

# OVERSTRAND MUNICIPALITY



## DRAFT BUDGET

# 2014/2015

2014/15 TO 2016/17  
MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS

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## Abbreviations and Acronyms

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

# Part 1 – Annual Budget

## 1.1 Mayor’s Report

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

The draft revised IDP and SDBIP will also be tabled during the Council meeting.

## 1.2 Draft Council Resolution

The following is the resolution that will be considered for the approval and adoption of the annual budget for 2014/2015:

### RECOMMENDATION TO THE COUNCIL:

1. that in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) the annual budget of the Overstrand Municipality for the 2014/15 to 2016/17 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved and adopted** as set out in the following schedules:

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

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

**Schedule 3:** Budgeted multi-year capital appropriations by standard classification (vote) and associated funding by source

**Schedule 4:** Budgeted financial position

**Schedule 5:** Budgeted cash flow

2. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the property rates reflected in **Annexure A, be imposed** for the budget year 2014/15;

3. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tariffs and charges reflected in **Annexure A, be approved** for the budget year 2014/15;

4. that Council notes the following schedules:

**Schedule 6:** Budgeted financial performance (revenue & expenditure by standard classification)

**Schedule 7:** Budgeted capital expenditure by municipal vote

**Schedule 8:** Cash backed reserves and accumulated surplus reconciliation

**Schedule 9:** Asset management

**Schedule 10:** Basic service delivery measurement

5. that Council **takes cognisance** of the letters of comment received from the public, and

6. that Council **takes cognisance** of the 2014/2015 Budget Report.

Council will not approve external loan funding with this budget as this has been secured with the three year external loan funding agreement that was approved at the council meeting held on 24 April 2013.

### **1.3 Executive Summary**

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

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

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

National Treasury's MFMA Circular No. 70 was used as guidance for the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Ever aging water, roads, sewage and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities of the municipality;
- The increased cost of bulk electricity (due to tariff increases by Eskom in excess of inflation), which is placing upward pressure on service tariffs to residents. Continuous high bulk tariff increases are not sustainable, as there will be point where services will no longer be affordable;
- Revenue recovery from cost reflective core municipal services;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2014/15 MTREF process; and
- Maintaining a positive cash flow.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/2014 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget informed the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and any backlog eradication goals;
- Tariffs and property rates increases should aim to be affordable. The rate of increases in property rates has lagged in the past years and therefore had to be adjusted;
- Some price increases in the input costs of services are beyond the control of the municipality, for instance the cost of bulk electricity, fuel and chemicals. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure maintenance and backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The mayoral committee introduced cost saving measures relating to:
  - Grants-in-aid to organisations;
  - Events and tourism;
  - Ward projects allocations;
  - Baboon monitors

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

	Budget Year 2013/14	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17			
Revenue	743 363	785 691	855 339	911 867	5.69%	8.86%	6.61%
Expenditure	828 389	869 426	953 780	1 015 458	4.95%	9.70%	6.47%
Surplus / (Deficit)	(85 026)	(83 736)	(98 441)	(103 591)			
Capital	126 482	92 972	86 162	81 218	-26.49%	-7.33%	-5.74%

Total revenue has grown by 5,69 per cent for the 2014/15 financial year when compared to the 2013/2014 Adjustments Budget. For the two outer years, operational revenue will increase by 8,86 and 6,61 per cent respectively. The higher increase for 2015/16 is informed by housing top structures amounting to R10,7m.

Total operating expenditure for the 2014/15 financial year has been appropriated at R869m and translates into a budgeted deficit of R83,7m. When compared to the 2013/2014 Adjustments Budget, operating expenditure has grown by 4,95 per cent in the 2014/15 budget and by 9,7 and 6,47 per cent for each of the respective outer years of the MTREF. The higher increase for 2015/16 is informed by housing top structures amounting to R10,7m.

It should be noted that although the 2014/2015 operational budget and indicative years indicate budgeted deficits, this does not reflect the actual cash position. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE). The asset value before depreciation is in excess of R5,7 billion, which relates to substantially high depreciation charges. Although accurately reflecting asset value, the cost of a substantial portion of these assets had been fully redeemed previously, but the useful life of assets were extended as well as ever increasing assets funded by grants. The replacement thereof can thus not be recouped via current tariffs as this would lead to taxation in advance of need and no reserves may be established for these purposes. The principle of recovering actual cash costs during each financial period is adhered to.

The capital budget of R93m for 2014/15 is 26,5 per cent less when compared to the 2013/2014 Adjustments Budget. The reduction is due to the available resources to fund the capital budget. The capital programme decreases to R86m and R81m in the outer years, notwithstanding that an estimated R100m is required annually to sustain capital infrastructure. A substantial portion of the capital budget (54%) will be funded from borrowing over the MTREF with anticipated borrowings of R130m. The balance will be funded from internally generated funds, a finance lease of R6,7m and capital grants. Note that the Municipality has reached its prudential borrowing limits and as a result there is little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past five years.

The repayment of capital and interest (debt services costs) is still within acceptable norms. Consequently, the capital budget remains relatively flat over the medium-term.

