer or disposal received from the local community and other interested persons;

(x) any written views and recommendations on the proposed transfer or disposal by the National Treasury and the relevant provincial treasury;

(xi) the interests of any affected organ. of state, the legal and economic interests and the interests of the local community; and

(xii) compliance with the legislative regime applicable to the proposed transfer or disposal.

(b) Approval in principle in terms of regulation 5(1)(b)(ii) that a non-exempted capital asset may be transferred or disposed of, may notwithstanding anything to the contrary in this policy, be given subject to any conditions, including conditions specifying

(i) the way in which the capital asset is to be sold or disposed of;

(ii) a floor price or minimum compensation for the capital asset;

(iii) whether the capital asset may be transferred or disposed of for less than its fair market value, in which case the criteria set out in MAT regulation 13(2) must first be considered;

(iv) a framework within which direct negotiations for the transfer or disposal of the capital asset must be conducted with another person, if the transfer or disposal is subject to direct negotiations

(c) A decision by the municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal service may in terms of section 14 of the MFMA not be reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

14.3 DISPOSAL MECHANISMS

(1) The following disposal mechanisms should be used unless determined otherwise in terms of paragraph:

(a) Immovable assets

(i) the following immovable capital assets should be sold out of hand if only one unsolicited bid or application is received for the purchase of such asset:

(aa) Redundant portions of land and portions of land required for gardening purposes of less than 450 square meters in extent

(bb) Church sites

(cc) unimproved residential sites

(ii) transfers and disposals of immovable assets other than in terms of sub- paragraph (a) (i);

(iii) subsidiary assets attached to immovable assets that are unsafe and/or not economically viable to repair, may be destroyed after approval in principle has been obtained in terms of section 14(2) of the MFMA, subject thereto that

(aa) in case of a building, the necessary permit be obtained from the City Planning Division;

(bb) the assets may be destroyed with in-house capacity or a service may be procured through the procurement processes set out in this policy

(b) Movable assets

(1) The following disposal methods should be used in respect of movable assets:

(aa) obsolete and redundant movable assets which cannot be disposed of in terms of the afore-going mechanisms, may be destroyed after approval in principle has been obtained in terms of section 14(2) of the MFMA- subject thereto that the assets may be destroyed with in-house capacity or a service procured through the procurement processes set out in this policy

(2) The disposal mechanisms set out in this paragraph do not apply to the transfer of a non-exempted capital asset if

(a) the Municipality

(i) reviews in terms of Chapter 8 of the Municipal Systems Act its service delivery mechanisms for the performance of a municipal service;

(ii) appoints a private sector party through a competitive bidding process as the service provider for the performance of that municipal service; and

(iii) transfers the capital asset as an integral component of the performance of that municipal service to that service provider; or

(b) the Municipality –

(i) appoints a private sector party or organ of state through a competitive bidding process as the service provider for the performance of a commercial service; and

(ii) transfers the capital asset as an integral component of the performance of that commercial service to that service provider.

(3) The Municipality may negotiate directly with the selected service provider regarding the transfer of a capital asset

(4) The Municipality may not commence with the process refer or negotiations unless approval in principle has been given in terms of MAT regulation 5(1)(b)(ii)) that the relevant capital asset may be transferred or disposed of.

(5) In applying the process referred to in sub-paragraph (1) or conducting negotiations referred to in sub-regulation (3), the Municipality must consider the gain or loss that will

(a) result from the transfer or disposal of the relevant capital asset; and

(b) be recorded in the accounting records of the Municipality.

(6) If the Municipality intends to transfer to a private sector party or organ of state a non-exempted capital asset following the selection through a competitive bidding process of a service provider for the performance of a municipal service or for the performance of a commercial service

(a) all assets needed or directly related to the performance of that service must be properly identified to distinguish those assets from the other assets of the Municipality;

(b) all decisions referred to in MAT regulation 5(1)(b)(i) and (ii) relating to the transfer of the capital asset must be taken as an integral part of the broader decision-making process on the appointment of a service provider for the performance of that service; and

(c) all documents prepared for the purpose of those decisions, must be taken into account in any feasibility study conducted to determine the financial and other implications of appointing a service provider for the performance of that service.

(7) Compensation for transfer of non-exempted municipal capital assets

(a) The compensation payable to the Municipality or for the transfer of a non-exempted capital asset must, subject to sub-paragraphs (b) and (c), reflect fair market value.

(b) The minimum selling prices of immovable property must be determined as set out in the Supplementary Alienation Policy Framework attached as annexure to the Supply Chain Management Policy

(c) If the Municipality, on account of the public interest, in particular in relation to the plight of the poor, intends to transfer a non-exempted capital asset for less than its fair market value, the Municipality must, when considering the proposed transfer, take into account

(i) the interests of the State and the local community;

(ii) the strategic and economic interests of the Municipality, including the long-term effect of the decision on the Municipality;

(iii) the constitutional rights and legal interests of all affected parties; whether the interests of the parties to the transfer should carry more weight than the interest of the local community, and how the individual interest is weighed against the collective interest; and

(iv) whether the local community would be better served if the capital asset is transferred at less than its fair market value, as opposed to a transfer of the asset at fair market value.

(8) Discharge of loans on assets transferred or disposed of

(a) The proceeds received from the transfer or disposal of an asset must be used to discharge any loans against the asset as at its redemption date, or another date as may be negotiated with the lender

(b) Sub-paragraph (a) may not be read as preventing the Municipality from negotiating with the private sector party or organ of state to whom an asset is transferred, to take over, as part of the compensation payable to the Municipality, any loan the Municipality made against the asset.

(9) Transfer agreements

(a) The Municipality may transfer assets approved for transfer to a private sector party or organ of state in terms of this policy, only by way of a written transfer agreement concluded between the Municipality and the receiving private sector party or organ of state.

(b) A transfer agreement must set out the terms and conditions of the transfer, including, at least –

(i) a sufficient description of the capital asset being transferred in order to identify the asset;

(ii) particulars of any subsidiary assets that are transferred with the capital asset;

(iii) particulars of any liabilities transferred with the asset;

(iv) the amount of compensation payable to the Municipality for the transfer of the asset or assets, and the terms and conditions of payment; and

(v) the effective date from which the risk and accountability for the asset or assets are transferred to the receiving party.

(a) If a capital asset is transferred following the selection of a service provider for the performance of a municipal service referred to in MAT regulation 12(2)(a) or for the performance of a commercial service referred to in MAT regulation 12(2)(b), through a competitive bidding process, the transfer agreement

(i) must make provision for:

(aa) contract termination in the case of non- or underperformance;

(bb) dispute resolution mechanisms to (bb)settle disputes between the parties; and

(cc) a period review of the agreement once in every three years, in the case of an agreement for longer than three years; and may be incorporated into any service delivery agreement or procurement contract to be concluded with the service provider.

(10) Access to transfer agreements

a) An agreement in terms of which the Municipality transfers a non--exempted capital asset in terms this policy:

(i) must be made available in its entirety to the council of the Municipality; and

(ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).

(11) Non-exempted capital assets not transferred or disposed of in terms of this policy

(a) Housing schemes: This policy is not applicable to housing schemes and disposals for the plight of the poor.

(b) Public private partnerships: The transfer and disposal of non--exempted capital assets emanating from public private partnership agreements should be done in terms of section 14 of the MFMA read with the Municipal Public Partnership Regulations promulgated in terms of the said Act.

14.4 DISPOSAL OF REDUNDANT AND OBSOLETE GOODS, STOCK AND MATERIALS

(1) Goods and stock do not meet the requirements of capital assets, as they cannot continuously and repeatedly be used for a period of more than one year in the production or supply of goods and services or for administrative purposes, or for rental to others and future economic and social benefit cannot be derived from them.

(2) Redundant and obsolete stock must be reported to the CFO on a quarterly basis, including the values of the said stock and the reasons why it has become redundant or obsolete.

(3) All determinations with regard to the advertising and selling or destruction of movable assets set out in this policy are mutatis mutandis applicable to the disposal of redundant and obsolete stock that has been written off by the CFO in terms of the relevant delegation.

15 RISK MANAGEMENT

(1) The risk management system of the Municipality provides for an effective system to identify, consider and avoid potential risks in the Supply Chain Management System.

(2) The management of risks pertaining to supply chain management must always comply with the criteria laid down in the Risk Management Policy of the Municipality.

(3) Managing risk must be part of the philosophy, practices and business plans of the Municipality and should not be viewed and practiced as a

separate activity in isolation but must be integrated in the systems and functions of the Municipality. Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of acquisition management.

(4) Risk management includes, but is not limited to:

(a) early and systematic identification of risks on a case-by-case basis, analysis and assessment of risk, including conflicts of interest and the development of plans for handling the same;

(b) the allocation and acceptance of the responsibility of risk to the party best suited and placed to manage such risk;

(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 risk in a pro-active manner and the provision of adequate cover for residual risk;

(e) the assignment of relative risk to the contracting parties through clear and unambiguous contract documentation;

(f) ensuring that the costs incurred in managing risk are commensurate with the importance of the purchase and the risk to the operations of the Municipality; and

(g) taking appropriate professional advice from the appropriate officials or service providers to identify appropriate processes, procedures, outcomes, controls and other pertinent factors prior to undertaking activities with high levels of risk.

(5) The risk management process must be applied to all stages of supply chain management, be it the conceptual stage, project definition, specification preparation, acquisition approval or implementation to completion.

(6) Appropriate risk management conditions must therefore be incorporated in contracts and monitored.

16 PERFORMANCE MANAGEMENT

(1) The performance management system of the Municipality provides for an effective internal monitoring system to determine, based on a retrospective analysis, whether the authorised supply chain management processes are being, or were followed, and whether the desired objectives of this policy are being or were achieved.

(2) The Municipal Manager must establish and implement the system contemplated in sub-paragraph (1) above.

(3) Performance management must contain a monitoring process together with a process of retrospective analysis to determine whether:

(a) value for money has been attained;

(b) proper processes have been followed;

(c) desired objectives have been achieved;

(d) there is an opportunity to improve the process and limit similar risk in future;

(e) suppliers have been assessed and the results of the assessment; and

(f) there has been deviation from procedures and, if so, what the reasons for such deviation are.

(4) The performance management system must accordingly focus on, amongst other outcomes, the:

(a) achievement of goals;

(b) compliance to norms and standards and applicable legislation;

(c) savings generated;

(d) cost variances per item;

(e) non-compliance with contractual conditions and requirements; and

(f) cost efficiency of the procurement process itself.

CHAPTER 3

OTHER MATTERS

17. PROHIBITION ON AWARDS TO PERSONS WHOSE/WHICH TAX MATTERS ARE NOT IN ORDER

(1) The Municipality may not under any circumstances, irrespective of the procurement process followed, make an award above R15000.00to any person or entity whose/which tax matters have not been declared to be in order by The South African Revenue Services.

(2) Before making an award to a person or entity, the Municipality must first check with the South African Revenue Services whether that person's or entities' tax matters are in order.

(3) If the South African Revenue Services does not respond within 7 (seven) days such person's or entities' tax matters may for purposes of sub-paragraph (1) above, be presumed to be in order.

18. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

The Municipality may not under any circumstances, irrespective of the procurement process followed, make an award to a person or entity:

(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) who is an advisor or consultant contracted with Municipality.

19. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

The Municipal Manager must ensure that the notes to the annual financial statements of the Municipality disclose the particulars of any award of more than R2 000.00 to a person who is a spouse, child or parent of a person in the service of the state, or who has been in the service of the state in the previous 12 (twelve) months, including:

(a) the name of that person;

(b) the capacity in which that person is or was in the service of the state; and

(c) the amount of the award.

20. CODE OF ETHICAL STANDARDS

(1) In addition to this code of ethical standards, the codes of conduct for councillors and municipal staff members as set out in Schedule 1 and Schedule 2to the MSA shall apply in the implementation of this policy.

(2) The code of ethical standards for officials and all other role-players in the Supply Chain Management System which is established hereby seeks to promote:

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair, honest and reasonable manner.

(3) An official and/or other role-player involved in the implementation of this policy:

(a) must treat all providers and potential providers equitably;

(b) may not use his or her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person of more than R350.00 in value;

(d) notwithstanding sub-paragraph(c) above, must declare to the Municipal Manager details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the Municipal Manager details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by the Municipality;

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(g) must be scrupulous in his or her use of property belonging to the Municipality;

(h) must assist the Municipal Manager in combating fraud, corruption, favouritism, unfair and irregular practices in the Supply Chain Management System; and

(i) must report to the Municipal Manager any alleged irregular conduct in the Supply Chain Management System which that person may become aware of, including:

(i) any alleged fraud, corruption, favouritism or unfair conduct;

(ii) any alleged contravention of Regulation 47 of the SCMR; or

(iii) any alleged breach of the code of ethical standards.

(4) All declarations in terms of sub-paragraph20(3)(d) and 20(3)(e) above, must be recorded by the Municipal Manager in a register which the Municipal Manager must keep for this purpose.

(5) All declarations by the Municipal Manager must be made to the Executive Mayor of the Municipality, who must ensure that such declarations are recorded in the register.

(6) The Municipal Manager is responsible to ensure that appropriate steps are taken against any official or other role-player who commits a breach of any provision of this code of ethical standards, and Council must ensure that the

same measures are enforced where a breach has been committed by the Municipal Manager.

(7) A breach of the code of ethical standards and any adopted code/s of conduct must be dealt with in accordance with Schedule 1 or Schedule 2 of the MSA, depending upon the circumstances, or the Disciplinary Regulations.

(8) This Municipal Manager must, in his/her implementation of this policy, consider, adopt and apply the National Treasury's Code of Conduct for Supply Chain Management Practitioners (Practise Note SCM 4 of 2003). This code of conduct is binding on all officials and other role-players involved in the implementation of this policy and a copy thereof is available on the website www.treasury.gov.za/mfma located under “legislation”.

20.1 Inducements, rewards, gifts and favours to the Municipality, its officials and/or other role-players

(1) No person who is a provider or prospective provider of goods and/or services to the Municipality, or a recipient or prospective recipient of goods disposed or to be disposed of by the Municipality, may either directly or through a representative or intermediary promise, offer or grant:

(a) any inducement or reward to the Municipality for or in connection with the award of a contract; or

(b) any reward, gift, favour or hospitality to any official of the Municipality or any other role-player involved in the implementation of this policy of the Municipality.

(2) The Municipal Manager of the Municipality must promptly report any alleged contravention of sub-paragraph (1) above to the National Treasury for considering whether the offending person, and any representative or

intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Sub-paragraph (1) above does not apply to gifts less than R350.00 in value.

(4) The Municipal Manager must, on becoming aware that any reasonably suspected crime has been committed involving any procurement or disposal process or contract, report same to the SAPS, Council and the Provincial and National Treasuries. The Municipality may help the SAPS and the National Prosecuting Authorities to ensure the effective prosecution of wrongdoers.

(5) The Municipality has a “zero tolerance” approach to criminal wrongdoing.

20.2 Sponsorships

The Municipal Manager of the Municipality must promptly disclose to the National Treasury and the relevant Provincial Treasury any sponsorship promised, offered or granted to the Municipality or any of its officials, whether directly or through a representative or intermediary, by any person who is:

(a) a provider or prospective provider of goods and/or services to the Municipality; or

(b) a recipient or prospective recipient of goods disposed or to be disposed of by the Municipality.

20.3 Objections and complaints

Persons aggrieved by decisions or actions taken by the Municipality in the implementation of this policy, may lodge within 14 (fourteen) days of the decision or action, a written objection or complaint against the decision or action.

20.4 Resolution of disputes, objections, complaints and queries

(1) The Municipal Manager must appoint an independent and impartial person not directly involved in the supply chain management processes of the Municipality:

(a) to assist in the resolution of disputes between the Municipality and other persons regarding:

(i) any decisions or actions taken by the Municipality in the implementation of its Supply Chain Management System; or

(ii) any matter arising from a contract awarded during its Supply Chain Management System; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The Municipal Manager, or another official designated by the Municipal Manager, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed by the Municipal Manager in terms of sub-paragraph (1) above must:

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

(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 (sixty) days; or

(b) no response is received from the Municipality within 60 (sixty) days.

(5) If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

20.5 Contracts providing for compensation based on turnover

Where a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, service charges or taxes, and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Municipality must stipulate:

(a) a cap on the compensation payable to the service provider; and

(b) that such compensation must be performance based.

21 CESSION

The Municipal Manager or a delegated authority may allow cessions for the purpose of supplier/contractor development without putting Rustenburg Local Municipality at higher risk. Such conditions are subject to standard terms and conditions of contracts.

Cessions may include the following:

21.1 SUPPLIER-TO-SUPPLIER COMPANY BASED ON A VALID AGREEMENT

This is where company A decides to give between 25 and 45% of its work to a competent company based on certain changes (financial or capacity-wise) after the award. The company may decide to cede its portion of the work based on a written cession agreement. The company is also required to notify Rustenburg Local Municipality and explain the rationale behind such a move.

21.2 CESSION BASED ON MATERIAL SUPPLIES

Based on lack of finance, the company that was awarded the bid may cede the entire or part of its payment to suppliers who will claim 'from his/her payment certificate. In this case, Rustenburg Local Municipality may pay the suppliers directly or accept a formal agreement between the suppliers and contractors' payment conditions until the end of the contract.

21.3 CESSION BASED ON ACCESS TO FINANCE

This shall also include cases where a financial company pays the supplier/contractor in advance and later claims on ·the contractor's certificate. The bank may want a contractor to cede a certain portion of the contract to it as part of risk management. If that becomes the case, Rustenburg Local Municipality needs to be aware of such an arrangement and make its own analysis of the risks involved.

21.4 CESSION BASED ON INSURANCE

The same may apply to insurance companies before they award insurance affecting cessions based on access to finance.

21.5 CESSIONS BASED ON CAPACITY

A company may obtain extra capacity owing to lack of skills within the company and allow a skilled company to take over part or a larger part of its work not more than 40%, based on an agreed cession without promoting fronting.

22 SUPPLIER DEVELOPMENT PROGRAMME

(1) The objective of this programme is to help increase the capacity and capability of all suppliers doing business with the Rustenburg Local Municipality. Capacitate the suppliers on sustainable procurement requirements/practices and also promote BEE-related entrepreneurial development.

The E-Procurement Database Categories businesses in the following manner:

(a) women-owned businesses

(b) youth-owned businesses

(c) businesses owned by people with disability

(d) SMME-owned businesses.

(e) Military veterans- owned businesses

(2) The mechanism in supporting this programme will include:

(a) tender accessibility - to reach all suppliers from all sectors of society by advertising through the E-Procurement, National Treasury e-tender portal and appropriate media.

(b) early payment - Council shall, upon receipt of all relevant documentation, pay small and micro-suppliers within 15 days whenever possible.

(c) financial and non-financial support - assist small and micro-suppliers to expand capacity through: tendering advice, business training, access to procurement opportunities and contract guarantees.

23. CONTRACT TERMINATION

(1) A contract may be terminated for many reasons, including a breach of contract, a legal dispute, supplier reconsideration, change of a supplier, etc. A contract may only be terminated strictly in accordance with the termination clauses and reasons for termination as contained in the contract.

(2) Before a contract is terminated, all risks need to be assessed in terms of the supply of the assets, goods or services, including legal risks, operational risks and financial risks. The City Legal Department must get involved so as to determine the risk to the City in terminating the contract, and how the City's legal risk position will change, as a result of giving effect to a termination. The termination process and associated conditions thereof are described in the contract conditions. The payment to be settled between the parties differs depending on whether the City terminates the contract, or the supplier terminates the contract. It is of utmost importance that the City Treasury Section is informed of any terminations in cases where there is FOREX involved with forward cover taken out. The contract file must be updated with all correspondence between the City and the Supplier for audit purposes and/or in the event of legal issues.

36. EMERGENCY PROCUREMENT

(1) In emergency cases, an institution may dispense with the invitation of bids and may obtain the required goods, works or services by preferably making use of the database of prospective suppliers, or otherwise in any manner to the best interest of the Rustenburg Local Municipality.

(2) Emergency cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. (However, a lack of proper planning should not be constituted as an emergency case.)

(3) In the case of an emergency, where a deviation from the procurement processes is necessary, or in any other exceptional case where it is impractical or impossible to follow the official procurement processes; this policy will allow the Accounting Officer:

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include negotiations; and

(b) to ratify or rectify 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.

(c) Appropriate authorisation must immediately be sought before work can commence.

(d) Relevant approval documentation, including Adjudication Committee Report must be completed within 48 hours and submitted for FINAL ratification.

(4) The Accounting Officer must record the reasons for any such deviation envisioned in sub-paragraph (1) above, and report them to the next meeting of the council or board of directors in the case of a municipal entity; as well as, include a note to the annual financial statements.

(5) Sub-paragraph (2) does not apply to the procurement of goods and services contemplated in section 110(2) of the Act.

37 SOLE SOURCE

(1) Where, as a result of proven in-depth market analysis, only one supplier in the market has been identified as being capable or available to supply the assets, goods or services in the existing circumstances, it may then become necessary to deviate from competitive tendering and follow the sole source process.

(2) Alternatively, the Sole Source Justification Form can be used to identify a supplier as a general sole source for a specified category of assets, goods or services to the City for a maximum period of 1 year. In this case, the approval for the appointment of the supplier as a general sole source supplier for the identified category of supply /services needs to be obtained from the BAC, as this is considered to be a “blanket” approval with no specific value attached to the total number of orders / contracts to be placed with the supplier over the specified 1 year period. Suppliers falling into this category are generally OEM’s.

Once the "blanket" approval has been granted by the EAC to categorise the supplier as a general sole source for the category of supply /services, a Sole Source Justification Form will not be required for every order /contract placed with the supplier within the validity period of the "blanket approval". A list of these suppliers with their approved Sole Source Justification Forms, and corresponding validity periods, will be stored on the Documentation Management System for accessibility to all Supply Chain Management Officials.

(3) The management of sole suppliers is an important part of ensuring fairness, equitability, transparency, competitiveness and cost-effectiveness.

(4) It is unacceptable for an End-User to refuse to use alternatives to a preferred supplier/brand where there is no valid technical or business case for such a decision.

(5) Supply Chain Management Officials and End-Users are not permitted to negotiate without prior tendering in order to avoid competition, to discriminate against certain suppliers or groups of suppliers, or to give unwarranted protection to selected suppliers.

(6) Sole Source Justification Forms will not be required in the case of negotiation with an Internal Supplier, or where the request for mandated negotiations is with two suppliers, which precludes execution of a competitive tender.

(7) It is furthermore a material breach of this policy for any employee to engage in negotiations with a supplier without an approved mandate to negotiate, or to participate in any negotiation on their own.

(8) There are a number of ways in which a supplier may be justified as a sole source:

(a) True Sole Source (Monopoly)

Assets, goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists such as reasons connected with intellectual property rights (e.g. patents or copyrights), or in the absence of competition.

Thorough market research must be done to ensure that a true monopoly exists both in the local, national and international markets. In the longer term, the City should consider alternatives or try to encourage development of competition.

(b) Installed Base [Original Equipment Manufacturer (OEM)]

A change of supplier would compel the City to obtain spare parts or additional assets, goods or services that are not compatible or interchangeable with existing assets, goods or services that were obtained from an original supplier. Spares can only be bought from the OEM, unless risk analysis shows that the use of parts from alternative manufacturers is feasible, and this has been confirmed in writing by the applicable technical experts.

The implications of installed base should be factored into procurement decisions, based on the initial Total Cost of Ownership analysis which has been confirmed in writing by the applicable technical experts.

(c) Incompatible Material

Changing the source or type of materials, such as chemicals, lubricants or fuels, would necessitate the complete exchange of material due to incompatibility of material from different sources.

The Supply Chain Management Official, together with the End-User, may conduct a market analysis and apply a Total Cost of Ownership model to establish whether the complete change of material, “flush- out” and opportunity costs will be beneficial over time.

(d) Established (On-site) Supplier

At times, additional works or services, not forming part of the initial contract, become necessary in order to complete the plant, system or structure. If separating the additional works / services from the original contract will be difficult for technical or economic reasons and/or the separation will cause significant cost or time constraints to the City, a valid sole source motivation exists.

The Supply Chain Management Official together with the End-User must do a formal cost/benefit analysis to establish whether it is more cost-effective to continue with the established supplier, or whether to request competitive tenders/ proposals. This must form part of the motivation for the use of the supplier as a sole source. If negotiation only with the established supplier is envisaged, the negotiations must be based on a best estimate of the cost of the works / services excluding site establishment costs and a properly motivated request for a mandate to negotiate must be presented to the EAC.

(9) The following steps must be followed when a sole source supplier is identified:

(a) The Head of Supply Chain Management, in developing the commercial strategy, arrives at the conclusion /deduction that a sole source supplier situation exists.

(b) The strategy indicating a sole source supplier situation must be compiled on the Commercial Strategy Approval template and approved by the Head of Supply Chain Management or delegated Official within Supply Chain Management and End User based on the strategy.

(c) Where the sole source is an OEM or a sole distributor of the OEM, who provides spare parts to the City, the BAC must determine whether to proceed directly to negotiations or whether to follow an enquiry process. It is not permissible to request a quotation /proposal from a sole source supplier without first presenting the mandate request to the EAC, as City employees (including Supply Chain Management Officials) are not permitted to engage with suppliers in negotiations without a formal mandate from an EAC.

(d) After approval of the commercial strategy, the Supply Chain Management Official together with the BEC, must complete a

Commercial Transaction Approval Form requesting a mandate to negotiate from the EAC. The approval of the commercial strategy and the request for a mandate to negotiate may be handled together by the EAC.

(e) A formal supporting motivation for the use of the supplier as a sole source must be provided by the End-User and approved by his/her designated Official in their department, who is responsible for the technical and operational integrity of the assets, goods or services required. This motivation is set out within a Sole Source Justification Form which must be duly signed and validated by all required signatories and which must accompany the Commercial Transaction Approval Form for approval by the EAC.

(f) Prior research into the prices needs to be conducted by the Supply Chain Management Official in order to determine a real and aspiration base for negotiations on price, and any other parameters which may become a negotiation objective, forming part of the mandate request.

(g) The SCM Official and End-User, together with BSC may present the Commercial Transaction Approval Form, together with the signed Sole Source Justification Form to the EAC for approval.

(h) Once the mandate is approved, the Supply Chain Management Official either proceeds directly with negotiations or prepares a RFQ /RFP, based on the approved mandate, and in consultation with the BSC, and then issues the enquiry to the sole supplier for a quote/proposal. The offer /quotation is requested and submitted in the same way as for an informal tender amounting up to R200,000, and processed in the same way as a formal tender if greater than R200,000. The Supply Chain Management Official then develops and plans their strategy for negotiation based on the Supplier's proposal / quotation.

(i) In order to proceed with negotiations, the Supply Chain Management Official arranges a venue, invites the relevant supplier and the negotiation team as per the approved mandate, formulates an agenda and ensures that minutes of the negotiations are recorded in writing.

(j) The lead negotiator, as assigned by the EAC granting the mandate, will lead the negotiations and ensure that all mandated parameters are discussed and agreed upon. After each session of negotiations, the supplier and the City sign off on the recorded minutes, as proof of what has been agreed upon and what remains outstanding for resolution.

(k) Should negotiations not transpire as per the negotiation strategy or where negotiations result in failing to achieve the required mandate, the lead negotiator must seek advice from the assigned negotiation controller who must advise and direct the negotiation team toward resolution of the issues or toward an alternative negotiation strategy.

(l) If the outcome of the negotiations is within the ambit of the approved mandate parameters, the Supply Chain Management Official submits feedback from the negotiations against the relevant section of the Commercial Transaction Approval Form to the EAC outlining the results of the negotiations against the mandate parameters.

(m) If the outcome of negotiations is outside the mandated parameters, the Supply Chain Management Official in consultation with the negotiation team /BEC may request an approval of a negotiated outcome, a revised mandate or may request cancellation of the transaction from the EAC.

(n) Where the BAC grants approval to proceed with contract finalisation, the Supply Chain Management Official in consultation with the BEC prepares the contract documents and arranges for the signing thereof.

(o) The SCM Official ensures that all relevant documents are filed for audit purposes.

38 PILOT / INNOVATIVE PROJECTS

(1) A bid for a pilot project is considered to be a bid that is received outside the normal bidding process.

(2) The Rustenburg Local Municipality is not obliged to accept a bid received to initiate a pilot project.

(3) If the Rustenburg Local Municipality decides to consider such a bid, it may do so only in accordance with a prescribed framework.

(4) In the case of such, a pilot project being approved by the Accounting Officer and initiated on behalf of Rustenburg Local Municipality, the policy will only allow the pilot project to proceed, if the pilot project:

(a) offering the proposed product or service is a demonstrably or proven unique innovative concept for the Rustenburg Local Municipality;
(b) offering the proposed product or service will be exceptionally beneficial to Rustenburg Local Municipality;
(c) will be at no cost to the Rustenburg Local Municipality;
(d) there must be demonstrable benefits that accrue to the City
(e) has a sound and approved business case which has been reviewed by the EAC; and
(f) has an end user(s) which has/have accepted and remain liable and responsible for the project management plan, roll-out and deployment.

(5) The pilot project may not exceed a life-span of twelve (12) months and once this life-span has come to an end.

(6) There would be no expectation that the City will automatically award to prospective supplier.

(7) The project must be advertised on an open tender and follow all policy processes and procedures in doing so.

(8) In instances where such project will be acquired the normal procurement process will be followed.

CHAPTER 4

COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

27. COMBATING OF ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The terms of reference of this paragraph of this policy ensure compliance with Regulation 38 of the SCMR.

(2) The Municipal Manager shall take all reasonable steps to prevent abuse of the Supply Chain Management System and to investigate any allegations of improper conduct against the concerned official, councillor, or other role player and when justified may:

(a) take, or ensure that appropriate steps are taken, against such official, councillor or other role player; and/or

(b) inform the Speaker of any allegations against any councillor involved in contraventions of the Supply Chain Management System; and/or

(c) report any alleged criminal conduct to the South African Police Service and/or other recognised state authority dealing with criminal investigations.

(2) The steps referred to in sub-paragraph (2) above which the Municipal Manager may take include registering the affected person in the Municipality's Register of Tender and Contract Defaulters as well as:

(a) rejection or withdrawal of recommendations, or invalidation of decisions that were unlawfully or improperly made or influenced, including recommendations or decisions that were made or in any way influenced by:

(i) councillors in contravention of item 5, 6 or 9 of the Code of Conduct for Councillors set out in Schedule 1 of the MSA; or

(ii) municipal staff members in contravention of item 4, 5 or 8 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 of the MSA;

(vii) the unlawful or improper conduct of a bidder or its representatives in competing for the contract;

(b) rejection of the bid of an affected person if that person or any of its representatives (including partners, directors of members):

(i) has failed to pay municipal rates and taxes or municipal service charges and such rates, taxes and charges are in arrears for a period longer than 3 (three) months, as at the date of the submission of the bid;

(ii) has abused the Supply Chain Management System or has committed any improper conduct in relation to the Supply Chain Management System;

(iii) has been convicted of fraud or corruption during the 5 (five) year period immediately preceding the invitation of bid in question;

(iv) is listed:

(aa) in the Register for Tender and or Contract Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act;

(bb) on the National Treasury's database as a person prohibited from doing business with the public sector or;

(cc) on the Municipality's Register of Tender and Contract Defaulters.

(v) who, during the last 5 (five) year period immediately preceding the invitation of the bid in question, failed to perform satisfactorily on a previous or current contract with the Municipality or other organ of state after written notice was given to the affected person that such person's performance was unsatisfactory; and/or

(vi) wilfully neglected and/or breached any government, municipal or other public-sector contract during the 5 (five) year period immediately preceding the invitation of the bid in question;

(c) cancellation of a contract awarded to a person if that person:

(i) committed a fraudulent act during the procurement process or the execution of the contract;

(ii) incited or participated in any corrupt or fraudulent act, by an official, councillor or other role-player during the procurement process or in the execution of that contract and the person who committed the corrupt or fraudulent act benefited there from.

27.1 Municipality's register of tender and contract defaulters

(1) The Municipal Manager shall, subject to the procedures prescribed in this policy, been entitled to list a person or any of its representatives, where applicable, on the Municipality's Register of Tender and Contract Defaulters for a period not exceeding 5 (five) years in any of the circumstances listed in terms of this policy.

(2) In the circumstances referred to in paragraph 21(3)(c)(i) and 21(3)(c)(ii) above, the person convicted of the relevant offence shall automatically also be listed on the Municipality's Register of Tender Contract Defaulters by the Municipal Manager.

(3) In circumstances where a preference in terms of the PPPFA has been obtained on a fraudulent basis or any specific goals are not attained in the performance of the contract, the affected person may be listed on the Municipality's Register of Tender and Contract Defaulters for a period not exceeding 10 (ten)years.

(4) Any listing in terms of paragraph 21(3) above shall, at the discretion of the Municipal Manager, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first mentioned person, and with which enterprise or person the first-mentioned person, is, or was, in the opinion of the Municipal Manager, actively associated.

(5) A person who has been listed on the Municipality's Register of Tender and Contract Defaulters shall not be entitled to be awarded any contract by the Municipality for the duration of the period reflected on such register.

(6) The Municipal Manager may, on worthy cause shown, remove a person from the Municipality's Register of Tender Contract Defaulters or reduce the period for which a person is prohibited from being awarded any contract by the Municipality. The reasons therefor shall be disclosed at the next opportunity to Council.

27.2 Automatic rejection of bid

The Municipal Manager may, after written verification with a person, automatically reject the bid of such a person if the person:

(a) has been convicted of fraud or corruption during the past 5 (five) year period immediately preceding the invitation of the bid in question; and/or

(b) is listed on the:

(i) Register for Tender Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act;

(ii) National Treasury's database as a person prohibited from doing business with the public sector; and/or

(iii) Municipality's Register of Tender and Contract Defaulters.

27.3 Adequate notice of manner of abuse of Supply Chain Management System

(1) Once the Municipality has obtained *prima facie* evidence which it deems to be sufficient to initiate proceedings to take steps against the affected person as contemplated in paragraph 21(2) and 21(3) of this policy, the Municipality must give the affected person adequate written notice of the way it is alleged that the affected person abused the Supply Chain Management System

(2) In order to constitute adequate notice of the way it is alleged that the affected person abused the Supply Chain Management System the notice must:

(a) outline the grounds on which it is alleged that the affected person abused the Supply Chain Management System, with sufficient particulars to enable the affected person to respond to the allegations stipulated in the notice;

(b) refer to the applicable provisions of this policy in terms of which steps may be taken in the event where it is proved that the affected person abused the Supply Chain Management System;

(c) stipulate that the affected person must make written representations in response to such allegations of abuse of the Supply Chain Management System within 14(fourteen) calendar days of the date when the notice was served by a duly authorised person, acting on behalf of the Municipality, on the affected person;

(d) state that written submissions received after the due date for such submissions shall be disregarded, unless worthy cause is shown by way of a request for condonation for the late lodgement of the submissions and only when the condonation would not lead to unnecessary delays or otherwise prejudice the public interest;

(e) state the name, official title, postal address, street address, telephone number of the official of the Municipality to whom written submissions or any correspondence in terms of this policy must be sent.

27.4 Right of access to information

(1) When furnishing the affected person with the notice referred to in paragraph21.3 above, the Municipality shall furnish the affected person with access to all documents upon which the Municipality relies in respect of the allegations against the affected person.

(2) The affected person shall be furnished by the Municipality with any such additional information as the affected person is entitled to in terms of PAIA on the same terms provided therein.

(3) Where further information is requested, the Municipality may, in its sole discretion and upon a written request to do so, appropriately extend the period contemplated inparagraph21.3(2)(c) so that the affected person is granted adequate time to consider any information provided pursuant to such request prior to the due date for such submissions.

27.5 Administration of hearings

(1) The Municipal Manager shall appoint an independent and impartial person, who may be an official of the Municipality, to preside and adjudicate on allegations of abuse of the Supply Chain Management System against an affected person.

(2) The Presiding Officer will adjudicate on the matter based on the written notice and written response and will inform all relevant parties accordingly should the matter, or part thereof be referred for an oral hearing.

27.6 Right to be heard

(1) An affected person shall, in accordance with and subject to, the procedures in terms of this policy, be granted the right to be heard upon receiving notice as contemplated in terms of paragraph21.3 above, and prior to the Municipal Manager taking any of the steps listed in paragraph 21(2) and 21(3) above.

27.7 Oral hearings

(1) An affected person does not have an automatic right to an oral hearing but may apply to the presiding officer to have the matter set down for an oral hearing in instances where the presiding officer decided to entertain the matter without oral evidence being heard, or not to refer the matter for an oral hearing.

(2) The presiding officer may grant such an opportunity in its discretion where the affected person has provided sufficient grounds to the presiding officer to refer the matter for an oral hearing

(3) The presiding officer shall take any relevant factor into account when deciding whether or not to grant an application referred to in sub-paragraph (2) above by an affected person.

(4) The presiding officer must ensure that notice of an oral hearing shall be served by a duly authorised person on all relevant parties within 7 (seven) days of receipt of their presentations referred to in paragraph21.3(2)(c) above, and must:

(a) set the date of the oral hearing;

(b) inform the affected person of their right to legal representation; and

(c) include any other information which the presiding officer may deem relevant or necessary to be included in the notice.

(5) The Municipality must be appropriately represented at these hearings by a natural person to lead the evidence against the affected person.

27.8 Procedure at oral hearing

(1) The procedure to be followed at an oral hearing shall be determined by the presiding officer.

(2) Witnesses must testify under oath.

(3) Affected person(s) or their representatives shall have the right to present their case and to cross-examine any witnesses who testify at the hearing.

(4) Witnesses called by the affected person(s) shall be subjected to cross-examination by any party who may have an interest at the hearing.

27.9 Onus of proof

The onus is on the Municipality to prove any allegations of abuse of the Supply Chain Management System which proof shall be on a balance of probabilities.

27.10 Right to legal representation

An affected person shall have a right to legal representation.

27.11 Right to request reasons

An affected person shall be informed of the right to request written reasons in terms of the provisions of section 5of PAIA in respect of any decision taken by the Municipality in terms of this policy.

27.12 Criminal proceedings

The Municipal Manager shall institute criminal proceedings where there is *prima facie* proof of abuse of the Supply Chain Management System that constitutes a criminal offence of corruption or fraud.

27.13 Informing Provincial and National Treasury

The Municipal Manager must inform the Provincial and National Treasury of any actions taken in terms of this paragraph.

CHAPTER5

PREFERENTIAL PROCUREMENT

28. PLANNING AND STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILISED

The Municipality must, prior to making an invitation for bidders:

(1) properly plan for, and, as far as possible, accurately estimate the costs of the provision of goods and/or services for which an invitation for bids is to be made;

(2) determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids; and

(3) determine whether the goods and/or services for which an invitation for bids is to be made have been designated for local production and content in terms of paragraph34 below.

29. EVALUATION OF BIDDERS ON FUNCTIONALITY

(1) The Municipality must indicate in the invitation to submit a bid if such a bid will be evaluated for functionality.

(2) The evaluation criteria for measuring functionality must be objective and clearly stated.

(3) When evaluating bids on functionality, the:

(a) evaluation criteria for measuring functionality;

(b) weight of each criterion;

(c) applicable values; and

(d) minimum qualifying score for functionality; may not be so-

- low that it may jeopardize the quality of the required goods or services; or
- high that it is unreasonably restrictive.

Points scored for functionality must be rounded off to the nearest two decimal places.

(e) The above criteria must be clearly specified in the invitation to submit a bid.

(4) No bid must be regarded as an acceptable bid if such bid fails to achieve the minimum qualifying score for functionality as indicated in the bid invitation.

(5) Bids which have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system prescribed in paragraphs30 and 31 below.

(6) Score sheets should be signed by the panel members and if necessary written motivation may be requested from the panel members where there are vast discrepancies in the values awarded to each for each criterion or the committee can do the functionality together to avoid discrepancies and enhance objectivity.

30. THE 80/20 PREFERENCE POINT SYSTEM FOR THE ACQUISITION OF GOODS AND/OR SERVICES UP TO A RAND VALUE OF R50 MILLION

(1) (a) The following formula must be utilised to calculate the points for price in respect of bids (including price quotations) with a rand value equal to, or above R30 000.00 and up to a rand value of R50 million (all applicable taxes included):

$$Ps = 80\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid of offer.

(b) The Municipality may apply the formula in sub-paragraph (1)(a) above for price quotations with a value less than R30 000.00, where and when appropriate.

(2) Subject to sub-paragraph (3) below, points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following table:

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

(3) A tenderer must submit proof of its B-BBEE status level of contributor.

(4) A tenderer failing to submit proof of B-BBEE status level of contributor or

is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) may only score points out of 80 for price; and

(b) scores 0 points out of 20 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE in terms of sub-regulation (2) must be added to the points scored for price under sub regulation (1).

(7) The points scored must be rounded off to the nearest two decimals places.

(8) Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

(9) (a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(b) The organs of state may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;

(iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)

(iii), the organ of state must cancel the tender.

31. THE 90/10 PREFERENCE POINT SYSTEM FOR THE ACQUISITION OF GOODS AND/OR SERVICES WITH A RAND VALUE ABOVE R50 MILLION

(1) The following formula must be utilised to calculate the points for price in respect of bids with a rand value above R50 million (all applicable taxes included):

$$Ps = 90\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid of offer.

(2) Subject to sub-paragraph (3) below, points must be awarded to a bidder for attaining their B-BBEE status level of contributor in accordance with the following table:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9

3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

(3) A tenderer must submit proof of its B-BBEE status level of contributor.

(4) A tenderer failing to submit proof of B-BBEE status level of contribution or is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) may only score points out of 90 for price; and

(b) scores 0 points out of 10 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE contribution in terms of sub regulation (2) must be added to the points scored for price under sub regulation (1).

(7) The points scored must be rounded off to the nearest two decimal places.

(8) Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

(9) (a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(b) The organs of state may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) if the tenderer does not agree to a market-related price,

negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;

(iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the organ of state must cancel the tender.

32. AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS

A contract may be awarded to a bidder who/which did not score the highest total number of points, but only if objective criteria in addition to those contemplated in section 2(1)(d) and section 2(1)(e) of the PPPFA justify the award to another tenderer.

33. CANCELLATION AND RE-INVITATION OF BIDS

(1) (a) When, in the application of the 80/20 preference point system as stipulated in the bid documents, **all** bids received exceed the estimated rand value of R1 million, the bid invitation must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are within the prescribed threshold of R1 million, all bids received must be evaluated on the 80/20 preference point system.

(2) (a) When, in the application of the 90/10 preference point system as stipulated in the bid documents, **all** bids received are equal to, or below R1 million, the bid must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are above the prescribed threshold of R1 million, all bids received must be evaluated on the 90/10 preference point system.

(3) Where the Municipality cancels a bid invitation as contemplated in sub-paragraphs (1) and (2) above, the Municipality must re-invite bidders and must stipulate in the bid documents the correct preference point system to be applied.

(4) The Municipality may, prior to the award of a bid, cancel such a bid when:

(a) due to changed circumstances, there is no longer a need for the requested goods and/or services;

(b) funds are no longer available to cover the total envisaged expenditure of the bid; or

(c) no acceptable bids are received.

(5) The decision to cancel a bid in terms of sub-paragraph (4) above must be published in the Government Tender Bulletin or the media in which the original bid invitation was advertised.

(6) An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

(7) Negotiation with bidders who offered a none market related price:

- If the price offered by a bidder scoring the highest point is not market related
- the organ of state may not award the contract to the bidder, the organ of state may negotiate the price with the bidder or cancel the bid.