## 1.4 Operating Revenue Framework

For Overstrand to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with an increasing population (7<sup>th</sup> highest growth nationally as per the 2011 census), development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure levels above 95 per cent annual collection rates for property rates and other key service charges (current collection level is in excess of 99%);
- Electricity tariff increases for Eskom and the municipality, as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increased pressure to deliver and maintain services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>									
Property rates	128 737	108 913	116 321	126 921	126 921	126 921	148 640	158 025	165 498
Property rates - penalties & collection charges	853	925	914	1 000	1 000	1 000	1 050	1 103	1 158
Service charges - electricity revenue	183 552	224 950	247 521	284 936	284 936	284 936	310 085	333 146	349 869
Service charges - water revenue	74 099	83 755	85 498	98 642	93 142	93 142	95 897	99 943	105 503
Service charges - sanitation revenue	50 381	57 212	57 223	60 917	62 827	62 827	63 455	66 997	70 759
Service charges - refuse revenue	36 945	39 498	46 788	52 934	52 934	52 934	56 130	59 500	63 074
Service charges - other									
Rental of facilities and equipment	6 532	6 743	7 208	8 551	8 551	8 551	7 966	8 739	9 615
Interest earned - external investments	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Interest earned - outstanding debtors	2 463	2 331	2 199	2 204	2 204	2 204	2 288	2 234	2 322
Dividends received					-	-	-	-	-
Fines	5 469	5 278	6 644	6 079	7 529	7 529	7 965	7 378	7 817
Licences and permits	1 711	1 786	1 968	2 046	2 046	2 046	2 229	2 447	2 686
Agency services	1 790	1 912	2 025	2 250	2 255	2 255	2 480	2 727	3 000
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other revenue	39 497	17 375	71 461	19 963	21 516	21 516	21 617	22 855	24 404
Gains on disposal of PPE	13 171	1 920			383	383			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>

**Table 3 Percentage growth in revenue by main revenue source**

Description R thousand	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework					
		Budget Year 2014/15		Budget Year +1 2015/16		Budget Year +2 2016/17	
<b>Revenue By Source</b>							
Property rates	126 921	148 640	17.11%	158 025	6.31%	165 498	4.73%
Property rates - penalties & collection charges	1 000	1 050	5.00%	1 103	5.00%	1 158	5.00%
Service charges - electricity revenue	284 936	310 085	8.83%	333 146	7.44%	349 869	5.02%
Service charges - water revenue	93 142	95 897	2.96%	99 943	4.22%	105 503	5.56%
Service charges - sanitation revenue	62 827	63 455	1.00%	66 997	5.58%	70 759	5.61%
Service charges - refuse revenue	52 934	56 130	6.04%	59 500	6.00%	63 074	6.01%
Rental of facilities and equipment	8 551	7 966	-6.84%	8 739	9.70%	9 615	10.02%
Interest earned - external investments	7 018	6 166	-12.13%	6 210	0.70%	6 255	0.73%
Interest earned - outstanding debtors	2 204	2 288	3.81%	2 234	-2.38%	2 322	3.96%
Fines	7 529	7 965	5.79%	7 378	-7.36%	7 817	5.94%
Licences and permits	2 046	2 229	8.94%	2 447	9.78%	2 686	9.77%
Agency services	2 255	2 480	9.98%	2 727	9.96%	3 000	10.01%
Transfers recognised - operational	70 101	59 724	-14.80%	84 037	40.71%	99 909	18.89%
Other revenue	21 516	21 617	0.47%	22 855	5.73%	24 404	6.78%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>743 363</b>	<b>785 691</b>		<b>855 339</b>		<b>911 867</b>	

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

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. The increase in revenue of 17,11 per cent represents the tariff increase (15%) and a revenue projection adjustment for 2013/14. The same applies to water and sanitation revenue. Rates and service charge revenues comprise 86% of the total operating revenue mix. In the 2013/2014 financial year, revenue from rates and services charges totalled R624m. This increases to R678m, R721m and R758m in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity, property rates revenue in 2014/15 and operational grants in the outer years, above anticipated inflation growth. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 60 MBRR SA1 (see page 92).

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

Operating grants and transfers totals R59,7 million in the 2014/15 financial year. This increases to R89m and R99,9m over the MTREF. Equitable share increases substantially in terms of the equitable share formula after the release of the 2011 census figures, as a result of the population growth in the Overstrand area. The increase in the housing allocation is due to the building of top structures for housing development anticipated in the outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>28 670</b>	<b>33 973</b>	<b>39 528</b>	<b>44 783</b>	<b>45 383</b>	<b>45 383</b>	<b>56 173</b>	<b>66 665</b>	<b>74 746</b>
Local Government Equitable Share	26 920	31 156	36 146	41 949	41 949	41 949	52 021	64 199	72 027
Finance Management	1 000	1 250	1 250	700	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement	750	790	800	890	890	890	934	966	1 019
EPWP Incentive		777	1 332	1 244	1 244	1 244	1 768		
<b>Provincial Government:</b>	<b>27 236</b>	<b>783</b>	<b>2 727</b>	<b>23 601</b>	<b>24 718</b>	<b>24 718</b>	<b>3 551</b>	<b>17 372</b>	<b>25 163</b>
Housing	26 488		1 659	20 045	19 845	19 845		10 702	21 264
Emergency Housing Programme (EHP)					200	200	220	242	266
Provincial Library Grant	608	640	704	805	805	805	3 182	6 373	3 575
Financial Management Support Grant					800	800			
Greenest Municipality					50	50			
Community Development Worker Grant	100	78	81		49	49	52	55	58
Main Road Subsidy	40	65	65	2 651	2 651	2 651	97		
Sport & Recreation Grant				100	100	100			
Housing consumer education/ Thusong Service	-		218		218	218			
<b>Other grant providers:</b>	<b>17 120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>883</b>	<b>883</b>	<b>-</b>	<b>-</b>	<b>-</b>
ACIP	15 770								
Prov Govt. Nelson Mandela Commemoration					100	100			
Prov Govt. ICT Projects for Libraries					25	25			
Table Mountain Fund					240	240			
Public Contr. KCIH					200	200			
Public Contr. Duitse Friedrich Naumann					319	319			
Mobility Strategy/National lotto/DWAF/etc	1 350	-							
<b>Total Operating Transfers and Grants</b>	<b>73 026</b>	<b>34 756</b>	<b>42 255</b>	<b>68 384</b>	<b>70 985</b>	<b>70 985</b>	<b>59 724</b>	<b>84 037</b>	<b>99 909</b>

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in possible higher levels of non-payment.

The increase in property rates has been necessitated largely due to the lagging of rates increases below inflation over the past years. Furthermore, increases in service charges have been kept at average inflation, with electricity at the level of the NERSA approval of Eskom tariffs. This is eroding the surpluses on services due to higher than inflation input costs. Notwithstanding that surpluses on services have traditionally subsidised community services, the decrease in these surpluses can also be viewed positively as this decreases the level of cross subsidisation. See the table below.

The percentage increases of Eskom bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The following table sets out the costing of services and an indication of the reduction in surpluses for the main municipal services.

**Table 5 Costing of services**

<b>Costing of services</b>	<b>Amended Budget 2013/2014</b>	<b>Original Budget 2014/2015</b>	
<b>Service : 1200 ELECTRICITY</b>			
** SALARIES, WAGES & ALLOWANCES	16,394,565	19,269,258	17.53%
** GENERAL EXPENSES	185,518,610	213,508,703	15.09%
** REPAIRS & MAINTENANCE	5,151,800	4,700,150	-8.77%
** CAPITAL CHARGES	37,085,620	37,983,349	2.42%
<b>TOTAL EXPENDITURE</b>	<b>244,150,595</b>	<b>275,461,460</b>	<b>12.82%</b>
TOTAL INCOME	-285,196,100	-311,605,306	9.26%
<b>SURPLUS/DEFICIT</b>	<b>-41,045,505</b>	<b>-36,143,846</b>	<b>-11.94%</b>
	16.81%	13.12%	
<b>Service : 1300 WATER</b>			
** SALARIES, WAGES & ALLOWANCES	14,042,343	17,153,390	22.15%
** GENERAL EXPENSES	36,367,800	28,553,657	-21.49%
** REPAIRS & MAINTENANCE	8,199,700	10,559,706	28.78%
** CAPITAL CHARGES	31,207,460	38,025,366	21.85%
<b>TOTAL EXPENDITURE</b>	<b>89,817,303</b>	<b>94,292,119</b>	<b>4.98%</b>
TOTAL INCOME	-93,561,900	-96,871,828	3.54%
<b>SURPLUS/DEFICIT</b>	<b>-3,744,597</b>	<b>-2,579,709</b>	<b>-31.11%</b>
	4.17%	2.74%	
<b>Service : 1400 WASTE WATER MANAGEMENT</b>			
** SALARIES, WAGES & ALLOWANCES	13,821,292	16,144,914	16.81%
** GENERAL EXPENSES	16,104,958	15,069,541	-6.43%
** REPAIRS & MAINTENANCE	6,896,877	6,687,080	-3.04%
** CAPITAL CHARGES	18,809,200	21,589,679	14.78%
<b>TOTAL EXPENDITURE</b>	<b>55,632,327</b>	<b>59,491,214</b>	<b>6.94%</b>
TOTAL INCOME	-61,516,600	-64,054,846	4.13%
<b>SURPLUS/DEFICIT</b>	<b>-5,884,273</b>	<b>-4,563,632</b>	<b>-22.44%</b>
	10.58%	7.67%	
<b>Service : 1500 WASTE MANAGEMENT</b>			
** SALARIES, WAGES & ALLOWANCES	17,345,155	19,853,589	14.46%
** GENERAL EXPENSES	22,025,690	25,848,881	17.36%
** REPAIRS & MAINTENANCE	1,815,024	2,029,530	11.82%
** CAPITAL CHARGES	4,682,050	4,952,844	5.78%
** CONTRIBUTION TO PROVISIONS	3,400,240	3,000,000	-11.77%
<b>TOTAL EXPENDITURE</b>	<b>49,268,159</b>	<b>55,684,844</b>	<b>13.02%</b>
TOTAL INCOME	-53,020,400	-56,190,500	5.98%
<b>SURPLUS/DEFICIT</b>	<b>-3,752,241</b>	<b>-505,656</b>	<b>-86.52%</b>
	7.62%	0.91%	
<b>Notes:</b>			
1. No Salary Contingency is reflected under the services in this table.			
2. Increased depreciation for Water & Sewerage due to new plant.			
3. The general expenses increase for waste management relates to Karwyderskraal			

It must also be noted that the consumer price index, as measured by CPI, is not a good indicator of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, chemicals, etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be

made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### 1.4.1 Property Rates

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

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

The following stipulations in the Property Rates Policy are highlighted:

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
<b>BUS</b>	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	No exemptions. Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the <u>difference between Bus and Res. rate</u> : 1-2 X lettable room: 100% 3 X lettable rooms: 75% 4 X lettable rooms: 50% 5 X lettable rooms: 25%
<b>BUSO</b>	General Tax: Tourism and recreational resorts outside of the municipal service areas	Hotels, Guest Houses, Cottages, Caravan parks and Holiday Resorts, Chalets	50% rebate on the tax applicable on commercial property in urban areas.
<b>RES</b>	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes, small holdings not used for bona fide farming purposes	The first R15 000.00 of the rateable value of all residential properties is exempted from property tax.  A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued and  an additional rebate of 20% of the levy calculated on such properties, is granted.  Rebate to qualifying property owners as indicated under "Other Rebate"
<b>RESO</b>	General Tax: Residential properties outside of the municipal service area	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes	50% of the tax applicable on residential property in urban areas.  Rebate to qualifying property owners as indicated under "Other Rebate"
<b>FARMS</b>	General Tax: Farming Properties	Smallholdings used for bona fide farming purposes outside municipal service area	Agricultural purpose in relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
<b>FARMS</b>	Conservation land	Privately owned properties whether designated or used for conservation purposes.	Not rateable in terms of section 17(1)(e) of the act.