34. PROCESS TO APPOINT FROM A PANEL OF APPOINTED SERVICE PROVIDERS

(1) The appointment of a panel of service-providers must be executed against a signed and approved specification which incorporates the sustainable procurements elements. An approval for contract award must be obtained from a relevant Delegated Approval Authority.

(2) The appointment of a panel of service providers must follow a two-stage process. The first stage is conducted as a pre-qualification enquiry where suppliers are first screened and pre-qualified for general compliance to technical, SHE, quality, and Product Development requirements, including specific goals, if applicable. Price is generally not requested as part of the pre-qualification enquiry, unless a standard rate is prescribed for acceptance.

(3) Once pre-qualified, suppliers on the panel may then compete on a per task order basis as part of the second stage, where they may quote based on the 80:20 or 90:10 preference point system as may be relevant to the task

order, or where capacity /capability /location, treated as objective criteria, may become factors in task order award.

(4) The principle of rotation when sourcing form panels must be used to promote fairness and equitable work distribution.

(5) The Head of Supply Chain Management is responsible for putting in place appropriate systems and controls to ensure that:

(i) The department to send their request to SCM for the panel appointment process to start;

(ii) Requests from departments to include specifications and be signed off by the Group Head

(iii) work / task orders to be distributed fairly and equitably among the panel of suppliers;

(iv) all RFQs relating to task orders must be formally received and

(v) task orders are placed against contracts with sufficient funds and time available for the completion of the supply / services;

(vi) Price and BBBEE level of contribution to be evaluated and scored accordingly before the award is made,

(vii) Approved task orders are supported by an appointment letter from the accounting officer confirming the order / commitment; and

(viii) Procurement targets and objectives to be being monitored and tracked

(6) All of the above controls must be dealt with upfront as part of the approved strategy and executed during the contract management phase.

(7) Where FIXED RATES are applicable as in the case of framework contracts, direct appointment will be made without requesting quotations but strict compliance to ROTATION PRINCIPLE must be adhered to.

(8) An approval report will be signed by the Head of Supply Chain Management, relevant Strategic Executive Director and relevant Cluster Deputy City Manager.

(9) A letter of appointment will be forwarded to the Accounting Officer or his/her nominee as per delegation for signature.

(10) Supply Chain Management will issue the appointment letter to the successful panellist and hand over the process to the department.

(11) Reports on the efficacy of the panel are to be compiled and submitted to Accounting Officer.

(12) If the appointment of a service provider from the panel is in year two and the project duration is five years, MFMA section 33 will have to be complied with.

(13) With reference to the opinion on the use of panel received from National Treasury on 27 March 2017, the following guidelines is to be implemented with immediate effect

(14) An approved panel/list of service providers established through a competitive bidding process will be used for service that are routine or of simple nature where the scope and content of work to be done can be described, and for a period of not more than three years. This includes consulting services.

(15) All panels in the City are subject to annual review by contract management.

(16) The period of a framework agreement that is repetitive nature for services that the City has an obligation to provide on an ongoing basis for the duration of the resulting contract(s), cannot extent beyond the 3 years period covered in the annual budget for the financial year in which the contract will commence, unless all related legislative process are complied with.

35. LOCAL PRODUCTION AND CONTENT

(1) The Municipality must, in the case of designated sectors, where local production and content is of critical importance in the award of bids, advertise such bids with a specific bid condition that only locally produced goods and/or services or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

(2) The instructions, circulars and guidelines issued by the National Treasury with specific reporting mechanisms to ensure compliance with sub-paragraph (1) above, must be considered by the Municipality when applying this paragraph.

(3) Where there is no designated sector, the Municipality may include, as a specific bid condition, that only locally produced goods and/or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered, provided that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department Trade and Industry.

(4) Every bid issued in terms of this paragraph must be measurable and audited.

(5) Where necessary, for bids referred to in sub-paragraphs (1) and (3) above, a two-stage bidding process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second stage price and B-BBEE with the possibility of price negotiations only with the short-listed bidder(s).

(6) Evaluation of bids based on a stipulated minimum threshold for local production and content.

(7) Bids that were invited based on local production and content should be evaluated by following a <u>two-stage binging process.</u>

7.1 STAGE 1

a) Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed, as this may jeopardise the fairness of the process.

b) A bid will be disqualified if the bidder fails to achieve the stipulated minimum threshold for local production and content or if the declaration certificate for local content (MBD 6.2) is not submitted as part of the bid documentation.

i. Since 16 July 2012, the Minister of Finance has approved the issuance of directive together with the Municipal Bidding Documents (MBD 6.2) "Declaration of Certificate for Local Production and Content for Designated Sectors" for the following sectors that have been designated:

- Textiles, clothing, leather and footwear
- Buses (bus body)
- Steel power pylons
- Canned/processed vegetables
- Rail Rolling Stock
- Set top boxes
- Furniture
- Electrical and telecom cable products

All queries in this regard maybe directed to the National Treasury, tell (012) 315 5339.

ii. For bids in respect of local content, only locally produced or locally manufactured textiles, clothing, leather and footwear from local raw materials or inputs will be considered.

iii. If the raw material or input to be used for a specific item is not available locally, bidders should obtain written authorisation from the DTI, should there be a need to import such raw materials or input.

iv. A copy of an authorisation letter must be submitted together with the bid document at the closing date and time of the bid. For further information, bidders may contact the clothing, textile and leather unit within DTI at telephone 012 394 3717/1390

v. The accounting officer or delegated must stipulate in the bid invitation the exchange rate published by the South African Reserve Bank at 12:00 on the date of advertising of the bid.

vi. Only SABS approved technical specification number SATS 1286:2011 must be used to calculate the local content.

36. B-BBEE STATUS LEVEL CERTIFICATE

(1) Bidders with an annual total revenue of R5 million or less qualifies as exempted micro enterprises in terms of the B-BBEE and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, Act 69 of 1984) or an accredited verification agency.

(2) Bidders other than exempted micro enterprises must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.

(3) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

(4) The B-BBEE status level attained by the bidder must be utilised to determine the number of points allocated in terms of paragraphs 24(2) and 25(2) above.

30. GENERAL CONDITIONS

(1) Only bidders who/which have completed and signed the declaration part of the bid documentation may be considered for such bid.

(2) The Municipality must, when calculating comparative prices, consider any discounts which have been offered unconditionally as reflected in the bid.

(3) A discount which has been offered conditionally must, despite not being considered for evaluation purposes, be implemented when payment is provided.

(4) Points scored must be rounded off to the nearest 2 (two) decimal places.

(5) In the event that 2 (two) or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE:

(a) When, however, functionality is part of the evaluation process and 2 (two) or more bids have scored equal points including equal preference points for B-BBEE, the successful bidder must be the one scoring the highest score for functionality.

(b) Where 2 (two) or more bids are equal in all respects, the award will be decided by the drawing of lots.

(6) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as a legal entity, provided that such entity submits its B-BBEE status level certificate.

(7) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as an unincorporated entity, provided such entity submit its consolidated B-BBEE scorecard as if the entity is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.

(8) Subcontracting as condition of tender

(1) If feasible to subcontract for a contract above R30 million, the Municipality must apply subcontracting to advance designated groups.

(2) If the Municipality applies subcontracting as contemplated in sub regulation (1), the organ of state must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-

(a) an EME or QSE;
(b) an EME or QSE which is at least 51% owned by black people;
(c) an EME or QSE which is at least 51% owned by black people who are youth;
(d) an EME or QSE which is at least 51% owned by black people who are women;
(e) an EME or QSE which is at least 51% owned by black people with disabilities;
(f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
(g) a cooperative which is at least 51% owned by black people;
(h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
(i) more than one of the categories referred to in paragraphs (a) to (h).

(3) The organ of state must make available the list of all suppliers registered on a database approved by the

National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub regulation (2) from which the tenderer must select a supplier.

(9) Subcontracting after award of tender

(1) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.

(2) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(4) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract

38. DECLARATIONS

(1) A bid must, in the manner stipulated in the bid document, compel a bidder to declare that:

(a) the information provided is true and correct;

(b) the signatory to the bid is duly authorised; and

(c) documentary proof regarding any bid issue must, when required, be submitted to the satisfaction of the Municipality.

39. REMEDIES

Upon detecting that a tenderer submitted false information regarding its B-BBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the organ of state must-

(a) inform the tenderer accordingly;

(b) give the tenderer an opportunity to make representations within 14 days as to why-

(i) the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;

(ii) if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalized up to 10 percent of the value of the contract; and

(iii) the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and

(c) if it concludes, after considering the representations referred to in sub regulation

(1) that-

(i) such false information was submitted by the tenderer-

(aa) disqualify the tenderer or terminate the contract in whole or in part; and

(bb) if applicable, claim damages from the tenderer; or

(ii) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalize the tenderer up to 10 percent of the value of the contract.

(2) (a) The Municipality must-

(i) inform the National Treasury, in writing, of any actions taken in terms of sub regulation (1);

(ii) provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and

(iii) submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

(c) The National Treasury may request an organ of state to submit further information pertaining to sub regulation (1) within a specified period.

(3) The National Treasury must-

(a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and

(b) maintain and publish on its official website a list of restricted suppliers.

40 TREASURY INSTRUCTION NOTE ON COST CONTAINMENT

1. It is mandatory for accounting officers of departments and constitutional institutions and accounting authorities of public entities listed Schedules 2 and 3 to the PFMA to implement the cost containment measures.

2. - Hotel accommodation and related costs in respect of consultants may not exceed the amount of R1300 a night; air travel must be restricted to economy class and claims for kilometres may not exceed the rates approved by the Automobile Association of South Africa.

3. - Expenses related to Catering and events the municipality may not incur catering expenses for internal meeting, i.e. for meetings attended only by persons in its employ, unless approved by the accounting officer.

4. - the accounting officer must ensure that team building exercises and social functions, including year-end functions, are not financed from the municipal budget or by any suppliers or sponsors.

5. - Corporate branded items availed to employees must be recovered at full cost.

6. - Meetings and planning sessions must, as far as practically possible, be held in-house. In instances where such sessions cannot be held in-house, alternate facilities at other government institutions must be sought, unless approved by the accounting officer.

CHAPTER 6

GENERAL PROVISIONS/ADDITIONAL INFORMATION

41.COMPLIANCE

(1) Every contract entered by the Municipality shall be entered pursuant to or in connection with the Municipality's functions and shall comply with Acts and regulations

42 SCM OBJECTIVES

The objectives of Supply Chain Management (SCM) are to:

- give effect to the provisions of the Constitution-section 217, 1996;
- give effect to the provisions of the MFMA, 2003;
- transform outdated procurement and provisioning practises into an integrated SCM function;
- ensure that SCM forms an integral part of the financial management system of the Municipality;
- make significant improvement to financial management in the broader public sector;
- introduce a system for the appointment of consultants;

- create a mutual understanding and interpretation of government's preferential procurement policy objectives;
- promote consistency in respect of Supply Chain Management policy and other related policy initiatives in Government; align with global trends and ensure that South Africa adheres to international best practices

42. AVAILABILITY OF THIS POLICY

(1) A copy of this policy shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the MSA.

(2) The Municipality shall take all required legal steps to inform consumers, debtors, owners and occupiers of the content of this policy.

(3) A copy of this policy shall be available for inspection at the offices of the Municipality at all reasonable times.

(4) A copy of this policy may be obtained from the Municipality against payment of an amount as determined by the Council.

43. IMPLEMENTATION AND REVIEW OF THIS POLICY

(1) This policy shall be implemented once approved by Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008, and section 17(3)(e), section 21(1)(b)(ii) (bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.

(2) In terms of the provisions of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

44. SHORT TITLE

This policy shall be called the Supply Chain Management Policy of the Rustenburg Local Municipality.

The 2017 PPPFA have been included verbatim thus reference to sub-regulations, readers should read the policy in juxtaposition with the PPPFA 2017 regulations for clear understanding.

The policy was reviewed and approved at a Council sitting on the _____
Item number_____

RUSTENBURG LOCAL MUNICIPALITY

Tariff Policy

TABLE OF CONTACTS

CHAPTER 1: PREAMBLE, PURPOSE, PROBLEM STATEMENT, DEFINITIONS AND POLICY RULES AND PROVISIONS 3

1. Preamble 3
2. Aim and Purpose 4
3. Problem Statement 5
4. Definitions 7
5. Policy Rules and Provisions 171716
6. Title and Application 191918
7. Commencement and Validity 191918

CHAPTER 2: CLASSIFICATION AND TARIFF STRATEGIES FOR SERVICE AND CROSS-SUBSIDISATION 19

8. Differentiation for Tariff Purposes 202019
9. Categories of Services 202019
10. Categories of Users 212120
11. Tariff Strategies for Services 222221
12. Review of Tariffs 262625
13. Cross-Subsidisation 262625
14. Promoting Local Economic Development 272726
15. Special Tariffs 272726

CHAPTER 3: PROCEDURE FOR THE INTRODUCTION OF NEW OR REVISED TARIFFS 282827

16. Procedures and Processes 282827
17. Tariff Reports 292928
18. Public Participation 313130
19. Enforcement and Oversight 323230

20. Policy Evaluation and Review 323230

21. Interpretation of this Policy 323230

22. Consultation ..... Error! Bookmark not defined.Error! Bookmark not defined.31

23. References ..... Error! Bookmark not defined.Error! Bookmark not defined.31

CHAPTER 1: PREAMBLE, PURPOSE, PROBLEM STATEMENT, DEFINITIONS AND POLICY RULES AND PROVISIONS

1. Preamble

1) One of the primary functions of a Municipality is to provide services to the local community within its jurisdiction. The funding of these services is made possible by the levying of property taxes and charging of fees for services, imposing surcharges on fees, and, to the extent authorised by national legislation, other taxes, levies and duties.

2) Section 4(2) (d) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000 as amended) (ACT) prescribes that a Municipality has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner. Accordingly, Tariffs may be set in a manner so as to recover the full cost of the service being provided or to recover part of the costs or bring about a surplus that can be utilized to subsidise non-economic services.

3) In terms of the provisions of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), and section 75A(1) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), the Rustenburg Local Municipality (hereinafter referred to as "the Municipality"), is entitled to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality;

4) In terms of the provisions of section 74(1) of the Systems Act, and the provisions of section 62(1)(f)(i) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA"), the Municipality must adopt and implement a Tariff Policy on the levying of fees, charges or tariffs on municipal services provided by the Municipality itself or by way of service delivery agreements;

5) This Tariff Policy of the Municipality reflects the principles referred to in terms of the provisions of section 74(2) of the Systems Act and addresses the matters referred to in terms of the provisions of section 74(3) of the same Act,

as well as a schedule containing the municipal tariffs of the Municipality pertaining to the municipal services as set out in the tariff policy;

6) **T**he municipal tariffs, as set out in the schedule of municipal tariffs annexed to this tariff policy, must undergo annual revision and must be tabled together with the Multi-Year Annual Tabled Budget to the Council of the Municipality for consideration and approval thereof, subject to public participation and comments obtained, annually before the 31st of March of each year in terms of the provisions of section 17(3)(a)(ii) read with the provisions of section 22 of the MFMA;

7) **The** comments received from members of the public in terms of the public participation process in respect of the contents of the municipal tariffs have to be considered by the Municipality in terms of the provisions of section 23(1) of the MFMA, for the possible amendment thereof, annually in dealing with the annual financial budget before the 31st of May each year;

8) **T**he adopted municipal tariffs apply to the Multi-Year Annual Budget in respect of a specific year during which the income is based on such adopted municipal tariffs, read with the general tariff principles contained in the tariff policy;

9) Should any of the municipal tariffs or general principles contained in the schedule setting out the municipal tariffs or tariff policy be changed by a resolution of the Council of the Municipality, an Adjustment Budget must be prepared to reflect the consequent effect of such resolution;

2. Aim and Purpose

The aim and purpose of this tariff Policy is to ensure that:

2.1 All Tariffs of the Municipality comply with legislation prevailing at the time of implementation.

2.2 All Tariffs approved by the Municipal Council, to fund Municipal services, are consistent with this Policy.

2.3 Municipal services are financially sustainable, affordable and equitable.

2.4 The needs of the indigent are taken into account in line with national government policy, taking into consideration, the affordability constraints of the Municipality.

2.5 There is consistency in how the Tariffs are determined and applied throughout the Municipality.

2.6 All Tariffs of the Municipality are determined in line with the principles as outlined in section 74(2) of the ACT. (See 5.10 below).

2.7 Surcharges on fees payable for municipal services are levied in terms of section 75A of the ACT and in accordance with Chapter 3 of the Municipal Fiscal Powers and Functions Act, Act 12 of 2007.

2.8 Where municipal services are provided through a service delivery agreement in terms of section 81(3) of the ACT, the Municipality remains responsible for controlling the setting and adjustment of Tariffs by the service provider for the municipal service in question.

3. Problem Statement

3.1 Harmonization and Standardization of setting and determination of Municipality Tariff Policy.

During the annual Budget process the Rustenburg Municipal Council approves Tariffs for services to be rendered or provided to the local community by each relevant Municipal Department or Unit, so that the cost of such services can be recovered from the customers to whom the services are rendered or provided. Currently, no adopted framework or policy exists which guides the basis upon which all fees, charges and tariffs are set.

This policy is therefore required to provide greater harmonization and effective control and accountability for the setting of tariffs within the Municipality in line with National Treasury's Methodology Costing for Local Government*1

3.2 Ensuring Financial Sustainability of Service Delivery

The Constitution and the ACT require that the Municipality must ensure that the services that it provides, are sustainable.

In terms of section 73(1) of the ACT, the Municipality must give effect to the provisions of the Constitution and give priority to the basic needs of the local community, promote the development of the local community and ensure that all members of the local community, have access to at least minimum level of basic municipal services.

Section 73 (2) of the ACT, further provides that the municipal services must be equitable and accessible, and be provided in a manner that is conducive to the prudent, economical, efficient and effective use of available resources and improvement of standards of quality over time, be financially and environmentally sustainable and be regularly reviewed with a view to upgrading, extension and improvement.

The Tariffs 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 maintenance, repairing and replacing the physical assets used in its provision. However, sustainability does not only mean that the price of the service must include and cover all the

relevant cost elements, it also means that charges to be levied must be affordable, collected and recovered.

3.3 Redistribution / Cross Subsidisation

RLM has a wide range of customers, thus finding a proper funding model to arrive at appropriate Tariffs and cross-subsidisation mechanisms to meet the needs of the various customer groupings, is paramount.

The budget of the Municipality is important in ensuring the distribution of services in all communities. Monies collected from property rates are used to subsidise those services where the cost of the Tariff levied, is insufficient to cover the cost of the service. The Municipality may take into account trading surpluses realised to facilitate the cross subsidisation of services.

The Municipality faces a challenge in maintaining a balance between investments made in a productive capacity versus investment made in social services.

In order to effectively implement redistribution and cross subsidisation, the Municipality should endeavour to be transparent.

There is also an inherent cross subsidy between residential users of services and non-residential users of services. This subsidy is derived by applying certain ratios between residential users and non-residential users.

3.4 Imposition of Tariffs

Section 160(2)(c) of the Constitution states that the Municipal Council may not delegate the imposition of rates and other taxes, levies and duties.

Section 59 of the **ACT** further prohibits the Municipal Council from delegating its power to set Tariffs.

A challenge for the Municipality is to control the imposition of Tariffs by external service providers, where the entity provides services (through a service delivery agreement with a Municipality) which fall within the constitutional competence of the Municipality e.g. waste disposal, cemeteries, electricity or water. Tariffs as charged, may not have been approved by the Municipality and may be prejudicial to the local communities or customers.

The municipality will impose tariffs per stand, however, where there are multiple units within a stand, tariffs will be charged according to the number of units in that stand.

For residential purpose, where a meter serves more than one unit, the tariff will be applied as follows:

Applicable tariff charged per block times the number of units served by the bulk meter from 01 July 2018. The municipality will divide the actual consumption with the number of units that are served by the meter.

3.5 The "Consumer must pay principle" and Provision for the Indigent

The Municipality is responsible for ensuring access to the minimum level of basic services to the local communities within its municipal area. This is in line with Section 5(2) of the **ACT** which imposes a duty on members of the local community, 'where applicable, and subject to section 97(1)(c) of the ACT, to pay promptly service fees, surcharges on fees, rates on property and other taxes, levies and duties imposed by the municipality.' Having regard to this, it is critical for the Municipality to then set up Tariff structures which are realistic, cost reflective and also accommodate the Indigent as defined in this Policy.

4. Definitions

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the Systems Act, the MFMA, the Credit Control & Debt Collection Policy and By-law, as well as the Indigent Policy of the Municipality, will have a corresponding meaning assigned thereto in terms of such policies or by-laws. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
"A"		
1.1	**"ACT"**	means the Local Government Municipal Systems Act, Act 32 of 2000 as amended;
1.2	**"Accounting Officer"**	Means the Municipal Manager appointed in terms of the provisions of section 60 of the MFMA.
1.3	**"annual budget"**	Means the budget approved by the Council of the Municipality for any particular financial year, and shall include any adjustments to such a budget.
1.4	**"annually"**	Means once every financial year.
"B"		
1.5	**"basic municipal service"**	Means a municipal service necessary to ensure an acceptable and reasonable quality of life, which service, if not provided, would endanger public health or safety or the environment.
1.6	**"bulk electricity customer"**	**Means a bulk customer whose electricity demand exceeds or has previously exceeded ~~is likely to previously exceed~~ 100kVA**

		or 150A three phase LV, or any MV or HV connections. ~~100 kVA per month for an uninterrupted period of twelve months.~~Means a bulk customer whose electricity demand exceeds or is likely to exceed 55 kVA per month for an uninterrupted period of twelve months.
1.6 A	Bulk connection – (Sometimes also referred to as Industrial Tariffs on Nersa approval Letters)	• A Bulk connection larger than 150A three phase LV, or any MV or HV connections • Generally, a three-phase supply, where current transformers are required to reduce the measured current to a level that the meter can accept. Connections smaller than 150A three phase with current transformers should be converted to a normal business tariff type connection and the meter replaced with a 150 A direct driven meter.
1.7	"bulk consumer"	Means a customer of electricity, water, sewerage or refuse removal services for commercial or industrial purposes.~~Means a customer of electricity, water, sewerage or refuse removal services for commercial or industrial purposes.~~
1.7 A	Business / Non-domestic electricity connection. (Sometimes also referred to as Commercial Tariffs on Nersa approval Letters)	Non-domestic consumers with three-phase supplies and connection sizes up to 150A or 100kVA. A client can switch from Bulk to Business /Non-domestic once in 12 months that the connection be limited to 150A or 100kVA
	Business rate - electricity	Means tariff for businesses, governmental institutions or similar supplies in urban or rural areas with a three phase electrical supply. The different rates will be implemented as determined and approved by Nersa on a yearly basis based on an NMD as determined by the Municipality from time to time. Non-domestic / Business connection. (Sometimes also referred to as Commercial Tariffs on Nersa approval Letters) Non-domestic consumers with three-phase supplies and connection sizes up to 150A or

		100kVA.
"C"		
1.8	**"Chief Financial Officer"**	Means a person designated in terms of the provisions of section 80(2)(a) of the MFMA.
1.9	**"Constitution"**	Means the Constitution of the Republic of South Africa, Act 108 of 1996.
1.10	**"Consumer"**	Means a person or entity consuming or receiving municipal services, and may include a customer or a tenant of a customer irrespective of whether such a person has concluded a service agreement with the Municipality, and may also include a person who illegally and unlawfully connected to the municipal services infrastructure or who illegally and unlawfully gained access to or usage of the municipal services.
1.11	**"Consumer Price Index excluding mortgage bonds" or**	Means the CPIX as determined and gazetted from time to time by the South African Bureau of Statistics.

	"CPIX"	
1.12	**"cost to be recovered"**	Means the cost reasonably associated with the rendering of a municipal service, including that the cost of purchasing or acquisition, the cost of processing, treatment or adoption of the product or service to be delivered or supplied, capital cost, operating cost, maintenance cost, replacement cost, administrative cost and support systems costs and interest and may include a determined over-recovery per unit consumed.
1.13	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.14	**"Credit Control & Debt Collection Policy and By-laws"**	Means the Credit Control and Debt Collection Policy and By-laws as adopted by the Council of the Municipality.
1.15	**"customer"**	Means the owner of the premises or in exceptional circumstances a tenant, and includes a person or entity liable to the Municipality for the payment of tariffs, levies, fees and municipal consumption charges in terms of a service agreement concluded with the Municipality, and may include a person who applied to the Municipality for indigent support in terms of the Indigent Policy, and who is not the owner of the premises, but who is: (a) the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or (b) the party to whom the residential property is awarded in the event of a divorce; or (c) where a deceased estate has not been wound up: (i) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

		(ii) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or (iii) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or (iv) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate; and who simultaneously with the application for indigent support in terms of the Indigent Policy, applied for the provision of municipal services in terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality to be granted an account and to conclude a service agreement with the Municipality, and whose application has been approved by the Municipality, and as such has concluded a service agreement with the Municipality.
"D"		
1.16	**Disconnection Fee**	means a fee charged to a Customer upon termination or restriction of a municipal service supplied to a meter;
"E"		
1.1.7	**External Service Provider**	means an external mechanism referred to in section 76(b) of the ACT which provides a municipal service for a municipality;
"F"		
1.18	**"flat rates"**	Means the unit tariffs that are calculated by dividing the total cost by volume needed.
1.19	**"fixed costs"**	Means costs that do not vary with consumption or volume

		produced.
1.20	**'financial sustainability"**	in relation to the provision of a Municipal service, means the provision of the Municipal service in a manner aimed at ensuring that the financing of that service from internal and external services, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of – (i) The initial capital expenditure required for the service; (ii) Operating the service; and (iii) c) Maintaining, repairing and replacing the physical asset used in the provision of the service.
1.21	**"financial year"**	Means the period starting from 1 July in any year and ending on 30 June of the following year.
"I"		
1.22	**"IDP"**	Integrated Development Plan envisaged in section 25 of the ACT
1.23	**"Indigent"**	a Customer or any household or category of households, including a child headed household, who or which qualifies for Tariff assistance as laid down in Annexure A to the Municipality's Credit Control and Debt Collection Policy and the Indigent Policy of the Municipality as determined by the Municipal Council annually, during the budget process,
1.24	**"Indigent Policy"**	Means the Indigent Policy, adopted by the Council of the Municipality.
1.25	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality renders to Registered Indigents and households headed by Registered Indigents.
1.26	**"Interest rate"**	Means interest charged by the municipality on all outstanding debtors.
"M"		
1.26	**"Mayor"**	Means, in terms of the provisions of section 1 of the MFMA,

		in relation to a municipality with an executive mayor, the councillor elected as the executive mayor of the municipality in terms of section 55 of the Structures Act.
1.27	**"major services"**	Represent the four municipal services (water, electricity, refuse removal and sewerage), instituted by the Municipality to fulfil the basic municipal services allocated to the Municipality in terms of the provisions of Section 84 of the Structures Act, and are those services on which monthly service charges are levied per consumer's account.
1.28	**"minor services"**	Means those municipal services for which the Municipality annually approve tariffs and shall, when deemed appropriate by the Municipality, be subsidised by property rates and general revenues, particularly when tariffs will prove uneconomical when charged to cover the cost of the municipal service concerned, or when the tariff is designed purely to regulate rather than finance the use of the particular municipal service or amenity.
1.29	**"Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003 and the regulations promulgated in terms of this act.
	"MEC for local government"	means the member of the Executive Council of the province of the North West province who is responsible for local government in such province;
1.30	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and

		may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.31	**"Municipal Council"**	means the RLM Municipal Council; a council composed and elected in terms of section 157 of the Constitution;
1.32	**"Municipal Manager"**	A person appointed in terms of section 54A of the ACT as the head of administration of the Municipal Council;
1.33	**"Municipal Property Rates Act" or "MPRA"**	Means the Local Government: Property Rates Act, Act 6 of 2006 and promulgated Regulations in line with the Act.
1.34	**"municipal service" or "services"**	Means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether – (a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76 of the Systems Act or by engaging an external mechanism contemplated in section 76 of the Systems Act; and (b) fees, charges or tariffs are levied in respect of such service or not.
"N"		
1.35	**"non-trading services"**	Services for which tariffs are not necessarily expected to cover the full cost of service provision. Any losses on the provision of these services are financed out of the income generated from trading services and assessment rates.

"P"		
1.36	**"prepayment meter"**	Means a meter whereby payment for municipal services is first made elsewhere and credit is transferred to such meters by means of a token or coded number or credit card and such meter is programmed and dispenses municipal services as it is consumed by the consumer at a predetermined rate and/or charge.
"R"		
1.37	**"rates"**	Means a municipal rate on property levied in terms of the provisions of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.38	**"Registered Indigent"**	Means a person, qualifying to be registered as an indigent in terms of the Indigent Policy of the Municipality, who has applied to the Municipality in terms of the Indigent Policy to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent in the Indigent Register.
1.39	**"Re-connection fee"**	means fee charge to a Customer upon reconnection of Municipal services;
"S"		
1.40	**"Service delivery agreement"**	means an agreement as envisaged in section 81 of the ACT;
1.41	**"Special Tariff"**	means a charge as more fully referred to in 9.3.9, read together with 13 of this Policy;
1.42	**"Sundry Tariff"**	means a charge as more fully referred to in paragraph 9.3.8 of this Policy;
1.43	**"Surcharge"**	means a charge raised on and above a normal Tariff based either on a percentage and or a fixed amount;
1.44	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998 and promulgated regulations in line with the Act.

1.45	**"subsidised services"**	Means municipal services in respect of which the tariffs do not cover the costs of provision and in respect of which such costs are subsidised by property rates and the general revenue of the Municipality.
1.46	**"Systems Act"**	Means the Local Government Municipal Systems Act, Act 32 of 2000, as amended, by Act 44 of 2003 and any promulgated Regulations in line with the Act.
"O"		
1.47	**"off-peak supply"**	Means an electricity supply on written request to a bulk customer which is supplied at times other than those of peak demand.
"T"		
1.48	**"Tariff/ (municipal tariff)"**	means fees, levy , charges or a surcharge levied by the Municipality in respect of any function or service provided by the Municipality to the local community, and includes a surcharge on such Tariff but excludes the levying of rates by the Municipality in terms of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
1.49	**"Tariff book"**	Refers to the Tariff Tables that accompany the annual budget which is tabled before the Municipal Council in terms of section 17(3) of the MFMA.
1.50	**"tariff policy" or "this policy"**	Means this Tariff Policy of the Municipality adopted in terms of the provisions of section 74(1) of the Systems Act.
1.51	**"temporary customer"**	Means a customer of electricity, water, sewerage or refuse removal services for a temporary period for specific project or occasion.
1.52	**"total cost"**	Means he sum of all fixed and variable costs.
1.53	**"trading services"**	Services which can, in principle, run as separate businesses, because tariffs can in theory be set in such a way as to yield a trading surplus. A key feature of trading services is that they can be provided by private enterprises. Consumers receive a direct *quid pro quo* for tariffs paid.

		Water, sanitation, electricity and refuse removal form part of trading services.
1.54	**"two-part tariffs"**	Are tariffs that are raised to cover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of consumers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed.
"U"		
1.55	**"units consumed"**	Means the number of units consumed of a particular service and is measured in terms of the units of measurement reflected in this policy.
"V"		
1.56	**"variable costs"**	Costs that vary with consumption at volume produced.

5. Policy Rules and Provisions

5.1 This Policy applies to all tariffs levied by the Municipality. Such Tariffs must be consistent with the principles contained in this Policy and the National Treasury's Costing Methodology for Local Government Guideline[*1].

5.2 All Tariffs must be approved by resolution of the Municipal Council.

5.3 Details pertaining to specific levels and applications of the various Tariffs must be published in the Tariff Book tabled on an annual basis together with the Municipal Budget.

5.4 While full cost recovery is the optimum pricing outcome, the Municipality may adjust pricing to take into consideration socio- economic issues such as the Indigent by using a redistribution mechanism (cross subsidisation) as envisaged in this Policy.

5.5 Subject to 5.4 above, where a service is provided primarily for an individual user and actual service or consumption can be accurately measured, the cost of providing the service should be covered from the individual through the levying of a tariffs.

5.6 If a Municipal service is provided through a Service delivery agreement in terms of section 76(b)) of the **ACT**, the Municipality remains responsible for ensuring that the service is provided to the local community in terms of the provisions of the **ACT** and accordingly, must :

5.6.1 Control the setting, review and adjustment of the tariffs by the service provider for the Municipal Service in question.

5.6.2 Ensure that the Service delivery agreement contains a provision for tariffs to be adjusted by the service provider within the threshold determined by the Municipality.

5.7 Some services, although provided primarily for the benefit of individual users have important community benefits and, particularly where these services cannot be accurately measured, the cost of the service should be recovered by a combination of tariffs and rates. The provision of solid waste collection is such a service.

5.8 The Indigent should have access to basic services in line with the **ACT** and national government policy, taking into consideration the affordability constraints for the Municipality.

5.9 The Municipal Council may determine rebates applicable to different categories of users or the circumstances in which a Tariff may be waived at the time of adopting Tariffs.

5.10 All Tariffs imposed by the Municipality must comply with the following principles as set out in section 74(2) of the ACT and these principles must be applied when Tariffs are determined for approval by the Municipal Council:

5.10.1 All users of a municipal service should be treated equitably in the application of the Tariff; and shall be categorised as per the Municipality's Rates Policy;

5.10.2 The amount charged on individual users for services should be in proportion to their use of that service;

5.10.3 Provision may be made for the promotion of local economic development through special Tariffs for categories of commercial and industrial users;

5.10.4 The Tariff item must be supplied in a sustainable manner and the costs reasonably associated with the provision of such Tariff item, including capital, operating, maintenance, administration, replacement costs and interest charges must be reflected in the Tariff;

5.10.5 The Tariff must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;

5.10.6 The economical, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives must be encouraged;

5.10.7 The Indigent– must have access to at least basic services through:

5.10.7.1 Tariffs that cover only operating and maintenance costs;

5.10.7.2 Special Tariffs for low levels of use or consumption of service or for basic levels of service; or

5.10.7.3 any other direct or indirect method of subsidisation of Tariffs ~~for the~~for the Indigent ;

5.10.8 The extent of subsidisation of Tariffs for the Indigent and other categories of users must be fully disclosed.

5.10.9 Correct cost allocations and measurement of historical costs should take place to ensure that no inappropriate subsidisation occurs.

5.11 The Municipal Council may, in appropriate circumstances, impose a surcharge on a Tariff for a service in accordance Municipal Fiscal powers and Functions Act, 2007 (Act 12 of 2007). A Tariff may not be increased during a financial year as stipulated in section 28(6) of the MFMA;

5.12 A Tariff may differentiate between different categories of users as contained in the Tariff Book, and other matters as long as the differentiation does not amount to unfair discrimination.

5.13 Where the Municipality provides a Municipal service (e.g. water or electricity) up to the cadastral boundary of a property, the Municipality has the right to control the setting, review and adjustment of Tariffs by the relevant authority supplying the service to the end user, within the boundaries of such property.

5.14 In addition to the provisions of the ACT, Tariffs for water services must comply with the Regulations under the Water Services Act, 1997(Act 108 of 1997), and Tariffs for Electricity must comply with the provisions of the Electricity Regulation Act, 2006 (4 of 2006)

6. Title and Application

a) This policy is known as the Tariff Policy of the Municipality, and is applicable to the municipal area of the Municipality.

b) This policy revokes all previous policies, decisions and/or ad hoc clauses within any other policy, regarding the subject matter of this policy.

c) This policy further applies to all fees, charges or tariffs in respect of any municipal services provided by the Municipality.

7. Commencement and Validity

This policy shall come into force and effect upon the acceptance hereof by the Council of the Municipality by resolution, as contemplated in terms of the provisions of section 24(2)(c)(v) of the MFMA.

CHAPTER 2: CLASSIFICATION AND TARIFF STRATEGIES FOR SERVICE AND CROSS-SUBSIDISATION

8. Differentiation for Tariff Purposes

Section 74(3) of the ACT permits the Municipality to differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination.

Each Municipal Service is not compelled to differentiate for tariff purposes, but where it does, the differentiation must be consistent with this Policy and provision must be made in the Tariff Book for a separate Tariff for each category.

9. Categories of Services

Separate tariff structures may be imposed for the following categories of services (which the Municipal Council may change):

9.1 Trading services

(i) Water and Sanitation;

(ii) Electricity; and

(iii) Fresh Produce Markets.

(iv) Cleansing and Solid Waste

(v) Rates and General Services

(vi) All other services not listed in 9.1 above and as follows:

(vii) cemetery fees;

(viii) housing rental;

(ix) library fees, being:

(x) membership fees;

- fines;
- lost books;
- lost membership cards;

(xi) rental for utilising municipal property and municipal sports grounds;

(xii) lease of municipal property;

(xiii) building plan fees;

~~(xiv)~~ advertisement sign fees~~;~~

~~(xv)~~(xiv) ~~plastic bag sales;~~

~~(xvi)~~(xv) refuse bin sale;

~~(xvii)~~(xvi) cleaning of overgrown stands;

~~(xviii)~~(xvii) connection fees for major municipal services;

~~(xix)~~(xviii) photocopies and faxes;

~~(xx)~~(xix) clearance certificate fees~~memoranda;~~

~~(xxi)~~(xx) pound fees;

~~(xxii)~~(xxi) cleansing of sewerage blockages;

~~(xxiii)~~(xxii) electricity or water disconnection and reconnection fees;

~~(xxiv)~~(xxiii) the provision of information or copies of records from the Municipality ' records

~~(xxv)~~(xxiv) Towing Services by Public Safety

10. Categories of Users

1) The Municipality shall differentiate between different categories of consumers, as provided in section 74(3) of the Systems Act, as long as the differentiation does not amount to unfair discrimination. Such differentiation shall at all times be reasonable and is as follows:

a) Residential/Domestic;

b) Business/Commercial;

c) Vacant Land

d) Industrial

e) Agricultural

f) Mining

g) Institutional;

h) Rural;

i) Municipal;

j) State owned or organ of state owned properties;

k) Education;

l) Exclusive Use Areas

m) Garages

n) Commercial Parking

o) Multipurpose Property

p) Public Service Infrastructure ~~and applicable tariff~~

q) Public Benefit Organisation ~~and applicable tariff~~, and

r) Special Category for specific consumers as may be determined by the Municipality from time to time.

2) A continuous effort should be made to group together those consumers who have more or less the same access to a specific municipal service.

11. Tariff Strategies for Services

11.1 Cost Elements

The following cost elements will be used as a basis of Calculation for the different categories of tariffs pertaining to different services:

- **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 Municipal Council /National Treasury from time to time.
- **Variable cost**: This includes all other variable costs that have reference to the service.
- **Overheads**: Consist of interdepartmental charges charged out to a service, based on an agreed methodology.
- **Total cost:** consist of the fixed cost, variable cost and overhead cost.

11.2 NATIONAL ELECTRICITY REGULATOR (NERSA) GUIDELINES

Guidelines issued from time to time by the National Electricity Regulator will be taken into account in calculating tariffs for electricity.

11.3 TARIFF TYPES

11.3.1 In setting the fees, charges or tariffs for municipal services, the Municipal Council must:

a) accurately reflect costs to achieve economic efficiency;

b) ensure equity and fairness between different types and categories of consumers;

c) utilise appropriate metering and supporting technology; and

d) be transparent.

11.3.2 In determining the type of fee, charge or tariff applicable to the municipal service, the Council may make use of the following options, or a combination thereof:

(a) **Single tariff**: this Tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer, the Municipal Council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the Tariffs;

(b) **Cost related**: *two, three or four part Tariff*: this Tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part Tariffs will be used to calculate the Tariff for electricity and to provide for maximum demand and usage during limited demand. Four part tariff shall consist of four parts being the fixed cost per unit consumed, a monthly availability charge, an access charge which relates to a fixed tariff levied for the capacity utilised or reserved and a demand charge which relates to the time when, and the extent of the demand for the municipal service is made.

(c) **Inclining block tariff**: this Tariff is based on consumption levels being categorised into blocks, the Tariff being determined and increased as consumption levels increase. The first step in the Tariffs will be calculated at operating and maintenance costs, the second at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

(d) **Declining block tariff**: this Tariff is the opposite of the inclining block Tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit determined by the Municipal Council from time to time by the volume consumed. This Tariff will only be used for special agreements as contemplated in the applicable Bylaws/legislation.

(e) **Regulating Tariff**: this Tariff is only of a regulatory nature and the Municipality may recover the full or a portion of the cost associated with rendering the service.

(f) **Time-of-use tariff**: this Tariff is based on fixed charges, seasonal usage and time differentiated energy and demand charges.

(g) Basic, Availability or Fixed Tariff: this Tariff is a fixed charge, the calculation of which is based on the fixed cost of a service by dividing the cost into the Unit of Measure plus the application of any cross subsidy. Thise is payable based on the availability of the municipal services and irrespective of whether the municipal services are connected to a property, consumed or used. Once the Municipality provides a connection or the municipal services are consumed or used, the normal tariffs for the consumption will apply with the availability charge.

(h) **Sundry Tariff**: this Tariff is in respect of services and facilities other than the Tariffs referred to in above, and shall, when deemed appropriate by the Municipal Council in each annual budget, be subsidised by property rates and general revenues, particularly when the Tariffs will prove uneconomical when charged, to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the Tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

(i) **Outside Municipal Area**: This tariff shall apply to consumers who do not reside within the municipal area of jurisdiction of the Municipality but are making use, on application to the Municipality, of certain municipal services.

(j) **Special Tariffs**: is a Tariff approved by the Municipal Council and imposed by way of an Agreement as contemplated **in 13.1.1 and 13.1.2 of this Policy**; This tariff shall be determined and approved by Council on application for specific developments and/or informal settlements which may motivate or necessitate a special tariff, not provided for in the tariffs referred to above.

11.4 Units of Measures

11.4.1 **Property Value**: this measurement is used to determine the property rates as envisage on the Property Rates Act;

11.4.2 **Kilolitre**: this measurement is used to determine the consumption charge for water;

11.4.3 **Kilowatt hour**: this measurement is used to determine the consumption charge for electricity;

11.4.4 **Kilovolt Ampere**: this measurement is used to determine the demand charge for electricity;

11.4.5 **Kilolitre~~Cubic metre~~**: this measurement is used to calculate the tariff for refuse charges;

11.4.6 **Kilometre**: this measurement is used to calculate all vehicles that measure distance in kilometers;

11.4.7 **Hour**: this measurement is used for the calculation of tariffs for plant and machinery and to charge tariffs for man hours performing certain functions;

11.4.8 **Number off (Stands, Consumers, etc**): this measurement is used to calculate fixed, basic and availability Tariffs, see 9.3.7 above.

11.4.9 **Percentage:** this measurement is used to calculate a rate, number, ratio expressed as a fraction of 100 or amount in each hundred.

11.4.10 **Size of the stand, ~~and~~ sewer points/ number of toilets (whichever is higher):** this measurement is used to calculate the tariff for sanitation charges.

11.5 Calculation of Tariffs for Major Services

The primary purpose of a tariff is to recover the costs to be recovered of a particular municipal service and to endeavour to avoid in as far as possible the cross subsidising of the municipal service.