REBU2 REBU3 REBU4	Other Rebates	Single residential properties, Group Housing, Retirement Villages, Flats, Sectional Schemes	<ul style="list-style-type: none"> <li>- Property must be occupied permanently;</li> <li>- The applicant must be the registered owner;</li> <li>- Only one residential unit allowed on the property</li> <li>- Applicant may not be the registered owner of more than one property</li> </ul> <ul style="list-style-type: none"> <li>• A rebate of 100% to approved applicants, in terms of the <b>Property Rates</b> Policy, who's household income may not exceed the amount of two times (2X) of state funded social pensions per month;</li> <li>• A rebate of 40% to approved applicants, in terms of the <b>Property Rates</b> Policy, who are older than 60 with a total household income less than four times (4X) of state funded social pensions per month;</li> <li>• A rebate of 30% to approved applicants, in terms of the <b>Property Rates</b>, who are older than 60 with a total household income of more than four times (4X) but less than eight times (8X) of state funded social pensions per month.</li> </ul>
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The following table sets out the categories of rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year, to increase from 1 July 2014.

**Table 6 Comparison of proposed rates to be levied for the 2014/15 financial year**

RATES TARIFFS 2014/15						1.15
Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
RATES	YEAR OF GENERAL VALUATION: 02 JULY 2011					
RATE1*	Commercial Land with Improvements	0.00627	0.00627	0.00545	0.00545	15.00%
RATE2*	Residential Land with Improvements	0.00414	0.00414	0.00360	0.00360	15.00%
	<i>* See attached schedule of Exemptions and Rebates applicable</i>					
RATE3	Municipal Properties: Investment Properties	Applicable tariff for Commercial or Residential				
RATE4	Municipal Properties: Property, Plant and Equipment	0.00000	0.00000	0.00000	0.00000	
RATE5	Improvement District Surcharge (HPP) on total rates payable on approved Improvement District	0.10000	0.10000	0.10000	0.10000	0.00%
RATE6	Building Clause	Equals to tariff for rates on property				
RATE7	Farm/Agriculture (Bona-fide)	0.00104	0.00104	0.00090	0.00090	15.00%
RATE8	Undeveloped erven	0.00566	0.00566	0.00566	0.00566	0.00%
PLEASE NOTE: VAT IS LEVIED AT A RATE OF 0% ON ASSESSMENT RATES						

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it does with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Tariff increases as from 1 July 2014 are indicated in the list of tariffs in Annexure B. The 6 kℓ water per 30-day period is now only granted free of charge to registered indigents. The second level of phasing in the increases in the 0 – 6 kℓ category as implemented during 2013/14, to recover minimum cost of the production of water, has been further postponed to keep the 2014/15 increase in the water tariffs to current inflation levels.

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

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

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>W1B</b>	<b>CONSUMPTION - HOUSEHOLDS</b>					
	<b>Normal Tariff</b>					
W1B1	0 - 6 kl per kl	3.25	3.71	3.07	3.50	6.00%
W1B2	7 - 18 kl per kl	8.60	9.80	8.11	9.25	6.00%
W1B3	19 - 30 kl per kl	13.95	15.90	13.16	15.00	6.00%
W1B4	31 - 45 kl per kl	21.48	24.48	20.26	23.10	6.00%
W1B5	46 - 60 kl per kl	27.90	31.81	26.32	30.00	6.00%
W1B6	>60kl per kl	37.20	42.40	35.09	40.00	6.00%

#### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA announced a revised bulk electricity pricing structure for Eskom during 2013/14 for a three year period. An 8,2 per cent increase in the Eskom bulk electricity tariffs to municipalities became effective from 1 July 2013.

Considering the Eskom increases, the overall tariffs had to be increased between 7,29 per cent and 7,31 per cent for life-line/indigents consumption (up to 350kWh), which is within the NERSA upper limit of 7,34 per cent, and up to 8 per cent (1 500 kWh) for the higher residential consumers to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

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

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

Tariff Code	Detail		2014/2015		2013/2014		
			Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>E1A</b>	<b>Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)</b>						
E1A1	Basic Monthly charge per meter	R	204.56	233.20	192.98	220.00	6.00%
	<b>kWH Unit cost</b>						
E1A2	IBT BLOCK 1 0 - 350 kWh	c	95.96	109.39	88.68	101.10	8.20%
E1A3	IBT BLOCK 2 351 - 600 kWh	c	130.01	148.22	120.16	136.98	8.20%
E1A4	IBT BLOCK 3 > 600 kWh	c	156.70	178.64	144.83	165.10	8.20%
<b>E1B</b>	<b>Two-Part Tariff: Pre-Paid up to 60 Amp (13.8 kVA BDMD) (Included Resorts)</b>						
E1B1	Basic Monthly charge per meter	R	204.56	233.20	192.98	220.00	6.00%
	<b>kWH Unit cost</b>						
E1B2	IBT BLOCK 1 0 - 350 kWh	c	88.64	101.05	81.93	93.40	8.20%
E1B3	IBT BLOCK 2 351 - 600 kWh	c	122.51	139.67	113.23	129.08	8.20%
E1B4	IBT BLOCK 3 > 600 kWh	c	150.62	171.71	139.20	158.69	8.20%

The stepped tariff for electricity as previously proposed by NERSA has continued. Tariffs have increased across all blocks at the same rate. The municipality will maintain the current stepped structure for the electricity tariffs.