In order to determine the Tariff which must be charged for the supply of the four major Municipal services (water, electricity, refuse removal and sewerage) the municipality shall identify all the operational costs of the undertakings concerned, including specifically the following:

11.5.1 Cost of bulk purchases in the case of water and electricity;

11.5.2 Purification costs (water and sewer);

11.5.3 Distribution costs;

11.5.4 Distribution losses in the case of electricity and water;

11.5.5 depreciation and finance charges;

11.5.6 Maintenance of infrastructure and other fixed assets;

11.5.7 cost of approved indigent support measures and cross subsidising of low consumption;

11.5.8 Administration and service costs, including:

a. service charges levied by other departments such as finance, human resources and legal services;

b. reasonable general overheads, such as the costs associated with the office of the Municipal Manager;

c. adequate contributions to the provisions for bad debts and obsolescence of stock;

d. all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from the costing of the major services of the municipality).

11.5.9 The intended surplus to be generated for the financial year, such surplus to be applied:

a. as an appropriation to capital reserves; and/or

b. generally in relief of rates and general services.

11.6 **ACCESS TO BASIC SERVICES - INDIGENT**

11.6.1 Tariffs should seek to ensure that a minimum basic level of service is affordable for all households, ensuring all households (formal and informal) have access to basic services.

11.6.2 Free basic municipal services refer to those municipal services necessary to ensure an acceptable and reasonable quality of life and which municipal service, if not provided, could endanger public health or safety to the environment. It is one of the objects of the Municipality in terms of the provisions of the Constitution to provide same.

11.6.3 The Assistance to the Indigent Scheme as contained in the Municipality's Credit Control and Debt Collection Policy, should be taken into consideration when determining a Tariff in relation to basic services.

11.6.4 The Municipality shall consider relief in respect of a Tariff, for the Indigent to the extent that the Municipal Council deems such relief affordable in terms of each annual budget.

11.6.5 The indigent support granted to Registered Indigents by the Municipality in terms of the Indigent Policy of the Municipality, must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

11.6.6 Indigent support by the Municipality is restricted to qualifying indigent households with a combined income amount determined by the Municipality at the beginning of every financial year, available on application to Registered Indigents, and to be applicable for the duration of that particular financial year.

11.6.7 The Municipality recognises the following categories of service charges to which indigent support may be applied:

(a) Electricity;

(b) Water;

(c) Refuse removal;

(d) Sewerage;

(e) Property rates; and

(f) ~~Pauper burials.~~

12. Review of Tariffs

12.1 All Tariffs shall be reviewed annually.

13. Cross-Subsidisation

The Municipality realizes that in order to achieve its goal of the provision of access to basic services, cross subsidization must occur. This will result in increases in certain Tariffs, which are necessary to make good any shortfall resulting from the provision of subsidized basic services and to ensure a balanced budget on the trading account.

The Municipality subscribes to the policy that indigent households are entitled to access to at least basic services. A basic service is a service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety of the environment. These basic services include:

11.2.1. Domestic refuse removal;

11.2.2. Electricity;

11.2.3. Water;

11.2.4. Domestic Sewage disposal, as contemplated in the Municipality's Credit Control and Debt Collection Policy.

Unless otherwise determined by National or Provincial legislation, the following ratios are applicable to cross subsidise between categories of users.

Category of User	Ratio
Residential	1:1
Business & Commercial	1:2.5
Industrial	1:3
Agricultural	1:1
Public Service Infrastructure	1:2.5
Mining	1:3
Public Benefit Organisations	1:1

14. Promoting Local Economic Development

The Municipal Council may, when it determines Tariffs, have regard to the following:

(a) The promotion of local economic competitiveness; and

(b) The promotion of local economic development and growth.

15. Special Tariffs

15.1 Special Tariffs may be imposed, subject to approval by Municipal Council:-

15.1.1 In terms of an agreement entered into between the Municipality and any person or service provider, in line with applicable legislation. Such agreement must be approved by the Municipal Council; or

15.1.2 In terms of a service level agreement entered into between the Municipality and an external service provider as contemplated in section 76(b) of the ACT.

15.2 Special Tariffs are generally competitive, determined by the volumes and income generated.

CHAPTER 3: PROCEDURE FOR THE INTRODUCTION OF NEW OR REVISED TARIFFS

16. Procedures and Processes

16.1 Any introduction of new and or proposed changes to an existing Tariff must be submitted to the Municipal Council for approval prior to the tabling of the annual Budget in March and May of each year. The Tariff report must be authorised and signed by the Relevant Director of the municipal Unit which compiled the Tariff report, the CFO, Head/Senior Manager Revenue, Head Legal Services and thereafter the Municipal Manager;

16.2 Once all the signatures of the above officials have been obtained, the Tariff report must be submitted to the relevant Standing Committee which has oversight over such Tariff, for approval in principle. A copy of the proposed Tariff report should be submitted to the Budget and Treasury Office;

16.3 If the Tariff is recommended for approval by the relevant committee or committees contemplated in 14.2 above, it must be forwarded to the Mayoral Committee for consideration and approval in principle, and thereafter to the Municipal Council for final adoption;

16.4 All Tariffs are levied by a resolution passed by the Municipal Council with a supporting vote of a majority of its members;

16.5 Once the Tariffs contained in the Tariff report have been adopted by the Municipal Council, the respective line department which introduced the Tariffs must, upon becoming aware that the Tariffs have been approved—

16.5.1 immediately forward a copy of the approved Tariffs to the Budget and Treasury Office together with a copy of the resolution of the Municipal Council; and

16.5.2 advise the Budget and Treasury Office that the Tariffs, as approved, by the Municipal Council are the new set of Tariffs for the relevant financial year, in question.

16.6 The Budget Office must collate all the Tariffs, as approved, and consolidate them into the Tariff book of the Municipality;

16.7 After a resolution contemplated in 16.5 above, has been passed, the Municipal Manager must, without delay-

16.7.1 conspicuously display a copy of the resolution for a period of at least 30 days at Mpheni House, Municipal libraries, RCC's, municipal website and at such other places within the Municipality to which the public has access as the Municipal Manager may determine;

16.7.2 publish in a newspaper of general circulation in the municipality a notice stating-

16.7.2.1 that a resolution as contemplated in 14.5 above, has been passed by the Municipal Council;

16.7.2.2 that a copy of the resolution is available for public inspection during office hours at Mpheni House, Municipal libraries, RCC's, municipal website and at the other places specified in the notice; and

16.7.2.3 the date on which the determination will come into operation; and

16.5.4.3 seek to convey the information referred to in paragraph 16.8.2 to the local community by means of radio broadcasts covering the area of the Municipality.

16.8 The Budget and Treasury Office must forthwith—

16.8.1 forward a copy of the notice referred to in paragraph 14.8.2 to the MEC for local government concerned; and

16.8.2 forward a copy of the resolution and accompanying Tariffs to the Legal Services Unit and to the Billing unit.

16.9 The Budget and Treasury Office must—

16.9.1 compile a collection of all approved Tariffs for the respective financial year; and

16.9.2 forward the approved Tariffs for the respective financial year to the Municipality's Communications Department.

16.10 Upon receipt of Tariffs from the Legal Services Unit, the Communications Department must immediately post such Tariffs under an identifiable tab in the Municipality's intranet and internet. It is the responsibility of the Accounting Officer:-

16.10.1 To provide the Council with a consolidated Tariff Table/Book in March and May each year when the Budget is tabled ,and

16.10.2 To issue such administrative directives to staff as may be necessary to ensure compliance.

17. Tariff Reports

17.1 Any municipal department wishing to introduce a new Tariff or propose a change to an existing Tariff must compile a Tariff report for consideration by the Municipal Council;

17.2 The Tariff report must, where applicable, provide details of the following:

17.2.1 a statement of the current income from the Tariff concerned and, if a surcharge is imposed, a statement of the Tariff income from such surcharge;

17.2.2 a statement of any income from subsidies from the tax revenue of the municipality;

17.2.3 a statement of any current subsidies from any provincial or national government source;

17.2.4 a statement of the current costs reasonably associated with the provision of the Tariff item concerned which shall be broken down into the following sub-items—

17.2.4.1 capital costs;

17.2.4.2 operating costs;

17.2.4.3 overhead costs;

17.2.4.4 bulk purchasing costs in respect of water and electricity reticulation services and other municipal services;

17.2.4.5 maintenance costs;

17.2.4.6 administration and regulatory costs;

17.2.4.7 replacement costs;

17.2.4.8 provision for bad debts;

17.2.4.9 interest charges;

17.2.4.10 cash requirement for the repayment of any borrowing; and

17.2.4.11 surplus (if any).

17.2.5 a statement of the anticipated costs for the next three financial years divided into the same sub-items mentioned above and, if those costs have changed or should change during the next three year period, a brief summary of the reasons for the change;

17.2.6 a statement of the proposed increase or decrease in the Tariff and the anticipated revenue from such increased or decreased Tariff fee for the next financial year;

17.2.7 a statement of whether a subsidy is needed for the sustainability of the Tariff item concerned and, if so, whether funding is expected from the provincial or nation government or whether it is proposed that the subsidy be provided from the municipality's own sources;

17.2.8 a statement of the justification for any differentiation proposed in the fee for the same Tariff items; and

17.2.9 a statement of any justification for a lifeline Tariff, a special Tariff, a fixed Tariff or a minimum charge.

17.2.10 a statement indicating the cross subsidy in the Tariff; and

17.2.11 in the case of Tariffs for Water, Electricity, Sewer and Refuse a statement of the anticipated usage of the services per different category expressed in kl, kWh, kVa, and m³, whichever is applicable. The statement should also contain the number of users per category.

18. Accounts incorrectly billed

18.1 Any account that has been incorrectly billed will be corrected to a maximum of three years from the date the incorrect amount~~orrection~~ is identified, except in exceptional cases which can be approved by the CFO/ Unit Manager – billing, this will be applied in conjunction with the current by laws and in case where there is inconsistency, the by law will take precedence.

19. Interest charged on arrears

19.1 Interest shall be charged at prime rate plus one per month for property rates and prime rate plus two for other services. Interest must be paid to the Municipality on accounts that have not been paid within thirty days from the date on which such accounts became due.

20 Cleaning of stands

Should a vacant stand not be properly maintained and cleaned, the municipality can clean the stand and charge a fee determined in its tariff book.

21 Billing basic refuse collection on vacant stands

In terms of the Municipal Waste Management By Laws, the municipality charges basic waste on all vacant stands within proclaimed areas.~~.~~

~~19.~~ 22 Public Participation

~~18.1~~ 20.1 The Accounting Officer shall arrange for a series of local meetings with the ward committees and the public of each ward to ensure proper participation by the local community in the affairs of Municipality. Such meetings shall be conducted during the budget participation process.

~~18.2~~ 20.2 The ward councillor of the ward concerned shall chair any meeting referred to in 20~~18~~.1 above. The object of the meeting will be to prepare comments and representations on Tariffs or their amendment. The Accounting Officer shall ensure that all such comments and representations made by any such meeting are referred to Mayoral Committee and Mayoral Committee shall take them into account when it reports thereon to the Municipal Council.

~~20.~~ 23 Enforcement and Oversight

~~19.1~~ ~~21.1~~ This Policy, together with all departmental Tariff policies, is enforced through the Municipality's —

~~19.1.1~~ 231.1 Tariff By-law; ~~and~~

231.2 Credit Control and Debt Collection By-law and Policy;

23.3 Water Services by law

23.4 Electricity by laws

~~19.1.2~~ 23.4 Waste Management by laws

~~19.2~~ 231.32 The CFO together with Unit Manager - Budget will have an oversight responsibility over all Tariffs submitted for approval to confirm that it complies with the principles stipulated in this Policy.

~~19.3~~ 21.3 Any deviations from this Policy and National Treasury's Costing Methodology for Local Government Guideline shall be fully disclosed and reported to the Municipal Council.

~~21.~~ 24. Policy Evaluation and Review

~~20.1~~ 242.~~This~~1. This Policy must be reviewed by the Treasury Unit, assisted by the Legal Services Unit on an annual basis, prior to the commencement of the new financial year, and amendments made to strengthen the Policy, where applicable, for consideration during the annual Budget process.

~~22.~~ 25 Interpretation of this Policy

~~21.1~~ 253.1 If there is a conflict of interpretation between the English version and a translated version, the English version prevails.

~~21.2~~ 253.2 Unless the context indicates the contrary, any reference to an official or a designated post in this Policy, shall include the duly authorised nominees/delegates of such official or of the incumbent of such post.

~~21.3~~ 253.3 This Policy must be read in conjunction with specific legislation applicable to each service and the following policies:

~~21.3.1~~ 253.3.1 The Municipality's Credit Control and Debt Collection Policy

~~21.3.2~~ 253.3.2 The Municipality's Rates Policy

Rustenburg Local Municipality

Contract Management Policy

First Draft

March 2020

TABLE OF CONTENTS

Preamble	**3**
Definitions	**3**
Abbreviations	**5**
1. Introduction	**5**
2. Contracts	**7**
3. Role players in contract management	**7**
4. Custodian of bid and contract documents	**8**
5. Role of project management and contract administration	**8**
6. Scope and objectives	**8**
7. Procedure when drafting contracts	**9**
8. Procedure after drafting contracts	**9**
9. Procedure for review or cancellation of contracts	**10**
10. Amendment of a contract	**10**
11. Variation of orders	**11**
12. Reporting to the Council	**11**
13. Reporting to the National Treasury	**11**
14. Procedure for performance management	**12**
15. Procedure for contract price escalation	**13**
16. General and special contract conditions	**13**
17. Conclusion	**13**
ANNEXURES	
A: Contract Price Escalation	**14**
B: General and Special Conditions of Contract	**16**
C: Registration of Contracts	**30**
D: Register of all municipal contracts	**31**
E: Register of all contracts above R500 000,00 for a period exceeding three months	**32**
F: Report to the Council on contract management	**33**

PREAMBLE

The Constitution of the Republic of South Africa, 1996, states in section 195(1):

"Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles –

(b) Efficient, economic and effective use of resources must be promoted.
(f) Public administration must be accountable."

Section 217(1) of the Constitution states:

"When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."

In addition, section 217(2)(1) of the Constitution states:

"Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –
(a) categories of preference in the allocation of contracts; and
(b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination."

The Rustenburg Local Municipality's SCM Policy provides guidelines on the acquisition of goods and services.

All transactions undertaken by the Rustenburg Local Municipality involves a contract, whether explicitly agreed upon in writing, or implicitly implied through actions. Properly managed contracts by all stakeholders involved can ensure that services are delivered within specifications as set and agreed upon during the acquisition of services (*inclusive of escalation clauses in the contracts, refer to GCC annexure B)*.

Good contract management by all stakeholders involved is essential for good financial management and will contribute to the effectiveness and efficiency of service delivery. A centralised strategic point of contract management will give strategic direction to all departments within the Rustenburg Local Municipality. This policy must be read in conjunction with the Rustenburg Local Municipality's SCM policy.

DEFINITIONS

In this Policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and the following definitions are assigned to the following terms:

TERMS	DEFINITIONS
the Act or MFMA	The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
Circular	Communications from National Treasury by means of circulars to enhance compliance and accountability to SCM Regulation and the MFMA of 2003
Contract Specialist/Champion/Administrator	The manager/director/administrator responsible for all day to day activities
Head of department	Any Director or Chief Financial Manager of the Municipal, including any Director reporting directly to the Municipal Manager
Contract	The agreement that results from the acceptance of a bid by the Rustenburg Local Municipality
Long-term contract	A contract with a duration exceeding one year
Contract management	The holistic term for all role players involved in an agreement
Constitution	The Constitution of the Republic of South Africa, 1996
Contract alteration	Changing technical writing or input errors to the original agreement of the contract without changing the scope of the contract
Contract amendment	Changing the scope, nature, duration, purpose or objective of the agreement or contract (in the context of circular 62 and section 113(3) of the MFMA)
Competitive bidding process	A competitive bidding process referred to in the SCM policy of the Rustenburg Local Municipality
Competitive bid	A bid in terms of the competitive bidding process
Two stage bidding	Two stage bidding process referred to in the SCM policy of the Rustenburg Local Municipality
Final award	In relation to bids or quotations submitted for a contract, the final decision on which bid or quote to accept
Formal written price quotation	Quotations referred to in the SCM policy of the Rustenburg Local Municipality
Fruitless and wasteful expenditure	Expenditure that was made in vain and would have been avoided if reasonable care been taken
Regulation	The Municipal Supply Chain Management

	Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003
Sole supplier	Goods and services procured in terms of section 110(2) of the MFMA
Supply Chain Management Code of Conduct	The National Treasury's Code of Conduct for Supply Chain Management Practitioners and other role players in the Rustenburg Local Municipality
Systems Act	The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended
Treasury guidelines	Any guidelines on Supply Chain Management issued by the Minister in terms of section 168 of the Act
Unsolicited bid	Bids as defined in terms of section 113(1)(2)(3) of the MFMA
Supply Chain Management	A systems approach to manage the entire flow of goods and services that will create and optimise value for customers in the form of products and services which specifically satisfy customer demands
Service provider	An accredited service provider of the Rustenburg Local Municipality, goods and services required by the Municipal from time to time
Guide for accounting officers	The supply chain management guide for accounting officers/authorities from the National Treasury, Republic of South Africa, 2004

ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
CIDB	Construction Industry Development Board Act, 2000 (Act 38 of 2000
MM	The official appointed by the Council as Municipal Manager and who will be the accounting officer of the Rustenburg Local Municipality as contemplated in the Act
GCC	General Conditions of Contract
GCFO	Group Chief Financial Officer of the Rustenburg Local Municipality
MFMA	Municipal Finance Management Act, 2003 (Act 56 of 2003)
MSA	Municipal Systems Act, 2000 (Act 32 of 2000)
NT	National Treasury
SCC	Special Conditions of Contract
SCM	Supply Chain Management

SDA	Service Delivery Agreement
SLA	Service Level Agreement
PPPFA	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)

1 INTRODUCTION

This policy framework provides a guide to contract management and a tool for effective contract management and it applies to all municipal employees and contractors that are involved in the management of supplier contracts.

This policy gives effect to the following legislation:

1.1 Section 217 of the Constitution, which states:

> "When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."

1.2 Section 195(1)(a) to (i) of the Constitution

1.3 Section 116(1), (2) and (3) of the MFMA, which states:

> "(1) A contract or agreement procured through the supply chain management system of a municipality or municipal entity must—
> (a) be in writing;
> (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for—
> (i) the termination of the contract or agreement in the case of non- or underperformance;
> (ii) dispute resolution mechanisms to settle disputes between the parties;
> (iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
> (iv) any other matters that may be prescribed.
>
> (2) The accounting officer of a municipality or municipal entity must—
> (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity 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 of the municipality or municipal entity—

(i) to assist the accounting officer in carrying out the duties set out in paragraphs *(a)* and *(b)*; and
(ii) to oversee the day-to-day management of the contract or agreement; and

(d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, 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 of the municipality or municipal entity may be amended by the parties, but only after—
(a) 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; and
(b) the local community—
(i) has been given reasonable notice of the intention to amend the contract or agreement; and
(ii) has been invited to submit representations to the municipality or Municipal entity."

2 CONTRACTS

2.1 Types of contracts

The bidding documents should clearly state the type of contract to be entered into and contain the appropriate contract provisions.

- The most common types of contracts provide for payments based on lump sum prices, unit prices, reimbursable cost plus fees, or combinations thereof.

- Reimbursable cost contracts should be acceptable only in special circumstances, such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy.

- Such contracts should include appropriate incentives to limit costs and may only be concluded subject to the approval of the accounting officer/authority.

- It is advisable that the reasons and formal approval for following the reimbursement route are recorded for auditing purposes.

2.2 Any other regulations pertaining to the Municipal's SCM Policy

This policy applies when a municipality or a municipal entity –

- procures goods or services;

- ❖ disposes of goods no longer needed; and
- ❖ selects service providers and suppliers to provide assistance in the provision of municipal services including circumstances where chapter 8 of the Municipal Systems Act applies.

3 ROLE PLAYERS IN CONTRACT MANAGEMENT

3.1 Contract Administration/SCM
3.2 Legal Services
3.3 Contract Management/Project Manager/User department
3.4 All officials of the Rustenburg Local Municipality

4 CUSTODIAN OF BID AND CONTRACT DOCUMENTS

4.1 All bid and contract documents will be kept by the SCM Division.

4.2 No Directorate will keep original bid documents and contracts in his/her office.

4.3 Directorates will, however, be allowed to keep copies of contracts and bid documents for assessment and contract performance management purposes.

5 ROLE OF PROJECT MANAGER AND CONTRACT ADMINISTRATION

Project manager/User department	Contract administration
Nominated by the head of the section to manage the specific project. Often described as reporting officer in terms of the supplier's performance management system. Responsible for – a) quality control, financial management and other technical expertise needed for the success of the project; b) facilitating the signing of contracts with service providers; and c) assessing the performance in line with the Suppliers Performance Monitoring System (SPMS).	Official from the SCM Division responsible for contract administration. Responsible for – a) the safekeeping of all contract-related documents; and b) advising the reporting officer/project manager on the following: i. Drafting of the Service Level Agreement (SLA) ii. Contract expiry date iii. Price adjustments iv. Reporting on performance of the supplier to the accounting officer and the Council

6 SCOPE AND OBJECTIVES

6.1 The objective of this policy/procedure is to set out the procedure that should be followed when drafting, monitoring, cancelling or renewing contracts or agreements procured through the Municipal's SCM.

6.2 This policy/procedure applies to all contracts entered into by the Municipality as a result of its SCM Policy.

6.3 This policy/procedure should be read and used in conjunction with the Municipal's SCM Policy.

7 PROCEDURE WHEN DRAFTING CONTRACTS

7.1 All contracts of the Rustenburg Local Municipality should be in writing and should at least include the following:

- ❖ Termination of the agreement in case of non-performance or underperformance
- ❖ Dispute resolution mechanisms to settle disputes between the parties
- ❖ Price of the goods or services to be delivered to the Municipality and how performance will be evaluated
- ❖ Penalties in case of non-performance or underperformance
- ❖ Duration of the contract
- ❖ A periodic review of the contract or agreement once every three years in the case of a contract or agreement lasting longer than three years

7.2 All contracts that have serious financial implications for the Municipality should be handed over to the Municipal's legal adviser for review before being signed by the accounting officer or delegated official.

7.2.1 The following are regarded as contracts that have serious financial implications:

- ❖ A contract value to the amount of R200 001,00 or more; and/or
- ❖ a contract for a period of 12 months and more.

8 PROCEDURE AFTER DRAFTING CONTRACTS

8.1 After the contract has been signed by the Municipal Manager, it should be entered the contract register that should be maintained by the contract administration officer.

8.2 The register should at least include the following information (See Annexure D):

- Date that the contact was signed
- Contract value
- Contract start and end date
- Authority number
- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract
- Review date, if it is a contract of more than three years
- Remarks/Comments
- Financial implications, e.g. increase in rent amount

8.3 The contract administration officer should update this register monthly with all contracts entered into by the Municipal during that month.

8.4 A separate register should be maintained for contracts above R500 000 in addition to the register mentioned in 8.1 above. The following information should be included in that register (See Annexure E):

- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract
- Payments made to date
- Penalties paid by the municipality or contractor
- Amendment to the contract
- Remarks from site meeting or contract steering committee meeting that have impact on the contract
- Progress report from the head of department that procured the goods or services
- Financial implications

8.5 The contract administration officer should update this additional register monthly with all the information affecting the contract, and comments from the head of department that procured the goods.

9 PROCEDURE FOR REVIEW OR CANCELLATION OF CONTRACTS

9.1 The head of SCM should inform the relevant head of department and/or municipal manager about the date of the review of the contract, at a reasonable period before the review date.

9.2 In case of non-performance or underperformance by the contractor, remedies as outlined in the contract should be used by the Municipal.

10 AMENDMENT OF A CONTRACT

A contract or agreement procured through the SCM policy of the municipality or municipal entity may be amended by the parties, but only after—

a) 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; and the local community—

(i) has been given reasonable notice of the intention to amend the contract or agreement; and

(ii) has been invited to submit representations to the municipality or municipal entity.

11 VARIATION OF ORDERS

11.1 In cases where the estimated value of the envisaged changes in purchase does not vary more than 15% of the total value of the original contract, the contractor may be instructed to deliver the goods or render the services as such. In cases of measurable quantities, the contractor may be approached to reduce the unit price, and such offers may be accepted, provided that there is no escalation in price.

11.2 The accounting officer will be delegated to approve variation orders as per point 11.1 above.

12 REPORTING TO THE COUNCIL

12.1 The head of the SCM Division, with the assistance of the contract administration officer, should prepare monthly reports for submission to the accounting officer on the state of all contracts entered into through the Municipal's SCM system.

This report is required by section 116(d) of the MFMA.

12.2 The following information should be contained in the report (See Annexure F):

- Contract number
- Name of the contractor
- Brief description of the goods or services to be provided
- Duration of the contract
- Penalties under the contract

- Payments made to date
- Penalties paid by the municipality or contractor
- Amendments to the contract
- Remarks from site meeting or contract steering committee meeting that have impact on the contract
- Progress report from the head of department that procured the goods or services
- Any delays that might have an impact on the completion of the contract

13 REPORTING TO THE NATIONAL TREASURY

13.1 The Group Chief Financial Officer is required to submit information in respect of each contract and advertised quotations from R30 000 to R200 000 (VAT inclusive) and tenders from R200 0000 and above, and must be signed by all parties to the National Treasury.

13.2 A report must be submitted each time a contract is awarded and signed by no later than 15 days after the end of each month.

13.3 Completed reports are to be emailed to the National Treasury at contracts@treasury.gov.za or by facsimile to 012 326 5445.

13.4 The following information should be contained in the report:

- Name of the municipality
- Contract reference number
- Contract signing date
- Contract description
- Name of contractor
- Percentage equity ownership by black persons (no franchise prior to elections) based on information provided in Municipal Bid Document (MBD) 6.1
- Percentage equity ownership by black women based on information provided in MBD 6.1
- Percentage equity ownership by white women based on information provided in MBD 6.1
- Outsourced/subcontracted businesses to small businesses as a percentage of the annual turnover based on information provided in MBD 6.3, if applicable
- Percentage local content of final product in relation to the bid price based on the information provided in MBD 6.4, if applicable
- Total contract price (A)
- Total price of lowest acceptable bid (price of bid scoring the highest points for price) (B)
- Premium paid to promote specified goals (C) (C=A-B)
- Percentage premium paid (C/B x 100)

14 PROCEDURE FOR PERFORMANCE MANAGEMENT

14.1 Key components of an effective performance approach:

- ❖ Establish appropriate key performance indicators that are aligned with contract objectives
- ❖ Set clear targets
- ❖ Define monitoring and reporting process

14.2 The following KPIs must be applicable:

Quality	Level of goods/services delivered
Outputs	Total output delivered by supplier to deliver contract
Productivity	Measured output produced/delivered per unit (services performed per day
Cost	Total cost incurred to deliver service/good
Savings	Total savings delivered by the supplier to deliver the contract
Responsiveness	Lead-time to respond to requests
Customer delivery	Percentage of orders delivered

15 PROCEDURE FOR CONTRACT PRICE ESCALATION

15.1 An appropriate contract adjustment formula must be specified in the bid documents if deemed necessary (Annexure A).

15.2 Escalation notification must be in writing and presented before implementation for approval.

16 GENERAL AND SPECIAL CONTRACT CONDITIONS

16.1 To strive towards uniformity, all contracts must be based on the General Conditions of Contract (GCC), issued by the National Treasury (Annexure B).

16.2 Any aspect not covered by the GCC should be dealt with in the Special Contract Conditions (SCC).

16.3 These conditions should form an integral part of the bidding documents.

16.4 Accounting officers/authorities should ensure that the prescripts of the PPPFA and the regulations pertaining thereto, are adhered to.

16.5 The basis for bid evaluation and selection should be clearly outlined in the instructions to bidders and/or in the specifications.

CONCLUSION

This policy is applicable to all Rustenburg Local Municipality officials and must be implemented from the date of approval.

Annexure A

Contract Price Escalation

1 Price adjustments due to escalation

1.1 The procedure requires a careful analysis of all related aspects that will influence the adjusted price, including the cost for the additional administrative work.

1.2 If the accounting officer/authority resolves to allow price escalation as part of the contract, this should be specified in the bid documents, including the formula and the time frames at which intervals such price adjustments should be considered.

1.3 The following formula is recommended if adjustments of prices are approved:

1.3.1 Pa = The new escalated price to be calculated
1.3.2 (1-V) Pt = 85% of the original bid price
1.3.3 D1, D2= Each factor of the bid price, e.g. labor, transport, clothing, footwear, etc.
1.3.4 The total of the various factors D1, D2…etc. must add up to 100%
1.3.5 R1t, R2t = index figure obtained from new index (depends on the number of factors used)
1.3.6 R1o, R2o= index figure at time of bidding
1.3.7 VPt = 15% of the original bid price. This portion of the bid price remains firm, i.e. it is not subject to any price escalations

2 Price adjustments due to the fluctuation in the Rate of Exchange (ROE)

2.1 Rate of exchange claims relate to the fluctuation of other currencies in relation to the South African rand. When the government advertises bids which might involve imported contents, whether wholly or partially, the ROE and future fluctuations are of vital importance, especially if it is a transversal contract for delivery over a specified period of more than one year.

2.2 The decision of who should take responsibility for any absorption of the fluctuation of a currency is similar to a decision of allocating risk. In this regard, there are two extreme possibilities:

- The supplier should bear all the risk and it is prescribed that the price will be fixed for the tenure of the contract, irrespective of the fluctuation of the currency. In such a case the supplier is free to arrange forward cover and/or to increase his/her price at bidding stage to cater for any fluctuation, thereby taking the risk of not being the successful bidder. Whatever route the supplier opts to follow, it will probably lead to an increase in price at the original bidding stage. This might lead to a situation at the commencement of the

contract where the government will be obliged to pay more for the product than the retail price to the general public.

- ❖ The government can absorb the risk and suppliers may bid firm prices, subject to ROE variation. In such cases the supplier(s) may apply for price increases/decreases when the currency fluctuates in relation to the agreed currency. The problem in this regard is that the prices are not always adjusted when the Rand appreciates. In such cases, it is of vital importance that the accounting officer/authority ensures that prices are adjusted to the benefit of the State.

2.3 The ideal would be to find a balanced approach between the above extremes, considering other contributing factors that will influence the final price. According to proposals by the World Bank, price increases based on ROE should not be allowed if the tenure of a contract is less than 18 months. Due to the recent fluctuations of the Rand, this might be a very long period when seen in the South African context and a period of twelve months may be more appropriate.

2.4 The local and imported contents of the products under consideration will also have a vital impact on determining prices. Another aspect that will also impact on the determination of prices will be the frequency of price adjustments. If the contract allows for a monthly adjustment of prices, the supplier hardly bears any risk in this regard. Prescribing that price adjustments will only be considered at prescribed intervals (say every three months), it will, in a sense, split the risk between the State and the supplier.

2.5 It is therefore suggested that the accounting officer/authority, after thorough analysis of relevant information, determine on a case-by-case basis the optimum route to be followed for each commodity. It should, however, be emphasized that price adjustments based on ROE fluctuations should only be allowed on the imported contents of the commodity and only meet the suppliers' additional costs of the imported content.

Annexure B

General and Special Conditions of Contract

GOVERNMENT PROCUREMENT

GENERAL CONDITIONS OF CONTRACT

NOTES

The purpose of this document is to –

(i) draw special attention to certain general conditions applicable to government bids, contracts and orders; and
(ii) ensure that clients are familiar with the rights and obligations of all parties involved in doing business with the government.

In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.

- The General Conditions of Contract (GCC) will form part of all bid documents and may not be amended.
- Special Conditions of Contract (SCC) relevant to a specific bid, should be compiled separately for every bid (if applicable) and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC will prevail.

TABLE OF CLAUSES

1. Definitions
2. Application
3. General
4. Standards
5. Use of contract documents and information; inspection
6. Patent rights
7. Performance security
8. Inspections, tests and analyses
9. Packing
10. Delivery and documents
11. Insurance
12. Transportation
13. Incidental services
14. Spare parts
15. Warranty

16. Payment
17. Prices
18. Contract amendments
19. Assignment
20. Subcontracts
21. Delays in the supplier's performance
22. Penalties
23. Termination for default
24. Anti-dumping and countervailing duties and rights
25. Force Majeure
26. Termination for insolvency
27. Settlement of disputes
28. Limitation of liability
29. Governing language
30. Applicable law
31. Notices
32. Taxes and duties

General Conditions of Contract

1. Definitions

The following terms will be interpreted as indicated:

1.1 "Closing time" means the date and hour specified in the bidding documents for the receipt of bids.

1.2 "Contract" means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

1.3 "Contract price" means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.

1.4 "Corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution.

1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidised by its government and encouraged to market its products internationally.

1.6 "Country of origin" means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a

commercially recognised new product results that is substantially different in basic characteristics or in purpose or utility from its components.

1.7 “Day” means calendar day.

1.8 “Delivery” means delivery in compliance of the conditions of the contract or order.

1.9 “Delivery ex stock” means immediate delivery directly from stock actually on hand.

1.10 “Delivery into consignee’s store or to his site” means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.

1.11 "Dumping" occurs when a private enterprise abroad markets its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.

1.12” Force majeure” means an event beyond the control of the supplier, not involving the supplier’s fault or negligence, and was not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

1.13 “Fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.

1.14 “GCC” means the General Conditions of Contract.

1.15 “Goods” means all the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.

1.16 “Imported content” means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry, as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.

1.17 “Local content” means that portion of the bidding price which is not included in the imported content, provided that local manufacture does take place.

1.18 “Manufacture” means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.

1.19 “Order” means an official written order issued for the supply of goods, works or the rendering of a service.

1.20 “Project site,” where applicable, means the place indicated in bidding documents.

1.21 “Purchaser” means the organisation purchasing the goods.

1.22 “Republic” means the Republic of South Africa.

1.23 “SCC” means the Special Conditions of Contract.

1.24 “Services” means those functional services supplementary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.

1.25 “Written” or “in writing” means handwritten in ink or any form of electronic or mechanical writing.

2. Application

2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.

2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.

2.3 Where such special conditions of contract conflict with these general conditions, the special conditions will apply.

3. General

3.1 Unless indicated otherwise in the bidding documents, the purchaser will not be liable for any expense incurred in the preparation and submission of a bid. Where applicable, a non-refundable fee for documents may be charged.

3.2 With certain exceptions, invitations to bid are only published in the Government Tender Bulletin. The Government Tender Bulletin may be obtained directly from the

Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from www.treasury.gov.za

4. Standards

4.1 The goods supplied will conform to the standards mentioned in the bidding documents and specifications.

5. Use of contract documents and information; inspection

5.1 The supplier will not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person will be made in confidence and will extend only so far as may be necessary for purposes of such performance.

5.2 The supplier will not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1, except for purposes of performing the contract.

5.3 Any document, other than the contract itself mentioned in GCC clause 5.1, will remain the property of the purchaser and will be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.

5.4 The supplier will permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

6. Patent rights

6.1 The supplier will indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.

7. Performance security

7.1 Within thirty (30) days of receipt of the notification of contract awarded, the successful bidder will furnish the purchaser with the performance security of the amount specified in the SCC.

7.2 The proceeds of the performance security will be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.

7.3 The performance security will be denominated in the currency of the contract, or in a freely convertible currency acceptable to the purchaser and will be in one of the following forms:

(a) a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser

(b) a cashier's or certified cheque

7.4 The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance obligations under the contract, including any warranty obligations, unless otherwise specified in the SCC.

8. Inspections, tests and analyses

8.1 All pre-bidding testing will be for the account of the bidder.

8.2 If it is a bid condition that supplies to be produced or services to be rendered should, at any stage during production or execution or on completion, be subject to inspection, the premises of the bidder or contractor will be open, at all reasonable hours, for inspection by a representative of the department or an organisation acting on behalf of the department.

8.3 If there are no inspections requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections will be carried out, the purchaser will make the necessary arrangements itself, including payment arrangements with the testing authority concerned.

8.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses will be defrayed by the purchaser.

8.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost regarding these inspections, tests or analyses will be defrayed by the supplier.

8.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.

8.7 Any contract supplies may be inspected on or after delivery, may be tested or analysed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies will be held at the cost and risk of the supplier who will, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do comply with the requirements of the contract. Failing such removal, the rejected supplies will be returned at the supplier's cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.

8.8 The provisions of clauses 8.4 to 8.7 will not prejudice the right of the purchaser to cancel the contract because a breach of the conditions thereof, or to act in terms of Clause 23 of the GCC.

9. Packing

9.1 The supplier will provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing will be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case size and weights will take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.

9.2 The packing, marking, and documentation within and outside the packages will comply strictly with such special requirements as will be expressly provided for in the contract, including additional requirements, if any, specified in the SCC, and in any subsequent instructions ordered by the purchaser.

10. Delivery and documents

10.1 Delivery of the goods will be made by the supplier in accordance with the terms specified in the contract. The details of shipping and/or other documents to be furnished by the supplier are specified in the SCC.

10.2 Documents to be submitted by the supplier are specified in the SCC.

11. Insurance

11.1 The goods supplied under the contract will be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the SCC.

12. Transportation

12.1 Should a price other than an all-inclusive delivered price be required, this will be specified in the SCC.

13. Incidental services

13.1 The supplier may be required to provide any or all of the following services, including additional services, if any, specified in the SCC:

(a) performance or supervision of on-site assembly and/or commissioning of the supplied goods;
(b) furnishing of tools required for assembly and/or maintenance of the supplied goods;
(c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
(d) performance or supervision or maintenance and/or repair of the supplied goods, for a period agreed upon by the parties, provided that this service will not relieve the supplier of any warranty obligations under this contract; and
(e) training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

13.2 Prices charged by the supplier for incidental services, if not included in the contract price for the goods, will be agreed upon in advance by the parties and will not exceed the prevailing rates charged to other parties by the supplier for similar services.

14. Spare parts

14.1 As specified in the SCC, the supplier may be required to provide any or all the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:

(a) Such spare parts as the purchaser may elect to purchase from the supplier, provided that this election will not relieve the supplier of any warranty obligations under the contract
(b) In the event of termination of production of the spare parts –
    (i) advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and
    (ii) following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

15. Warranty

15.1 The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract will have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission by the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.

15.2 This warranty will remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise in the SCC.

15.3 The purchaser will promptly notify the supplier in writing of any claims arising under this warranty.

15.4 Upon receipt of such notice, the supplier will, within the period specified in the SCC and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.

15.5 If the supplier, having been notified, fails to remedy the defect(s) within the period specified in the SCC, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.

16. Payment

16.1 The method and conditions of payment to be made to the supplier under this contract will be specified in the SCC.

16.2 The supplier will furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfilment of other obligations stipulated in the contract.

16.3 Payments will be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.

16.4 Payment will be made in Rand unless otherwise stipulated in the SCC.

17. Prices

17.1 Prices charged by the supplier for goods delivered and services performed under the contract will not vary from the prices quoted by the supplier in his bid, with the

exception of any price adjustments authorised in the SCC or in the purchaser's request for bid validity extension, as the case may be.

18. Contract amendments

18.1 No variation in or modification of the terms of the contract will be made except by a written amendment signed by the parties concerned.

19. Assignment

19.1 The supplier will not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

20. Subcontracts

20.1 The supplier will notify the purchaser in writing of all subcontracts awarded under these contracts if not already specified in the bid. Such notification, in the original bid or later, will not relieve the supplier from any liability or obligation under the contract.

21. Delays in the supplier's performance

21.1 Delivery of the goods and performance of services will be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.

21.2 If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier will promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser will evaluate the situation and may, at his discretion, extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension will be ratified by the parties by amendment of contract.

21.3 No provision in a contract will be deemed to prohibit the obtaining of supplies or services from a national department, provincial department or a local authority.

21.4 The right is reserved to procure small quantities or to have minor essential services executed if an emergency arises outside of the contract if the supplier's point of supply is not situated at or near the place where the supplies are required, or if the supplier's services are not readily available.

21.5 Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations will render the supplier liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

21.6 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser will, without cancelling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract, and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

22. Penalties

22.1 Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser will, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

23. Termination for default

23.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part –

(a) if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;
(b) if the supplier fails to perform any other obligation(s) under the contract; or
(c) if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

23.2 In the event that the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to those undelivered, and the supplier will be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier will continue performance of the contract to the extent not terminated.

24. Anti-dumping and countervailing duties and rights

24.1 When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidised import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference will be paid forthwith on demand by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor with regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

25. Force Majeure

25.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier will not be liable for forfeiture of its performance security, damages, or termination for default if, and to the extent that, his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

25.2 If a force majeure situation arises, the supplier will promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier will continue to perform its obligations under the contract as far as is reasonably practical, and will seek all reasonable alternative means for performance not prevented by the force majeure event.

26. Termination for insolvency

26.1 The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

27. Settlement of disputes

27.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties will make every effort to resolve such a dispute or difference amicably by mutual consultation.

27.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

27.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

27.4 Mediation proceedings will be conducted in accordance with the rules of procedure specified in the SCC.

27.5 Notwithstanding any reference to mediation and/or court proceedings herein,

(a) the parties will continue to perform their respective obligations under the contract unless they agree otherwise; and
(b) the purchaser will pay the supplier any monies due the supplier.

28. Limitation of liability

28.1 Except in cases of criminal negligence or wilful misconduct, and in the case of infringement pursuant to Clause 6,

(a) the supplier will not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion will not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and

(b) the aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, will not exceed the total contract price, provided that this limitation will not apply to the cost of repairing or replacing defective equipment.

29. Governing language

29.1 The contract will be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties will also be written in English (section 5 (1-8) of the Rustenburg Local Municipality Language Policy of 2012).

30. Applicable law

30.1 The contract will be interpreted in accordance with South African laws, unless otherwise specified in the SCC.

31. Notices

31.1 Every written acceptance of a bid will be posted to the supplier concerned by registered or certified mail and any other notice to him will be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting will be deemed to be proper service of such notice.

31.2 The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, will be reckoned from the date of posting of such notice.

32. Taxes and duties

32.1 A foreign supplier will be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.

32.2 A local supplier will be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.

32.3 No contract will be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid the department must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Service.

Annexure C

Registration of contracts

Annexures A to C are typical annexures applicable to all municipal contracts. Information required may vary in detail depending on the nature of the project.

IN THE ANNEXURES

ANNEXURE	TITLE
D	Register of all municipal contracts
E	Register of all contracts above R500 000,00 for a period exceeding three months
F	Report to the Council on contract management

ANNEXURE D

REGISTER OF ALL MUNICIPAL CONTRACTS

DATE	CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES	REVIEW DATE	REMARKS/ COMMENTS

ANNEXURE E

REGISTER OF ALL CONTRACTS ABOVE R500 000,00 FOR A PERIOD EXCEEDING THREE MONTHS

DATE	CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES PAID	PAYMENT MADE TO DATE	AMENDMENTS TO CONTRACT

ANNEXURE F

REPORT TO THE COUNCIL ON CONTRACT MANAGEMENT

CONTRACT NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF SERVICE/GOODS	DURATION	PENALTIES	PAYMENT MADE TO DATE	PENALTIES PAID	AMENDMENTS TO CONTRACT

Approved/Not Approved

RECOMMENDED BY:

_____ _____
Chief Financial Officer Date

SUPPORTED BY:

_____ _____
Municipal Manager Date

APPROVED BY:

_____ _____
Council Date

Policy Review

Document Control

RUSTENBURG LOCAL MUNICIPALITY

Tariff Policy

TABLE OF CONTACTS

CHAPTER 1: PREAMBLE, PURPOSE, PROBLEM STATEMENT, DEFINITIONS AND POLICY RULES AND PROVISIONS 3

1. Preamble 3
2. Aim and Purpose 4
3. Problem Statement 5
4. Definitions 7
5. Policy Rules and Provisions 171716
6. Title and Application 191918
7. Commencement and Validity 191918

CHAPTER 2: CLASSIFICATION AND TARIFF STRATEGIES FOR SERVICE AND CROSS-SUBSIDISATION 19

8. Differentiation for Tariff Purposes 202019
9. Categories of Services 202019
10. Categories of Users 212120
11. Tariff Strategies for Services 222221
12. Review of Tariffs 262625
13. Cross-Subsidisation 262625
14. Promoting Local Economic Development 272726
15. Special Tariffs 272726

CHAPTER 3: PROCEDURE FOR THE INTRODUCTION OF NEW OR REVISED TARIFFS 282827

16. Procedures and Processes 282827
17. Tariff Reports 292928
18. Public Participation 313130
19. Enforcement and Oversight 323230

20. Policy Evaluation and Review 323230

21. Interpretation of this Policy 323230

22. Consultation ..... Error! Bookmark not defined.Error! Bookmark not defined.31

23. References ..... Error! Bookmark not defined.Error! Bookmark not defined.31

CHAPTER 1: PREAMBLE, PURPOSE, PROBLEM STATEMENT, DEFINITIONS AND POLICY RULES AND PROVISIONS

1. Preamble

1) One of the primary functions of a Municipality is to provide services to the local community within its jurisdiction. The funding of these services is made possible by the levying of property taxes and charging of fees for services, imposing surcharges on fees, and, to the extent authorised by national legislation, other taxes, levies and duties.

2) Section 4(2) (d) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000 as amended) (ACT) prescribes that a Municipality has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner. Accordingly, Tariffs may be set in a manner so as to recover the full cost of the service being provided or to recover part of the costs or bring about a surplus that can be utilized to subsidise non-economic services.

3) In terms of the provisions of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), and section 75A(1) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), the Rustenburg Local Municipality (hereinafter referred to as "the Municipality"), is entitled to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality;

4) In terms of the provisions of section 74(1) of the Systems Act, and the provisions of section 62(1)(f)(i) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA"), the Municipality must adopt and implement a Tariff Policy on the levying of fees, charges or tariffs on municipal services provided by the Municipality itself or by way of service delivery agreements;

5) This Tariff Policy of the Municipality reflects the principles referred to in terms of the provisions of section 74(2) of the Systems Act and addresses the matters referred to in terms of the provisions of section 74(3) of the same Act,

as well as a schedule containing the municipal tariffs of the Municipality pertaining to the municipal services as set out in the tariff policy;

6) **T**he municipal tariffs, as set out in the schedule of municipal tariffs annexed to this tariff policy, must undergo annual revision and must be tabled together with the Multi-Year Annual Tabled Budget to the Council of the Municipality for consideration and approval thereof, subject to public participation and comments obtained, annually before the 31st of March of each year in terms of the provisions of section 17(3)(a)(ii) read with the provisions of section 22 of the MFMA;

7) **The** comments received from members of the public in terms of the public participation process in respect of the contents of the municipal tariffs have to be considered by the Municipality in terms of the provisions of section 23(1) of the MFMA, for the possible amendment thereof, annually in dealing with the annual financial budget before the 31st of May each year;

8) **T**he adopted municipal tariffs apply to the Multi-Year Annual Budget in respect of a specific year during which the income is based on such adopted municipal tariffs, read with the general tariff principles contained in the tariff policy;

9) Should any of the municipal tariffs or general principles contained in the schedule setting out the municipal tariffs or tariff policy be changed by a resolution of the Council of the Municipality, an Adjustment Budget must be prepared to reflect the consequent effect of such resolution;

2. Aim and Purpose

The aim and purpose of this tariff Policy is to ensure that:

2.1 All Tariffs of the Municipality comply with legislation prevailing at the time of implementation.

2.2 All Tariffs approved by the Municipal Council, to fund Municipal services, are consistent with this Policy.

2.3 Municipal services are financially sustainable, affordable and equitable.

2.4 The needs of the indigent are taken into account in line with national government policy, taking into consideration, the affordability constraints of the Municipality.

2.5 There is consistency in how the Tariffs are determined and applied throughout the Municipality.

2.6 All Tariffs of the Municipality are determined in line with the principles as outlined in section 74(2) of the ACT. (See 5.10 below).

2.7 Surcharges on fees payable for municipal services are levied in terms of section 75A of the ACT and in accordance with Chapter 3 of the Municipal Fiscal Powers and Functions Act, Act 12 of 2007.

2.8 Where municipal services are provided through a service delivery agreement in terms of section 81(3) of the ACT, the Municipality remains responsible for controlling the setting and adjustment of Tariffs by the service provider for the municipal service in question.

3. Problem Statement

3.1 Harmonization and Standardization of setting and determination of Municipality Tariff Policy.

During the annual Budget process the Rustenburg Municipal Council approves Tariffs for services to be rendered or provided to the local community by each relevant Municipal Department or Unit, so that the cost of such services can be recovered from the customers to whom the services are rendered or provided. Currently, no adopted framework or policy exists which guides the basis upon which all fees, charges and tariffs are set.

This policy is therefore required to provide greater harmonization and effective control and accountability for the setting of tariffs within the Municipality in line with National Treasury's Methodology Costing for Local Government*1

3.2 Ensuring Financial Sustainability of Service Delivery

The Constitution and the ACT require that the Municipality must ensure that the services that it provides, are sustainable.

In terms of section 73(1) of the ACT, the Municipality must give effect to the provisions of the Constitution and give priority to the basic needs of the local community, promote the development of the local community and ensure that all members of the local community, have access to at least minimum level of basic municipal services.

Section 73 (2) of the ACT, further provides that the municipal services must be equitable and accessible, and be provided in a manner that is conducive to the prudent, economical, efficient and effective use of available resources and improvement of standards of quality over time, be financially and environmentally sustainable and be regularly reviewed with a view to upgrading, extension and improvement.

The Tariffs 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 maintenance, repairing and replacing the physical assets used in its provision. However, sustainability does not only mean that the price of the service must include and cover all the

relevant cost elements, it also means that charges to be levied must be affordable, collected and recovered.

3.3 Redistribution / Cross Subsidisation

RLM has a wide range of customers, thus finding a proper funding model to arrive at appropriate Tariffs and cross-subsidisation mechanisms to meet the needs of the various customer groupings, is paramount.

The budget of the Municipality is important in ensuring the distribution of services in all communities. Monies collected from property rates are used to subsidise those services where the cost of the Tariff levied, is insufficient to cover the cost of the service. The Municipality may take into account trading surpluses realised to facilitate the cross subsidisation of services.

The Municipality faces a challenge in maintaining a balance between investments made in a productive capacity versus investment made in social services.

In order to effectively implement redistribution and cross subsidisation, the Municipality should endeavour to be transparent.

There is also an inherent cross subsidy between residential users of services and non-residential users of services. This subsidy is derived by applying certain ratios between residential users and non-residential users.

3.4 Imposition of Tariffs

Section 160(2)(c) of the Constitution states that the Municipal Council may not delegate the imposition of rates and other taxes, levies and duties.

Section 59 of the **ACT** further prohibits the Municipal Council from delegating its power to set Tariffs.

A challenge for the Municipality is to control the imposition of Tariffs by external service providers, where the entity provides services (through a service delivery agreement with a Municipality) which fall within the constitutional competence of the Municipality e.g. waste disposal, cemeteries, electricity or water. Tariffs as charged, may not have been approved by the Municipality and may be prejudicial to the local communities or customers.

The municipality will impose tariffs per stand, however, where there are multiple units within a stand, tariffs will be charged according to the number of units in that stand.

For residential purpose, where a meter serves more than one unit, the tariff will be applied as follows:

Applicable tariff charged per block times the number of units served by the bulk meter from 01 July 2018. The municipality will divide the actual consumption with the number of units that are served by the meter.

3.5 The "Consumer must pay principle" and Provision for the Indigent

The Municipality is responsible for ensuring access to the minimum level of basic services to the local communities within its municipal area. This is in line with Section 5(2) of the **ACT** which imposes a duty on members of the local community, 'where applicable, and subject to section 97(1)(c) of the ACT, to pay promptly service fees, surcharges on fees, rates on property and other taxes, levies and duties imposed by the municipality.' Having regard to this, it is critical for the Municipality to then set up Tariff structures which are realistic, cost reflective and also accommodate the Indigent as defined in this Policy.

4. Definitions

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the Systems Act, the MFMA, the Credit Control & Debt Collection Policy and By-law, as well as the Indigent Policy of the Municipality, will have a corresponding meaning assigned thereto in terms of such policies or by-laws. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
"A"		
1.1	**"ACT"**	means the Local Government Municipal Systems Act, Act 32 of 2000 as amended;
1.2	**"Accounting Officer"**	Means the Municipal Manager appointed in terms of the provisions of section 60 of the MFMA.
1.3	**"annual budget"**	Means the budget approved by the Council of the Municipality for any particular financial year, and shall include any adjustments to such a budget.
1.4	**"annually"**	Means once every financial year.
"B"		
1.5	**"basic municipal service"**	Means a municipal service necessary to ensure an acceptable and reasonable quality of life, which service, if not provided, would endanger public health or safety or the environment.
1.6	**"bulk electricity customer"**	**Means a bulk customer whose electricity demand exceeds or has previously exceeded ~~is likely to previously exceed~~ 100kVA**

		or 150A three phase LV, or any MV or HV connections. ~~100 kVA per month for an uninterrupted period of twelve months.~~Means a bulk customer whose electricity demand exceeds or is likely to exceed 55 kVA per month for an uninterrupted period of twelve months.
1.6 A	Bulk connection – (Sometimes also referred to as Industrial Tariffs on Nersa approval Letters)	• A Bulk connection larger than 150A three phase LV, or any MV or HV connections • Generally, a three-phase supply, where current transformers are required to reduce the measured current to a level that the meter can accept. Connections smaller than 150A three phase with current transformers should be converted to a normal business tariff type connection and the meter replaced with a 150 A direct driven meter.
1.7	"bulk consumer"	Means a customer of electricity, water, sewerage or refuse removal services for commercial or industrial purposes.~~Means a customer of electricity, water, sewerage or refuse removal services for commercial or industrial purposes.~~
1.7 A	Business / Non-domestic electricity connection. (Sometimes also referred to as Commercial Tariffs on Nersa approval Letters)	Non-domestic consumers with three-phase supplies and connection sizes up to 150A or 100kVA. A client can switch from Bulk to Business /Non-domestic once in 12 months that the connection be limited to 150A or 100kVA
	Business rate - electricity	Means tariff for businesses, governmental institutions or similar supplies in urban or rural areas with a three phase electrical supply. The different rates will be implemented as determined and approved by Nersa on a yearly basis based on an NMD as determined by the Municipality from time to time. Non-domestic / Business connection. (Sometimes also referred to as Commercial Tariffs on Nersa approval Letters) Non-domestic consumers with three-phase supplies and connection sizes up to 150A or

		100kVA.
"C"		
1.8	**"Chief Financial Officer"**	Means a person designated in terms of the provisions of section 80(2)(a) of the MFMA.
1.9	**"Constitution"**	Means the Constitution of the Republic of South Africa, Act 108 of 1996.
1.10	**"Consumer"**	Means a person or entity consuming or receiving municipal services, and may include a customer or a tenant of a customer irrespective of whether such a person has concluded a service agreement with the Municipality, and may also include a person who illegally and unlawfully connected to the municipal services infrastructure or who illegally and unlawfully gained access to or usage of the municipal services.
1.11	**"Consumer Price Index excluding mortgage bonds" or**	Means the CPIX as determined and gazetted from time to time by the South African Bureau of Statistics.

	"CPIX"	
1.12	**"cost to be recovered"**	Means the cost reasonably associated with the rendering of a municipal service, including that the cost of purchasing or acquisition, the cost of processing, treatment or adoption of the product or service to be delivered or supplied, capital cost, operating cost, maintenance cost, replacement cost, administrative cost and support systems costs and interest and may include a determined over-recovery per unit consumed.
1.13	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.14	**"Credit Control & Debt Collection Policy and By-laws"**	Means the Credit Control and Debt Collection Policy and By-laws as adopted by the Council of the Municipality.
1.15	**"customer"**	Means the owner of the premises or in exceptional circumstances a tenant, and includes a person or entity liable to the Municipality for the payment of tariffs, levies, fees and municipal consumption charges in terms of a service agreement concluded with the Municipality, and may include a person who applied to the Municipality for indigent support in terms of the Indigent Policy, and who is not the owner of the premises, but who is: (a) the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or (b) the party to whom the residential property is awarded in the event of a divorce; or (c) where a deceased estate has not been wound up: (i) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or

		(ii) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or (iii) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or (iv) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate; and who simultaneously with the application for indigent support in terms of the Indigent Policy, applied for the provision of municipal services in terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality to be granted an account and to conclude a service agreement with the Municipality, and whose application has been approved by the Municipality, and as such has concluded a service agreement with the Municipality.
"D"		
1.16	**Disconnection Fee**	means a fee charged to a Customer upon termination or restriction of a municipal service supplied to a meter;
"E"		
1.1.7	**External Service Provider**	means an external mechanism referred to in section 76(b) of the ACT which provides a municipal service for a municipality;
"F"		
1.18	**"flat rates"**	Means the unit tariffs that are calculated by dividing the total cost by volume needed.
1.19	**"fixed costs"**	Means costs that do not vary with consumption or volume

		produced.
1.20	**'financial sustainability"**	in relation to the provision of a Municipal service, means the provision of the Municipal service in a manner aimed at ensuring that the financing of that service from internal and external services, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of – (i) The initial capital expenditure required for the service; (ii) Operating the service; and (iii) c) Maintaining, repairing and replacing the physical asset used in the provision of the service.
1.21	**"financial year"**	Means the period starting from 1 July in any year and ending on 30 June of the following year.
"I"		
1.22	**"IDP"**	Integrated Development Plan envisaged in section 25 of the ACT
1.23	**"Indigent"**	a Customer or any household or category of households, including a child headed household, who or which qualifies for Tariff assistance as laid down in Annexure A to the Municipality's Credit Control and Debt Collection Policy and the Indigent Policy of the Municipality as determined by the Municipal Council annually, during the budget process,
1.24	**"Indigent Policy"**	Means the Indigent Policy, adopted by the Council of the Municipality.
1.25	**"indigent support"**	Means the financial and other support, discounts, subsidies and assistance which the Municipality renders to Registered Indigents and households headed by Registered Indigents.
1.26	**"Interest rate"**	Means interest charged by the municipality on all outstanding debtors.
"M"		
1.26	**"Mayor"**	Means, in terms of the provisions of section 1 of the MFMA,

		in relation to a municipality with an executive mayor, the councillor elected as the executive mayor of the municipality in terms of section 55 of the Structures Act.
1.27	**"major services"**	Represent the four municipal services (water, electricity, refuse removal and sewerage), instituted by the Municipality to fulfil the basic municipal services allocated to the Municipality in terms of the provisions of Section 84 of the Structures Act, and are those services on which monthly service charges are levied per consumer's account.
1.28	**"minor services"**	Means those municipal services for which the Municipality annually approve tariffs and shall, when deemed appropriate by the Municipality, be subsidised by property rates and general revenues, particularly when tariffs will prove uneconomical when charged to cover the cost of the municipal service concerned, or when the tariff is designed purely to regulate rather than finance the use of the particular municipal service or amenity.
1.29	**"Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003 and the regulations promulgated in terms of this act.
	"MEC for local government"	means the member of the Executive Council of the province of the North West province who is responsible for local government in such province;
1.30	**"Municipality"**	Means the RUSTENBURG LOCAL MUNICIPALITY (also referred to as "RLM") a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: Missionary Mpheni House, CNR NELSON MANDELA & BEYERS NAUDE STREET, RUSTENBURG, NORTH WEST PROVINCE, and

		may, depending on the context, include: (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.31	**"Municipal Council"**	means the RLM Municipal Council; a council composed and elected in terms of section 157 of the Constitution;
1.32	**"Municipal Manager"**	A person appointed in terms of section 54A of the ACT as the head of administration of the Municipal Council;
1.33	**"Municipal Property Rates Act" or "MPRA"**	Means the Local Government: Property Rates Act, Act 6 of 2006 and promulgated Regulations in line with the Act.
1.34	**"municipal service" or "services"**	Means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether – (a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76 of the Systems Act or by engaging an external mechanism contemplated in section 76 of the Systems Act; and (b) fees, charges or tariffs are levied in respect of such service or not.
"N"		
1.35	**"non-trading services"**	Services for which tariffs are not necessarily expected to cover the full cost of service provision. Any losses on the provision of these services are financed out of the income generated from trading services and assessment rates.

"P"		
1.36	**"prepayment meter"**	Means a meter whereby payment for municipal services is first made elsewhere and credit is transferred to such meters by means of a token or coded number or credit card and such meter is programmed and dispenses municipal services as it is consumed by the consumer at a predetermined rate and/or charge.
"R"		
1.37	**"rates"**	Means a municipal rate on property levied in terms of the provisions of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.38	**"Registered Indigent"**	Means a person, qualifying to be registered as an indigent in terms of the Indigent Policy of the Municipality, who has applied to the Municipality in terms of the Indigent Policy to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent in the Indigent Register.
1.39	**"Re-connection fee"**	means fee charge to a Customer upon reconnection of Municipal services;
"S"		
1.40	**"Service delivery agreement"**	means an agreement as envisaged in section 81 of the ACT;
1.41	**"Special Tariff"**	means a charge as more fully referred to in 9.3.9, read together with 13 of this Policy;
1.42	**"Sundry Tariff"**	means a charge as more fully referred to in paragraph 9.3.8 of this Policy;
1.43	**"Surcharge"**	means a charge raised on and above a normal Tariff based either on a percentage and or a fixed amount;
1.44	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998 and promulgated regulations in line with the Act.

1.45	**"subsidised services"**	Means municipal services in respect of which the tariffs do not cover the costs of provision and in respect of which such costs are subsidised by property rates and the general revenue of the Municipality.
1.46	**"Systems Act"**	Means the Local Government Municipal Systems Act, Act 32 of 2000, as amended, by Act 44 of 2003 and any promulgated Regulations in line with the Act.
"O"		
1.47	**"off-peak supply"**	Means an electricity supply on written request to a bulk customer which is supplied at times other than those of peak demand.
"T"		
1.48	**"Tariff/ (municipal tariff)"**	means fees, levy , charges or a surcharge levied by the Municipality in respect of any function or service provided by the Municipality to the local community, and includes a surcharge on such Tariff but excludes the levying of rates by the Municipality in terms of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
1.49	**"Tariff book"**	Refers to the Tariff Tables that accompany the annual budget which is tabled before the Municipal Council in terms of section 17(3) of the MFMA.
1.50	**"tariff policy" or "this policy"**	Means this Tariff Policy of the Municipality adopted in terms of the provisions of section 74(1) of the Systems Act.
1.51	**"temporary customer"**	Means a customer of electricity, water, sewerage or refuse removal services for a temporary period for specific project or occasion.
1.52	**"total cost"**	Means he sum of all fixed and variable costs.
1.53	**"trading services"**	Services which can, in principle, run as separate businesses, because tariffs can in theory be set in such a way as to yield a trading surplus. A key feature of trading services is that they can be provided by private enterprises. Consumers receive a direct *quid pro quo* for tariffs paid.

		Water, sanitation, electricity and refuse removal form part of trading services.
1.54	**"two-part tariffs"**	Are tariffs that are raised to cover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of consumers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed.
"U"		
1.55	**"units consumed"**	Means the number of units consumed of a particular service and is measured in terms of the units of measurement reflected in this policy.
"V"		
1.56	**"variable costs"**	Costs that vary with consumption at volume produced.

5. Policy Rules and Provisions

5.1 This Policy applies to all tariffs levied by the Municipality. Such Tariffs must be consistent with the principles contained in this Policy and the National Treasury's Costing Methodology for Local Government Guideline[*1].

5.2 All Tariffs must be approved by resolution of the Municipal Council.

5.3 Details pertaining to specific levels and applications of the various Tariffs must be published in the Tariff Book tabled on an annual basis together with the Municipal Budget.

5.4 While full cost recovery is the optimum pricing outcome, the Municipality may adjust pricing to take into consideration socio- economic issues such as the Indigent by using a redistribution mechanism (cross subsidisation) as envisaged in this Policy.

5.5 Subject to 5.4 above, where a service is provided primarily for an individual user and actual service or consumption can be accurately measured, the cost of providing the service should be covered from the individual through the levying of a tariffs.

5.6 If a Municipal service is provided through a Service delivery agreement in terms of section 76(b)) of the **ACT**, the Municipality remains responsible for ensuring that the service is provided to the local community in terms of the provisions of the **ACT** and accordingly, must :

5.6.1 Control the setting, review and adjustment of the tariffs by the service provider for the Municipal Service in question.

5.6.2 Ensure that the Service delivery agreement contains a provision for tariffs to be adjusted by the service provider within the threshold determined by the Municipality.

5.7 Some services, although provided primarily for the benefit of individual users have important community benefits and, particularly where these services cannot be accurately measured, the cost of the service should be recovered by a combination of tariffs and rates. The provision of solid waste collection is such a service.

5.8 The Indigent should have access to basic services in line with the **ACT** and national government policy, taking into consideration the affordability constraints for the Municipality.

5.9 The Municipal Council may determine rebates applicable to different categories of users or the circumstances in which a Tariff may be waived at the time of adopting Tariffs.

5.10 All Tariffs imposed by the Municipality must comply with the following principles as set out in section 74(2) of the ACT and these principles must be applied when Tariffs are determined for approval by the Municipal Council:

5.10.1 All users of a municipal service should be treated equitably in the application of the Tariff; and shall be categorised as per the Municipality's Rates Policy;

5.10.2 The amount charged on individual users for services should be in proportion to their use of that service;

5.10.3 Provision may be made for the promotion of local economic development through special Tariffs for categories of commercial and industrial users;

5.10.4 The Tariff item must be supplied in a sustainable manner and the costs reasonably associated with the provision of such Tariff item, including capital, operating, maintenance, administration, replacement costs and interest charges must be reflected in the Tariff;

5.10.5 The Tariff must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;

5.10.6 The economical, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives must be encouraged;

5.10.7 The Indigent– must have access to at least basic services through:

5.10.7.1 Tariffs that cover only operating and maintenance costs;

5.10.7.2 Special Tariffs for low levels of use or consumption of service or for basic levels of service; or

5.10.7.3 any other direct or indirect method of subsidisation of Tariffs ~~for the~~for the Indigent ;

5.10.8 The extent of subsidisation of Tariffs for the Indigent and other categories of users must be fully disclosed.

5.10.9 Correct cost allocations and measurement of historical costs should take place to ensure that no inappropriate subsidisation occurs.

5.11 The Municipal Council may, in appropriate circumstances, impose a surcharge on a Tariff for a service in accordance Municipal Fiscal powers and Functions Act, 2007 (Act 12 of 2007). A Tariff may not be increased during a financial year as stipulated in section 28(6) of the MFMA;

5.12 A Tariff may differentiate between different categories of users as contained in the Tariff Book, and other matters as long as the differentiation does not amount to unfair discrimination.

5.13 Where the Municipality provides a Municipal service (e.g. water or electricity) up to the cadastral boundary of a property, the Municipality has the right to control the setting, review and adjustment of Tariffs by the relevant authority supplying the service to the end user, within the boundaries of such property.

5.14 In addition to the provisions of the ACT, Tariffs for water services must comply with the Regulations under the Water Services Act, 1997(Act 108 of 1997), and Tariffs for Electricity must comply with the provisions of the Electricity Regulation Act, 2006 (4 of 2006)

6. Title and Application

a) This policy is known as the Tariff Policy of the Municipality, and is applicable to the municipal area of the Municipality.

b) This policy revokes all previous policies, decisions and/or ad hoc clauses within any other policy, regarding the subject matter of this policy.

c) This policy further applies to all fees, charges or tariffs in respect of any municipal services provided by the Municipality.

7. Commencement and Validity

This policy shall come into force and effect upon the acceptance hereof by the Council of the Municipality by resolution, as contemplated in terms of the provisions of section 24(2)(c)(v) of the MFMA.

CHAPTER 2: CLASSIFICATION AND TARIFF STRATEGIES FOR SERVICE AND CROSS-SUBSIDISATION

8. Differentiation for Tariff Purposes

Section 74(3) of the ACT permits the Municipality to differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination.

Each Municipal Service is not compelled to differentiate for tariff purposes, but where it does, the differentiation must be consistent with this Policy and provision must be made in the Tariff Book for a separate Tariff for each category.

9. Categories of Services

Separate tariff structures may be imposed for the following categories of services (which the Municipal Council may change):

9.1 Trading services

(i) Water and Sanitation;

(ii) Electricity; and

(iii) Fresh Produce Markets.

(iv) Cleansing and Solid Waste

(v) Rates and General Services

(vi) All other services not listed in 9.1 above and as follows:

(vii) cemetery fees;

(viii) housing rental;

(ix) library fees, being:

(x) membership fees;

- fines;
- lost books;
- lost membership cards;

(xi) rental for utilising municipal property and municipal sports grounds;

(xii) lease of municipal property;

(xiii) building plan fees;

~~(xiv)~~ advertisement sign fees~~;~~

~~(xv)~~(xiv) ~~plastic bag sales;~~

~~(xvi)~~(xv) refuse bin sale;

~~(xvii)~~(xvi) cleaning of overgrown stands;

~~(xviii)~~(xvii) connection fees for major municipal services;

~~(xix)~~(xviii) photocopies and faxes;

~~(xx)~~(xix) clearance certificate fees~~memoranda;~~

~~(xxi)~~(xx) pound fees;

~~(xxii)~~(xxi) cleansing of sewerage blockages;

~~(xxiii)~~(xxii) electricity or water disconnection and reconnection fees;

~~(xxiv)~~(xxiii) the provision of information or copies of records from the Municipality ' records

~~(xxv)~~(xxiv) Towing Services by Public Safety

10. Categories of Users

1) The Municipality shall differentiate between different categories of consumers, as provided in section 74(3) of the Systems Act, as long as the differentiation does not amount to unfair discrimination. Such differentiation shall at all times be reasonable and is as follows:

a) Residential/Domestic;

b) Business/Commercial;

c) Vacant Land

d) Industrial

e) Agricultural

f) Mining

g) Institutional;

h) Rural;

i) Municipal;

j) State owned or organ of state owned properties;

k) Education;

l) Exclusive Use Areas

m) Garages

n) Commercial Parking

o) Multipurpose Property

p) Public Service Infrastructure ~~and applicable tariff~~

q) Public Benefit Organisation ~~and applicable tariff~~, and

r) Special Category for specific consumers as may be determined by the Municipality from time to time.

2) A continuous effort should be made to group together those consumers who have more or less the same access to a specific municipal service.

11. Tariff Strategies for Services

11.1 Cost Elements

The following cost elements will be used as a basis of Calculation for the different categories of tariffs pertaining to different services:

- **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 Municipal Council /National Treasury from time to time.
- **Variable cost**: This includes all other variable costs that have reference to the service.
- **Overheads**: Consist of interdepartmental charges charged out to a service, based on an agreed methodology.
- **Total cost:** consist of the fixed cost, variable cost and overhead cost.

11.2 NATIONAL ELECTRICITY REGULATOR (NERSA) GUIDELINES

Guidelines issued from time to time by the National Electricity Regulator will be taken into account in calculating tariffs for electricity.

11.3 TARIFF TYPES

11.3.1 In setting the fees, charges or tariffs for municipal services, the Municipal Council must:

a) accurately reflect costs to achieve economic efficiency;

b) ensure equity and fairness between different types and categories of consumers;

c) utilise appropriate metering and supporting technology; and

d) be transparent.

11.3.2 In determining the type of fee, charge or tariff applicable to the municipal service, the Council may make use of the following options, or a combination thereof:

(a) **Single tariff**: this Tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer, the Municipal Council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the Tariffs;

(b) **Cost related**: *two, three or four part Tariff*: this Tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part Tariffs will be used to calculate the Tariff for electricity and to provide for maximum demand and usage during limited demand. Four part tariff shall consist of four parts being the fixed cost per unit consumed, a monthly availability charge, an access charge which relates to a fixed tariff levied for the capacity utilised or reserved and a demand charge which relates to the time when, and the extent of the demand for the municipal service is made.

(c) **Inclining block tariff**: this Tariff is based on consumption levels being categorised into blocks, the Tariff being determined and increased as consumption levels increase. The first step in the Tariffs will be calculated at operating and maintenance costs, the second at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

(d) **Declining block tariff**: this Tariff is the opposite of the inclining block Tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit determined by the Municipal Council from time to time by the volume consumed. This Tariff will only be used for special agreements as contemplated in the applicable Bylaws/legislation.

(e) **Regulating Tariff**: this Tariff is only of a regulatory nature and the Municipality may recover the full or a portion of the cost associated with rendering the service.

(f) **Time-of-use tariff**: this Tariff is based on fixed charges, seasonal usage and time differentiated energy and demand charges.

(g) Basic, Availability or Fixed Tariff: this Tariff is a fixed charge, the calculation of which is based on the fixed cost of a service by dividing the cost into the Unit of Measure plus the application of any cross subsidy. Thise is payable based on the availability of the municipal services and irrespective of whether the municipal services are connected to a property, consumed or used. Once the Municipality provides a connection or the municipal services are consumed or used, the normal tariffs for the consumption will apply with the availability charge.

(h) **Sundry Tariff**: this Tariff is in respect of services and facilities other than the Tariffs referred to in above, and shall, when deemed appropriate by the Municipal Council in each annual budget, be subsidised by property rates and general revenues, particularly when the Tariffs will prove uneconomical when charged, to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the Tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

(i) **Outside Municipal Area**: This tariff shall apply to consumers who do not reside within the municipal area of jurisdiction of the Municipality but are making use, on application to the Municipality, of certain municipal services.

(j) **Special Tariffs**: is a Tariff approved by the Municipal Council and imposed by way of an Agreement as contemplated **in 13.1.1 and 13.1.2 of this Policy**; This tariff shall be determined and approved by Council on application for specific developments and/or informal settlements which may motivate or necessitate a special tariff, not provided for in the tariffs referred to above.

11.4 Units of Measures

11.4.1 **Property Value**: this measurement is used to determine the property rates as envisage on the Property Rates Act;

11.4.2 **Kilolitre**: this measurement is used to determine the consumption charge for water;

11.4.3 **Kilowatt hour**: this measurement is used to determine the consumption charge for electricity;

11.4.4 **Kilovolt Ampere**: this measurement is used to determine the demand charge for electricity;

11.4.5 **Kilolitre~~Cubic metre~~**: this measurement is used to calculate the tariff for refuse charges;

11.4.6 **Kilometre**: this measurement is used to calculate all vehicles that measure distance in kilometers;

11.4.7 **Hour**: this measurement is used for the calculation of tariffs for plant and machinery and to charge tariffs for man hours performing certain functions;

11.4.8 **Number off (Stands, Consumers, etc**): this measurement is used to calculate fixed, basic and availability Tariffs, see 9.3.7 above.

11.4.9 **Percentage:** this measurement is used to calculate a rate, number, ratio expressed as a fraction of 100 or amount in each hundred.

11.4.10 **Size of the stand, ~~and~~ sewer points/ number of toilets (whichever is higher):** this measurement is used to calculate the tariff for sanitation charges.

11.5 Calculation of Tariffs for Major Services

The primary purpose of a tariff is to recover the costs to be recovered of a particular municipal service and to endeavour to avoid in as far as possible the cross subsidising of the municipal service.

In order to determine the Tariff which must be charged for the supply of the four major Municipal services (water, electricity, refuse removal and sewerage) the municipality shall identify all the operational costs of the undertakings concerned, including specifically the following:

11.5.1 Cost of bulk purchases in the case of water and electricity;

11.5.2 Purification costs (water and sewer);

11.5.3 Distribution costs;

11.5.4 Distribution losses in the case of electricity and water;

11.5.5 depreciation and finance charges;

11.5.6 Maintenance of infrastructure and other fixed assets;

11.5.7 cost of approved indigent support measures and cross subsidising of low consumption;

11.5.8 Administration and service costs, including:

a. service charges levied by other departments such as finance, human resources and legal services;

b. reasonable general overheads, such as the costs associated with the office of the Municipal Manager;

c. adequate contributions to the provisions for bad debts and obsolescence of stock;

d. all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from the costing of the major services of the municipality).

11.5.9 The intended surplus to be generated for the financial year, such surplus to be applied:

a. as an appropriation to capital reserves; and/or

b. generally in relief of rates and general services.

11.6 **ACCESS TO BASIC SERVICES - INDIGENT**

11.6.1 Tariffs should seek to ensure that a minimum basic level of service is affordable for all households, ensuring all households (formal and informal) have access to basic services.

11.6.2 Free basic municipal services refer to those municipal services necessary to ensure an acceptable and reasonable quality of life and which municipal service, if not provided, could endanger public health or safety to the environment. It is one of the objects of the Municipality in terms of the provisions of the Constitution to provide same.

11.6.3 The Assistance to the Indigent Scheme as contained in the Municipality's Credit Control and Debt Collection Policy, should be taken into consideration when determining a Tariff in relation to basic services.

11.6.4 The Municipality shall consider relief in respect of a Tariff, for the Indigent to the extent that the Municipal Council deems such relief affordable in terms of each annual budget.

11.6.5 The indigent support granted to Registered Indigents by the Municipality in terms of the Indigent Policy of the Municipality, must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

11.6.6 Indigent support by the Municipality is restricted to qualifying indigent households with a combined income amount determined by the Municipality at the beginning of every financial year, available on application to Registered Indigents, and to be applicable for the duration of that particular financial year.

11.6.7 The Municipality recognises the following categories of service charges to which indigent support may be applied:

(a) Electricity;

(b) Water;

(c) Refuse removal;

(d) Sewerage;

(e) Property rates; and

(f) ~~Pauper burials.~~

12. Review of Tariffs

12.1 All Tariffs shall be reviewed annually.

13. Cross-Subsidisation

The Municipality realizes that in order to achieve its goal of the provision of access to basic services, cross subsidization must occur. This will result in increases in certain Tariffs, which are necessary to make good any shortfall resulting from the provision of subsidized basic services and to ensure a balanced budget on the trading account.

The Municipality subscribes to the policy that indigent households are entitled to access to at least basic services. A basic service is a service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety of the environment. These basic services include:

11.2.1. Domestic refuse removal;

11.2.2. Electricity;

11.2.3. Water;

11.2.4. Domestic Sewage disposal, as contemplated in the Municipality's Credit Control and Debt Collection Policy.

Unless otherwise determined by National or Provincial legislation, the following ratios are applicable to cross subsidise between categories of users.

Category of User	Ratio
Residential	1:1
Business & Commercial	1:2.5
Industrial	1:3
Agricultural	1:1
Public Service Infrastructure	1:2.5
Mining	1:3
Public Benefit Organisations	1:1

14. Promoting Local Economic Development

The Municipal Council may, when it determines Tariffs, have regard to the following:

(a) The promotion of local economic competitiveness; and

(b) The promotion of local economic development and growth.

15. Special Tariffs

15.1 Special Tariffs may be imposed, subject to approval by Municipal Council:-

15.1.1 In terms of an agreement entered into between the Municipality and any person or service provider, in line with applicable legislation. Such agreement must be approved by the Municipal Council; or

15.1.2 In terms of a service level agreement entered into between the Municipality and an external service provider as contemplated in section 76(b) of the ACT.

15.2 Special Tariffs are generally competitive, determined by the volumes and income generated.

CHAPTER 3: PROCEDURE FOR THE INTRODUCTION OF NEW OR REVISED TARIFFS

16. Procedures and Processes

16.1 Any introduction of new and or proposed changes to an existing Tariff must be submitted to the Municipal Council for approval prior to the tabling of the annual Budget in March and May of each year. The Tariff report must be authorised and signed by the Relevant Director of the municipal Unit which compiled the Tariff report, the CFO, Head/Senior Manager Revenue, Head Legal Services and thereafter the Municipal Manager;

16.2 Once all the signatures of the above officials have been obtained, the Tariff report must be submitted to the relevant Standing Committee which has oversight over such Tariff, for approval in principle. A copy of the proposed Tariff report should be submitted to the Budget and Treasury Office;

16.3 If the Tariff is recommended for approval by the relevant committee or committees contemplated in 14.2 above, it must be forwarded to the Mayoral Committee for consideration and approval in principle, and thereafter to the Municipal Council for final adoption;

16.4 All Tariffs are levied by a resolution passed by the Municipal Council with a supporting vote of a majority of its members;

16.5 Once the Tariffs contained in the Tariff report have been adopted by the Municipal Council, the respective line department which introduced the Tariffs must, upon becoming aware that the Tariffs have been approved—

16.5.1 immediately forward a copy of the approved Tariffs to the Budget and Treasury Office together with a copy of the resolution of the Municipal Council; and

16.5.2 advise the Budget and Treasury Office that the Tariffs, as approved, by the Municipal Council are the new set of Tariffs for the relevant financial year, in question.

16.6 The Budget Office must collate all the Tariffs, as approved, and consolidate them into the Tariff book of the Municipality;

16.7 After a resolution contemplated in 16.5 above, has been passed, the Municipal Manager must, without delay-

16.7.1 conspicuously display a copy of the resolution for a period of at least 30 days at Mpheni House, Municipal libraries, RCC's, municipal website and at such other places within the Municipality to which the public has access as the Municipal Manager may determine;

16.7.2 publish in a newspaper of general circulation in the municipality a notice stating-

16.7.2.1 that a resolution as contemplated in 14.5 above, has been passed by the Municipal Council;

16.7.2.2 that a copy of the resolution is available for public inspection during office hours at Mpheni House, Municipal libraries, RCC's, municipal website and at the other places specified in the notice; and

16.7.2.3 the date on which the determination will come into operation; and

16.5.4.3 seek to convey the information referred to in paragraph 16.8.2 to the local community by means of radio broadcasts covering the area of the Municipality.

16.8 The Budget and Treasury Office must forthwith—

16.8.1 forward a copy of the notice referred to in paragraph 14.8.2 to the MEC for local government concerned; and

16.8.2 forward a copy of the resolution and accompanying Tariffs to the Legal Services Unit and to the Billing unit.

16.9 The Budget and Treasury Office must—

16.9.1 compile a collection of all approved Tariffs for the respective financial year; and

16.9.2 forward the approved Tariffs for the respective financial year to the Municipality's Communications Department.

16.10 Upon receipt of Tariffs from the Legal Services Unit, the Communications Department must immediately post such Tariffs under an identifiable tab in the Municipality's intranet and internet. It is the responsibility of the Accounting Officer:-

16.10.1 To provide the Council with a consolidated Tariff Table/Book in March and May each year when the Budget is tabled ,and

16.10.2 To issue such administrative directives to staff as may be necessary to ensure compliance.

17. Tariff Reports

17.1 Any municipal department wishing to introduce a new Tariff or propose a change to an existing Tariff must compile a Tariff report for consideration by the Municipal Council;

17.2 The Tariff report must, where applicable, provide details of the following:

17.2.1 a statement of the current income from the Tariff concerned and, if a surcharge is imposed, a statement of the Tariff income from such surcharge;

17.2.2 a statement of any income from subsidies from the tax revenue of the municipality;

17.2.3 a statement of any current subsidies from any provincial or national government source;

17.2.4 a statement of the current costs reasonably associated with the provision of the Tariff item concerned which shall be broken down into the following sub-items—

17.2.4.1 capital costs;

17.2.4.2 operating costs;

17.2.4.3 overhead costs;

17.2.4.4 bulk purchasing costs in respect of water and electricity reticulation services and other municipal services;

17.2.4.5 maintenance costs;

17.2.4.6 administration and regulatory costs;

17.2.4.7 replacement costs;

17.2.4.8 provision for bad debts;

17.2.4.9 interest charges;

17.2.4.10 cash requirement for the repayment of any borrowing; and

17.2.4.11 surplus (if any).

17.2.5 a statement of the anticipated costs for the next three financial years divided into the same sub-items mentioned above and, if those costs have changed or should change during the next three year period, a brief summary of the reasons for the change;

17.2.6 a statement of the proposed increase or decrease in the Tariff and the anticipated revenue from such increased or decreased Tariff fee for the next financial year;

17.2.7 a statement of whether a subsidy is needed for the sustainability of the Tariff item concerned and, if so, whether funding is expected from the provincial or nation government or whether it is proposed that the subsidy be provided from the municipality's own sources;

17.2.8 a statement of the justification for any differentiation proposed in the fee for the same Tariff items; and

17.2.9 a statement of any justification for a lifeline Tariff, a special Tariff, a fixed Tariff or a minimum charge.

17.2.10 a statement indicating the cross subsidy in the Tariff; and

17.2.11 in the case of Tariffs for Water, Electricity, Sewer and Refuse a statement of the anticipated usage of the services per different category expressed in kl, kWh, kVa, and m³, whichever is applicable. The statement should also contain the number of users per category.

18. Accounts incorrectly billed

18.1 Any account that has been incorrectly billed will be corrected to a maximum of three years from the date the incorrect amount~~orrection~~ is identified, except in exceptional cases which can be approved by the CFO/ Unit Manager – billing, this will be applied in conjunction with the current by laws and in case where there is inconsistency, the by law will take precedence.

19. Interest charged on arrears

19.1 Interest shall be charged at prime rate plus one per month for property rates and prime rate plus two for other services. Interest must be paid to the Municipality on accounts that have not been paid within thirty days from the date on which such accounts became due.

20 Cleaning of stands

Should a vacant stand not be properly maintained and cleaned, the municipality can clean the stand and charge a fee determined in its tariff book.

21 Billing basic refuse collection on vacant stands

In terms of the Municipal Waste Management By Laws, the municipality charges basic waste on all vacant stands within proclaimed areas.~~.~~

~~19.~~ 22 Public Participation

~~18.1~~ 20.1 The Accounting Officer shall arrange for a series of local meetings with the ward committees and the public of each ward to ensure proper participation by the local community in the affairs of Municipality. Such meetings shall be conducted during the budget participation process.

~~18.2~~ 20.2 The ward councillor of the ward concerned shall chair any meeting referred to in 20~~18~~.1 above. The object of the meeting will be to prepare comments and representations on Tariffs or their amendment. The Accounting Officer shall ensure that all such comments and representations made by any such meeting are referred to Mayoral Committee and Mayoral Committee shall take them into account when it reports thereon to the Municipal Council.

~~20.~~ 23 Enforcement and Oversight

~~19.1~~ ~~21.1~~ This Policy, together with all departmental Tariff policies, is enforced through the Municipality's —

~~19.1.1~~ 231.1 Tariff By-law; ~~and~~

231.2 Credit Control and Debt Collection By-law and Policy;

23.3 Water Services by law

23.4 Electricity by laws

~~19.1.2~~ 23.4 Waste Management by laws

~~19.2~~ 231.32 The CFO together with Unit Manager - Budget will have an oversight responsibility over all Tariffs submitted for approval to confirm that it complies with the principles stipulated in this Policy.

~~19.3~~ 21.3 Any deviations from this Policy and National Treasury's Costing Methodology for Local Government Guideline shall be fully disclosed and reported to the Municipal Council.

~~21.~~ 24. Policy Evaluation and Review

~~20.1~~ 242.~~This~~1. This Policy must be reviewed by the Treasury Unit, assisted by the Legal Services Unit on an annual basis, prior to the commencement of the new financial year, and amendments made to strengthen the Policy, where applicable, for consideration during the annual Budget process.