The inadequate electricity bulk capacity in the Hermanus area and the impact on service delivery and development remains a challenge for the municipality. The commissioning of the 66 KVA sub-station during 2014/2015 will address some of the challenges.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply) and limited upgrading of networks.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund further necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. The taking up of loans as a strategy for the funding of infrastructure is considered to spread the burden over the life span of the assets. As part of the 2014/15 medium-term capital programme, funding has been allocated to electricity infrastructure.

The full proposed tariffs are included in Annexure B.

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6,32 per cent for sanitation (consumption) and 6,02 per cent for basic charges is proposed from 1 July 2014. This is based on tariff increases related to inflation increases and as mentioned earlier in this report, it further erodes the surplus for this service. It should be noted that electricity costs contributes towards waste water treatment input costs.

The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (4,2 kℓ of 6 kℓ water) will be applicable to registered indigents; and

The following table compares the current and proposed tariffs:

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

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>SE7A</b>	<b>SEWERAGE - SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling house and Duplex flats, Conventional Sewers, small bore sewers and conservancy tanks)</b>					
SE7A1	0 - 35kl per kl (based on 70% of 50kl water usage) - per unit per month , Conservancy tank service included maximum of 2 (two) vacuum tanker services, only during office hours per month. For after hours service and more than 2 tank services, refer to tariff SE9B.	10.26	11.70	9.65	11.00	6.32%
<b>SE8</b>	<b>BASIC CHARGE</b>					
SE8A	Basic Monthly Charge Developed sites per erf/unit per month	91.14	103.90	85.97	98.00	6.02%

#### 1.4.5 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating just at break even. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to the cost impact on this service are general

expenditure from rapidly rising petrol and diesel costs and additional contractor costs linked to the closure of Karwyderskraal. The municipality is set to resolve the Karwyderskraal issue during the 2014/15 financial year by entering into a long term lease agreement with the District municipality for a portion of the land at Karwyderskraal to develop further cells.

A 6% per cent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the increases implemented in the previous financial year as well as the overall impact of higher than inflation increases of other services. Any further increase could be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

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

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SAN1	<b>REFUSE REMOVAL (1 removal per week of 4 bags or 1X240 Bin)</b>	R	R	R	R	
SAN1A	Residential (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	130.18	148.40	122.81	140.00	6.00%

All proposed refuse tariffs are listed in Annexure B.

#### 1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on medium and small household consumers, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept below 9 per cent, with the increase for indigent households at 6,22 per cent.

<b>Medium Consumption with prepaid elect meter</b>		2013/2014	2014/2015	Amount	%
Valuation	R 2,500,000				
Rates		588.00	676.20	88.20	15.00
Sewer	<b>SE7A1+SE8A</b>	254.85	270.69	15.85	6.22
Infrastructure Basic Charge Water, Electricity		41.70	41.70	0.00	0.00
Refuse	<b>1X Per Week</b>	122.81	130.18	7.37	6.00
Electricity Prep	800 kWh	1,041.21	1,122.32	81.11	7.79
Water	25 kl	304.35	322.63	18.28	6.01
VAT		247.09	264.25	17.16	6.95
<b>TOTAL</b>		<b>2,600.00</b>	<b>2,827.97</b>	<b>227.96</b>	<b>8.77</b>
<b>HPP if applicable</b>		<b>58.80</b>	<b>67.62</b>	<b>8.82</b>	
<b>Low Consumption with prepaid elect meter</b>		2013/2014	2014/2015	Amount	%
Valuation	R 1,000,000				
Rates		228.00	262.20	34.20	15.00
Sewer	<b>SE7A1+SE8A</b>	187.30	198.87	11.58	6.18
Infrastructure Basic Charge Water, Electricity		41.70	41.70	0.00	0.00
Refuse	<b>1X Per Week</b>	122.81	130.18	7.37	6.00
Electricity Prep	350 kWh	479.74	514.80	35.06	7.31
Water	15 kl	187.90	199.18	11.28	6.00
VAT		142.72	151.86	9.14	6.40
<b>TOTAL</b>		<b>1,390.16</b>	<b>1,498.79</b>	<b>108.63</b>	<b>7.81</b>
<b>HPP if applicable</b>		<b>22.80</b>	<b>26.22</b>	<b>3.42</b>	
<b>Life-Line Consumption (ONE PART)</b>		2013/2014	2014/2015	Amount	%
Valuation	R 50,000				
Rates		0.00	0.00	0.00	0.00
Sewer	<b>SE7A1</b>	13.51	14.36	0.85	6.32
Infrastructure Basic Charge Water, Electricity		41.70	41.70	0.00	0.00
Refuse	<b>1X Per Week</b>	0.00	0.00	0.00	0.00
Electricity Pre-	300 kWh	245.79	263.70	17.91	7.29
Water	8 kl	16.22	17.20	0.98	6.04
VAT		44.41	47.17	2.76	6.22
<b>TOTAL</b>		<b>361.63</b>	<b>384.14</b>	<b>22.51</b>	<b>6.22</b>