~~22.~~ 25 Interpretation of this Policy

~~21.1~~ 253.1 If there is a conflict of interpretation between the English version and a translated version, the English version prevails.

~~21.2~~ 253.2 Unless the context indicates the contrary, any reference to an official or a designated post in this Policy, shall include the duly authorised nominees/delegates of such official or of the incumbent of such post.

~~21.3~~ 253.3 This Policy must be read in conjunction with specific legislation applicable to each service and the following policies:

~~21.3.1~~ 253.3.1 The Municipality's Credit Control and Debt Collection Policy

~~21.3.2~~ 253.3.2 The Municipality's Rates Policy

Rustenburg Water Services Trust

Multi year budget summary

Draft Budget 2020-21

Rustenburg Water Services Trust

		Final Budget 2018/19 Full	Audited 2018/19 Full	Budget 2019/20 Full	Actual 7 months on 31 Jan'20	Projected 12 months to 30 June'20	1.065 Projected 12 months to 30 June'21		MTEF Budget 2021/22 Full		MTEF Budget 2022/23 Full
Revenue:								1.055		1.055	
RLM - STC Income	(CPI +)	60 308 088	57 882 130	64 228 113	37 616 821	64 485 980	68 677 568	s	72 454 835		76 439 851
RLM Off Take	(CPI)	9 418 460	9 418 460	10 030 660	5 743 320	9 845 691	10 485 661	s	11 062 373		11 670 803
Boitekong - STC Income	(CPI +)	5 249 984	8 001 428	5 591 233	7 495 472	12 849 381	13 684 591	s	14 437 243		15 231 291
Bospoort - Potable Water Revenue	(Rnd)	35 590 016	33 596 357	37 903 367	19 733 995	33 829 706	36 028 637	p	38 010 212		40 100 774
Bospoort Pipeline Revenue	(Rnd)	4 094 325	3 864 621	4 360 456	2 267 771	3 887 607	4 140 301	p	4 368 018		4 608 259
RLM - Lethabong & Monakato	(CPI)	4 137 915	4 137 915	4 406 879	2 570 680	4 406 880	4 693 327	s	4 951 460		5 223 790
RLM - Kloof	(Rnd)	1 180 831	1 705 487	1 257 585	593 779	1 017 907	1 084 071	p	1 143 695		1 206 598
RLM - Effluent	(CPI)	1 064 157	1 036 365	1 133 327	551 701	945 773	1 007 248	s	1 062 647		1 121 092
		121 043 776	119 642 764	128 911 621	76 573 539	131 268 925	139 801 405		147 490 482		155 602 458
Water Sales-Mines	(CPI)	64 094 069	64 076 289	68 260 183	37 280 665	63 909 711	68 063 842		71 807 353		75 756 758
Other income											
Total Income		185 137 845	183 719 053	197 171 805	113 854 204	195 178 635	207 865 247		219 297 835		231 359 216
Expenses:											
Contracted Services:											
- Operator cost: Rustenburg plant		-48 714 302	-44 284 601	-51 490 732	-25 773 603	-47 938 902	-51 054 931		-53 862 952		-56 825 415
- Operator cost: Boitekong plant		-5 687 336	-6 683 906	-6 057 013	-4 337 962	-8 068 610	-8 593 070		-9 065 689		-9 564 302
- Operator cost: Bospoort plant		-15 589 084	-15 212 836	-16 602 375	-9 066 025	-16 862 806	-17 958 889		-18 946 628		-19 988 692
- Operator cost: Monakato and Lethabong		-3 764 818	-3 538 815	-4 009 531	-2 074 118	-3 857 860	-4 108 621		-4 334 595		-4 572 998
- Operator cost: Kloof		-1 712 463	-1 632 881	-1 823 773	-976 598	-1 816 472	-1 934 543		-2 040 943		-2 153 195
- Operator cost: Effluent		-849 266	-829 092	-904 469	-441 361	-820 931	-874 291		-922 377		-973 108
- Operator cost: Management		-5 441 338	-5 548 639	-5 795 025	-3 239 941	-6 026 290	-6 417 999		-6 770 989		-7 143 393
- Operator Plant repairs moved from overheads		-12 504 544	-9 757 357	-13 317 339	-5 552 569	-10 327 779	-13 748 856		-19 581 808		-27 889 390
		-94 263 152	-87 487 599	-100 000 256	-51 462 178	-95 719 651	-104 691 199		-115 525 980		-129 110 492
Gross Profit		90 874 693	96 231 454	97 171 548	62 392 026	99 458 984	103 174 047		103 771 855		102 248 724
			0.52	0.49	0.55	0.51	0.50		0.47		0.44
General Expenses:											
Admin, Insurance, Monitoring		-10 622 404	-7 010 991	-11 117 860	-4 809 549	-8 244 942	-11 840 521		-12 491 750		-13 178 796
Earnings before Interest & Tax		80 252 289	89 220 463	86 053 688	57 582 477	91 214 043	91 333 526		91 280 105		89 069 928
Interest Received		11 011 119	10 435 071	11 726 842	4 133 848	7 086 597	7 086 597		7 476 360		7 887 560
Interest Accrued - old		-13 519 798	-13 525 888	-9 949 538	-6 227 378	-10 675 505	-10 675 505		-5 849 301		
Interest Accrued - WCWDM											
Depreciation		-38 602 034	-38 674 109	-38 602 034	-22 189 813	-38 039 680	-38 039 680		-38 039 680		-38 039 680
MIG grant and Anglo contribution											
To retained earnings		39 141 577	47 455 537	49 228 958	33 299 134	49 585 456	49 704 939		54 867 485		58 917 809
Other Income (MIG)			47 464 800								
To retained earnings			-9 263								

RATIOS								
Income	196 148 964	194 154 124	208 898 647		202 265 232	214 951 844	226 774 195	239 246 776
Expenses	-104 885 556	-94 498 590	-111 118 117		-103 964 593	-116 531 720	-128 017 730	-142 289 288
Earnings	91 263 408	99 655 534	97 780 530		98 300 640	98 420 123	98 756 465	96 957 488
Payments	41 146 403	41 146 403	41 146 403		41 146 403	41 146 403	41 146 403	41 146 403
	0		0		0	0	0	0
Debt Service Co	2.22	2.42	2.38		2.39	2.39	2.40	2.36
	6.75		7.70		4.62	7.01	6.91	9.61

Capital Budget

		Final Budget 2018/19	Audited 2018/19	Budget 2019/20	Actual 7 months	Projected 12 months	1.055 Projected 12 months	MTEF Budget 2021/22	MTEF Budget 2022/23
	Assets				additions and after R22" depr	additions and after R38" depr			
	Nett Plant Assets	176 528 280	403 937 579	176 528 280	381 797 412	365 851 512	327 811 832	289 772 153	251 732 473
	WIP - Capital Projects								
**	MIG / RBIG WIP - Bospoort pipe	25 000 000	5 127 245	71 031 640	4 901 237	6 901 237	51 901 237	206 025 704	256 915 377
	RLM WIP - Monakato Inlet	470 000		470 000					
*	MIG WIP - Boitekong plant Ext	153 341 048	147 793 485	153 944 449	156 298 806	163 298 806	156 098 806	156 427 609	156 427 609
***	Kloof harvest	620 000		620 000					
*	MIG WIP - Bospoort Plant Ext + other prior	92 000 000	48 326 808	67 769 485	52 067 679	55 067 679	100 067 679	145 636 247	161 516 180
***	Anglo DAF	51 977 535		51 977 535			-		
***	Concrete Sludge Slab	12 867 000		12 867 000			-		
***	Industrial Building	3 726 000		3 726 000			-		
***	Sludge equipment	4 100 000		4 100 000			-		
	Total Plant and Equipment		605 185 117	543 034 389	595 065 133	591 119 233	635 879 554	797 861 712	826 591 639
	MIG Bridge Fin Loan (debtor)								
	Debtors - Operations	44 302 962	193 238 279	44 302 962	228 274 799	228 274 799	192 274 799	156 274 799	120 274 799
	Debtors - MIG		12 235 123	3 500 000	10 721 564	-	-	3 500 000	3 500 000
	Bank and cash	186 565 475	88 776 465	218 931 282	84 231 625	91 682 921	190 146 811	185 731 397	298 379 170
	Accumulated Assets(additions)	751 498 299	899 434 984	809 768 633	918 293 121	911 076 953	1 018 301 164	1 143 367 908	1 248 745 608
								-0	0
	Equity / Liabilities								
	Statutory Funds	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
	Reserves - Revaluation	123 462 135	266 137 556	123 462 135	266 137 556	266 137 556	266 137 556	266 137 556	266 137 556
	Retained income - prior years	271 934 594	456 870 774	303 689 371	526 600 862	526 600 862	576 186 318	625 891 257	680 758 742
	Retained income - this year	39 141 577	69 730 088	49 228 958	33 299 134	49 585 456	49 704 939	54 867 485	58 917 809
	ABSA: Long term Liabilities	85 863 594	85 940 864	54 666 729	71 595 040	54 666 729	21 056 000	-	0
	RLM Lease + Prepayments		2 003 998		1 634 855	1 424 855	1 004 855	554 855	104 855
	Creditors		18 750 704	24 331 539	12 660 496	12 660 496	14 210 496	15 915 756	17 825 646
	Equity:								
	Equity: MIG contribution - Monakato								
	Equity: MIG contribution - Boitekong	119 300 000		119 300 000					
	Equity: MIG contribution - Bspoort pipe	20 000 000		56 825 312	6 364 178		45 000 000	135 000 000	180 000 000
	Equity: MIG contribution - Bspoort plant	73 600 000		54 215 588			45 000 000	45 000 000	45 000 000
	Equity: Anglo conditional contribution	23 500 000		23 500 000					
		756 802 899	899 434 984	809 220 632	918 293 122	911 076 953	1 018 301 164	1 143 367 908	1 248 745 607

Notes: Budget assumptions

Income Statement Assumptions:

1. Strated from the Audited 2019 Income Statement numbers
2. Listed the Trail balance year to date 7 months numbers
3. Ensured the Audited 2019 numbers are in line with most receint 7 months actuals.
4. Allowed for a 6,5% inflation increase in year 1, thereater 5,5%
5. O/S : The RLM off Take volumes to be transferred to the mines. Impact:1) RLM relief 2) Trust neutral.
6. Allowed for increased repairs and maintenace over the medium term
7. No allowance made for growth in treated water volume, only infltionary increases allowed for.

Balance Sheet Assumptions:

1. RLM repays old debt at R3 mil per month
2. RLM pay the current invoices
3. R 45 mil progress on Bospoort plant in 2021, all MIG funded
4. R 45 mil progress on Bospoort Reservoir and Pipe in 2021, all MIG funded
5. MIG funds shown as equity as it was externally funded. Old MIG becomes retained earnings once received.
6. Depreciation write-off in the incomestatement increases the cash reserve.
7. TheRustenburg Sewer plant extention need attention as it is reaching maximum capacity.

CAPEX Numbers are excl of Vat. It is estimated by the engineers (incl proffessional fees, excl Vat) 20% own contribution allowed for.

Conditions:

1. Tenders will increase or decrease the actual cost. This impacts the incomestatement (WSSA) as well as the Assets and WIP in the Balance Sheet
2. O&M tender result will impact on this budget, as award is expected after submission of the budget
3. Self funded portions of MIG projects are estimated to be 20% of total cost of the project.
4. Project delays might cause the projects to be completed later than planned.
5. The Bospoort Plant is still an estimate as well as the Pipe as the tenders are still to be finalised. Significant delayes are encountered.
6.

Municipal Budget Circular for the 2020/21 MTREF

CONTENTS

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS 2

2. KEY FOCUS AREAS FOR THE 2020/21 MUNICIPAL BUDGET PROCESS 2

2.1 LOCAL GOVERNMENT GRANTS AND MUNICIPAL REVENUE STRENGTH 3
2.2 RESPONSE TO THE FINANCE AND FISCAL COMMISSION (FFC)'S RECOMMENDATIONS 4
2.3 BUILDING CAPABILITY FOR INFRASTRUCTURE DELIVERY 5
2.4 DEVELOPMENT CHARGES REFORMS 6

3. ESKOM BULK TARIFF INCREASES 6

4. BUDGETING ISSUES 6

4.1 THE WAGE BILL 6
4.2 PENSION FUND AND SARS CONTRIBUTIONS 7
4.3 WATER 7
4.4 ATTRACTING ECONOMIC INVESTMENT 7
4.5 BORROWING FOR MULTI-YEAR CAPITAL PROJECTS 8
4.6 REFINANCING OF EXISTING LOANS 9

5. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES 9

5.1 CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANT FUNDS 10
5.2 UNSPENT CONDITIONAL GRANT FUNDS FOR 2019/20 11

6. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS 12

6.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS 12

7. MUNICIPAL CHART OF ACCOUNTS (*M*SCOA) 13

7.1 RELEASE OF VERSION 6.4.1 OF THE CHART 13
7.2 USE OF FUNDING SEGMENT TO POPULATE THE CASH FLOW TABLES 13
7.3 CAPITAL PROJECTS USING INTERNALLY GENERATED FUNDING 14

8. BUDGET PROCESS AND SUBMISSIONS FOR THE 2020/21 MTREF 14

8.1 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2020/21 MTREF 14
8.2 DOCUMENT UPLOADS TO THE LOCAL GOVERNMENT UPLOAD PORTAL 14

Introduction

This budget circular is a follow-up to MFMA Circular No. 98 that was issued on 06 December 2019. It aims to provide further guidance to municipalities with the preparation of their 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously.

The grant allocations as per the 2020 Budget Review and the 2020 Division of Revenue Bill are also key focus areas in this circular.

1. The South African economy and inflation targets

Over the past year, economic growth has been weaker than forecasted and is only expected to reach 0.9 per cent in 2020. The 2020 budget highlights the difficult economic and fiscal choices confronting government over the next several years.

It is projected that revenue to be collected for the 2020/21 financial year will amount to R1.5 trillion which equates to 29.2 per cent of the Gross Domestic Product (GDP), whereas expenditure is projected to be at R1.95 trillion which is equivalent to 36 per cent of GDP. This means that there is a consolidated budget deficit of R370.5 billion or 6.8 per cent of GDP in 2020/21. The gross national debts by the end of 2020/21 is projected to be R3.56 trillion which is 65.6 per cent of GDP.

It is evident that determined action is required to reverse the deterioration of the public finances by narrowing the budget deficit, containing debt and growing the economy faster and in a sustainable manner. Municipalities therefore need to exercise caution when they prepare their 2020/21 MTREF budgets to ensure synergy with national economic and fiscal prudency.

The declining economic growth which might be impacted on further by the Corona virus pandemic and international companies closing down as a result, the deteriorating state of the finances for state-owned entities, continued high unemployment and water and electricity shortages will put pressure on the ability of municipalities to raise revenue. Municipalities are therefore advised to follow a conservative approach when projecting their revenue and to eliminate any waste and unnecessary expenditure. Importantly, municipalities should ensure that they adopt realistic and funded 2020/21 MTREF budgets, collect the debts owed to them and pay their creditors within 30 days of receipt of invoice.

The following macro-economic forecasts must be considered when preparing the 2020/21 MTREF municipal budgets.

Table 1 Macroeconomic performance and projections

	2019	2020	2021	2022
Percentage change	**Estimate**		**Forecast**	
Real GDP growth	**0.3**	**0.9**	**1.3**	**1.6**
CPI inflation	4.1	4.5	4.6	4.6

Source: 2020 Budget Review.
Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2020/21 municipal budget process

After budgeting for debt-service costs, the contingency reserve and provisional allocations, 48.2 per cent of the nationally raised funds are allocated to national government, 43 per cent to provinces and 8.8 per cent to local government. This is a reduction from the 9.1 per cent allocated to local government when compared to the 2019/20 financial year.

Local government continue to receive the least share of the division of nationally raised revenue because it has extensive powers to raise its own revenue. On aggregate; the local government sphere raises about 70 per cent of its own revenue. However, municipalities should make every effort to improve the collection rates through improved billing and collection practices. In the present current economic climate, municipalities cannot afford to provide municipal services without recovering the cost of providing these services.

Spending outcomes for 2018/19 varied across the 257 municipalities. Many municipalities adopted unrealistic spending plans. As a result, 211 municipalities underspent their operating budgets and 214 municipalities underspent their capital budgets. This was a slight improvement from the previous year.

Of the R33.6 billion in conditional grants transferred to municipalities in 2018/19, R27.2 billion (80.1 per cent) was spent, compared to 93 per cent spent in 2017/18. This decline was partly due to underspending on drought relief funds allocated in the middle of the financial year.

2.1 Local government grants and municipal revenue strength

The conditional grants to municipalities have been reduced and most conditional grants have been reduced as part of efforts to limit growth in government expenditure and ensure that public debt is sustainable. To manage the effect on services, these reductions take into account:

- Past spending and performance;
- Whether the conditional grant funds salaries, and other related costs; and
- Whether there has been significant real growth in allocations in recent years.

Where possible, the National Treasury has reduced transfers that are more likely to go unspent or to be spent less effectively. Accordingly, grants that have persistently underperformed have been reduced by larger amounts. The largest proportional reduction to local government grants in 2020/21 has been made in respect of the public transport network grant, because only six of the 13 cities receiving the grant have successfully launched public transport systems. The three cities that have shown the least progress, namely Buffalo City, Msunduzi and Mbombela have been suspended from the grant and will not receive allocations in the 2020 MTEF period.

Legislation governing local planning and budgeting emphasises community participation in decision-making. The partnership between municipalities and communities relies on households and businesses recognising the value of, and paying for, municipal services. While government subsidises municipal services for low-income households, these services are only sustainable if people who can afford them and use larger quantities thereof pay their bills. Therefore, the sustainability of municipalities depends on how they collect and spend their own revenues.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:
http://www.treasury.gov.za/documents/national%20budget/2020/default.aspx

2.1. Changes to local government allocations

2.1.1. Unconditional grants

Over the next three years, above-inflation growth in allocations to the local government equitable share continues, while growth in conditional grants is slower as a result of the reductions announced in the 2020 Budget. The local government Equitable Share continues to receive above inflation increases because it allows municipalities to offer free basic services to indigent residents who cannot afford to pay for services. The total direct allocations to local government grow at an annual average rate of 6.6 per cent over the MTEF period.

2.1.2. Conditional grants

The 2020 Division of Revenue Bill has technical adjustments which were effected through the shifting of funds between different municipal allocations. However, it should be noted that the technical adjustments do not change the total amount allocated to local government. These changes to the grants include the shifting of:

- R400 million in 2020/21 from the municipal infrastructure grant, the water services infrastructure grants and the urban settlements development grant to the indirect regional bulk infrastructure grant to assist in funding the rehabilitation of wastewater treatment infrastructure in the Vaal River System;
- R160 million from the direct *neighbourhood development partnership grant* to the indirect component of the grant over the MTEF period;
- R3 billion that had been indicatively allocated to the new *informal settlement upgrading partnership grant* in 2020/21. This amount is shifted back to the *urban settlements development grant* following the decision to extend the informal settlements window within this grant for another year; and
- R166 million over the 2020 MTEF period from the *municipal infrastructure grant* to the *integrated urban development grant* for the entry of one additional municipality into the grant.

In addition to funds shifted from other local government grants, R250 million has been added to the indirect *regional bulk infrastructure grant* in 2020/21 to assist with addressing pollution in the Vaal River System. These funds were reprioritised from allocations in other spheres of government.

2.2 Response to the Finance and Fiscal Commission (FFC)'s recommendations

The Finance and Fiscal Commission Act, 1997 (Act No. No 99) requires that the FFC tables their recommendations on financial and fiscal matters at least 10 months before the start of each financial year. The FFC tabled its *Submission for the Division of Revenue 2020/21* to Parliament in May 2019. This year's theme is "reprioritising local government finances". The 2020/21 recommendations cover the following areas: local government financing framework, municipal government capacity building, local government sustainability, infrastructure management and efficiency, investment and developmental challenges in the local government sector.

2.2.1 Supplementary revenue sources for local government

The FFC recommended that the Minister of Finance should take steps (including piloting) to add supplementary revenue sources to the list of allowable taxes for different types of municipalities in a differentiated manner. National government supports this recommendation that additional revenue sources to municipalities should be fully explored. In response, various reforms have been prioritised to supplement the revenue sources of municipalities.

These include: amending the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007) to ensure development charges are uniformly regulated and updating the municipal borrowing policy framework to clarify the funding instruments that municipalities are allowed to use to leverage their borrowing including clarifying the role of development finance institutions in this regard.

The Municipal Fiscal Powers and Functions Act already allows municipalities to apply to the Minister of Finance to levy additional taxes such as the tourism levies and fire levies recommended by the FFC. This Act also allows the Minister of Finance to introduce new municipal taxes on his own initiative. Applications from municipalities to implement new revenue sources provide a good mechanism for piloting new revenue sources like these as it ensures that the pilot municipalities are ready and willing to implement the new taxes. To be considered by the Minister of Finance, an application to introduce additional taxes must include the following:

- What the revenue from the proposed new municipal tax will be used for;
- Its compliance with section 229(2)(a) of the Constitution, which requires that municipal taxes do not prejudice national economic policy;
- The tax base, the desired tax rate, people liable for the tax and tax relief measures;
- The tax collecting authority; and
- Particulars of any consultations conducted, including consultations with a provincial government and organised local government and other municipalities where applicable, and the outcomes of these consultations.

2.2.2 Local government infrastructure management and efficiency

Government continues to provide responses to the FFC's recommendations on an annual basis. These annual recommendations by the FFC are required in terms of section 9 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997). The FFC recommended that the Ministers of Cooperative Governance and Traditional Affairs (CoGTA) and Finance should jointly strengthen the linkage between technical project planning processes and budgeting and foster smooth intergovernmental infrastructure coordination as part of the ongoing local government infrastructure grant reforms.

Government acknowledges the need to consolidate municipal infrastructure grants and to strengthen the linkages between the technical project planning process and the budgeting. The review of local government infrastructure grants has identified consolidation and rationalisation in the number of grants received by each municipality as a key area for reforming the grant system. As the various grants in the system serve different purposes, the consolidation and rationalisation process requires extensive consultation before grants can be merged. As a result, there is no definitive dates set on when the consolidation of grants will take place. However, government is committed to achieving the vision of a differentiated grant system.

2.3 Building capability for infrastructure delivery

The National Treasury continues to expand the tools available for provinces and municipalities to improve spending. Weaknesses in preparing and authorising projects and programmes are one of the main causes of poor performance on infrastructure transfers. The Infrastructure Delivery Management System (IDMS) has assisted provinces to build infrastructure units with qualified staff and institutionalise best practices. In the 2020/21 MTEF, cities will receive grant funding through the *integrated city development grant* to institutionalise an effective system for preparing programmes and projects. Metros will only be eligible for this funding if they:

- Have not had an adverse or disclaimed audit opinion in the last two financial years;

- Have formally adopted the Cities' Infrastructure Delivery and Management System (CIDMS) guidelines;
- Establish a programme and project approval committee to authorise work; and
- Commit to co-financing contributions and budget management arrangements.

National government provides a broad range of capacity-support grants and programmes for local government. These grants and programmes are under review and reforms to improve its effectiveness are likely to be implemented from 2021/22.

2.4 Development Charges reforms

National Treasury continues to explore how municipalities can use a broader package of infrastructure financing sources to meet their developmental mandate. One of these sources is development charges.

A development charge is a once-off charge imposed by a municipality on a land owner as a condition of approving a land development application that will substantially result in increased demand for municipal infrastructure services. These charges are imposed to cover the costs incurred by the municipality when installing new infrastructure or upgrading an existing infrastructure that is required to service the proposed development. It is based on the concept that urban growth and expanded land use creates the need for additional infrastructure services, therefore the developer should pay the incidence costs.

Municipalities have not fully used development charges due to uncertainty surrounding the regulatory frameworks. National Treasury is therefore amending the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 97 of 1997) to incorporate the regulation of development charges. Cabinet has approved the publication of the draft Amendment Bill for public comment. The due date for submitting comments is 31 March 2020.

The draft Bill can be accessed on the National Treasury website at: http://www.treasury.gov.za/legislation/draft_bills/default.aspx.

3. Eskom Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application.

While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23.

4. Budgeting issues

4.1 The wage bill

The 2020 Budget Review highlighted the proposed wage bill reduction for the public service. Similar to national and provincial government, municipalities must ensure that compensation demands are balanced with the broader needs of society. In this context, municipalities should start taking decisive action to address bloated organisational structures and above inflation wage increases.

Wage bill increases are crowding out spending on capital projects for future economic growth and impacts on service delivery.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

4.2 Pension fund and SARS contributions

In terms of section 13A of the Pension Funds Act, 1956 (Act No. 24 of 1956), an employer must pay contributions it collected from employees' salaries to the relevant pension fund by the 7th day after the end of the month in respect of which the contributions were payable.

According to the latest annual report by the Pension Fund Adjudicator (PFA), it is especially concerned about non-payment of contributions in the municipal sector, thereby putting members' benefits at risk for extended periods of time. Over and above, there is interest on contributions that an employer is liable to pay if pension fund contributions are not paid over timeously. The Financial Services Laws General Amendment Act, 2013 (Act No. 45 of 2013) makes the employer's failure to pay contributions to a retirement fund a **criminal offence**. The amendment to this Act now provides for personal liability of persons who are entrusted with managing the overall financial affairs of the employer.

Section 65(2)(f) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees, and their statutory commitments. Section 171(1) of the MFMA provides that the accounting officer commits financial misconduct if that accounting officer fails to comply with a duty imposed by a provision of the Act on the accounting officer of a municipality. In addition, section 173(1)(a)(i) of the MFMA than provides that an accounting officer is guilty an offence if that accounting officer deliberately or in a grossly negligent way amongst other, contravene or fails to comply with the provision of section 65(2)(f) of the MFMA. We will therefore be monitoring whether municipalities are addressing this failure by accounting officers consistent with the legal framework provided for in the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings and take the necessary action where there is failure on the part of municipalities to address this matter.

4.3 Water

Access to clean and potable water is a mandatory imperative in terms of the country's Constitution, the National Water Act, 1998 (Act No. 36 of 1998) and priorities set by the government in the National Development Plan (NDP). Water is also recognised as a fundamental human right and there is no doubt about the important role that water plays in human existence, the environment, economic development and sustainability.

Municipalities should take strategic action to ensure effective water management and resilience to drought, including the security of water supply, environmental degradation, and pollution of resources to achieve economic growth, development and socio-economic priorities in an equitable and sustainable manner.

4.4 Attracting economic investment

Maintaining clean cities underpins economic activity and wellbeing. Investors are not interested in investing in filthy cities. Therefore, municipalities should place emphasis on sensible land use planning and development and building plan control for housing,

commercial, industrial and recreational uses. Investments in waste collection and treatment infrastructure should be made in tandem with industrial and urban developments to minimise pollution to our land and waters.

4.5 Borrowing for multi-year capital projects

In terms of sections 16(3) of the MFMA, money for capital expenditure may be appropriated for a period not exceeding three financial years, provided that a separate appropriation is made for each of those financial years.

Section 19(1) of the MFMA further states that *a municipality may spend money on a capital project only if —*

(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2)(b) the project, including the total cost, has been approved by the council;
(b) section 33 has been complied with, to the extent that that section may be applicable to the project; and
(c) the sources of funding have been considered, are available and have not been committed *for other purposes.*

Before approving a capital project, the municipal council must consider:

a) the projected cost covering all financial years until the project is operational; and
b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

A municipality must adjust the revenue and expenditure estimates in an approved annual budget downwards through an adjustments budget if there is material under-collection of revenue during the current year in terms of section 28(2) of the MFMA. It may also appropriate additional revenues that have become available over and above those anticipated in the annual budget, ***but only to revise or accelerate spending programmes already budgeted*** for. New capital projects can therefore not be included in the adjustments budget, unless provided for in terms of section 28(2) of the MFMA.

With regard to the shifting of funds between multi-year appropriations, section 31 of the MFMA requires that *when funds for a capital programme are appropriated in terms of section 16(3) for more than one financial year, expenditure for that programme during a financial year may exceed the amount of that year's appropriation for that programme, provided that –*

(a) the increase does not exceed 20 per cent of that year's appropriation for the programme;
(b) the increase is funded within the following year's appropriation for that programme;
(c) the municipal manager certifies that -
  (i) actual revenue for the financial year is expected to exceed budgeted revenue; and
  (ii) ***sufficient funds are available for the increase without incurring further borrowing beyond the annual budget limit****;*
(d) prior written approval is obtained from the mayor for the increase: and
(e) the documents referred to in paragraphs (c) and (d) are submitted to the relevant provincial treasury and the Auditor-General.

Considering the above sections of the MFMA, it is clear that section 16(3) allows for a multi-year capital appropriation not exceeding three financial years, while section 31 allows for:

- A maximum increase of 20 per cent in the appropriation for the year provided that it is funded within the following year's appropriation for that programme. By implication it

must be a multi-year programme and the increase should also fit within the limit of the next year's appropriation;

- Sufficient funds are available for the increase **without incurring further borrowing beyond the approved annual budget limit**. This means that additional revenues should be available in the year that the municipality intends to accelerate the expenditure or that a project saving that was funded from the borrowing that was approved for the current year should be used to prevent borrowing to exceed the annual budget limit; and
- This further implies that additional revenues should be available and prohibits the use of accumulated cash backed reserves from previous years for the acceleration of the programme.

Section 28(2)(b) prescribes that additional revenues that have become available may be used to revise or accelerate programmes already budgeted for. The same section further indicates that an adjustments budget process will be required to accelerate a capital programme. The municipal manager must provide certification that the additional revenues will be available within the financial year that the programme will be accelerated in terms of section 31 of the MFMA.

The legislation is not clear as to the timeframes for section 31 other than to state that prior written approval should be obtained from the Mayor. A prudent approach would be to include the documentation as part of the adjustments budget process and the dates set out in the Municipal Budget and Reporting Regulations.

This part of the Circular should also be read in conjunction with MFMA Circular No. 58 issued on 14 December 2011.

4.6 Refinancing of existing loans

Section 46(5) of the MFMA allows a municipality to re-financing existing long-term debt, provided that —

(a) the existing long-term debt was lawfully incurred;
(b) the re-financing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed;
(c) the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing; and
(d) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

If the re-financing of an existing loan does not comply with the above requirements, then the municipality should consider going to the market for a new loan that offers more affordable terms and/or negotiate a payment arrangement with the financial institution until the loan can be repaid as per the original terms.

5. Conditional Grant Transfers to Municipalities

This section provides guidance to municipalities with regard to the preparation for the 2019/20 unspent conditional grant and roll-over process and should be referenced against previous annual budget circulars.

5.1 Criteria for the rollover of conditional grant funds

Section 22 of the 2019 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of section 22(2) of the 2019 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer must be addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2019 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):

    a) Proof that the project tender was published and the period for tender submissions closed before 31 March;
    b) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or
    c) Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the final year of the project;
    d) Incorporation of the Appropriation Statement;
    e) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2021 (attach cash flow projection for the applicable grant).

4. A progress report (also in percentages) on the status of each project's implementation that includes an attached, legible **implementation plan**);
5. The value of the committed project funding, and the conditional allocation from the funding source;
6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;
7. Rollover of rollovers will not be considered therefore municipalities must not include previous year's unspent conditional grants as rollover request;
8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and
9. Proof that the Municipal Manager and Chief Financial Officer are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy, this also includes acting appointments as a result of suspensions of either MM or CFO that are more than 12 months.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2020, the application will be declined.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2019 DoRA, **including the municipal manager and chief financial officer signing-off on the information** sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements information to National Treasury by 31 August 2020;
3. Accurate disclosure of grant performance in the 2019/20 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS); and
4. Cash available in the bank (net position including short term investments) as at 30 June 2020 is equivalent to the amount that is unspent as at the end of the financial year. If the amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. National Treasury will not approve portions of roll over requests.

It should be noted that under no circumstances will the National Treasury consider requests to roll-over:

1. The entire 2019/20 allocation to the municipality, in cases whereby the roll over request is more than 50 per cent of the total allocation National Treasury will approve the roll over amount up to 50 per cent of the 2019/20 allocation;
2. Roll Over request of the same grant for the third consecutive time;
3. Funding for projects constituted through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636). Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the roll over application is linked to invoices that were issued before or on 31 May 2020.

5.2 Unspent conditional grant funds for 2019/20

The process to ensure the return of unspent conditional grants for the 2019/20 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

Step 1: Municipalities must submit their June 2020 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile;

Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2020. These amounts MUST exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately;

Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2018 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2020.

National Treasury will not consider any rollover requests that are incomplete or received after this deadline.

Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 23 October 2020;

Step 5: National Treasury will communicate the unspent conditional grants amount by 06 November 2020. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 20 November 2020; and

Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 20 November 2020, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 04 December 2020 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved roll overs are addressed in the Annexure to MFMA Circular No. 86.

6. The Municipal Budget and Reporting Regulations

National Treasury, together with the provincial treasuries, are rolling out training on budgeting and transacting in the *m*SCOA environment to all provinces to improve the credibility of the 2020/21 MTREF budgets.

6.1 Assistance with the compilation of budgets

In cases where the municipality requires advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	**Responsible NT officials**	**Tel. No.**	**Email**
Eastern Cape	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
Free State	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Kgomotso Baloyi Kevin Bell	012-315 5866 012-315 5725	Kgomotso.Baloyi@treasury.gov.za Kevin.Bell@treasury.gov.za
KwaZulu-Natal	Kgomotso Baloyi Johan Botha	012-315 5936 012-315 5171	Kgomotso.Baloyi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Willem Voigt Sifiso Mabaso	012-315 5830 012-315 5952	Willem.Voigt@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Northern Cape	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
North West	Willem Voigt Makgabo Mabotja	012-315 5830 012-315 5156	Willem.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge	012-315 5661	Vuyo.Mbunge@treasury.gov.za
Technical issues Local Government Database	Elsabe Rossouw	012-315 5534	lgdataqueries@treasury.gov.za

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

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to return to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations***.

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

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

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

7. Municipal Chart of Accounts (*m*SCOA)

7.1 Release of Version 6.4.1 of the Chart

Version 6.4.1 was released to include the amendments in conditional grants as per the 2020 DoRA. Version 6.4.1 of the chart will be effective from 2020/21 and must be used to compile the 2020/21 MTREF. It is available on the link below:

Link to *m*SCOA

7.2 Use of funding segment to populate the cash flow tables

It is critical that municipalities undertake balance sheet and cash flow budgeting to provide accurate cash flow information. The general rule that applies is that the “funding” and “Item” segments must be combined to provide cash flow information on how funds have been spent and on what.

This means that the budget is available at a cash flow level (A1 Schedule Budget Table SA30 and A7) and not when billing is done or when invoices are processed (A1 Schedule Budget Table A4: Statement of Financial Performance). Municipalities must apply the budgeted assumed collection rate to determine the cash flow budgets. Therefore, expenditure can only be processed against items with funding in line with the anticipated cash inflow and not billing. Municipalities should therefore identify the relevant source in the funding segment where revenue is received from and identify the funds to be used when payments are made. Guidance on this was provided in MFMA Circular No. 98.

However, there are still challenges to populate the detail of cash payments by type in the A1 Schedule Budget Table SA30 from Item Liabilities: Current Liabilities: Trade and other payables from exchange transactions as payables and accruals are not broken down by type (e.g. other materials, contracted services etc.). This omission of detail in the *m*SCOA chart will be addressed through chart amendments in version 6.5 of the chart.

As an interim measure the cash flow will be populated as follows:

For Cash Receipts:
The **cash receipts by source** will be populated using Item Assets: Current Assets: Cash and cash equivalents: Cash at bank: Bank account: Deposits in conjunction with the Funding Segment.

For Cash Payments:
The **cash payments** by type will be populated using Item Liabilities: Current Liabilities: Trade and other payables Exchange and Non- Exchange Transactions: Withdrawals in conjunction with the Funding Segment.

The cash payments that are not classified by type, will be grouped together as other payments on table SA30. This will enable population of suppliers and employees on the cash flow (Table A7).

National Treasury will share the linking of A1 Schedule Budget Tables SA30 and A7 to the *m*SCOA chart items to ensure that the cash flow information is populated correctly with municipalities and system vendors.

7.3 Capital Projects using Internally Generated Funding

Capital Projects in acquiring Assets using Internally Generated Funding must use: Funding: Capital: Transfer from Operational Revenue. This will ensure that table A5 will be populated correctly.

8. Budget process and submissions for the 2020/21 MTREF

8.1 Submitting budget documentation and schedules for 2020/21 MTREF

Accounting officers are reminded that Section 22(b)(i) of the MFMA requires that, ***immediately*** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in PDF and electronic formats. However, in cases where Council requires amendments to the tabled budget prior to consultation, municipalities should inform he National Treasury and the relevant provincial treasury *immediately* and submit the required budget documents and corresponding *m*SCOA data strings ***within three working days*** after the Council meeting.

The approved annual budget must still be submitted to both National Treasury and the relevant provincial treasury ***within ten working days*** after the council has approved the annual budget.

8.2 Document uploads to the Local Government Upload Portal

Due to the number of queries received on the document upload process using the Local Government Upload Portal, a full guideline will be issued in due course to explain the process and to outline which documents will be required to upload.

Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website http://www.treasury.gov.za/default.aspx

JH Hattingh
Chief Director: Local Government Budget Analysis
09 March 2020

42. **ADDENDUM TO THE DRAFT 2020/21 MEDIUM TERM INCOME AND EXPENDITURE FRAMEWORK (MTREF) IN COMPLIANCE WITH SECTION 16 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003 (MFMA) AND SECTION 21A OF THE MUNICIPAL SYSTEMS ACT 32 OF 2000**
(Directorate: Budget and Treasury) GD

1. STRATEGIC THRUST

The Rustenburg Local Municipality has adopted the following strategic priority:
"To promote sound Financial Management and Good Governance"

2. PURPOSE OF THE REPORT

The purpose of this report is to provide additional information that should be considered with the tabling of the draft 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) to Council and to subject the additional information to public participation with the draft 2020/21 MTREF.

3. EXECUTIVE SUMMARY

The Draft budget was prepared before end of March 2020 and was subjected to deliberation by the Portfolio Committee on Budget and Treasury on the 23 March 2020, which took resolution to refer the budget to Mayoral Committee that sat on the 13 May 2020.

There have been significant developments nationally and worldwide due to the COVID 19 pandemic which negatively affected the economic status of the country and that of the City of Rustenburg. This includes the declaration of national state of disaster by the President as per Government Gazette Notice 313 of 12 March 2020 and the implementation of national lockdown effective 26 March 2020 to date which reduced the national economic activities.

These developments impact the current status of the 2019/20 Adjustment budget and that of the 2020/21 draft MTREF. These budgets would have to be revised to accommodate the municipality's financial performance and plans in response to the COVID 19.

4. DISCUSSIONS

Rustenburg Local Municipality acknowledges that current 2020/21 MTREF budget does not consider the impact of the COVID 19 pandemic and the lockdown regulations.

The municipality wishes to revise and align the final MTREF 2020/21 Budget to the proposed special 2019/20 adjustment budget once the special 2019/20 adjustment budget has been tabled to council in June 2020.

--- The following critical consideration would inform the final MTREF 2020/21 Budget;

- Revenue and expenditure framework projections would be adjusted to be comparable to the proposed 2019/20 special adjustment budget.

- Revenue projections and alignment of expenditure programmes to be revised due to the impact COVID 19.
- To account for the Disaster Relief Grant allocation (through the Special 2019/20 Adjustment Budget) and to accommodate related expenditure: Refer to attached **(*Annexure A)*** to the Addendum: Approval to Release Municipal Disaster Relief Grant.
- To account for the municipality's share of the R20 billion allocation to municipalities to be announced by the Minister of Finance in the National Special Adjustment budget in June 2020.
- Consideration has been made to revise the approved 2019/20 capital expenditure funding through borrowings of R160 million. The municipality would no longer take up the funding in 2019/20. This R160 million borrowing funding would be spread in the budget multi-year budget period of 2020-23.
- Align the Water Tariffs and related expenditure to the proposed Annual Bulk Water increase for all water boards. Refer to ***(Annexure B)*** to the Addendum for Submission to Parliament by the Ministry of Human Settlement, Water and Sanitation.
- Align Electricity Tariff in line with NERSA guidelines subject to NERSA application approval. Attached as ***(Annexure C)*** is NERSA guidelines and proposed tariff structure.
- The following additional policies (***Annexure D***) are attached as part of the Budget Related Policies for public comments:
    - Petty Cash Policy
    - Bereavement Policy for Councillors
    - Investment Incentive Policy
    - Bulk Electricity Contribution Policy

RECOMMENDED:		**ACTION**
1.	That the addendum to the Draft 2020-21 MTREF budget be noted	CC
2.	That additional information as per the addendum be subjected to public participation as per Council resolution on the tabling of the Draft 2020/21 MTREF budget.	BTO

---

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Enquiries: Steven Kenyon **Tel**: (012) 395 6682 **Fax**: (012) 315 5045 **e-mail**: steven.kenyon@treasury.gov.za
Private Bag X115, Pretoria, 0001. Tel: (+27 12) 315 5111 Fax: (+27 12) 315 5045

Ms Avril Williamson
Director-General
Department of Cooperative Governance
Private Bag X804
PRETORIA
0001

Dear Ms Williamson

APPROVAL TO RELEASE MUNICIPAL DISASTER RELIEF GRANT TO ASSIST IN THE RESPONSE TO COVID-19

National Treasury has been working closely with the National Disaster Management Centre (NDMC) to coordinate the release of funding in response to the national state of disaster declared in Government Gazette No. 43096 on 15 March 2020 relating to the COVID-19 pandemic. I am writing to you in response to your letter of 19 April 2020 requesting approval for an amount of R250 291 800 in 2020/21 (subsequently adjusted to R252 080 800) to be transferred to municipalities through the Municipal Disaster Relief Grant.

The Division of Revenue Bill, 2020 is still being processed by Parliament. However, in terms of section 28(1)(b) of the Division of Revenue Act (Act 16 of 2019 – "the Act"), if the Division of Revenue Act for the new financial year has not yet commenced by 1 April 2020, National Treasury may determine that an amount not exceeding 45 per cent of the total amount of each conditional grant allocation may be transferred to the relevant municipalities. As the total amount allocated for the Municipal Disaster Relief Grant in 2019/20 is R335 488 000, this would mean that up to R150 970 000 is available.

National Treasury officials have worked with the officials of the National Disaster Management Centre to clarify the amount allocated to each municipality and ensure that the allocations are appropriately aligned with the functions of each municipality. Based on this work, and the maximum amount available in terms of section 28(1)(b) of the Act, we have determined the allocations per municipality listed in Annexure A. In terms of section 26(3) of the Act, I am therefore approving that an amount of **R150 970 000** from the Municipal Disaster Relief Grant may be transferred to municipalities, as listed in Annexure A to this letter. In terms of section 26(3) (d) of the Act, National Treasury also approves that the funds transferred to the municipalities may be spent within the 6 months from May to October 2020.

Municipalities should be advised that they should include these allocations in a special adjustment budget before the end of the 2019/20 financial year. To discuss any matters that require clarity on the abovementioned information, you can contact Steven Kenyon at steven.kenyon@treasury.gov.za.