**Table 11 MBRR Table SA14 – Household bills**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle'</b>										
<b>Rates and services</b>										
Property rates	134.33	141.26	151.25	156.00	156.00	156.00	15.0%	179.40	190.16	201.57
Electricity: Basic levy	142.11	151.75	157.89	192.98	192.98	192.98	6.0%	204.56	216.83	229.84
Electricity: Consumption	694.90	953.00	1 056.28	1 126.62	1 126.62	1 126.62	8.0%	1 219.00	1 292.14	1 369.67
Water: Basic levy	80.70	87.72	92.98	96.49	96.49	96.49	6.0%	102.28	108.42	114.92
Water: Consumption	160.05	168.48	224.44	273.66	273.66	273.66	-	273.66	290.08	307.48
Sanitation	242.50	245.92	264.87	288.62	288.62	288.62	6.0%	305.94	324.29	343.75
Refuse removal	76.75	83.33	113.16	122.81	122.81	122.81	6.0%	130.18	137.99	146.27
Other										
<b>sub-total</b>	<b>1 531.34</b>	<b>1 831.46</b>	<b>2 060.87</b>	<b>2 257.18</b>	<b>2 257.18</b>	<b>2 257.18</b>	<b>7.0%</b>	<b>2 415.02</b>	<b>2 559.92</b>	<b>2 713.51</b>
VAT on Services	195.58	236.63	267.35	294.17	294.17	294.17		312.99	331.77	351.67
<b>Total large household bill:</b>	<b>1 726.92</b>	<b>2 068.09</b>	<b>2 328.22</b>	<b>2 551.35</b>	<b>2 551.35</b>	<b>2 551.35</b>	<b>6.9%</b>	<b>2 728.00</b>	<b>2 891.68</b>	<b>3 065.18</b>
<b>% increase/-decrease</b>		<b>19.8%</b>	<b>12.6%</b>	<b>9.6%</b>	<b>-</b>	<b>-</b>		<b>6.9%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>Monthly Account for Household - 'Affordable'</b>										
<b>Rates and services</b>										
Property rates	93.00	97.80	104.70	108.00	108.00	108.00	15.0%	124.20	131.65	139.55
Electricity: Basic levy	142.11	151.75	157.89	192.98	192.98	192.98	6.0%	204.56	216.83	229.84
Electricity: Consumption	347.45	399.00	438.62	456.59	456.59	456.59	8.0%	494.01	523.65	555.07
Water: Basic levy	80.70	87.72	92.98	96.49	96.49	96.49	6.0%	102.28	108.42	114.92
Water: Consumption	123.65	133.38	164.44	207.86	207.86	207.86	6.0%	220.35	233.57	247.59
Sanitation	216.25	231.74	234.17	254.84	254.84	254.84	6.0%	270.13	286.34	303.52
Refuse removal	76.75	83.33	113.16	122.81	122.81	122.81	6.0%	130.18	137.99	146.27
Other										
<b>sub-total</b>	<b>1 079.91</b>	<b>1 184.72</b>	<b>1 305.96</b>	<b>1 439.57</b>	<b>1 439.57</b>	<b>1 439.57</b>	<b>7.4%</b>	<b>1 545.71</b>	<b>1 638.45</b>	<b>1 736.76</b>
VAT on Services	138.17	152.17	168.18	186.42	186.42	186.42		199.01	210.95	223.61
<b>Total small household bill:</b>	<b>1 218.08</b>	<b>1 336.88</b>	<b>1 474.14</b>	<b>1 625.99</b>	<b>1 625.99</b>	<b>1 625.99</b>	<b>7.3%</b>	<b>1 744.72</b>	<b>1 849.40</b>	<b>1 960.37</b>
<b>% increase/-decrease</b>		<b>9.8%</b>	<b>10.3%</b>	<b>10.3%</b>	<b>-</b>	<b>-</b>		<b>7.3%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>Monthly Account for Household - 'Indigent'</b>										
<b>Rates and services</b>										
Property rates	51.67	54.33	58.16	60.00	60.00	60.00	15.0%	69.00	73.14	77.53
Electricity: Basic levy	142.11	151.75	157.89	192.98	192.98	192.98	6.0%	204.56	216.83	229.84
Electricity: Consumption	208.47	252.00	278.39	286.75	286.75	286.75	8.0%	310.24	328.85	348.59
Water: Basic levy	80.70	87.72	92.98	96.49	96.49	96.49	6.0%	102.28	108.42	114.92
Water: Consumption	91.25	98.28	104.44	142.06	142.06	142.06	6.0%	150.60	159.64	169.21
Sanitation	190.00	204.15	203.48	221.07	221.07	221.07	6.0%	234.33	248.39	263.30
Refuse removal	76.75	83.33	113.16	122.81	122.81	122.81	6.0%	130.18	137.99	146.27
Other	(424.05)	(468.47)	(521.33)	(598.16)	(598.16)	(598.16)	(6.0%)	(635.06)	(673.16)	(713.55)
<b>sub-total</b>	<b>416.90</b>	<b>463.09</b>	<b>487.17</b>	<b>524.00</b>	<b>524.00</b>	<b>524.00</b>	<b>8.0%</b>	<b>566.13</b>	<b>600.10</b>	<b>636.11</b>
VAT on Services	51.13	57.23	60.06	64.96	64.96	64.96		69.60	73.77	78.20
<b>Total small household bill:</b>	<b>468.03</b>	<b>520.32</b>	<b>547.23</b>	<b>588.96</b>	<b>588.96</b>	<b>588.96</b>	<b>7.9%</b>	<b>635.73</b>	<b>673.88</b>	<b>714.31</b>
<b>% increase/-decrease</b>		<b>11.2%</b>	<b>5.2%</b>	<b>7.6%</b>	<b>-</b>	<b>-</b>		<b>7.9%</b>	<b>6.0%</b>	<b>6.0%</b>

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)

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (cash operating expenditure should not exceed cash operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- The repairs and maintenance plan relating to the asset management strategy;
- Funding of the budget over the MTREF as informed by Section 18 and 19 of the MFMA;
- Limiting growth in the personnel structure;
- Reducing expenditure on non-core programmes;
- Implementing operational gains and efficiencies; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 12 Summary of operating expenditure by standard classification item**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
<b>Expenditure By Type</b>									
Employee related costs	187,333	207,938	231,527	250,842	252,454	252,454	280,694	302,019	322,259
Remuneration of councillors	4,840	6,717	7,084	7,577	7,978	7,978	8,516	9,069	9,702
Debt impairment	4,806	28	934						
Depreciation & asset impairment	106,777	104,041	105,280	103,810	102,070	102,070	109,265	111,199	112,750
Finance charges	19,373	31,727	37,310	42,292	42,292	42,292	44,535	46,691	48,839
Bulk purchases	101,683	126,669	145,022	156,893	156,893	156,893	169,444	183,000	197,640
Other materials	58,239	54,582	12,437	15,055	14,752	14,752	17,295	20,201	19,151
Contracted services	20,253	24,079	67,601	74,909	76,844	76,844	80,439	95,248	100,837
Transfers and grants	23,620	28,454	35,856	38,766	39,217	39,217	41,370	44,065	46,708
Other expenditure	116,278	158,290	102,107	133,917	135,889	135,889	117,869	142,288	157,571
Loss on disposal of PPE			1,756						
<b>Total Expenditure</b>	<b>643,201</b>	<b>742,525</b>	<b>746,914</b>	<b>824,059</b>	<b>828,389</b>	<b>828,389</b>	<b>869,426</b>	<b>953,780</b>	<b>1,015,458</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals R280,7m which equals 32,2 per cent of the total operating expenditure and within the NT norm of 25 – 40 per cent. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2014/15 financial year as well as the two outer years of the MTREF. As part of the Municipality's cost reprioritisation and cash management strategy vacancies have been significantly rationalised downwards. A R7,75m contingency for vacancies not to be filled, has been provided. This could however have a negative impact on service delivery. In addition expenditure against overtime and stand-by was investigated for reduction.

With effect from 1 July 2010, the Municipal Manager and Section 56 Employees' (Directors) remuneration is determined by an independent consulting firm appointed by the Employer to determine market related cost-to-employer remuneration packages which determination is based on market conditions that prevailed in March of the relevant year. The afore-mentioned employees receive no bonuses which principle was negotiated with them.

Draft regulations have been issued for necessary comment, which regulations provides for the Minister of Co-operative Governance to determine the total remuneration packages payable to Municipal Managers and Section 56 Employees (Directors), with effect from 1 July 2014. The financial impact of same must still be determined.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of close to 100 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to a zero provision as the current provision is set to decrease slightly over the medium term.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R109,3m for the 2014/15 financial year and equates to 12,5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years. This aspect is further highlighted in in para. 1.3 of this report.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and limited finance leases. Finance charges make up 5,12 per cent of operating expenditure excluding annual redemption for 2014/15 and increases to R48,81m by 2016/17. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges increasing as a percentage of operational expenditure – rather it decreases to 4,81 per cent over the MTREF.

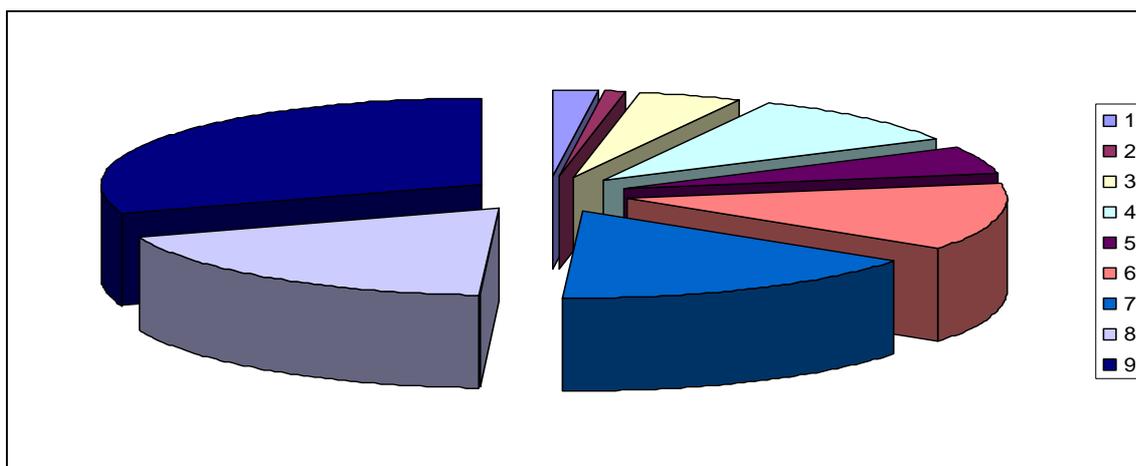
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures accounts for distribution losses.