Kind regards

MALIJENG NGQALENI
DEPUTY DIRECTOR-GENERAL: INTERGOVERNMENTAL RELATIONS
Date: 29/04/2020

CC: Dr. M. Tau, Deputy Director-General of the National Disaster Management Centre

Annexure A - Approved transfer of Municipal Disaster Relief Grant Funds, April 2020

			Municipal Disaster Relief Grant		
			Municipal Financial Year		National Financial Year
Category		Municipality	*2019/20 (R'000)*		*2020/21 (R'000)*
EASTERN CAPE					
A	BUF	Buffalo City	-		-
A	NMA	Nelson Mandela Bay	-		-
B	EC101	Dr Beyers Naude	1 132		1 132
B	EC102	Blue Crane Route	983		983
B	EC104	Makana	1 639		1 639
B	EC105	Ndlambe	1 043		1 043
B	EC106	Sundays River Valley	1 043		1 043
B	EC108	Kouga	1 192		1 192
B	EC109	Kou-Kamma	953		953
C	DC10	Sarah Baartman District Municipality	596		596
Total: Sarah Baartman Municipalities			**8 581**		**8 581**
B	EC121	Mbhashe	1 341		1 341
B	EC122	Mnquma	1 937		1 937
B	EC123	Great Kei	417		417
B	EC124	Amahlathi	596		596
B	EC126	Ngqushwa	328		328
B	EC129	Raymond Mhlaba	745		745
C	DC12	Amathole District Municipality	3 397		3 397
Total: Amathole Municipalities			**8 761**		**8 761**
B	EC131	Inxuba Yethemba	447		447
B	EC135	Intsika Yethu	447		447
B	EC136	Emalahleni	596		596
B	EC137	Engcobo	894		894
B	EC138	Sakhisizwe	596		596
B	EC139	Enoch Mgijima	894		894
C	DC13	Chris Hani District Municipality	3 516		3 516
Total: Chris Hani Municipalities			**7 390**		**7 390**
B	EC141	Elundini	596		596
B	EC142	Senqu	477		477
B	EC145	Walter Sisulu	477		477
C	DC14	Joe Gqabi District Municipality	2 235		2 235
Total: Joe Gqabi Municipalities			**3 785**		**3 785**
B	EC153	Ngquza Hill	447		447
B	EC154	Port St Johns	685		685
B	EC155	Nyandeni	834		834
B	EC156	Mhlontlo	536		536
B	EC157	King Sabata Dalindyebo	3 277		3 277
C	DC15	O.R. Tambo District Municipality	4 201		4 201
Total: O.R. Tambo Municipalities			**9 980**		**9 980**
B	EC441	Matatiele	745		745
B	EC442	Umzimvubu	536		536
B	EC443	Mbizana	715		715
B	EC444	Ntabankulu	417		417
C	DC44	Alfred Nzo District Municipality	1 877		1 877
Total: Alfred Nzo Municipalities			**4 290**		**4 290**
Total: Eastern Cape Municipalities			**42 787**		**42 787**

Annexure A - Approved transfer of Municipal Disaster Relief Grant Funds, April 2020

			Municipal Disaster Relief Grant		
			Municipal Financial Year		National Financial Year
Category		Municipality	*2019/20 (R'000)*		*2020/21 (R'000)*
FREE STATE					
A	MAN	Mangaung	-		-
B	FS161	Letsemeng	655		655
B	FS162	Kopanong	119		119
B	FS163	Mohokare	298		298
C	DC16	Xhariep District Municipality	149		149
Total: Xhariep Municipalities			**1 221**		**1 221**
B	FS181	Masilonyana	417		417
B	FS182	Tokologo	119		119
B	FS183	Tswelopele	179		179
B	FS184	Matjhabeng	596		596
B	FS185	Nala	179		179
C	DC18	Lejweleputswa District Municipality	149		149
Total: Lejweleputswa Municipalities			**1 639**		**1 639**
B	FS191	Setsoto	238		238
B	FS192	Dihlabeng	864		864
B	FS193	Nketoana	119		119
B	FS194	Maluti-a-Phofung	1 132		1 132
B	FS195	Phumelela	417		417
B	FS196	Mantsopa	179		179
C	DC19	Thabo Mofutsanyana District Municipality	149		149
Total: Thabo Mofutsanyana Municipalities			**3 098**		**3 098**
B	FS201	Moqhaka	1 013		1 013
B	FS203	Ngwathe	745		745
B	FS204	Metsimaholo	298		298
B	FS205	Mafube	447		447
C	DC20	Fezile Dabi District Municipality	149		149
Total: Fezile Dabi Municipalities			**2 652**		**2 652**
Total: Free State Municipalities			**8 610**		**8 610**
GAUTENG					
A	EKU	City of Ekurhuleni	-		-
A	JHB	City of Johannesburg	-		-
A	TSH	City of Tshwane	-		-
B	GT421	Emfuleni	596		596
B	GT422	Midvaal	718		718
B	GT423	Lesedi	685		685
C	DC42	Sedibeng District Municipality	119		119
Total: Sedibeng Municipalities			**2 118**		**2 118**
B	GT481	Mogale City	1 251		1 251
B	GT484	Merafong City	596		596
B	GT485	Rand West City	1 192		1 192
C	DC48	West Rand District Municipality	119		119
Total: West Rand Municipalities			**3 158**		**3 158**
Total: Gauteng Municipalities			**5 276**		**5 276**

Annexure A - Approved transfer of Municipal Disaster Relief Grant Funds, April 2020

			Municipal Disaster Relief Grant		
			Municipal Financial Year		National Financial Year
Category		Municipality	*2019/20 (R'000)*		*2020/21 (R'000)*
KWAZULU-NATAL					
A	ETH	eThekwini	-		-
B	KZN212	uMdoni	1 341		1 341
B	KZN213	uMzumbe	1 043		1 043
B	KZN214	uMuziwabantu	1 490		1 490
B	KZN216	Ray Nkonyeni	1 108		1 108
C	DC21	Ugu District Municipality	745		745
Total: Ugu Municipalities			**5 727**		**5 727**
B	KZN221	uMshwathi	953		953
B	KZN222	uMngeni	1 460		1 460
B	KZN223	Mpofana	745		745
B	KZN224	iMpendle	854		854
B	KZN225	Msunduzi	1 192		1 192
B	KZN226	Mkhambathini	745		745
B	KZN227	Richmond	745		745
C	DC22	uMgungundlovu District Municipality	894		894
Total: uMgungundlovu Municipalities			**7 588**		**7 588**
B	KZN235	Okhahlamba	1 287		1 287
B	KZN237	iNkosi Langalibalele	1 222		1 222
B	KZN238	Alfred Duma	1 077		1 077
C	DC23	uThukela District Municipality	745		745
Total: uThukela Municipalities			**4 331**		**4 331**
B	KZN241	eNdumeni	775		775
B	KZN242	Nquthu	804		804
B	KZN244	uMsinga	960		960
B	KZN245	uMvoti	757		757
C	DC24	uMzinyathi District Municipality	536		536
Total: uMzinyathi Municipalities			**3 832**		**3 832**
B	KZN252	Newcastle	757		757
B	KZN253	eMadlangeni	685		685
B	KZN254	Dannhauser	735		735
C	DC25	Amajuba District Municipality	387		387
Total: Amajuba Municipalities			**2 564**		**2 564**
B	KZN261	eDumbe	1 192		1 192
B	KZN262	uPhongolo	879		879
B	KZN263	AbaQulusi	1 302		1 302
B	KZN265	Nongoma	1 192		1 192
B	KZN266	Ulundi	1 192		1 192
C	DC26	Zululand District Municipality	596		596
Total: Zululand Municipalities			**6 353**		**6 353**
B	KZN271	uMhlabuyalingana	864		864
B	KZN272	Jozini	864		864
B	KZN275	Mtubatuba	1 341		1 341
B	KZN276	Big Five Hlabisa	1 460		1 460
C	DC27	uMkhanyakude District Municipality	596		596
Total: uMkhanyakude Municipalities			**5 125**		**5 125**
B	KZN281	uMfolozi	745		745
B	KZN282	uMhlathuze	1 192		1 192
B	KZN284	uMlalazi	745		745
B	KZN285	Mthonjaneni	745		745
B	KZN286	Nkandla	745		745
C	DC28	King Cetshwayo District Municipality	745		745
Total: King Cetshwayo Municipalities			**4 917**		**4 917**
B	KZN291	Mandeni	745		745
B	KZN292	KwaDukuza	894		894
B	KZN293	Ndwedwe	745		745
B	KZN294	Maphumulo	745		745
C	DC29	iLembe District Municipality	596		596
Total: iLembe Municipalities			**3 725**		**3 725**
B	KZN433	Greater Kokstad	596		596
B	KZN434	uBuhlebezwe	655		655
B	KZN435	uMzimkhulu	745		745
B	KZN436	Dr Nkosazana Dlamini Zuma	745		745
C	DC43	Harry Gwala District Municipality	596		596
Total: Harry Gwala Municipalities			**3 337**		**3 337**
Total: KwaZulu-Natal Municipalities			**47 499**		**47 499**

Annexure A - Approved transfer of Municipal Disaster Relief Grant Funds, April 2020

			Municipal Disaster Relief Grant		
			Municipal Financial Year		National Financial Year
Category	Municipality		*2019/20 (R'000)*		*2020/21 (R'000)*
LIMPOPO					
B	LIM331	Greater Giyani	298		298
B	LIM332	Greater Letaba	298		298
B	LIM333	Greater Tzaneen	298		298
B	LIM334	Ba-Phalaborwa	298		298
B	LIM335	Maruleng	149		149
C	DC33	Mopani District Municipality	2 384		2 384
Total: Mopani Municipalities			**3 725**		**3 725**
B	LIM341	Musina	447		447
B	LIM343	Thulamela	149		149
B	LIM344	Makhado	149		149
B	LIM345	Collins Chabane	298		298
C	DC34	Vhembe District Municipality	2 086		2 086
Total: Vhembe Municipalities			**3 129**		**3 129**
B	LIM351	Blouberg	358		358
B	LIM353	Molemole	358		358
B	LIM354	Polokwane	596		596
B	LIM355	Lepele-Nkumpi	298		298
C	DC35	Capricorn District Municipality	453		453
Total: Capricorn Municipalities			**2 063**		**2 063**
B	LIM361	Thabazimbi	298		298
B	LIM362	Lephalale	298		298
B	LIM366	Bela-Bela	179		179
B	LIM367	Mogalakwena	417		417
B	LIM368	Modimolle-Mookgophong	298		298
C	DC36	Waterberg District Municipality	1 192		1 192
Total: Waterberg Municipalities			**2 682**		**2 682**
B	LIM471	Ephraim Mogale	596		596
B	LIM472	Elias Motsoaledi	596		596
B	LIM473	Makhuduthamaga	298		298
B	LIM476	Fetakgomo Tubatse	596		596
C	DC47	Sekhukhune District Municipality	894		894
Total: Sekhukhune Municipalities			**2 980**		**2 980**
Total: Limpopo Municipalities			**14 579**		**14 579**
MPUMALANGA					
B	MP301	Chief Albert Luthuli	341		341
B	MP302	Msukaligwa	447		447
B	MP303	Mkhondo	554		554
B	MP304	Dr Pixley ka Isaka Seme	447		447
B	MP305	Lekwa	1 043		1 043
B	MP306	Dipaleseng	179		179
B	MP307	Govan Mbeki	1 013		1 013
C	DC30	Gert Sibande District Municipality	-		-
Total: Gert Sibande Municipalities			**4 024**		**4 024**
B	MP311	Victor Khanye	477		477
B	MP312	Emalahleni	447		447
B	MP313	Steve Tshwete	447		447
B	MP314	Emakhazeni	238		238
B	MP315	Thembisile Hani	596		596
B	MP316	Dr JS Moroka	417		417
C	DC31	Nkangala District Municipality	-		-
Total: Nkangala Municipalities			**2 622**		**2 622**
B	MP321	Thaba Chweu	596		596
B	MP324	Nkomazi	655		655
B	MP325	Bushbuckridge	626		626
B	MP326	City of Mbombela	1 073		1 073
C	DC32	Ehlanzeni District Municipality	-		-
Total: Ehlanzeni Municipalities			**2 950**		**2 950**
Total: Mpumalanga Municipalities			**9 596**		**9 596**

Annexure A - Approved transfer of Municipal Disaster Relief Grant Funds, April 2020

			Municipal Disaster Relief Grant		
			Municipal Financial Year		National Financial Year
Category		Municipality	*2019/20 (R'000)*		*2020/21 (R'000)*
NORTHERN CAPE					
B	NC061	Richtersveld	42		42
B	NC062	Nama Khoi	182		182
B	NC064	Kamiesberg	39		39
B	NC065	Hantam	167		167
B	NC066	Karoo Hoogland	21		21
B	NC067	Khâi-Ma	30		30
C	DC6	Namakwa District Municipality	149		149
Total: Namakwa Municipalities			**630**		**630**
B	NC071	Ubuntu	66		66
B	NC072	Umsobomvu	167		167
B	NC073	Emthanjeni	149		149
B	NC074	Kareeberg	54		54
B	NC075	Renosterberg	54		54
B	NC076	Thembelihle	60		60
B	NC077	Siyathemba	66		66
B	NC078	Siyancuma	36		36
C	DC7	Pixley Ka Seme District Municipality	30		30
Total: Pixley Ka Seme Municipalities			**682**		**682**
B	NC082	!Kai !Garib	131		131
B	NC084	!Kheis	67		67
B	NC085	Tsantsabane	89		89
B	NC086	Kgatelopele	60		60
B	NC087	Dawid Kruiper	268		268
C	DC8	Z.F. Mgcawu District Municipality	30		30
Total: Z.F. Mgcawu Municipalities			645		645
B	NC091	Sol Plaatjie	328		328
B	NC092	Dikgatlong	119		119
B	NC093	Magareng	66		66
B	NC094	Phokwane	119		119
C	DC9	Frances Baard District Municipality	30		30
Total: Frances Baard Municipalities			**662**		**662**
B	NC451	Joe Morolong	125		125
B	NC452	Ga-Segonyana	179		179
B	NC453	Gamagara	95		95
C	DC45	John Taolo Gaetsewe District Municipality	119		119
Total: John Taolo Gaetsewe Municipalities			**518**		**518**
Total: Northern Cape Municipalities			**3 137**		3 137
NORTH WEST					
B	NW371	Moretele	268		268
B	NW372	Madibeng	1 639		1 639
B	NW373	Rustenburg	1 341		1 341
B	NW374	Kgetlengrivier	268		268
B	NW375	Moses Kotane	268		268
C	DC37	Bojanala Platinum District Municipality	506		506
Total: Bojanala Platinum Municipalities			**4 290**		**4 290**
B	NW381	Ratlou	268		268
B	NW382	Tswaing	268		268
B	NW383	Mafikeng	506		506
B	NW384	Ditsobotla	358		358
B	NW385	Ramotshere Moiloa	268		268
C	DC38	Ngaka Modiri Molema District Municipality	745		745
Total: Ngaka Modiri Molema Municipalities			2 413		**2 413**
B	NW392	Naledi	268		268
B	NW393	Mamusa	268		268
B	NW394	Greater Taung	268		268
B	NW396	Lekwa-Teemane	268		268
B	NW397	Kagisano-Molopo	268		268
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	685		685
Total: Dr Ruth Segomotsi Mompati Municipalities			2 025		**2 025**
B	NW403	City of Matlosana	1 013		1 013
B	NW404	Maquassi Hills	358		358
B	NW405	JB Marks	1 013		1 013
C	DC40	Dr Kenneth Kaunda District Municipality	447		447
Total: Dr Kenneth Kaunda Municipalities			2 831		**2 831**
Total: North West Municipalities			11 559		11 559

Annexure A - Approved transfer of Municipal Disaster Relief Grant Funds, April 2020

			Municipal Disaster Relief Grant		
			Municipal Financial Year		National Financial Year
Category		Municipality	*2019/20 (R'000)*		*2020/21 (R'000)*
NORTHERN CAPE					
B	NC061	Richtersveld	42		42
B	NC062	Nama Khoi	182		182
B	NC064	Kamiesberg	39		39
B	NC065	Hantam	167		167
B	NC066	Karoo Hoogland	21		21
B	NC067	Khâi-Ma	30		30
C	DC6	Namakwa District Municipality	149		149
Total: Namakwa Municipalities			**630**		**630**
B	NC071	Ubuntu	66		66
B	NC072	Umsobomvu	167		167
B	NC073	Emthanjeni	149		149
B	NC074	Kareeberg	54		54
B	NC075	Renosterberg	54		54
B	NC076	Thembelihle	60		60
B	NC077	Siyathemba	66		66
B	NC078	Siyancuma	36		36
C	DC7	Pixley Ka Seme District Municipality	30		30
Total: Pixley Ka Seme Municipalities			**682**		**682**
B	NC082	!Kai !Garib	131		131
B	NC084	!Kheis	67		67
B	NC085	Tsantsabane	89		89
B	NC086	Kgatelopele	60		60
B	NC087	Dawid Kruiper	268		268
C	DC8	Z.F. Mgcawu District Municipality	30		30
Total: Z.F. Mgcawu Municipalities			**645**		**645**
B	NC091	Sol Plaatjie	328		328
B	NC092	Dikgatlong	119		119
B	NC093	Magareng	66		66
B	NC094	Phokwane	119		119
C	DC9	Frances Baard District Municipality	30		30
Total: Frances Baard Municipalities			**662**		**662**
B	NC451	Joe Morolong	125		125
B	NC452	Ga-Segonyana	179		179
B	NC453	Gamagara	95		95
C	DC45	John Taolo Gaetsewe District Municipality	119		119
Total: John Taolo Gaetsewe Municipalities			**518**		**518**
Total: Northern Cape Municipalities			**3 137**		**3 137**
NORTH WEST					
B	NW371	Moretele	268		268
B	NW372	Madibeng	1 639		1 639
B	NW373	Rustenburg	1 341		1 341
B	NW374	Kgetlengrivier	268		268
B	NW375	Moses Kotane	268		268
C	DC37	Bojanala Platinum District Municipality	506		506
Total: Bojanala Platinum Municipalities			**4 290**		**4 290**
B	NW381	Ratlou	268		268
B	NW382	Tswaing	268		268
B	NW383	Mafikeng	506		506
B	NW384	Ditsobotla	358		358
B	NW385	Ramotshere Moiloa	268		268
C	DC38	Ngaka Modiri Molema District Municipality	745		745
Total: Ngaka Modiri Molema Municipalities			**2 413**		**2 413**
B	NW392	Naledi	268		268
B	NW393	Mamusa	268		268
B	NW394	Greater Taung	268		268
B	NW396	Lekwa-Teemane	268		268
B	NW397	Kagisano-Molopo	268		268
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	685		685
Total: Dr Ruth Segomotsi Mompati Municipalities			**2 025**		**2 025**
B	NW403	City of Matlosana	1 013		1 013
B	NW404	Maquassi Hills	358		358
B	NW405	JB Marks	1 013		1 013
C	DC40	Dr Kenneth Kaunda District Municipality	447		447
Total: Dr Kenneth Kaunda Municipalities			**2 831**		**2 831**
Total: North West Municipalities			**11 559**		**11 559**

Annexure A - Approved transfer of Municipal Disaster Relief Grant Funds, April 2020

			Municipal Disaster Relief Grant		
			Municipal Financial Year		National Financial Year
Category		Municipality	*2019/20 (R'000)*		*2020/21 (R'000)*
WESTERN CAPE					
A	CPT	City of Cape Town	-		-
B	WC011	Matzikama	477		477
B	WC012	Cederberg	209		209
B	WC013	Bergrivier	72		72
B	WC014	Saldanha Bay	417		417
B	WC015	Swartland	119		119
C	DC1	West Coast District Municipality	89		89
Total: West Coast Municipalities			**1 383**		**1 383**
B	WC022	Witzenberg	119		119
B	WC023	Drakenstein	477		477
B	WC024	Stellenbosch	209		209
B	WC025	Breede Valley	298		298
B	WC026	Langeberg	477		477
C	DC2	Cape Winelands District Municipality	119		119
Total: Cape Winelands Municipalities			**1 699**		**1 699**
B	WC031	Theewaterskloof	238		238
B	WC032	Overstrand	179		179
B	WC033	Cape Agulhas	298		298
B	WC034	Swellendam	358		358
C	DC3	Overberg District Municipality	179		179
Total: Overberg Municipalities			**1 252**		**1 252**
B	WC041	Kannaland	298		298
B	WC042	Hessequa	238		238
B	WC043	Mossel Bay	268		268
B	WC044	George	506		506
B	WC045	Oudtshoorn	209		209
B	WC047	Bitou	506		506
B	WC048	Knysna	417		417
C	DC4	Garden Route District Municipality	268		268
Total: Garden Route Municipalities			**2 710**		**2 710**
B	WC051	Laingsburg	268		268
B	WC052	Prince Albert	209		209
B	WC053	Beaufort West	287		287
C	DC5	Central Karoo District Municipality	119		119
Total: Central Karoo Municipalities			**883**		**883**
Total: Western Cape Municipalities			**7 927**		**7 927**
Unallocated					
National Total			**150 970**		**150 970**

MINISTRY
HUMAN SETTLEMENTS, WATER AND SANITATION
REPUBLIC OF SOUTH AFRICA
Private Bag X645, Pretoria, 0001. Tel: (012) 421 1309, Fax: (012) 341 8513
Private Bag X9029, Cape Town, 8000. Tel (021) 466 7603, Fax: (021) 466 3610

Ms T Modise, MP
Speaker of the National Assembly
Parliament of the Republic of South Africa
Private Bag X 15
CAPE TOWN
8000

E-mail: Speaker@parliament.gov.za

PARLIAMENT OF SOUTH AFRICA
13 MAR 2020
RECEIVED
CLERK OF THE PAPERS

Dear Honourable Speaker

PROPOSED ANNUAL INCREASE IN BULK WATER TARRIFS FOR THE FINANCIAL YEAR 2020/21

I hereby table for approval by the Parliament the proposed annual bulk water tariff increase for the following institutions:

1. Amatola Water 2020/21 bulk water tariff increase of 8.28% on average for both raw and potable water for all customer municipalities.
2. Bloem Water 2020/21 bulk water tariff increase of 9% on average for both raw, potable water and provisional drought tariff to the customer municipalities.
3. Magalies Water 2020/21 bulk water tariff increase of 9% on average for potable water and provisional drought tariff for all of customer municipalities.
4. Mhlathuze Water 2020/21 bulk water tariff increase of 8.91% and 6.39% for raw water to Mhlathuze Local Municipality.
5. Rand Water 2020/21 bulk water tariff increase of 6.6% on average for potable water to customer municipalities.
6. Umgeni Water 2020/21 bulk water tariff increase of 9.6% on average for potable water to the customer municipalities and the Sembcorp Siza.

7. Sedibeng Water 2020/21 bulk water tariff increase of 7.50% on average for potable water to customer municipalities.

8. Overberg Water 2020/21 bulk water tariff increase of 10% on average for potable water to the customer municipalities and industrial customers.

9. Lepelle Northern Water 2020/21 bulk water tariff increase of 10.38% on average for potable water to customer municipalities and a provisional drought tariff of 14.5% for maximum restrictions.

Summary of the 2020/21 potable bulk water average tariff increases for water boards

Water Board	Customer/ Scheme	Approved 2018/19 Bulk water tariff (R/c)	Approved 2019/20 Bulk water tariff increase (%)	Approved 2019/20 Bulk water tariffs (R/c)	Proposed 2020/21 Bulk water tariff increase (%)	Proposed 2020/21 Bulk water tariff (R/c)
AMATOLE	ALL WSAs	11.16	7,85%	10,46	8,28%	11,18
BLOEM	ALL WSAs	7,07	10,50%	7,82	9,00%	8.52
LEPELLE	ALL WSAs	6,52	9,00%	7,1	10,38%	7,84
MAGALIES	ALL WSAs	7,93	10.00%	8,71	9,00%	9,42
MHLATUZE	1 WSA	4,48	13.00%	5,08	8,91%	5,53
OVERBERG	ALL WSAs	8,77	10,20%	9,62	10,00	10,57
RAND	ALL WSAs	9,35	8,00%	10,09	6,60%	10,76
SEDIBENG	ALL WSAs	10,04	7,25%	10,59	7,50%	11,76
UMGENI	ALL WSAs	7,03	10,00%	7,71	9,60%	8,4
	SEMBCORP SIZA	9,29		10,18		11,16

The tariffs increases were proposed within an average rate of inflation of 5.0% forecasts for the year 2020/21 by the Bureau for Economic Research (BER).

Yours sincerely

L N Sisulu, MP
Minister of Human Settlements, Water and Sanitation

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Kulawula House
526 Madiba Street
Arcadia 0083
Pretoria, SOUTH AFRICA

PO Box 40343
Arcadia 0007
Pretoria
SOUTH AFRICA

Tel. +27(0)12 401 4600
Fax. +27(0)12 401 4700
Email.Info@nersa.org.za
www.nersa.org.za

@NERSA_ZA

@NERSAZA

Enquiries: **Brian Sechotlho**
Tel: **012 401 4616/17**
Fax: **012 401 4700**
Email: **brian.sechotlho@nersa.org.za**

The Municipal Manager
Licensed Electricity Distributor

Dear Sir/Madam

GUIDELINE ON MUNICIPAL ELECTRICITY PRICE INCREASE FOR 2020/21

1. Annual Electricity Municipal Tariff Guideline

On May 2020, the National Energy Regulator of South Africa (NERSA) approved a guideline increase for municipalities as set out below.

A guideline increase of 6.24% was approved, which is based on the following assumptions:

I. bulk purchase costs have increased by 6.9% in line with Eskom's electricity tariff increase to municipalities;
II. a consumer price index (CPI) of 4.6% as indicated in the forecast by the Bureau for Economic Research (BER) in March 2020;
III. salary and wage increases of 6.5%, as indicated in the South African Local Government Association (SALGA) Circular No.xx: Salary and Wage Collective Agreement;
IV. Interest rate decrease of 0.25% in line with the announcement by the Reserve Bank Governor;
V. Notified Maximum demand increase of 0%; and
VI. Other expenses increased by CPI.

The Decision and Reasons for Decision (RfD) document on the determination of the municipal tariff guideline and the revision of the benchmarks for the financial year 2020/21 is available on the NERSA website (www.nersa.org.za).

It is important to note that this guideline is not an automatic increase in tariffs and that all licensees are still required to apply to the Energy Regulator for approval of their

Regulator Members: Mr JRD Modise (Chairperson) Ms MMD Nkomo (Deputy Chairperson) *Mr C Forlee (Chief Executive Officer)
Mr Y Adam *Ms N Maseti *Mr MW Mkhize Mr FK Sibanda
*Full-Time Regulator Members

NERSA is a Regulatory Authority established in terms of the National Energy Regulator Act, 2004 (Act No 40 of 2004)

tariffs in accordance with the provisions of Section 16(2) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) before implementation.

2. Approved Conditions on the Analysis of the Tariff Reviews

I. Municipalities applying for an increase that is above the guideline will have to justify their increases to the Energy Regulator and the approval will be based on the following requirements:
   a. A detailed plan on the additional funds requested needs to be presented to NERSA as part of the motivation for the above-guideline increase. The municipality must provide a detailed revenue analysis whereby it indicates the revenue when using the approved guideline percentage increase versus the actual required revenue and the list of items, i.e. repairs and maintenance, where the extra funds will be allocated.
   b. The approved funds must be ring-fenced to ensure that the additional funds are utilised strictly for the identified projects or activities.
   c. Municipalities must report to NERSA on a six-monthly basis on how the additional funds are being utilised.
   d. Funds not utilised for the purpose for which they were approved will be clawed back in the following financial year.
   e. Municipalities may be required to make representations at NERSA's public hearings, the dates of which will be communicated to all stakeholders in due course.
   f. Any other requirements not indicated above may be considered by the Energy Regulator.

II. Municipalities must undertake Cost of Supply (COS) studies as it is a requirement of the Electricity Pricing Policy (EPP).

DRAFT

3. Municipal Tariff Benchmarks

The guideline increase, as determined above, resulted in the average municipal tariff benchmarks, being determined as detailed below.

3.1 Domestic Tariffs

Electricity tariffs for residential customers may be charged to supplies such as churches, schools, halls, clinics, old-age homes or similar supplies in Urban areas with an NMD of up to 100kVA connected to a supply voltage below 500V.

Table 1: Homepower 1 tariff

	Homepower 1		
	Energy charge [c/kWh] Block 1 [0 - 600 kWh]	Energy charge [c/kWh] Block 2 [>600 kWh]	Basic Charge (per month)
Excluding VAT	R0.95 - R1.45	R1.45 - R2.30	R0.00 - R186.60
Including VAT	R1.09 - R1.67	R1.67 - R2.64	R0.00 - R214.59

Table 2: Homepower 2 tariff

	Homepower 2		
	Energy charge [c/kWh] Block 1 [0 - 600 kWh]	Energy charge [c/kWh] Block 2 [>600 kWh]	Basic Charge (per month)
Excluding VAT	R0.95 - R1.45	R1.45 - R2.24	R0.00 - R350.10
Including VAT	R1.09 - R1.67	R1.67 - R2.57	R0.00 - R402.62

Table 3: Homepower 3 tariff

	Homepower 3		
	Energy charge [c/kWh] Block 1	Energy charge [c/kWh] Block 2	Basic Charge (per month)
Excluding VAT	R0.95 - R1.45	R1.45 - R2.24	R0.00 - R723.30
Including VAT	R1.09 - R1.67	R1.67 - R2.57	R0.00 - R831.80

DRAFT

Table 4: Homepower 4 tariff

	Homepower 4		
	Energy charge [c/kWh] Block 1 [0 - 600 kWh]	Energy charge [c/kWh] Block 2 [>600 kWh]	Basic Charge (per month)
Excluding VAT	R0.95 - R1.45	R1.45 - R2.34	R0.00 - R114.30
Including VAT	R1.09 - R1.67	R1.67 - R2.69	R0.00 - R131.45

3.2 Indigent Tariffs

Electricity tariffs for residential indigent customers who qualify in line with the licensee indigent policies.

Table 5: Indigent tariff

	Indigents		
	Energy charge [c/kWh] Block 1 [0 - 50 kWh]	Energy charge [c/kWh] Block 2 [51 -350 kWh]	Energy charge [c/kWh] Block 2 [351 - 600 kWh]
Excluding VAT	R0.00 - R0.00	R0.95 - R1.22	R1.22 - R1.45
Including VAT	R0.00 - R0.00	R1.09 - R1.40	R1.40 - R1.67

3.3 Business Rate Tariffs

Electricity tariffs for supplies with commercial usage and also for non-commercial supplies such as churches, schools, halls, clinics, old-age homes, public lighting or similar supplies in Urban areas with an NMD of up to 100kVA connected to as supply voltage below 132kV.

Table 6: Business Rate 1

	Business Rate 1	
	Energy charge (R/kWh)	Basic charge (R/month)
Excluding VAT	R1.00 - R1.45	R1 200.00 - R1 406.10
Including VAT	R1.15 - R1.66	R1 380.00 - R1 617.02

Table 7: Business Rate 2

DRAFT

	Business Rate 2					
	Energy charge (R/kWh)			Basic charge (R/month)		
Excluding VAT	R1.00	-	R1.45	R1 200.00	-	R1 926.00
Including VAT	R1.15	-	R1.66	R1 380.00	-	R2 214.90

Table 8: Business Rate 3

	Business Rate 3					
	Energy charge (R/kWh)			Basic charge (R/month)		
Excluding VAT	R1.00	-	R1.54	R1 200.00	-	R2 856.00
Including VAT	R1.15	-	R1.77	R1 380.00	-	R3 284.40

Table 9: Business Rate 4

	Business Rate 4								
	Energy charge (R/kWh)			Basic charge (R/month)			Transmission (R/kVA/month		
Excluding VAT	R1.13	-	R3.59	R1 200.00	-	R2 856.00	R0.00	-	9.18
Including VAT	R1.30	-	R4.13	R1 380.00	-	R3 284.40	R0.00	-	10.56

3.4 Landrate Tariffs

Electricity tariffs for rural customers with a single, dual or three-phase conventionally metered supplies with an NMD up to 100kVA with a supply voltage below 500V.

Table 10: Landrate 1

	Land Rate 1					
	Energy charge (R/kWh)			Basic charge (R/month)		
Excluding VAT	R1.00	-	R1.58	R1 200.00	-	R2 351.70
Including VAT	R1.15	-	R1.81	R1 380.00	-	R2 704.46

DRAFT

Table 11: Landrate 2

Land Rate 2		
	Energy charge (R/kWh)	Basic charge (R/month)
Excluding VAT	R1.00 - R1.58	R1 200.00 - R2 351.70
Including VAT	R1.15 - R1.81	R1 380.00 - R2 704.46

Table 12: Landrate 3

Land Rate 3		
	Energy charge (R/kWh)	Basic charge (R/month)
Excluding VAT	R1.00 - R1.54	R1 200.00 - R3 270.90
Including VAT	R1.15 - R1.77	R1 380.00 - R3 761.54

Table 13: Landrate 4

Land Rate 4		
	Energy charge (R/kWh)	Basic charge (R/month)
Excluding VAT	R1.00 - R3.59	R1 200.00 - R795.00
Including VAT	R1.15 - R4.13	R1 380.00 - R914.25

3.5 Resellers

Electricity tariff to be charged to resellers by licensees.

Table 14: Residential Reseller 1 tariff

Reseller Tariff		
	Energy charge (R/kWh)	Network capacity charge (R/kVA)
Excluding VAT	R0.81 - R1.87	R0.00 - R36.36
Including VAT	R0.93 - R2.15	R0.00 - R36.36

3.6 TOU urban tariff benchmarks

TOU electricity tariff for Urban customers with an NMD greater than 1 MVA that are able to shift load and are connected at a voltage below 132kV

DRAFT

Table 15: ToU Urban Tariff

Time of Use (ToU) urban					
Time of Use 1	**Peak Energy charge (c/kWh)**	**Standard Energy charge (c/kWh)**	**Off Peak Energy charge (c/kWh)**	**Basic charge (R/month)**	**kVA charges (R/kVA/month)**
	High Demand Season				
Excluding VAT	R3.54 - R3.82	R1.07 - R1.16	R0.58 - R0.63	R0.00 - R10 247.10	R19.26 - R76.24
Including VAT	R4.07 - R4.39	R1.23 - R1.33	R0.67 - R0.72	R0.00 - R11 784.17	R22.15 - R87.68
	Low Demand Season				
Excluding VAT	R1.15 - R1.24	R0.79 - R0.86	R0.50 - R0.63	R0.00 - R10 247.10	R19.26 - R76.24
Including VAT	R1.33 - R1.43	R0.91 - R0.99	R0.58 - R0.72	R0.00 - R11 784.17	R22.15 - R87.68

4. Above-Guideline Increases

Municipalities that are applying for tariffs that are outside the approved benchmarks must justify such increases and the following additional information must be submitted:

I. the total number of customers per tariff category (municipalities that do not have an appropriate customer base must submit the full details of their customer profile as well as the associated revenues);
II. expected revenues per tariff category;
III. the forecast total sales;
IV. the average maximum demand per tariff (where applicable);
V. the average load factor (where applicable); and
VI. the load profile in percentages (both summer and winter, where applicable).

5. Homepower, Business Rate, Landrate Benchmarks and Industrial Time-of-Use (ToU)

The 2020/21 benchmarks were adjusted upwards by the municipal tariff guideline increase of 6.24%.

Municipalities that are experiencing challenges with regard to the implementation of tariff structural changes are requested to contact NERSA for assistance.

6. Timelines

It is important to note that municipalities should submit their tariff applications for the 2020/21 financial year as soon as possible. NERSA will endeavour to finalise all applications that are received with all the required information by 30 June 2019.

DRAFT

7. Conclusion

Should you require any further assistance with or clarity on the above, please do not hesitate to contact Mr Thabo Tshabalala from NERSA's Electricity Pricing and Tariffs Department at Thabo.tshabalala@nersa.org.za, 012 401 4725 or per email at municguideline@nersa.org.za

NERSA looks forward to continuous engagement with all licensees.

Yours sincerely

_____

Chris Forlee
CHIEF EXECUTIVE OFFICER

Date: _____

DRAFT

ELECTRICITY TARIFFS

Description	*Approved Tariff 2018/19*	*% 2018/2019*	*Approved Tariff 2019/20*	*% 2020/21*	*Draft Tariff 2020/21*	*% 2021/22*	*Draft Tariff 2021/22*	*% 2022/23*	*Draft Tariff 2022/23*	Billing Method
DOMESTIC TARIFFS										
Residential Life-line										
Basic Charge (R/month)	0	0	0	0	0	0	0	0	0	**R/Month**
Block 1 (1-50 KWH)	89.6172	13.07	101.3302	6.40	107.8153	5.22	113.4433	5.22	119.3650	cent per kWh
Block 2 (51-350 KWH)	111.6744	13.07	126.2702	6.40	134.3515	5.22	141.3647	5.22	148.7439	cent per kWh
Block 3 (351-600 KWH)	146.4045	13.07	165.5396	6.40	176.1341	5.22	185.3283	5.22	195.0024	cent per kWh
Block 4 (601 + KWH)	176.1429	13.07	199.1648	6.40	211.9113	5.22	222.9731	5.22	234.6123	cent per kWh
Residential Town Prepaid										
Basic Charge (R/month)	203.5472	13.07	230.1508	6.40	244.8805	5.22	257.6632	5.22	271.1133	**R/Month**
Block 1 (1-50 KWH)	88.7832	13.07	100.3872	6.40	106.8119	5.22	112.3875	5.22	118.2542	cent per kWh
Block 2 (51-350 KWH)	110.6352	13.07	125.0952	6.40	133.1013	5.22	140.0492	5.22	147.3598	cent per kWh
Block 3 (351-600 KWH)	144.7537	13.07	163.6730	6.40	174.1481	5.22	183.2386	5.22	192.8037	cent per kWh
Block 4 (601 + KWH)	175.8313	13.07	198.8125	6.40	211.5364	5.22	222.5787	5.22	234.1973	cent per kWh
Residential Town Conventional										
Basic Charge (R/month)	285.3474	13.07	322.6423	6.40	343.2914	5.22	361.2112	5.22	380.0665	**R/Month**
Block 1 (1-50 KWH)	90.3607	13.07	102.1708	6.40	108.7098	5.22	114.3844	5.22	120.3553	cent per kWh
Block 2 (51-350 KWH)	112.8250	13.07	127.5712	6.40	135.7358	5.22	142.8212	5.22	150.2765	cent per kWh
Block 3 (351-600 KWH)	146.3419	13.07	165.4688	6.40	176.0588	5.22	185.2491	5.22	194.9191	cent per kWh
Block 4 (601 + KWH)	176.8794	13.07	199.9975	6.40	212.7974	5.22	223.9054	5.22	235.5933	cent per kWh
Residential Rural Prepaid										
Basic Charge (R/month)	311.3400	13.07	352.0321	6.40	374.5622	5.22	394.1143	5.22	414.6871	**R/Month**
Block 1 (1-50 KWH)	90.0765	13.07	101.8495	6.40	108.3679	5.22	114.0247	5.22	119.9768	cent per kWh
Block 2 (51-350 KWH)	112.7301	13.07	127.4639	6.40	135.6216	5.22	142.7011	5.22	150.1501	cent per kWh
Block 3 (351-600 KWH)	146.3419	13.07	165.4688	6.40	176.0588	5.22	185.2491	5.22	194.9191	cent per kWh
Block 4 (601 + KWH)	176.8794	13.07	199.9975	6.40	212.7974	5.22	223.9054	5.22	235.5933	cent per kWh
Residential Rural Conventional										
Basic Charge (R/month)	311.3400	13.07	352.0321	6.40	374.5622	5.22	394.1143	5.22	414.6871	**R/Month**
Block 1 (1-50 KWH)	88.5040	13.07	100.0715	6.40	106.4760	5.22	112.0341	5.22	117.8823	cent per kWh
Block 2 (51-350 KWH)	110.6352	13.07	125.0952	6.40	133.1013	5.22	140.0492	5.22	147.3598	cent per kWh
Block 3 (351-600 KWH)	144.7537	13.07	163.6730	6.40	174.1481	5.22	183.2386	5.22	192.8037	cent per kWh
Block 4 (601 + KWH)	175.8313	13.07	198.8125	6.40	211.5364	5.22	222.5787	5.22	234.1973	cent per kWh
COMMERCIAL TARIFFS (										
Business Rate (Conventional) Small to Medium										
Basic Charge (R/month)	815.0000	13.07	921.5205	6.40	980.4978	5.22	1 031.6798	5.22	1 085.5335	**R/Month**

Energy Rate (c/kWh) Winter	152.8200	13.07	172.7936	6.40	183.8524	5.22	193.4495	5.22	203.5475	cent per kWh
Energy Rate (c/kWh) Summer	203.7500	13.07	230.3801	6.40	245.1245	5.22	257.9199	5.22	271.3834	cent per kWh
Business Rate (Prepaid)Small to Medium										
Basic Charge (R/month)	**834.1200**	**13.07**	**943.1395**	**6.40**	**1003.5004**	**5.22**	**1 055.8831**	**5.22**	**1 111.0002**	**R/Month**
Energy Rate (c/kWh) Winter	156.4052	13.07	176.8474	6.40	188.1656	5.22	197.9878	5.22	208.3228	cent per kWh
Energy Rate (c/kWh) Summer	208.5301	13.07	235.7850	6.40	250.8752	5.22	263.9709	5.22	277.7502	cent per kWh
Business Rate (Conventional) Medium to Large (Including Residential Bulk)										
Basic Charge (R/month)	**834.1200**	**13.07**	**943.1395**	**6.40**	**1003.5004**	**5.22**	**1 055.8831**	**5.22**	**1 111.0002**	**R/Month**
Energy Rate (c/kWh) Winter	156.4052	13.07	176.8474	6.40	188.1656	5.22	197.9878	5.22	208.3228	cent per kWh
Energy Rate (c/kWh) Summer	208.5301	13.07	235.7850	6.40	250.8752	5.22	263.9709	5.22	277.7502	cent per kWh
Business Rate (Prepaid) Medium to Large										
Basic Charge (R/month)	**869.8000**	**13.07**	**983.4829**	**6.40**	**1046.4258**	**5.22**	**1 101.0492**	**5.22**	**1 158.5240**	**R/Month**
Energy Rate (c/kWh) Winter	163.0964	13.07	184.4131	6.40	196.2155	5.22	206.4580	5.22	217.2351	cent per kWh
Energy Rate (c/kWh) Summer	217.4512	13.07	245.8721	6.40	261.6079	5.22	275.2638	5.22	289.6326	cent per kWh
GOVERNMENT TARIFFS										
Business Rate (Government)										
Basic Charge (R/month)	**815.0000**	**13.07**	**921.5205**	**6.40**	**980.4978**	**5.22**	**1 031.6798**	**5.22**	**1 085.5335**	**R/Month**
Energy Rate (c/kWh) Winter	152.8200	13.07	172.7936	6.40	183.8524	5.22	193.4495	5.22	203.5475	cent per kWh
Energy Rate (c/kWh) Summer	203.7500	13.07	230.3801	6.40	245.1245	5.22	257.9199	5.22	271.3834	cent per kWh
Business Rate (Institutional)										
Basic Charge (R/month)	**815.0000**	**13.07**	**921.5205**	**6.40**	**980.4978**	**5.22**	**1 031.6798**	**5.22**	**1 085.5335**	**R/Month**
Energy Rate (c/kWh) Winter	152.8200	13.07	172.7936	6.40	183.8524	5.22	193.4495	5.22	203.5475	cent per kWh
Energy Rate (c/kWh) Summer	203.7500	13.07	230.3801	6.40	245.1245	5.22	257.9199	5.22	271.3834	cent per kWh
AGRICULTURAL TARIFFS										
Agricultural (Small - Medium)										
Basic Charge (R/month)	**854.2300**	**13.07**	**965.8779**	**6.40**	**1027.6940**	**5.22**	**1 081.3397**	**5.22**	**1 137.7856**	**R/Month**
Energy Rate (c/kWh) Winter	160.1755	13.07	181.1104	6.40	192.7015	5.22	202.7605	5.22	213.3446	cent per kWh

Energy Rate (c/kWh) Summer	213.5568	13.07	241.4687	6.40	256.9227	5.22	270.3340	5.22	284.4455	cent per kWh
Agricultural (Medium - Large)										
Basic Charge (R/month)	**836.8600**	**13.07**	**946.2376**	**6.40**	**1006.7968**	**5.22**	**1 059.3516**	**5.22**	**1 114.6498**	**R/Month**
Energy Rate (c/kWh) Winter	156.9181	13.07	177.4273	6.40	188.7826	5.22	198.6371	5.22	209.0060	cent per kWh
Energy Rate (c/kWh) Summer	209.2139	13.07	236.5582	6.40	251.6979	5.22	264.8365	5.22	278.6610	cent per kWh
INDUSTRIAL TARIFFS										
Bulk Supply Town and Rural 400 V										
Basic Charge (R/month)	**2 716.4600**	**13.07**	**3 071.5013**	**6.40**	**3268.0774**	**5.22**	**3 438.6710**	**5.22**	**3 618.1697**	**R/Month**
Energy Rate (c/kWh) Summer	101.9000	13.07	115.2183	6.40	122.5923	5.22	128.9916	5.22	135.7250	cent per kWh
Energy Rate (c/kWh) Winter	171.0700	13.07	193.4288	6.40	205.8083	5.22	216.5515	5.22	227.8555	cent per kWh
Maximum Demand Charge (R/kVA)	41.3900	13.07	46.7997	6.40	49.7949	5.22	52.3941	5.22	55.1291	R/kVA
Network Access Charge (R/kVA)	165.5400	13.07	187.1761	6.40	199.1553	5.22	209.5513	5.22	220.4898	R/kVA max of NMD or last 12 months MD
Bulk Supply Town and Rural 11kV										
Basic Charge (R/month)	**2 546.8600**	**13.07**	**2 879.7346**	**6.40**	**3064.0376**	**5.22**	**3 223.9804**	**5.22**	**3 392.2722**	**R/Month**
Energy Rate (c/kWh) Summer	109.1045	13.07	123.3645	6.40	131.2598	5.22	138.1115	5.22	145.3210	cent per kWh
Energy Rate (c/kWh) Winter	171.5274	13.07	193.9460	6.40	206.3586	5.22	217.1305	5.22	228.4647	cent per kWh
Network Demand Charge (R/kVA)	174.7843	13.07	197.6286	6.40	210.2768	5.22	221.2533	5.22	232.8027	R/kVA
Network Access Charge (R/kVA)	43.4247	13.07	49.1003	6.40	52.2427	5.22	54.9698	5.22	57.8392	R/kVA max of NMD or last 12 months MD
TIME -OF -USE										
11 kV Bulk supply Time-of-use										
Basic Charge (R/month)	**9 553.4267**	**13.07**	**10 802.0596**	**6.40**	**11493.3914**	**5.22**	**12 093.3464**	**5.22**	**12 724.6191**	**R/Month**
Network Demand Charge (R/kVA)	45.0531	13.07	50.9415	6.40	54.2018	5.22	57.0311	5.22	60.0082	R/kVA
Network Access Charge (R/kVA)	34.7397	13.07	39.2802	6.40	41.7941	5.22	43.9758	5.22	46.2713	R/kVA max of NMD or last 12 months MD
SUMMER Peak Energy (c/kWh)	147.6439	13.07	166.9410	6.40	177.6252	5.22	186.8972	5.22	196.6532	cent per kWh
Standard Energy (c/kWh)	99.8767	13.07	112.9306	6.40	120.1581	5.22	126.4304	5.22	133.0301	cent per kWh

Off-peak Energy (c/kWh)	72.7363	13.07	82.2429	6.40	87.5065	5.22	92.0743	5.22	96.8806	cent per kWh
WINTER Peak Energy (c/kWh)	461.3871	13.07	521.6904	6.40	555.0786	5.22	584.0537	5.22	614.5413	cent per kWh
Standard Energy (c/kWh)	134.6165	13.07	152.2109	6.40	161.9524	5.22	170.4063	5.22	179.3015	cent per kWh
Off-peak Energy (c/kWh)	80.3356	13.07	90.8355	6.40	96.6489	5.22	101.6940	5.22	107.0024	cent per kWh
Reactive Energy (c/kVArh), winter only	22.2551	13.07	25.1638	6.40	26.7743	5.22	28.1719	5.22	29.6425	cent per kVArh
33 kV Bulk supply Time-of-use NMD < 150MVA										
Basic Charge (R/month)	**8 600.0000**	**13.07**	**9 724.0200**	6.40	10346.3573	**5.22**	**10 886.4371**	**5.22**	**11 454.7091**	**R/month**
Network Demand Charge (R/kVA)	39.5000	13.07	44.6627	6.40	47.5211	5.22	50.0017	5.22	52.6117	R/kVA
Network Access Charge (R/kVA)	30.0000	13.07	33.9210	6.40	36.0919	5.22	37.9759	5.22	39.9583	R/kVA max of NMD or last 12 months MD
SUMMER Peak Energy (c/kWh)	132.0000	13.07	149.2524	6.40	158.8046	5.22	167.0942	5.22	175.8165	cent per kWh
Standard Energy (c/kWh)	89.0000	13.07	100.6323	6.40	107.0728	5.22	112.6620	5.22	118.5429	cent per kWh
Off-peak Energy (c/kWh)	62.5000	13.07	70.6688	6.40	75.1916	5.22	79.1165	5.22	83.2464	cent per kWh
WINTER Peak Energy (c/kWh)	415.0000	13.07	469.2405	6.40	499.2719	5.22	525.3339	5.22	552.7563	cent per kWh
Standard Energy (c/kWh)	120.0000	13.07	135.6840	6.40	144.3678	5.22	151.9038	5.22	159.8332	cent per kWh
Off-peak Energy (c/kWh)	70.0000	13.07	79.1490	6.40	84.2145	5.22	88.6105	5.22	93.2360	cent per kWh
Reactive Energy (c/kVArh) - Winter only	20.5000	13.07	23.1794	6.40	24.6628	5.22	25.9502	5.22	27.3048	cent per kVArh
33 kV Bulk supply Time of use NMD ≥ 150MVA (Eskom Mega-flex + 7.5%)										
Basic Charge (R/month)	**126 039.8300**	**13.07**	**142 513.2358**	6.90	**152 346.6490**	**5.22**	**160 299.1441**	**5.22**	**168 666.7595**	**R/month**
Network Demand Charge (R/kVA)	31.1657	13.07	35.2391	6.90	**37.6706**	5.22	39.6370	5.22	41.7060	R/kVA
Network Access Charge (R/kVA)	16.4522	13.07	18.6025	6.90	**19.8861**	5.22	20.9241	5.22	22.0164	R/kVA max of NMD or last 12 months MD
Transmission Network Charge (R/kVA)	8.2100	13.07	9.2830	6.90	**9.9236**	5.22	10.4416	5.22	10.9866	R/kVA
Reactive Energy (c/kVArh) - Winter	14.4023	13.07	16.2847	6.90	**17.4083**	5.22	18.3170	5.22	19.2732	cent per kVArh
SUMMER Peak Energy (c/kWh)	111.9884	13.07	126.6253	6.90	**135.3624**	5.22	142.4283	5.22	149.8631	cent per kWh
Standard Energy (c/kWh)	79.6958	13.07	90.1120	6.90	**96.3298**	5.22	101.3582	5.22	106.6491	cent per kWh
Off-peak Energy (c/kWh)	53.6385	13.07	60.6491	6.90	**64.8338**	5.22	68.2182	5.22	71.7792	cent per kWh

WINTER Peak Energy (c/kWh)	325.9952	13.07	368.6028	6.90	**394.0364**	5.22	414.6051	5.22	436.2474	cent per kWh
Standard Energy (c/kWh)	104.6048	13.07	118.2766	6.90	**126.4377**	5.22	133.0378	5.22	139.9824	cent per kWh
Off-peak Energy (c/kWh)	60.6251		70.1200	6.90	**74.9583**	5.22	78.8711	5.22	82.9882	cent per kWh

RUSTENBURG LOCAL MUNICIPALITY

DIRECTORATE - TECHNICAL AND INFRASTRUCTURE SERVICES

CIVIL BULK SERVICES CONTRIBUTIONS: NEW DEVELOPMENTS

1. CONTRIBUTIONS NORTH OF THE N4 (COUNCIL RES. 610 OF 25 SEPTEMBER 2001)

	Water		Sewerage		Roads	
Date	Pipeline	Storage	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 1 047/Eq.Erf	R 1 003/Eq.Erf	R2 359/Eq.Erf	R 2 104.70/m³	R 1 162/Eq.Erf	R 3 216/trips

2. CONTRIBUTIONS SOUTH OF THE N4 (COUNCIL RES. 69 OF 28 MAY 2002)

	Water	Sewerage		Roads	
Date	Water all inclusive	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 6 881/Eq Erf	R 2 151/Eq.Erf	R 1 917/m³	R 1 046/Eq.Erf	R 3 058/trips

3. CONTRIBUTIONS FOR THE DELTA AREA (COUNCIL RES. 25 - SEPTEMBER 2002)

	Water	Sewerage		Roads	
Date	Water all inclusive	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 6 881/Eq Erf	R 2 062/Eq.Erf	R 1 917/m³	R 1 045/Eq.Erf	R 6 048/trips

4. CONTRIBUTIONS FOR AREAS INCLUDING CUCKOO AVE (COUNCIL RES. 93 - 30 JULY 2002)

	Water	Sewerage		Roads	
Date	Water all inclusive	Pipeline	Treatment	Stormwater	Roads
01-07-20	R 6 881/Eq Erf	R 2 150/Eq.Erf	R 1 915/m³	R 1 043/Eq.Erf	R 7 376/trips

NOTES:

Trips are calculated as follows:

a. Normal residential stand: (Res 1) 1.5 trips per normal household.
b. Cluster housing: (Res 2) 1.1 trips per normal household

ELECTRICAL ENGINEERING CONTRIBUTIONS RATES

Item	Description		Rate Excl VAT 2019/2020	Percentage Increase 2020/2021 NERSA CPI GUIDELINE	Rate Excl VAT 2020/2021	Unit
1.	**AFTER DIVERSITY MAXIMUM DEMAND (ADMD) VALUES** ADMD's applicable for the calculation of engineering contribution rates will be as follows:					
	Description	**ADMD**				
	Residential	As per NRS 069 and NRS 034 for the applicable consumption class				
	Hotel, Guest House or equivalent	80 VA/m^2				
	Business, Office or equivalent	80 VA/m^2				
	Light Industrial, Garage or equivalent	40 VA/m^2				
	Educational or equivalent	20 VA/m^2				
	Devotional, agricultural, nursery, scrap yard or equivalent	20 VA/m^2				
2.	**MAXIMUM DEMAND (IN KVA) CALCULATION**					
2.1	**General note:**					
2.1.1	The higher of the value calculated at secondary transformation level by: 1) The Developer's appointed Professional Electrical Engineer, or 2) The value as determined by the applicable formula below according to the development's zoning					
2.1.2	The RLM may advise the customer where it is deemed necessary for the customer to increase its notified maximum demand.					
2.1.3	Maximum demand may only be lowered by lowering town planning rights					
2.1.4	Where town planning rights cannot be lowered and a developer insists on a maximum demand lower than figures calculated according to 2.1.1 then the developer shall register a servitude of constraint in the title deed of the property concerned.					
2.1.5	A maximum demand shall be calculated for each legal property, or notarially tied property. In the case of new township or a mixed-use development a consolidated maximum demand may be calculated in terms of item 2.07 for the entire develoment.					
2.2	**Residential development**					
2.2.1	As determined according to Formula in par 4.2.2 of NRS 034-1:2001, as amended from time from time to time.					
2.2.2	Parameters a, b and c are determined as per table 3a of NRS 034-1:2001 as amended from time to time, for standard ADMD values.					
2.2.3	Parameters for a and b for a given circuit breaker size c shall be otherwise determined in terms of the formulae set out in NRS 034-1:2001, as amended from time to time.					
2.3	**Commercial, Governmental and other non-domestic loads, excluding industrial loads:** *Maximum demand (in kVA) = ADMD (in kVA/m^2 from Table 1) x FAR x Stand area (in m^2)* Where FAR is the Floor to Area Ratio, i.e. the area of total building floor area divided by total stand area. The total building floor area shall be deemed to include all lettable areas, including common building areas.					
2.4	**Light Industrial:** *Maximum demand (in kVA) = ADMD (in kVA/m^2 from Table 1) x FAR x Stand area (in m^2)*					
2.5	**Heavy Industrial:** As determined by the developer's consulting engineer (Professional Electrical Engineer)					
2.6	**Special loads:** Special loads are deemed to be loads associated with special zoning such as storage garages, cemeteries, churches. The higher of the value calculated at secondary transformation level by: 1. 13.8 kVA (equivalent to 60 A single phase) 2. the developer's appointed Professinal Electrical Engineer					
2.7	**Mixed-use loads:** Any combination of the above, with diversity factors applied or composite load curves summated to determine the annual coincident maximum demand of the saturated development (i.e. for the full development when all properties have been developed). Diversification factors shall be applied at secondary transformation level.					
2.8	**Phased developments** For phased developments, any combination of the above, subject thereto that Council has approved such phased development and the payment of contributions in respect of each phase.					
3.	**ENGINEERING CONTRIBUTIONS** Engineering contributions shall be calculated by multiplying the determined demand in kVA by the rate per kVA stated for the appropriate point of connection below:					
3.1	**For High voltage connections 88 kV**					
3.1.1	For a connection directly to the 88 kV busbars of a primary intake-substation:		164.00	4.60	171.54	per kVA

	In addition, the developer pays for the dedicated infrastructure, being a full 88 kV feeder bay inclusive of busbar isolator, circuit breaker, CTs and VTs, line isolator, metering requirements, jumpers, clamps, protection relays and the 88 kV line.				
3.2	**For medium voltage connections (11 & 33 kV) from the urban network**				
3.2.1	For a connection directly to thee 33 kV busbars of a substation: In addition, the developer pays fot the dedicated infrastructure, being a 33 kV feeder bay inclusive of circuit breaker, CTs and VTs, metering requirements, protection relays and 33 kV cable.	494.00	4.60	516.72	per kVA
3.2.2	For a connection directly to the 11 kV busbars of a substation: In addition, the developer pays for the dedicated infrastructure, being an 11 kV feeder bay inclusive of circuit breaker, CTs and VTs, metering requirements, protection relays and 11 kV cable.	2 836.00	4.60	2 966.46	per kVA
3.2.3	For a connection directly to a 11 kV ring: RLM pays for the ring main unit and upstream 11 kV infrastructure. In addition, the developer pays for the dedicated infrastructure, being the bulk 11 kV meter and shall provide his own customer circuit breaker.	3 189.00	4.60	3 335.69	per kVA
3.3	**For low voltage connections from the urban network**				
3.3.1	For a connection directly to the LV busbars of a Minisub: RLM will provide the minisub and upstream 11 kV cable In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to be	4 061.00	4.60	4 247.81	per kVA
3.3.2	For a connection directly to the LV busbars of a distribution kiosk located along an LV feeder on the boundary of a property: RLM will provide the upstream LV feeder, the LV distribution kiosk, the minisub and upstream 11 kV cable. In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to be installed in the contribution kiosk.	4 548.00	4.60	4 757.21	per kVA
3.4	**For medium voltage connections (11 & 33 kV) from the rural network**				
3.4.1	For a connection directly to an 11 kV overhead line: RLM pays for the ring main unit and upstream 11 kV infrastructure. In addition, the developer pays for the dedicated infrastructure, being the bulk 11 kV meter and shall provide his own customer circuit breaker.	3 208.00	4.60	3 355.57	per kVA
3.5	**For low voltage connections from the rural network**				
3.5.1	For a connection directly to the LV busbars of a Pole transformer: RLM will provide the pole transformer and upstream 11 kV line. In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to be installed in the Minisub.	3 761.00	4.60	3 934.01	per kVA
3.5.2	For a connection directly to the LV busbars of a distribution kiosk located along an LV overhead feeder on the boundary of a property: RLM will provide the upstream LV overhead line feeder, the LV distribution kiosk, the pole transformer and upstream 11 kV lines. In addition, the developer pays for the dedicated infrastructure, being a LV feeder breaker and the meter to be installed in the distribution kiosk.	4 021.00	4.60	4 205.97	per kVA

RUSTENBURG LOCAL MUNICIPALITY

ELECTRICAL ENGINEERING CONTRIBUTIONS POLICY

2019

TABLE OF CONTENTS

DOCUMENT CONTROL INFORMATION ..... Error! Bookmark not defined.
TABLE OF CONTENTS ..... Error! Bookmark not defined.
LIST OF TABLES ..... Error! Bookmark not defined.
GLOSSARY OF TERMS AND ABBREVIATIONS ..... Error! Bookmark not defined.
1. INTRODUCTION **4**
1.1 THE CASE FOR ENGINEERING CONTRIBUTIONS 4
1.2 SOME KEY CONSIDERATIONS 4
1.3 AIM OF POLICY 5
2. DEFINITIONS **5**
2.1 GENERAL 5
2.2 CAPACITY 6
2.3 ENGINEERING CONTRIBUTION 6
2.4 COSTS 7
2.5 DEVELOPMENT 7
2.6 ELECTRICITY USAGE 7
2.7 NETWORKS 8
2.8 REFUNDS AND SURPLUS CHARGES 9
2.9 SUPPLIES 9
3. ABBREVIATIONS **10**
4. LEGISLATION **10**
5. RESPONSIBILITIES OF THE DEVELOPER **13**
6. RESPONSIBILITIES OF THE MUNICIPALITY **13**
7. TYPES OF DEVELOPMENTS **13**
8. BASIC PRINCIPLES FOR CALCULATION OF ENGINEERING CONTRIBUTIONS **14**
9. ASSUMPTIONS **15**
10. METHODOLOGY AND CALCULATION OF ELECTRICITY ENGINEERING CONTRIBUTION FEES **16**
10.1 GENERAL 16
10.2 ADMD 17
11. DETERMINATION OF ELECTRICITY ENGINEERING CONTRIBUTION FEES **19**
12. CALCULATION OF ENGINEERING SERVICES CONTRIBUTIONS **20**
13. SPECIAL CASES **20**
13.1 LEAPFROG DEVELOPMENTS: 20
14. REFUNDING OF ENGINEERING CONTRIBUTIONS **21**
15. LONG TERM LOAN AGREEMENTS WITH DEVELOPERS **21**
16. IMPLEMENTATION ISSUES **22**
17. changes to town planning rights and/or demand **22**
18. Publication and revision frequency of rates **23**
19. Contestability **23**
20. EXCLUSIONS AND EXEMPTIONS **23**
ANNEXURES **24**

ANNEXURE A: RATES SCHEDULE 24
ANNEXURE B: SINGLE LINE DIAGRAM WITH RATES 24

LIST OF TABLES

Table 5: Maximum demand formulae 18

GLOSSARY OF TERMS AND ABBREVIATIONS

For a glossary of terms and abbreviations, refer to the Definitions section of the Policy

RUSTENBURG LOCAL MUNICIPALITY

ELECTRICAL ENGINEERING CONTRIBUTIONS POLICY

---

1. INTRODUCTION

1.1 The case for Engineering Contributions

The expansion through of development of a Municipality's area of jurisdiction results in an increasing number of applications for new connections, subdivision of land, application for rezoning and increased services requirements of existing customers.

Granting the rights to proceed with such developments causes a heavy burden on existing municipal service infrastructure and necessitates upgrading and/or extension of the infrastructure at enormous cost, if not immediately, then at a later stage.

It is accepted to be fair and equitable, that a developer who establishes new properties or applies for the subdivision of land, or for particular departures in utilization rights, should be obliged to make a financial contribution (henceforth referred to as an engineering contribution) for the upgrading and/or extension of existing or future engineering infrastructure.

Engineering Contributions (or sometimes referred to as Bulk Supply Contributions) deal with the recovery of capital for electrical infrastructure development to service these developments and future customers in a sustainable way.

The key to the successful implementation of this policy lies in the establishment of the optimum differentiation where developers must contribute capital for electricity infrastructure that will be recovered from property sale prices.

It is also important to ensure that double recovery of capital does not take place through ensuring that the consumption tariffs only deal with servicing the cost of capital portion of loan accounts where loans were used to facilitate capital expansion, and that the Engineering Contributions are utilized towards the capital requirements for network expansion (i.e. the capital portion of loan accounts).

1.2 Some key considerations

Existing customers and rate payers should only subsidise via the capital component in their electricity consumption tariffs for infrastructure spare capacity to ensure an acceptable level and quality of service and attract new developments.

It is extremely important to clearly define the level of services provided as this will lead to disagreements when developers or customers (at a later stage) have to pay additional engineering contributions when the service required is more than what was originally provided.

Pro-rata recovery of engineering contributions will make provision to upgrade and extend existing services to cater for the new developments but will not address the backlog problems created as a result of no or under-recovery in the past.

When developed land is sold without recovering the full extent of engineering contributions, either the Municipality or the new owner will have to pay the cost for servicing the property.

1.3 Aim of Policy

The aim of this document therefore is to establish a uniform approach to establish in which cases and to what extent engineering contributions will be levied by the municipality.

This policy recommends a methodology and application guidelines that are fair, reasonably easy to understand and practical and further determines the detail cost of the electricity engineering contributions.

2. DEFINITIONS

The following meanings apply in this policy document, unless indicated otherwise by the context:

2.1 GENERAL

a) *applicant* - customer and developer have the same meaning

b) *town* - city and municipality have the same meaning

c) *infrastructure* - with regard to municipal services – all external bulk services, link services as well as internal services and networks;

d) *services* and infrastructure have the same meaning

e) *municipality* – Rustenburg Local Municipality

f) *residential unit* - has the same as the meaning attached to it in the Provincial Regulations promulgated

2.2 CAPACITY

a) *Network Capacity* is the maximum technical limit of load that can be delivered by a particular network before equipment life would be abnormally reduced.

b) *Standard Network Capacity* is the maximum capacity that would economically be allowed on a particular network before system reinforcement is required.

c) *Utilised Capacity* is the maximum capacity used by the customer at the specific location of the customer. This would normally refer to the registered half hourly integrated kVA.

d) *Additional Capacity* refers to the additional amount of service required by increasing the notified maximum demand (NMD).

e) *Spare Network Capacity* is the difference between the network capacity and the diversified sum of the connected NMD.

f) *Authorised Capacity* refers to the demand calculated by applying the after diversity maximum demand (ADMD) at a point in the network that has been provided and paid for by the development. This will be the ADMD according to the zoning but could be higher as per contractual agreement.

g) *Zone Capacity* refer to the capacity associated with a development based on the type of development in the area and the average coverage (floor area ratio = FAR).

2.3 ENGINEERING CONTRIBUTION

a) *Engineering contribution* is the engineering service costs incurred through a once-off capital expenditure on plant, equipment and other productive resources to increase network capacity. This is the pro-rata cost to be paid by a developer to connect a new development or to provide for additional requirement for services. This cost is based on the nett present replacement value of the network being or to be shared by more than one customer. (also called: Engineering Charges, Developer Contributions, Bulk Contributions.)

b) *Capital allowance* is the contribution to network engineering service costs that are contained in the consumption tariffs - i.e. average engineering service costs recovered over time through the tariffs.

c) *Connection fees* are the up-front payment payable by the customer towards the cost of a standard new connection.

d) *Network charges* are part of the consumption tariffs that are unbundled to reflect the costs associated with networks and are usually based on the required capacity of the supply.

2.4 COSTS

a) *Network upstream costs* refer to costs that will be incurred closer to the source of electricity supply from the actual point where supply is / will be required.

b) *Cost sharing* refers to cases where costs are pooled and shared between the developers utilizing the network.

c) *Replacement value* refers to the value of installing and commissioning new equipment or networks to the required standard and in the year in which contribution calculations are done.

2.5 DEVELOPMENT

a) *Developers* are the entities who undertake the required activities of developing a particular area and this could also include the township establishment, Special / Written / Temporary Consent, Change of land use, Rezoning or Subdivision of land. This includes private persons or government at any level.

b) *Developments* are activities where the requirement or utilization of engineering services is changed and can include only one or various facets of the area.

c) *External services* refer to the networks that fall outside of the boundaries of a particular development but are required to service a particular development.

d) *Internal services* are networks that fall within the boundaries of the development and are specifically required to provide the required capacity to each stand in the development. It excludes service connections.

e) *Leapfrog Developments* are developments that are remote from the existing or available networks of the utility and beyond any short-term expansions of the services. No development inside a development objective area can be regarded as a leapfrog development.

f) *Subdivisions* refer to situations where a particular piece of land is subdivided, thus requiring one or more additional utility service connection/s to be made to the development. These are considered a development like any others in terms of determining engineering services contributions.

2.6 ELECTRICITY USAGE

a) *Diversity* refers to the ratio of the sum of the non-simultaneous maximum demands of various points of supply divided by the simultaneous maximum demand in time at a common point in the network. The closer to the source of supply the higher the diversity will be. (also referred to as After Diversity Maximum Demand (ADMD))

b) *Registered Maximum Demand* is the highest averaged demand, during any integrating period within a designated billing period (usually one month).

c) *Notified Maximum Demand* (NMD) is the contracted maximum demand notified in writing by the customer and accepted by the utility to supply.

d) *After Diversity Maximum Demand* (ADMD) is the maximum demand for a homogenous load class (i.e. a similar group of consumers) divided by the number of consumers in the group (kVA / residential unit). ADMD can also be determined by using the maximum demand divided by the total floor area (kVA/m^2). In some cases, property area is used.

e) *Servitude of Constraint* is where the developer cannot reduce the town planning rights, and still requires a lower demand value for the purposes of calculating engineering contributions to the Professional Engineers calculation on the connection and future NMD billing, he can restrict the demand by registering a servitude of constraint in the title deed for the particular property.

2.7 NETWORKS

a) *Distribution Networks* refer to the service network of the utility. This includes all assets required to transfer the service from the in-feed point to the distributor and include service connections.

b) HV (high voltage) networks are the lines, cable, switches, protection and associated equipment at voltages from 44kV to 132kV.

c) *HV to MV transformation networks* refers to transformation networks between Distribution and Reticulation voltages which includes all substation equipment.

d) *MV (medium voltage) networks* are the lines, cables, switches, protection and all other associated equipment at voltages from 1 000V to 33kV.

e) *MV to LV transformation networks* are the transformation equipment between Reticulation and LV voltages which includes all substation equipment.

f) *LV (low voltage) networks* are the lines, cables, switches, protection and all other associated equipment at voltages below 1 000V.

g) *Metering* includes all equipment associated to measure and calculate the quantities of services used including: VT's and CT's, meters, modems, metering kiosks, seals, tamper protection, internal wiring, etc.

h) *Network strengthening / upgrading / augmentation* is the engineering service expenditure required to increase the capacity of the network to be able to meet increased demand or capacity required on the network.

i) *Network refurbishment* refers to major engineering service expenditure required to existing network equipment after the end of its technical life necessary to extend the

life of the asset to an age similar to when it is new. It excludes costs to increase the capacity of the network.

j) *Point of supply (POS)* is a physical point on the network, where service is supplied to a customer or where the customer's installation connects to the utility network.

k) *Point if delivery (POD)* is the grouping of one or more POS at the same substation, for one customer, at the same voltage and same tariff.

l) *Rural network* are all networks not considered under the term urban.

m) *Urban networks* - supply to an applicant or customer that will be considered to be urban when:

1) It is a proclaimed township or within a proclaimed township as determined by the Council,
2) The number of connections within a 1km radius of the particular point of supply exceeds 314. **NOTE:** All connections within the particular development will qualify.
3) The number of current and newly applied connections per kilometre of MV line exceeds 44 and / or there are at least 40 connections in one development.

2.8 REFUNDS AND SURPLUS CHARGES

a) *Refund* of engineering contributions refer to amounts repaid to developers where they have previously paid full incremental cost for engineering service contributions which are later utilised by other customers.

b) *Surplus capacity* provided due to technical standards that may be shared in the near future will not be allocated as a contribution cost to the developer. The cost of surplus capacity provided due to technical requirements that will unlikely be shared in future (for example, the provision of a 20 MVA transformer to meet a 15 MVA load requirement), will not be pro-rated.

c) Assets that are later shared will result in a refund/reduction to the initial contributor only based on capacity. Adequate records must be kept by the Municipality.

2.9 SUPPLIES

a) *Firm supply* refers to a design standard that will ensure single contingency in security of supply. (Referred to N-1)

b) *Premium supplies* refer to supplies that have features that exceed the standard set for the particular utility on a specific network.

c) *Dedicated supply* refers to a network or a portion of network that is considered dedicated according to the best judgement at the time to the supply of a specific consumer and it is unlikely that it will be shared by another supply within a reasonable foreseeable period of 5 years.

d) *Engineering contribution subsidies* refer to situations where the required engineering services contribution, is funded by another party other than the one to whom it is due.

3. ABBREVIATIONS

The following abbreviations are used in this document:

AMD	Authorized maximum demand for a particular development.
ADMD	After diversity maximum demand
FAR	Floor area ratio
HV	High voltage
kV	Kilo-volt
kVA	Kilo-volt ampere
kWh	Kilowatt hour
LV	Low voltage
MV	Medium voltage
NRS 069	National Rationalized User Specification: Code of practice for the recovery of capital costs for distribution network assets
NMD	Notified maximum demand
NERSA	National Energy Regulator of SA
NPRV	Nett present replacement value
VAT	Value added tax

4. LEGISLATION

4.1.1 Constitution

In terms of section 151(3) of the Constitution of the Republic of South Africa, 1996, municipalities have the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution.

In terms of section 156(1)(a) of the Constitution of the Republic of South Africa, 1996, municipalities have the right to administer certain local government matters listed in Part B of Schedule 4 of the Constitution. Among these is “electricity and gas reticulation”.

The Constitution further makes provision for three categories of municipalities. The distinction between these categories is important in that it creates the basis for differentiated powers and functions between category B and C municipalities and for the possibility that this division of powers and functions may differ. In other words, the respective allocation of powers and functions does not have to be the same in all situations where category B and C municipalities interact and may take into account the particular patterns of capacity / revenue and other local circumstances. The aim of this flexibility is to ensure that municipal services are provided in an equitable and sustainable manner, in terms of section 155(4).

4.1.2 **Municipal Structures Act**

The above-mentioned right to provide services is further provided for by the Local Government: Municipal Structures Act 117 of 1998, section 85(1) for the MEC to adjust the division of functions and powers between a district and a local municipality as set out in section 84(1), which refers to the distribution of electricity.

Section 74(1) of the Municipal Systems Act 32 of 2000 further provides that a municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided. Section 74(2)(b) specifically requires that the policy reflects the amount users pay for services should generally be in proportion to their use of that service.

4.1.3 **Electricity Regulation Act**

The municipality’s distribution right is subject to and regulated in terms of Section 7(1) of the Electricity Regulation Act 4 of 2006 provides that: “*No person may, without a license issued by the Regulator in accordance with this Act-*

(a) operate any generation, transmission or distribution facility;
(b) import or export any electricity; or
(c) be involved in trading.”

4.1.4 **Town Planning Ordinance**

The provisions of the Town Planning Ordinance are tabled below for the sake of completeness and historic importance.

In terms of section 48(1)(a) of the Town Planning and Township Ordinance 15 of 1986, contributions in respect of engineering services may (at the discretion of the local authority) be payable where an approved amendment scheme came into operation.

Section 121 of the Ordinance further stipulates that: “The applicant shall pay to the local authority concerned as a contribution concerned as a contribution towards the cost incurred

by such local authority to install and provide the external engineering services or caused such services to be installed and provided-

(a) *an amount of money determined by agreement between the applicant and such local authority*".

4.1.5 **Spatial Planning and Land Use Management Act**

Section 49(4) of the Spatial Planning and Land use Management Act (SPLUMA), Act 16 of 2013, that replaced the Development Facilitation Act (Act 67 of 1995), makes provision for contributions and stipulates that: "*An applicant may, in agreement with the municipality or service provider, install any external engineering service instead of payment of the applicable development charges, and the fair and reasonable cost of such external services may be set off against development charges payable.*"

Section 49(5) further states that, where a developer is installing external engineering services in lieu of contributions payable, *"the provision of the Local government: Municipal Management Finance Management Act, 2003 (Act No. 56 of 2003), pertaining to procurement and the appointment of contractors on behalf of the municipality does not apply"*.

4.1.6 **Distribution Tariff Code**

Distribution Tariff Code - Version 6 - 2014 forms part of the distribution license conditions issued by NERSA [2].

Section 4.2.1(12) states that "*Connection charges will recover that portion of the full cost of dedicated assets and the approved standard scheduled capital contribution to shared upstream assets, not recovered by the tariff. The allocation of costs for connection charges is as per NRS 069*."

Section 11(1) states that the connection charge "… *is payable in addition to the tariff charges and is payable on all dedicated costs plus a fair contribution to capacity on upstream networks".*

Section 11(3) states that *"the methodology used to calculate connection charges must be approved by NERSA, in line with NRS 069"*. Connection Charges in the Distribution Code refers to Engineering Contributions (for shared upstream infrastructure) as well as dedicated costs.

Section 11.1(10)(f) states that *"In addition to dedicated costs the customers shall be allocated a standard R/kVA contribution based on replacement costs, for shared upstream costs, whether new upstream investment is required or not".*

4.1.7 **NRS 069**

NRS 069 [1] defines a methodology to be used when calculating Engineering Contributions. Since NRS 069 is referred to by the Distribution Code, and the Distribution Code forms part of the License conditions Rustenburg Local Municipality must comply with, it becomes not only a guideline any more but an authoritative document.

5. RESPONSIBILITIES OF THE DEVELOPER

The provision of all internal engineering services and infrastructure within the boundary of the development are the responsibility of the developer.

Some exceptions may however occur where the specification of equipment is dictated by the municipality to be higher than that required by the development to cater for future developments or upgrading of existing infrastructure. The developer and the municipality should then enter into a services agreement or the additional requirements are to be funded by the municipality.

6. RESPONSIBILITIES OF THE MUNICIPALITY

In terms of the Distribution Network Code, the Distributor is required to invest by considering best practice technical alternatives and based on a least life-cycle cost approach. Least life cycle cost is the discounted least cost option over the lifetime of the equipment, taking into account the technical alternatives for investment, operating expenses and maintenance. Calculations to justify investment shall assume a typical project life expectancy of 25 years, except where otherwise dictated by plant life or project life expectancy.

The Distribution Tariff Code requires the Distributor to implement a methodology used to calculate connection charges approved by NERSA and being in line with NRS 069. The developer pays for all dedicated equipment and in addition be allocated a standard R/kVA contribution based on replacement costs for shared upstream costs, whether new upstream investment is required or not.

Contributions must be utilized to install the required infrastructure requested for, pay outstanding loans of the electrical service or to be preserved into a dedicated fund that is ring fenced for the specific service.

Adjacent distributors should coordinate and share contributions according to all infrastructure requirements (where applicable).

7. TYPES OF DEVELOPMENTS

Developments can primarily be categorized as follows:

- Township development / Extension of boundaries of townships
- Rezoning / change of land-use right / Special or Temporary Consent approved by the Local Municipality

- Subdivision of a property
- Increased services requirements that exceed the original limits of services designed or currently provided.

Although rural networks are significantly different, the principles and methodology of calculation are similar with the difference that infrastructure for urban areas is more capital intensive with a higher degree of supply reliability.

8. BASIC PRINCIPLES FOR CALCULATION OF ENGINEERING CONTRIBUTIONS

The following points form the basis of the electricity engineering contribution policy and guidelines:

a) A consistent approach should be applicable throughout the municipal area;
b) The approach should be in harmony with sound practices employed within South Africa and internationally;
c) The approach should be consistent within different utilization and zoning categories;
d) Contributions for each service should be financially ring-fenced;
e) Contributions should be targeted at developers to service properties to the full capacity according to the new zoning;
f) Contributions should be charged to customers when they exceed the designed capacity contributed by the developer or that associated with the zoning;
g) Capital and interest redemption through tariffs should be minimized;
h) Assets financed by engineering contributions remain the property of the distributor;
i) Assets financed by engineering contributions may be used for other customers;
j) The principle of contestability of dedicated networks and funded by customers is supported;
k) Recognition must be given in the longer-term to society benefits from most network extensions because they allow the utility to gradually extend and expand its distribution system to the benefit of all;
l) The standard must be transparent in the way it is set out and applied;
m) The approach should be relatively easy to implement and practical; and
n) The approach should be developed in consultation with representatives from all technical services.
o) Engineering contributions are calculated by the Electrical Engineering Department.

The calculation of engineering contributions must be based on the fundamental principle that customers or subsequent customers should not benefit from a new development at the cost of the developer, or that the developer should not benefit at the cost of customers.

The aim of the policy is to institute a uniform basis for the calculation of engineering contributions in the Municipality's area of jurisdiction as a whole. Calculation of engineering contributions is based on specific applications and guidelines as set out in the documentation for the various services.

The capital component for engineering infrastructure in the consumption tariffs should be limited to spare capacity. It is the municipalities' responsibility to ensure the level of spare

capacity is limited as this places risk and an unfair burden onto customers via electricity inflated tariffs.

Developers in the case of Leap-Frog developments, who have funded bulk infrastructure networks in full, should receive a refund of the pro-rata contribution once other developments pay engineering contributions for sharing of that infrastructure. Refunding of contributions should be avoided where possible and be limited to a set a window period of 5 years as proposed by NRS 069.

Where developments are sharing bulk or link infrastructure, it should be done on a pro-rata basis and based on infrastructure cost and capacity.

The present property zoning and FAR or the existing rights, whichever is the greater, will be used as the basis to calculate the level of services to be credited.

9. ASSUMPTIONS

In developing and applying the policy, it is important to understand the situations and circumstances where the policy is intended to be applied. Minor adjustments based on the above principles will have to be made where applicable.

The following was assumed to form a consistent basis for the policy:

a) Consumption tariffs will contain various components which must cover:

   i. Operational and maintenance costs.

   ii. Capital cost of refurbishing networks at some time in the future when networks have reached the end of its technical and economic life. (Applicable to minimum required services).

   iii. Outstanding loans for spare capacity within the electricity infrastructure networks.

b) Contributions will be based on R/kVA for electricity services applicable at the pre-determined point of supply within the network.
c) Contributions are set by the required capacity, which are based on the full rights attainable on the property or notified demand requirements stated by the developer, whichever are the higher.
d) The engineering contributions are to be the same, irrespective of the service provider or customer, provided it is connected to and supplied through the municipal infrastructure networks.
e) Contributions only include municipal owned infrastructure.
f) Contributions are payable only for pro-rata shared infrastructure.

Connection costs are payable for all dedicated equipment. This also includes link or connection services, where applicable.

10. METHODOLOGY AND CALCULATION OF ELECTRICITY ENGINEERING CONTRIBUTION FEES

10.1 General

The methodology to be followed is the most important and critical part of the policy. It describes how contributions are made up and how the calculations should be done in respect of engineering contributions. It also addresses refunding of excess contribution payments where required.

This section also describes how the fees will be established for electricity contributions.

Where a step change in the electricity supply from ESKOM is required due to the additional load imposed by a new development, the developer will be required to fund the full pro-rata increased demand cost as part of the connection costs.

The Nett Present Replacement Values (NPRV) of each of the segments of the network is determined as follows:

a) HV network values are based on the actual or network quantities of existing equipment and immediate future expansion to complete the primary networks in terms of the master plan.
b) Calculations for the main substations and downstream networks are based on a generic network model, using the standards adopted by the municipality.
c) The municipal HV & MV supply network is segmented into the various voltage and functional equipment, where the POD's from Eskom is at 88, 33 or 11kV level:

    i. Main 88/33/11kV substation which includes 88kV main busbars, two 88kV bays, bus-section complete with switchgear, two 40MVA 88/33kV transformers and two 20 MVA 88/11kV Transformer, control panels, 33kV and 11kV switchgear;
    ii. 33/11kV substations which includes 33kV and 11kV switchgear, and two 20 MVA transformers;
    iii. Medium voltage 800mm2 Al XLPE 1-core XLPE inter-connection cables operating at 33kV;
    iv. Medium Voltage 300mm² Al 3-core XLPE inter-connection cables operating at 11kV.

d) 11kV Switching substation which includes 11kV switchgear complete with yard stone and fence.
e) Medium Voltage 120mm² Al unarmoured XLPE ring cables operating at 11kV. On average 300m MV cable per minisub is installed;
f) 500kVA miniature substation, complete with plinth, earth mat and MV cable terminations;
g) 100m low voltage 120mm² Al radial cable complete with 9-way distribution kiosks operating at 400V.

The nominal service capacity of each of the segments of the network is determined, based on standard ADMD's and the diversity at each voltage level.

10.2 **ADMD**

The following ADMD's at secondary transformer level will apply:

Table 1: Guideline ADMD values

Description	ADMD
Residential	As per NRS 069 and NRS 034 for the applicable consumption class
Hotel, Guest House or equivalent	80 VA/m²
Business, Office or equivalent	80 VA/m²
Light Industrial, Garage or equivalent	40 VA/m²
Educational or equivalent	20 VA/m²
Devotional, agricultural, nursery, scrap yard or equivalent	20 VA/m²

Notes:

a. The m² above refer to the larger of the FAR multiplied with the stand size or the coverage i.r.o. the property zoning.

b. The ADMD values above are at secondary transformation level. Diversity factors are applied in the rate calculation to account for increased diversity between loads at higher transformation and voltage levels.

c. Heavy industry is treated on its application for a connection.

d. The ADMD's are at load class peak, and not at system peak. For mixed-used developments, diversity must be applied between loads by calculating a composite load profile. The demand applicable in mixed-use developments for the purposes of the calculation of engineering contributions is the resulting maximum demand once the composite load profile has been determined (i.e. the expected NMD).

e. The ADMD for residential developments to be used is the capacity obtained after using the a, b and c parameters of the Herman-Beta method through the capacity formula tabled in NRS 034.

f. A developer's consulting engineer may request a higher demand than calculated through ADMD.

g. Where a lower demand is requested than calculated using the ADMD, a servitude of restraint of capacity must be registered over the property.

Gross floor area is used and is determined by multiplying the total stand area with the applicable FAR stipulated in the Town Planning Scheme.

Initial contribution will be based on the highest of the NMD on the application or the capacity as determined using the ADMD for the development or the relevant consumption classes.

The R/kVA engineering contribution fees of each segment are calculated by dividing replacement cost by the system capacity.

In order to apply the correct applicable fee, the point where the development will be connected to the municipal network must be determined to only include upstream shared equipment.

Should the customer require a prime supply, the additional costs to provide this will form part of the connection costs.

For a mixed-use development, the total capacity shall be determined by applying diversity between different load classes.

The formulae for the calculation of maximum demand are as follows:

Table 2: Maximum demand formulae

Category	**Formula**
Residential. This includes Residential 1 and Residential 2 Use Zones as per the RLM Town Planning Scheme.	$$MD = 0.23 \times n \times \frac{c}{a+b}\left[a + 1.28\sqrt{\frac{a \times b}{n(a+b+1)}}\right]$$ (Eq.1) (Capacity formula as per NRS 034) Where: *MD* = Maximum demand in kVA *n* = Number of consumers on heaviest loaded phase (see note in NRS 034) *a, b, c* = Beta probability curve parameters ADMD is given by $$ADMD = c\frac{a}{a+b} \times \frac{230}{1000}$$ (Eq.2) in kVA per residential unit Values for a, b, c for standard ADMD values can be obtained in NRS 034. For any other ADMD value, it must be calculated using the formulae given in NRS 034.

Category	Formula
Non-domestic and non-industrial loads not catered for elsewhere in this table, including Governmental, Offices, Retail and other Business related loads	MD (in kVA) = ADMD (in kVA/m^2) x FAR x Stand area (in m^2) (Eq.3) ADMD is selected from Table 1. This is applicable to any zoning where an FAR is specified that falls within the Business 1, Business 2, Special, Institutional, Municipal, Government, Transportation, Conservation, Recreational, Institutional and Public Open Space Use Zones as defined in the RLM Town Planning Scheme. Agricultural and High Potential/Unique Agricultural Use Zones with special consent for facilities which falls within any of the abovementioned Use Zones will be treated according to the formula in this category.
Light Industrial	MD (in kVA) = ADMD (in kVA/m^2) x Stand area (in m^2) (Eq.4) This is applicable to Industrial 1 and Industrial 2 uses, but exclude Noxious land use.
Agricultural, Heavy Industry, including Mining and Quarrying	As determined by the developer or the developer's consulting engineer (Professional Engineer). This is usually process dependent and includes Noxious land use.
Special loads	e.g. Storage garages, Cemeteries, Churches etc.: the higher of 13.8 kVA (60 A single phase at 230 V), or the demand calculated by the developer's consulting engineer.
Mixed use	Any combination of the above, with diversity factors applied or composite load curves summated to determine the annual maximum demand of the saturated development (i.e for the full development when all properties have been developed).

11. DETERMINATION OF ELECTRICITY ENGINEERING CONTRIBUTION FEES

This section describes in steps how the Electricity Contribution fees are determined according to the modelled network configuration and adopted standards.

a) The electricity supply networks are modelled to allow for standard equipment types and capacity and separated into logical components.
b) Each component is allocated the minimum of its own capacity / rating or the associated upstream or downstream component's capacity / rating.
c) Each component cost is allocated at the replacement values that include professional fees, installation and commissioning.
d) Provision for a base date and industry related escalation is built into the model.
e) Provision for a pre-determined portion for the respective equipment is subject to rate of exchange.
f) The cost per kVA is calculated taking all the above-mentioned into consideration.
g) Select a typical generic connections type at the applicable voltage levels at a differentiation of the point where the connection will be done.
h) Each generic connection is allocated all the respective components required to make the supply available with a diversity differentiation at all the voltage levels.

12. CALCULATION OF ENGINEERING SERVICES CONTRIBUTIONS

This section describes in steps how the Electricity Contribution fees are determined according to the modelled network configuration and adopted standards.

a) Only shared infrastructure is used to calculate contributions on a pro-rata basis.
b) Establish the point in the network where infrastructure will be shared with other developments.
c) Determine the incremental capacity to be charged for as follows:

    i. The highest of the demand required by a development or the calculated nominal capacity based on the approved zoning.

    ii. Only increased capacity will be applicable for any rezoning and full credit (in kVA) must be given for previous zoning rights.

d) Determine the optimum means to service the development for the medium and long term, taking cognisance to mitigate risk, avoid unutilised capacity and duplication of infrastructure.
e) Multiply the incremental capacity with the relevant engineering service contribution fee to determine the contribution payable.

13. SPECIAL CASES

13.1 **Leapfrog developments:**

Developments located remotely from the promulgated developed area or existing networks are classified as leapfrog developments.

The developer is normally responsible for all costs with regard to the provision or extension of services required by the development, without any contribution from the municipality.

The municipality may decide to specify larger equipment than what is required by the development due to the fault levels or in order to make provision for future developments.

In cases mentioned above, the municipality may only cost for the minimum standard equipment used by the municipality to meet the system and load requirements of the development.

14. REFUNDING OF ENGINEERING CONTRIBUTIONS

This section describes how developers should be refunded where they have funded the full incremental costs for services and sharing takes place at a future date.

a) Only the difference between the engineering contribution payable and the equivalent contribution for the development should be refunded.
b) Refunding should only be applicable for a window period of up to 5 years after the initial connection or as per agreement between the municipality and the developer in the case of a leapfrog type development.
c) Refunding must be based on proportionate capacity sharing of only shared infrastructure.
d) Refunding will be based on replacement values and the approved fees applicable at that time.
e) Refunding will be done on a pro-rata basis being based on the portion of additional service required of the capacity previously financed by private developments.
f) No refunding will be considered for initial overstating of service requirements.

15. LONG TERM LOAN AGREEMENTS WITH DEVELOPERS

This section covers the implications of the municipality entering into a loan agreement with a developer for the provision of shared infrastructure and the implications of the MFMA.

a) A debt agreement can be entered into with a developer who provides additional capital expenditure on behalf of the municipality in accordance with section 46(1).
b) The loan or debt agreement must be approved by a Council Resolution and signed by the Mayor in accordance with section 46(2).
c) A long-term debt taken up by a municipality is subject to the specific process stipulated in section 46(3).
d) The long-term debt may not be subject to rate of exchange of the Rand against any foreign currency.
e) The municipality may provide security to such a developer in terms of section 48(1)c.

16. IMPLEMENTATION ISSUES

This section stipulates who should make payments, by what means and when.

a) Engineering contributions due by the developer should be a condition for granting development / subdivision / rezoning approval.
b) Engineering contributions should be calculated and charged as soon as possible in the application process.
c) Payments should in all cases be made as follows:

   i. Township establishment, extension of boundaries of a township & rezoning: Prior to proclamation approval of the town / extension of boundaries / amendment scheme.
   ii. Special Written or Temporary Consent of Council: Within a period of thirty (30) days from date from approval by Council
   iii. Subdivisions: Prior to issuing a certificate confirming that all conditions imposed by council relating to the approval have been complied with.
   iv. Permits: Within a period of thirty (30) days from date of issuing a Permit by the Department of Local Government & Housing.
   v. Any consent given by Council which may require upgrading of the network.

d) The manner in which payments are made for each service must be flexible but should be agreed upon at the time of the signing the Services Agreement, alternatively it should be determined in a resolution of Council or letter of approval issued by Council. Acceptable alternatives are:

   i. The provision of a bank guarantee for the full cost of electrical services and it must make provision for escalation to the planned date of construction.
   ii. Cash payment.
   iii. Phasing of the payment according to pre-determined milestones such as pro-rata contribution per phase, subject to the developer offering an acceptable bank guarantee for the balance of the amount.
   iv. The physical provision of infrastructure to the value of the calculated contribution required for that service, forming part of the Services Agreement.

17. CHANGES TO TOWN PLANNING RIGHTS AND/OR DEMAND

Contributions will be applicable for developments exceeding the original designed capacity for each development as per approved contribution fees.

The zoning can be changed during the planning process, based on new information / requirements.

Where a downgrading of zone takes place after payment of contribution was made, no refund will be made of contributions already paid. The supply requirements may however increase in future up to the original service level, without any further contribution.

Where a developer wishes to reduce the demand in kVA calculated on which contributions will be applied, he should first consider reducing the town planning rights, e.g. reducing the FAR.

Where the developer cannot reduce the town planning rights, and still requires a lower demand value for the purposes of calculating engineering contributions, he can restrict the demand by registering a servitude of constraint in the title deed for the particular property

Where a consumer's notified maximum demand is increased in order to avoid penalties for exceeding the NMD on the monthly consumption charges, engineering contributions will be payable as well.

Where a consumer reduces his notified maximum demand, no refund for previously paid engineering contributions shall be considered.

18. PUBLICATION AND REVISION FREQUENCY OF RATES

The electricity contribution fees should be reviewed and updated annually and published with the annual municipal rates and tariffs.

19. CONTESTABILITY

A developer has the right to contest a quote from the utility and thus use a contractor to install the services to the municipal standards and specifications.

20. EXCLUSIONS AND EXEMPTIONS

Contributions will not be payable under the following circumstances:

a) Where existing municipal services or components thereof are established and are mainly financed from sources other than municipal funds. For instance, allocations and/or subsidies, i.e. INEP, MIG, etc.
b) Where the municipality is not the supply authority that providing electricity services in a specific municipal area.
c) For areas previously supplied by other and the distribution license is transferred, the exemption lapses as soon as the Municipality is established or provides the municipal service.
d) Indigent Customers registered on the municipal indigent database shall be exempted from paying engineering contributions, on condition that the supply remains limited to a maximum of 20A single phase and will be used exclusively for a single connection per erf or designated family living area. Only one such consent will be allowable per Indigent Customer. Should the customer at that address in future apply for the demand increase above 20A, the full payment of contribution for the new NMD will be payable.

ANNEXURES

ANNEXURE A: RATES SCHEDULE

ANNEXURE B: SINGLE LINE DIAGRAM WITH RATES

ANNEXURE A: RATES SCHEDULE

Refer to Annexure A attached as a separate document.

ANNEXURE B: SINGLE LINE DIAGRAM WITH RATES

Refer to Annexure B attached as a separate document

RUSTENBURG LOCAL MUNICIPALITY

DRAFT: INVESTMENT INCENTIVES POLICY - 2018

ITEM 42

Draft: Rustenburg Local Municipality Investment Incentives Policy (2018)

Table of Contents

SECTION A: INTRODUCTION **3**

1. Preamble 3
2. Purpose of the policy 3
3. Legislative context 4
4. Problem statement 4
5. Defining Incentives and Development Charges 6

5.1. Incentives 6

5.2. Financial incentives 6

5.3. Non-financial incentives 6

5.4. Development charges 7

5.5. Fiscal or tax incentives 7

SECTION B: BACKGROUND OF INVESTMENT INCENTIVES **7**

6. Creating sustainable competitive advantage 7
7. Principles influencing investment decisions 8

7.1. Achievable and relevant performance criteria 8

7.2. Public access 8

7.3. Legality and compliance 8

7.4. Low administrative complexity and clear criteria for granting rule-based incentives automatically 8

7.5. Employment creation 9

7.6. Affordability of full financial costs 9

7.7. Transparency 9

7.8. Clear identification of those responsible for implementation 9

7.9. Spatial inclusivity 9

7.10. Complementarity and alignment (national and provincial) 9

7.11. Continuous review 10

SECTION C: POLICY DIRECTIVES **10**

8. Priority strategic programmes 10

9. Eligibility 11

10. Role of Municipal Directorates 12

11. Proposed Investment Incentives 12

12. Financial Incentives 12

12.1. Incentive F1: Electricity Rates Rebate 12

12.2. Incentive F2: Water Rates Rebate 13

12.3. Incentive F3: Estate Rental Rebate 13

13. Nonfinancial Incentives 14

13.1. Incentive NF1: Catalytic Projects Fast-Track Committee 14

SECTION D: MONITORING AND EVALUATION **14**

Rustenburg Local Municipality

Draft: Investment Incentives Policy (2018)

SECTION A: INTRODUCTION

This section describes the problem statement that led to the drafting of the Investment Incentives Policy as well as applicable background information. The section serves as an introduction to the topic within which to contextualise the status quo description and the policy proposals that follows towards the end of this report.

1. Preamble

Municipalities across the world have a mandate to provide their respective communities with the best possible quality, affordable services and create suitable conditions for local business to thrive, create jobs and ensure that the municipality becomes financially sustainable. Provision of quality services is high on the priority lists of residents and business owners and is also a critical requirement for attractiveness of a city as people and corporations want to invest in a vibrant, clean, well-maintained, safe city with a highly capable and ethical administration.

Residents must be able to rely on the local government to make strategic decisions, guided by well-defined policies as procedures, that lead to prosperity for everyone who lives, visits or has business interests in the area. A municipality finds a balance between these competing but complementary responsibilities by developing and implementing dedicated instruments (strategies, programmes, projects and policies), to ensure that it succeeds in creating a quality, safe and vibrant environment for both business and ordinary residents.

One of those instruments is this Investment Incentive Policy, that is premised on the need for Rustenburg Local Municipality to ensure that the municipality achieves the outcome of attracting the necessary investment to implement economic and developmental infrastructure projects, that will ensure that the twin mandates of local municipalities are achieved.

2. Purpose of the policy

The incentive policy must create a connection between the municipal strategic intent and the strategy implementation document (Integrated Development Plan) and sector plans like the Spatial Development Framework, Land Use Management Scheme, the Local Economic Development Strategy and all the other infrastructure and environmental management plans.

The overarching purpose of this policy as articulated in Chapter 7 of The Constitution of the Republic of South Africa, mandates municipalities, per section 152 (1)(b) and (c) to ensure the provision of services to their communities in a sustainable manner; and; to promote social and economic development, respectively. Therefore, this policy seeks to identify relevant and effective internal instruments Rustenburg Local Municipality requires to achieve sustainable service delivery, social development, economic diversification and growth.

What the municipality needs to do is to identify the favourable conditions required for local, national, international capital owners to have enough confidence in the area to invest in its people and local economic growth. The policy will provide detail on the specific packages offered, the conditions that need to be met by potential investors to access such packages, how those will be implemented by the municipality and the required measurement criteria. The intention of this policy is to:

- Identify the package of incentives required to effectively attract investors to the city
- Create conditions suitable to the attraction and retention of investment, like reducing the cost of doing business and expediting approvals and appointments within the prescripts of legislation
- Establish mechanisms to expedite implementation of innovative, environment friendly, economic and social infrastructure investment in a cost effective and efficient manner
- Expedite creation of targeted sustainable urban planning, urban regeneration and township development to enhance the liveable city priority
- Ensure that skills development, sustainable jobs and procurement opportunities are created for locals through implementation of all government policies and projects, in a fair, easy to understand, easy to access with clear and consistent measurement criteria
- Define minimum standards (conditions) required for submission of applications, consideration and elimination of applications for incentives
- Ensure that the local environment is cared for through implementation of innovative green economy projects for future generations

3. Legislative context

The incentives policy is guided by the following Government legislation, policies, strategies and programmes:

- The Constitution of the Republic of South Africa
- National Development Plan 2030;
- National Industrial Development Framework;
- Industrial Policy Action Plan;
- Rustenburg Integrated Development Plan
- Rustenburg Spatial Development Framework
- Rustenburg Integrated Masterplan
- Rustenburg Local Economic Development Strategy

4. Problem statement

Rustenburg Local Municipality is a world-renowned of Platinum Group Metals mining area with a population of over 630 000 growing at an annual rate of 3.5%. Because of this character, it has an economy that is highly dependent on the mining, which has both economic advantages, disadvantages and risks.

Identified advantages to the mining activities are that the economy of the city can absorb a high number of job-seekers but conversely, attract a lot of hopeful job seekers who end up adding to the unemployment rate of the city. Statistics South Africa (2011 Census) reported that unemployment rates in Rustenburg are approximately 26.4% for the general population and the youth unemployment rate is at a troubling 37%. Low formal education and skills levels contribute to this situation.

Mining is finite and as such, not a sustainable economic activity. It is also vulnerable to external macro-economic factors. A reported downward trend in the production and sales of Platinum Group Metals (PGMs), per Statistics South Africa (Mining: Production and Sales; P2041 of February 2018) points to a bleak outlook for the economic sustainability of the city, as local mines look to downscaling production and retrenching employees. Other disadvantages to high mining activities are that the same operations undermine other economic sectors, land use, land distribution, agricultural production, tourism, consumption of municipal services, environmental impacts and pressure on housing provision. Such negative impacts of a dominant mining sector need strategic intervention contained in this policy.

The challenge for the municipality is to reduce the vulnerability of the local economy to external factors by working to diversify the local economy and ensure financial, social and economic sustainability of the area by developing mechanisms to attract and retain investment in education, technical and professional skills levels, infrastructure, agriculture and other catalytic projects and programmes like the renewable energy in the green economy. This can only be achieved by capitalising on the competitive and comparative advantages that the city has; like

- Location on the spine of major road networks (N4, provincial roads (R24 and R510),
- Existence of tourism routes, heritage sites,
- Being within reach of countries in the Southern African Development Community (SADEC), and,
- Being the economic hub of the North West Province.

Assumptions made, based on the information above, that need to be resolved are:

- A local economy that is highly dependent (tress index of over 65%) on a declining PGM mining production and sales output threatens the sustainability of the city beyond mining
- An above average (3.5%) inward migration of people hoping to be employed in local mines puts pressure on the provision of municipal services (housing, water, sewerage, waste removal and electricity provision)
- A depressed or declining output of local economic sectors (mining, agriculture, tourism, manufacturing, energy) contributes to the high unemployment rates. As at 2011, 196 123 of the 266 471 residents, aged between 16 – 65 were employed. A total of 105 188 young people were identified as unemployed.
- A favourable business environment will promote and attract capital investment
- Ease of access to investment capital, premised on provision of quality basic services, enhances growth of businesses in the municipality
- Clearly defined and easy to apply investment procedures will create business confidence from the investors, entrepreneurs and beneficiaries

The Investment Incentives Policy aims to address these identified problems by creating targeted investment attraction packages to:

- Enhance the creation of a favourable environment that will attract and retain capital investment in the local economy.
- Improve levels of business confidence in the municipality to enhance investor confidence.
- Address the high cost of creating greenfield infrastructure projects in the municipality.
- Ensure efficiency in receiving, processing and approving applications for identified incentive packages within applicable legislation
- Promote the establishment of professional project teams that will expedite innovative programme and project implementation
- Create suitable conditions for locals including SMMEs, to participate in the implementation of catalytic projects through education, skills transfer and capacity development programmes
- Ensure that local employment is also enhanced to reduce dependency and poverty levels in the municipality

The Investment Incentive Policy therefore focuses on improving systems, processes and mechanisms to coordinate investment and development facilitation to promote a more organized and transparent investment and development application processes and improve turnaround times. The policy further identifies key pillars necessary to achieve its objectives and unlock the city's development potential. These pillars include land release, delegations of authority, development and / or review of bulk contributions policies.

5. Defining Incentives and Development Charges

5.1. Incentives

"*non-market benefits used to influence the behaviour of an economic actor*".
For investors, incentives may be defined as any measurable advantages (in the form of fiscal, financial, or non-financial incentives) accorded to specific enterprises or categories of enterprises by (or at the direction of) a government, to encourage investors to behave in a certain manner.

5.2. Financial incentives

These may include direct grants and cost sharing schemes, lending instruments and guarantees. It may also refer to discounted prices on the market value of land or the direct provision of land on terms more favourable than that available on the open market.

5.3. Non-financial incentives

This refers to technical or business support incentives: Services to support investors in setting up and running their operations (often provided by an investment promotion agency). These can include preferential treatment and streamlined administrative processing, administrative consulting, direct administrative assistance, relocation support and support to *ex patriate* employees of the investor business. Cities can also provide business-centric research, market intelligence, opportunity identification, project packaging and industrial clustering and support.

5.4. Development charges

Development charges are once-off fees applied to offset the additional public-service investment cost resulting from an intensification of land use. These charges are an important component of a sustainable system of municipal infrastructure financing. The general concept of a development charge is that the urban growth and expansion of new land use development creates the need for additional infrastructure services. These services, which are an essential part of land use development, are a direct cost generated by that development and should therefore be paid for by the land developer to avoid the financial burden being imposed on municipalities or existing communities.

Development charges can and should cover a significant portion of the costs of providing infrastructure that supports economic growth. They are a strategic and efficient source of capital finance to pay for new infrastructure that supports economic growth.

The following are principles underpinning development charges:

- Equity and Fairness: Development charges should be reasonable, balanced and practical to be equitable to all stakeholders;
- Predictability: Development charges should be a predictable, legally certain and reliable source of revenue to the municipality for providing the necessary infrastructure;
- Spatial and economic neutrality: A primary role of a system of development charges is to ensure the timely, sustainable financing of required urban infrastructure. They should be determined on identifiable and measurable costs.
- Administrative ease and uniformity: The determination, calculation and operation of development charges should be administratively simple and transparent.

5.5. Fiscal or tax incentives

Fiscal or tax incentives may refer to exemptions or Income excluded from the tax base. It may also refer to allowances which are amounts deducted from gross taxable income. Credits or rebates are allowances which are amounts deducted from gross taxable income.

SECTION B: BACKGROUND OF INVESTMENT INCENTIVES

This section describes the current reality in the investment incentive environment. Holders of investment capital demand high returns on their investment due to the scarcity of capital resources, stringent controls placed by governments on financial flows and the increasing pressure for municipalities and other businesses to become financially viable.

6. Creating sustainable competitive advantage

Municipalities must craft innovative strategies to address the twin challenges of providing basic services and ensuring that the local conditions are conducive for the growth of the economy. In Rustenburg Local Municipality (RLM), the IDP provides a strategic plan to address most of the challenges. However, due to lack of financial resources for economic projects, economic infrastructure projects do not get adequate financial injection, thus the need for domestic and foreign direct investment attraction.

The fact that there are natural resources, adequate and competitive labour and other advantages does not make Rustenburg an investment destination of choice.

Attractiveness of a place for foreign direct investment to create sustainable competitive advantage requires innovative strategies and projects. These identified, and priority projects have been selected to create a diverse portfolio for interested investors and stimulate the economic growth of Rustenburg.

- Manufacturing: Logistics Hub, Mining Supplier Park, Factory Shops
- Tourism: Convention Centre and hotel, Flea market, Tourism and Heritage routes
- Agriculture and agro-processing: Fresh Produce Market, Urban Agricultural Hubs
- Green economy: Renewable and alternative energy production (solar, wind, mining, agricultural and landfill waste)
- Circular economy: Recycling and reusing of waste products
- Education: Centre for Science and Research Innovation, Tertiary Education Institutions
- Transport: Airport development, Bus Rapid Transport (RRT)
- CBD Regenerations
- Approved Precinct Development

7. Principles influencing investment decisions

7.1. Achievable and relevant performance criteria

Incentives must be tied to achievable and relevant performance criteria with clear and unambiguous mechanisms for monitoring and enforcement. Examples of conditions for the granting of incentives range from compliance with basic regulations to job creation and training targets.

7.2. Public access

All investment incentives should be published for ease of access by the general business community and public.

7.3. Legality and compliance

Tax incentives must comply with all relevant policy and legislation. Incentives should not be provided to companies which are not in compliance with the law. Incentives should align with core labour, health, safety and environmental standards. The investment incentives policy must be in line with national and provincial planning guidelines.

7.4. Low administrative complexity and clear criteria for granting rule-based incentives automatically

Transparent and objective eligibility criteria must be used to grant access to incentives. Unless incentives are tied to pre-defined, public, and rule-based systems they become vulnerable to corruption investor confusion and information asymmetries. Eligibility for incentives provided by law should be based on clearly defined, easy to understand, predetermined criteria. Qualifying criteria should be consistently applied to all businesses applying for incentives without prejudice.

Incentives should not be granted through special permission or certification by investment promotion agencies, ministries of trade, or other government agencies. Ascertaining whether a business is eligible for an incentive and subsequently obtaining an incentive should be a simple task for investors and be based on the submission of pre-determined criteria and easily provided evidence of eligibility. This approach ensures prompt decision making and quick turnaround times for investors.

7.5. Employment creation

Investment incentives must consider temporary and sustained job creation in the private sector. Private investors and entrepreneurs must create both temporary jobs and permanent employment during start-up and sustained operations.

7.6. Affordability of full financial costs

Determine the full financial costs of incentives under all possible circumstances. It is possible that incentives decrease tax income initially but increase tax income in the long-run. However, all incentive packages must be affordable and allow the municipality to meet its service delivery targets. High impact, low cost incentives should be targeted. Mitigate indirect costs of incentives.

7.7. Transparency

Information on incentives policy and the availability of incentives should be public knowledge. Freely provide local and foreign investors with information on existing incentives in the most open and public way possible. All incentives available should be clearly spelt out in full detail and kept up-to-date on the Municipality's website (www.rustenburg.gov.za) or another dedicated public website.

7.8. Clear identification of those responsible for implementation

Establish who (committee, agency, directorate or authority) is responsible for incentive implementation and for ensuring that the objectives and criteria for incentives are met.

7.9. Spatial inclusivity

Investment incentives that target specific sectors or businesses may run the risk of exacerbating spatial inequality. Investment incentives should include marginalised communities where possible. Policies that correct market or regulatory failures in all areas should be considered. However, this should be in line with the Spatial Development Framework.

7.10. Complementarity and alignment (national and provincial)

National, provincial and district government currently provide various programmes and packages that incentivise investment and job creation. Incentives offered by Rustenburg Local Municipality should align with these to enhance their impact. Furthermore, the RLM investment incentives policy should directly reflect its mandate as a separate and independent sphere of government i.e. it should relate to incentives that Rustenburg can uniquely provide.

7.11. Continuous review

The impact of the incentives on investment decisions will only be apparent when the investment incentives policy is implemented. Investment incentives need to be reviewed regularly to mitigate unintended consequences through adjustments. The review process will be made easier and more effective by keeping incentives simple, keeping records, and evaluating results. The full package of investment incentives should also be reviewed for effectiveness and investor popularity after a fixed period

SECTION C: POLICY DIRECTIVES

This section deals with the proposed incentive policy in line with the Municipality's vision and strategic objective.

8. Priority strategic programmes

These Municipality's developmental programme is guided by the spatial development framework which has six priorities which should direct the application of the proposed incentives:

Priority 1: Integrated spatial development supported by the required bulk infrastructure development

Priority 2: Accelerated and shared economic growth supported by creation of spatial economic opportunities

Priority 3: Sustainable use and management of natural resources

Priority 4: Integration of land use and transport development

Priority 5: Creation of sustainable settlements through access to appropriate housing and social facilities. (housing projects; informal settlements).

Priority 6: Creation of opportunities for sustainable rural development

9. Eligibility

The following provides guidelines in terms of eligible projects which the Municipality will consider for incentives applications.

Criteria for consideration

PRIORITY SECTOR / PROGRAMME	PROJECT TYPE	MIN INVESTMENT (R')
Education	Education precinct / facility / infrastructure / supporting amenities (student accommodation, retail development, etc.)	R100m
Agricultural Development	Urban Agriculture Hubs, Rural Agricultural projects / hubs, Agro-processing projects	R20m (primary agriculture development) R50m (agro-processing project)
Industrial Development	Logistics, Mining Supply, Green Economy, Manufacturing	R100m
Tourism	Convention centre, Hotel, Tourism Park	R100m
CBD Regeneration Projects	Single and Mixed-use high rise (Commercial, Residential and Retail),	R100m
Mixed Use Development	Combination of 3 or more land-uses, etc.	R300m
Precinct Development	Residential, Retail, Logistics, etc.	R50m

Assessment Criteria

CATEGORY	WEIGHT %	Score Max 10	Total Score
Local Content and Procurement	15	[redacted]	[redacted]
Bankable Business Plan and Financial Model	15		
Company Profile and Relevant Industry Experience	15		
Total Capital Investment Value	15		
Job Creation	10		
Green Economy	10		
Access to Market	5		
Skills Development	5		
Concept Design	5		
CSI Spend	5		
TOTAL	**100**	**100**	[redacted]

POSSIBLE MAXIMUM SCORE: 1000. MIINIMUM QUALIFYING SCORE ACCEPTABLE: 700

10. Role of Municipal Directorates

Directorates in the municipality each have a critical contribution to the Investment Incentive Policy and the packages on offer including the implementation thereof. Each unit must present possible concessions regarding applications complexity and costs, processing and turnaround times. These must be analysed for value so that potential investors can appreciate the savings on offer. Care must be taken to apply the basic principles of this policy in making the decisions.

11. Proposed Investment Incentives

In South Africa, the Department of Trade and Industry (the dti) offers a set of incentives through the fiscus to encourage development and investment in various sectors such as manufacturing, agriculture, tourism and film. Other incentives from the Department of Trade and Industry (the dti) are tailor-made to attract and retain investments in the automotive, business processes, outsourcing and offshoring industries. While the Department of Trade and Industry (the dti) incentives go a long way in making South Africa more competitive. These incentives generally apply nationally. Cities still must compete for such investments. This makes the provision of investment incentives by cities an important ingredient in developing a city's competitiveness.

International best practice acknowledges the benefits of both financial and non-financial local incentives to investors in addition to the National Government incentives. It is recommended that Rustenburg follows the same practice to offer both financial and non-financial incentives

12. Financial Incentives

The Financial Investment Incentives proposed through this policy are described below.

12.1. Incentive F1: Electricity Rates Rebate

A monthly rate rebate as a percentage of total electricity consumed per month per new customer, as per the categories listed, for a period not exceeding 3 years, as follows:

Year	Action to follow	Rebate
Year 1	Rand value to be quantified/estimated in each case	20%
Year 2	Rand value to be quantified/estimated in each case	15%
Year 3	Rand value to be quantified/estimated in each case	10%
Year 4	Revenue Neutral	0%

The following rules apply, for practical implementation:

- Commencement date for the Year 1 rebate countdown – to be determined in each case, in consultation with the investor. The commencement date may be postponed, up to a maximum of 12 months from the date on which the connection was activated.

In the period preceding the commencement date agreed upon, full energy rates will be applicable, subject only to demand charges exemption, upon prior request, as specified in the Energy Tariffs schedule.

- A Notified Maximum Demand (NMD) must be stated by these customers. The full Network Access Charges (NAC) values, will be payable from the month in which the electricity connection is activated by. In cases where the NMD is understated, the understated value will be clawed back once it becomes evident.
- Upon completion of the 3-year period, the normal tariff clauses will be applicable in relation to the NMD and NAC values.

12.2. Incentive F2: Water Rates Rebate

A monthly rate / service tariff rebate as a percentage of total water and sewerage consumed per month per new customer, for a period not exceeding 3 years, as per the table below. This rebate is only available for investments above R100-million.

Year	Action to follow	Rebate
1	Rand value to be quantified/estimated in each case	20%
2	Rand value to be quantified/estimated in each case	15%
3	Rand value to be quantified/estimated in each case	10%
4	No rebate	0%

12.3. Incentive F3: Estate Rental Rebate

A rental rebate on council owned land will be provided as per the table below.

Qualifying project phase	Qualifying lease period	Qualifying investment value	Rebate	Maximum Duration
Planning	Less than 10 Years	Less than R100 million	100%	12 Months
Planning	More than 10 Years	More than R100 million	75%	12 Months
Construction	Less than 10 Years	More than R100 million	50%	12 Months

The rental rebate will only be applicable and effective from the date of the signing of the lease agreement.
The lease agreement for the qualifying project should be subjected to 12 months for the development to commence from the date of signing the agreement or a similar condition in compliance to the land disposal policy.

13. Nonfinancial Incentives

Non-Financial Investment Incentives formalised through this policy are described below.

13.1. Incentive NF1: Catalytic Projects Fast-Track Committee

Catalytic projects fast-tracking committee has been established to fast track investment and development proposals. The fast-tracking of investments and development proposals contributes towards reducing the cost of doing business as it improves the turnaround time for decision making. The Local Economic Development Directorates is establishing a one-stop office that will also improve the interaction with investors and developers and provide ease of access to Municipality's services relating to investment and development facilitation.

SECTION D: MONITORING AND EVALUATION

The incentives applications and their impact will be monitored by the Catalytic Projects Fast-Tracking Committee. The Local Economic Development Directorate will evaluate the impact of the incentives policy on an annual basis. Depending on the investment and macro-economic environments, the policy may be updated to ensure relevance and cost efficiency.

RUSTENBURG

LOCAL MUNICIPALITY

PETTY CASH POLICY

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	INTRODUCTION	1
2.	REGULATORY FRAMEWORK	1
3.	OBJECTIVES DEFINITIONS	1
4.	DEFINITIONS	1
5.	RESPONSIBILITY AND ACCOUNTABILITY	2
6.	PETTY CASH POLICY	2
7.	REQUEST FOR REIMBURSEMENT AND COMPLETION OF CASH PURCHASE	3
8.	DOCUMENTATION CONTROL	3
9.	RECONCILIATION	4
10.	OUT-OF-POCKET PAYMENTS	4

INTRODUCTION

Section 62(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Therefore, the Rustenburg Local Municipality adopts the following petty cash policy

POLICY STATEMENT

1 Petty cash are funds to be used for small incidental purchases. Procedures have been established to encourage an effective administration and internal control of cash handling operations throughout the Rustenburg Local Municipality

2. REGULATORY FRAMEWORK

Legislation – Municipal Finance Management Act 56 of 2003

3. OBJECTIVES

The aim of the policy is to ensure that the petty cash funds of the municipality are managed and controlled effectively, efficiently, economically and transparent in accordance with the procurement processes of the municipality and the prescribed legislation.

4. DEFINITIONS

Accounting Officer: means the municipal officials referred to in section 60 of the MFMA (2003) and include a person acting as the accounting officer.

Chief Financial Officer: The person designated in terms of section 80(2) (a) of Act 56 of 2003 (MFMA), and includes any person acting in that position or to whom authority is delegated.

Petty Cash Float: The total sum of Petty Cash which has been granted to a Petty Cash Officer

Petty Cash Officer: An employee, made responsible for the day-to-day operating of the Petty Cash Float.

Reconciliation: Is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.

5. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are: Accounting Officer (Municipal Manager)-

1. The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

2. The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure:
   a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;

   (b) that the municipality has and maintains a management, accounting and information system which:

      (i) recognises expenditure when it is incurred; and

      (ii) accounts for payments made by the municipality;

   (c) that payments by the municipality are made directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed.

6. PETTY CASH POLICY

6.1 General Policy

a) The use of a petty cash float (a float may not exceed R10 000.00) is strictly confined to individual cash purchases of up to a maximum of R500.00 inclusive of VAT, unless authorized, to exceed the prescribed amount, by the Chief Financial Officer;

b) The expenditure regarding petty cash purchases shall not be deliberately split into more than one transaction to avoid the said limit;

6.2 A petty cash float is not to be used for any of the following:

a) the cashing of cheques;

b) loans to any person whatsoever;

c) payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason, unless authorized by the Chief Financial Officer;

d) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;

e) no approved store items may be purchased by means of a petty cash transaction;

f) no fixed assets may be purchased by means of a petty cash transaction; and

g) any purchase violating the true meaning of petty cash transactions, or petty cash purchases from a trading creditor that does exist on the financial system will be regarded as a deviation from the accepted accounting practices in the use of Petty Cash. Unless authorised by the Chief Financial Officer, deviations will be regarded as serious offences and will lead to disciplinary action;

h) Other cash floats may also be established for the purpose of providing change for a cash register, or any purpose approved by the Chief Financial Officer. Use of such floats is restricted to the purpose for which they were established and does not form part of the scope of this policy;

i) The Internal Audit section may conduct internal audits to evaluate compliance with this policy.

6.3 Request for reimbursement and Completing a Cash Purchase Claim Form

a) Request for Petty Cash reimbursement must be authorised (signing on the receipt / invoice) by a delegated official, Head of Department or Manager as approved by Council, on the receipt.

b) The recipient must sign the Petty Cash voucher as proof of receipt and to verify that the amount is correct.

c) Petty cash claim forms are available from the designated petty cash official responsible for the petty cash in a department/section;

d) The Cash Purchase Claim must be completed as follows:

(i) description and cost of the goods/services purchased;

(ii) purchaser's signature;

(iii) correct vote number with an adequate budget to be charged; and

(iv) signature of the Officer in Charge of Petty Cash;

e) Original receipts and other valid documentation as required must be attached as proof of payment, with the signature of an appropriate financial delegate on this documentation. The receipt and invoice must be in a formal business format. Receipts must set forth the complete description of the purchase. When a vendor’s printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid;

f) A financial delegate cannot authorise a cash purchase claim where she or he is the purchaser.

g) The official signatory must ensure that funds are available on the budget, prior to submitting claims.

6.4 Documentation control

a) All documentation (Petty Cash voucher and receipts), applicable for the period between replenishments, must be kept in the lockable cash box which will always be kept in a locked, fire- and thief resistant safe.

b) With replenishment, the above documentation together will be reconciliation sheet must be attached to the payment voucher.

c) The locked petty cash box must be kept in a secure place when not in use and should be removed and returned by the responsible staff member only. At no stage should staff other than the responsible administrative/clerical staff member have access to the petty cash box;

d) Under no circumstance are keys to be left in the lock to the petty cash box, cabinet or safe;

e) If the responsible Petty Cash Officer is either going on leave or is leaving the Municipality's employment, the Petty Cash Officer must perform a reconciliation and a Summary Claim Cover Page compiled, before possession of Petty Cash, can be handed over. The Summary Claim Cover Page must be signed by both the Petty Cash Officer and the recipient, in order to verify that the amount in cash, correspond with the balance on the Summary Claim Cover Page; and

f) When the Petty Cash is returned to the Petty Cash official, the same processes must be followed.

6.5 Reconciliation

a) A request for replenishment must be supported by a reconciliation sheet compiled by the Petty Cash official.

b) The above sheet must be signed by the Petty Cash official and authorised by the Accountant / Manager / Section 56 Appointments or Municipal Manager

c) Such reconciliation must be done at least once a month.

d) A year-end reconciliation and replenishment must be done, at 30 June.

6.6 Out-of-Pocket Payments

a) Where a staff member has made a purchase from own funds and seeks reimbursement from the petty cash, supporting documentation must be provided to substantiate the claim;
b) The responsibility to ensure that the purchase will be in accordance with all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s); and

c) The recording-, documentation- and authorization requirements must be stated.

Recommended by:

Date:

(Municipal Manager: Mr Victor Makona)

Approved by:

Date:

(Speaker: Mrs SK Mabale Huma)

Resolution Number Date:

RUSTENBURG LOCAL MUNICIPALITY

DRAFT REVISED MUNICIPAL BEREAVEMENT POLICY FOR SERVING AND FORMER COUNCILLORS

1. PREAMBLE

In terms of Section 156(5) of the Constitution and Section 8 (2) of Municipal System Act 2000, the Council has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.

This civic funeral is a funeral in honour of the deceased Councilor or Former Councillor which is arranged by and held under the name of the Council. The family of the deceased Councilor or Former Councillor has the choice of having a civic funeral or not.

2. AIMS AND OBJECTIVES

2.1 To provide a framework for the management of the bereavement processes for a deceased municipal Councillor and Former Councillor.
2.2 To make provision for the establishment of a sustainable mechanism for the provision of support to the family of a deceased Councillor and a Former Councillor.
2.3 To promote good fellowship during the time of need to the bereaved family.
2.4 To provide assistance to bereaved families in the event of death of a Councillor and a Former Councillor.

2.1 DEFINTIONS

In this policy, unless the context indicates otherwise –

2.1.1 "Councillor" means a member of the municipal council of Rustenburg Local Municipality.

2.1.2 "Former Councillor" means a former member of the municipal council of the Rustenburg Local Municipality, during the period dating back to the 05 December 2000 amalgamation.

2.1.3 "Council" or "municipal council" means a municipal council referred to in section 157 of the Constitution.

2.1.4 "Bereavement Committee" means a committee constituted and established by the Council.

2.1.5 "Family member" means any individual related by blood or affinity whose close association with the councillor or ex-councillor is equivalent of a family member.

3. SCOPE OF THE APPLICATION OF THIS POLICY

3.1 This policy will apply to ex- Councillors and current Councillors of the Rustenburg Local Municipality.;

3.2 This policy shall not be applicable to (i) current councillors who are serving at the Bojanala Platinum District Municipality; and (ii) former councillors currently serving at the Legislature or Parliament.

3.3 Provisions of this Policy will be binding to the Council, Councillors, Former Councillors and Management of the Municipality.

3.4 Application of this policy shall not be applicable to Employees of the Municipality, spouses and children of serving Councillors or Former Councillors of the Municipality.

4. PRINCIPLES UNDERPINNING THIS POLICY

4.1 This policy is designed to be used as a tool for comforting or consoling the bereaved family of the deceased Councillor or Former Councillor.

4.2 This policy is designed to enhance contents of the social culture in respect of mourning.

4.3 This policy strives to promote the principle of equality and it is intended not to discriminate directly or indirectly against anyone on one or more grounds, including race, gender, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.

4.4 The funeral benefits that are provided in this policy are privileges accorded to the deceased Councilor or Former Councillor and as a result this should not be construed as a right of entitlement to the funeral benefit.

4.5 This is the official policy that governs the privileges to which deceased Councillors or Former Councillors are entitled in the event of death.

5. PROCEDURE

5.1 Any Councillor or member of the family of the deceased Councillor or Former Councillor should notify the Speaker and the Single whip of the death of the councilor or former councillor. The Speaker, Single Whip, Executive Mayor and the Municipal Manager may delegate Councillors and Senior Officials to consult with the deceased family in preparation of the funeral.

5.2 A special meeting of Council shall be arranged upon the death of a Councillor or former councillor to allow parties represented in the Council to express condolences to the next of kin.

5.3 During the Special Council meeting a brief life history of the deceased shall be presented by the Executive Mayor.

5.4 The deceased councillor's chair should be draped in black and where possible the enlarged photograph and a bouquet of flowers or a wreath be placed on the table of the deceased councilor in the council chamber.

5.5 The family of the deceased and specific guests should be invited to the special meeting and a special seating should be arranged for the bereaved family in the council chamber.

5.6 The Speaker, the Single Whip and the Executive Mayor in consultation with the Municipal Manager are authorized to make all necessary arrangements for the funeral in order to give effect to the provisions of this Policy.

5.7 The Council shall establish a bereavement committee which shall consist of not more than five (5) Councillors and not more than five (5) municipal officials. This committee shall be chaired by a Councillor.

6. FINANCIAL CONTRIBUTION BY THE COUNCIL

6.1 The Council shall bear all the costs to be incurred in the running of the civic bereavement to the maximum amount of R 50 000.00 (Fifty Thousand Rand).

6.2 The total amount as approved by Council shall be paid to the family.

6.3 Payment for the funeral claims shall be timeously made before the funeral or cremation.

7. ARRANGEMENT OF THE MEMORIAL SERVICE

7.1 The Municipality shall arrange a memorial service for paying the last tribute to the deceased Councillor.

7.2 Such memorial service shall be arranged in consultation with the family of the deceased Councillor.

7.3 In the case of a political memorial service, the arrangement shall be decided by the Speaker in consultation with the Executive Mayor and the Municipal Manager.

7.4 The Preacher of the family choice or the municipality choice shall be arranged at no cost to the municipality.

7.5 The memorial service shall be held at a suitable venue chosen by the family and the municipality.

7.5. The refreshments may be arranged only for the family members and special guests at the memorial service.

8. FUNERAL ATTENDANCE ARRANGEMENTS CREMATION SERVICES

8.1 At the discretion of the family, the family service may take place at the home of the deceased councillor or ex-councillor or hall or at the church. Family or friends or members of the political party may be pall bearers and the members of Public Safety officers shall lead the procession.

8.2 At the discretion of the family, the funeral service programme may be facilitated by the programme director chosen by the family.

8.3 Depending on the wishes of the family, the deceased may either be cremated or buried.

9. IMPLEMENTATION DATE

This policy shall come into full force and effect upon the acceptance hereof by the Council of the Municipality by resolution.

10. ADMINISTRATIVE UPKEEP OF THE POLICY

The Directorate: Corporate Support Services shall be the custodian of this policy and shall be responsible to review this policy on an annual basis or if the need arises, whichever comes first.

REVISION HISTORY

DATE OF REVISION: _____

REASON FOR CHANGE: _____

EFFECTIVE DATE: _____

DATE OF COUNCIL

APPROVAL: _____

COUNCIL RESOLUTION NO----------