Other materials comprise amongst others the purchase of materials for maintenance, cleaning materials etc. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals R80,4m and has increased by 4,7 per cent. Further details relating to contracted services can be seen in Table 60 MBRR SA1 (see page 92).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to other expenditure can be seen in Table 60 MBRR SA1 (see page 92).

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.



- 1 Other materials
- 2 Remuneration of councillors
- 3 Grants and subsidies
- 4 Contracted services
- 5 Finance charges
- 6 Depreciation & asset impairment
- 7 Other expenditure
- 8 Bulk purchases
- 9 Employee related costs

**Figure 1 Main operational expenditure categories for the 2014/15 financial year**

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for growth in the area of asset maintenance, as informed by the asset maintenance strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 13 Operational repairs and maintenance**

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Repairs and Maintenance</b>									
Employee related costs	13 978	15 563	27 460	37 260	35 728	35 728	40 369	43 349	46 548
Other materials	4 600	5 188	9 153	45 751	12 854	12 854	12 890	14 918	15 382
Contracted Services	11 065	12 320	21 740	76 766	29 992	29 992	30 077	34 808	35 891
Other Expenditure	28 596	31 774	56 061	3 582	76 221	76 221	78 761	94 241	98 513
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. As part of the 2014/15 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises on average 19 per cent of the budget over the respective financial years of the MTREF.

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

**Table 14 Repairs and maintenance per asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>38 271</b>	<b>43 120</b>	<b>87 048</b>	<b>135 022</b>	<b>131 381</b>	<b>131 381</b>	<b>136 837</b>	<b>156 116</b>	<b>162 973</b>
Infrastructure - Road transport	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
<i>Roads, Pavements &amp; Bridges</i>	25 391	25 231	39 790	58 578	60 122	60 122	62 250	68 195	71 362
<i>Storm water</i>	588	611	2 446	3 907	3 694	3 694	6 312	6 704	7 130
Infrastructure - Electricity	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Generation</i>									
<i>Transmission &amp; Reticulation</i>	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Street Lighting</i>									
Infrastructure - Water	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
<i>Dams &amp; Reservoirs</i>	3 568	52	80						
<i>Water purification</i>		1 709	1 963						
<i>Reticulation</i>		5 132	19 459	28 574	27 464	27 464	26 794	36 728	36 961
Infrastructure - Sanitation	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
<i>Reticulation</i>	3 564	3 687	6 623						
<i>Sewerage purification</i>		882	1 085	14 662	16 443	16 443	14 153	18 398	19 663
Infrastructure - Other	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<i>Waste Management</i>	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<b>Community</b>	<b>3 574</b>	<b>6 012</b>	<b>5 408</b>	<b>8 252</b>	<b>8 749</b>	<b>8 749</b>	<b>9 298</b>	<b>10 114</b>	<b>11 373</b>
<b>Investment properties</b>	<b>199</b>	<b>270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>	<b>16 195</b>	<b>15 443</b>	<b>21 958</b>	<b>20 086</b>	<b>14 666</b>	<b>14 666</b>	<b>15 963</b>	<b>21 086</b>	<b>21 989</b>
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>
<b>R&amp;M as a % of PPE</b>	<b>1.9%</b>	<b>2.1%</b>	<b>3.7%</b>	<b>5.3%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.3%</b>	<b>6.2%</b>	<b>6.5%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>9.1%</b>	<b>8.7%</b>	<b>15.3%</b>	<b>19.8%</b>	<b>18.7%</b>	<b>18.7%</b>	<b>18.6%</b>	<b>19.6%</b>	<b>19.3%</b>

For the 2014/15 financial year, 8,4 per cent or R162m of the total budget will be spent on repairs and maintenance, of which R137m is for infrastructure. Roads infrastructure has received a significant proportion of the infrastructure allocation totalling 42,2 per cent (R68,5m), followed by water at 18,5 per cent (R26,8) and electricity at 15,7 per cent (R25,5).

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are indigent/poor or face other circumstances that limit their ability to pay for services. To receive these free/subsidised services the households are required to register in terms of the Municipality's Indigent Policy. The current indigent households amount to approximately 6500 and is reviewed monthly. Details relating to free services and basic service delivery measurement is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page 39.

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.

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Transfers to other municipalities</b> <i>Insert description</i>									
<b>Total Cash Transfers To Municipalities:</b>	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b> <i>Insert description</i>									
<b>Total Cash Transfers To Other Organs Of State:</b>	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b> <i>Grant-in-aid</i>	82	370	398		451	451	278	507	538
<b>Total Cash Transfers To Organisations</b>	82	370	398	-	451	451	278	507	538
<b>Cash Transfers to Groups of Individuals</b> <i>Indigent grant</i>	23 538	28 084	35 458	38 766	38 766	38 766	41 092	43 557	46 171
<b>Total Cash Transfers To Groups Of Individuals:</b>	23 538	28 084	35 458	38 766	38 766	38 766	41 092	43 557	46 171
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708

The policy for Grants-in-aid to organisations has been revised and approved by Council. Detailed allocations for the new the draft budget (March) will not be available as a new approach for Grant-in-Aid was followed and new processes instituted for the 2014/2015 year.

## 1.6 Capital expenditure

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

**Table 16 2014/15 Medium-term capital budget per vote**

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 748	928	1 274	1 439	1 869	1 869	850	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	90 266	119 308	110 111	68 764	83 280	83 280	71 638	66 662	58 718
Vote 6 - Local Economic Development	6 973	-	945	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	55 111	42 394	31 434	39 694	41 333	41 333	20 485	19 500	22 500
Vote 8 - Protection Services	19	645	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

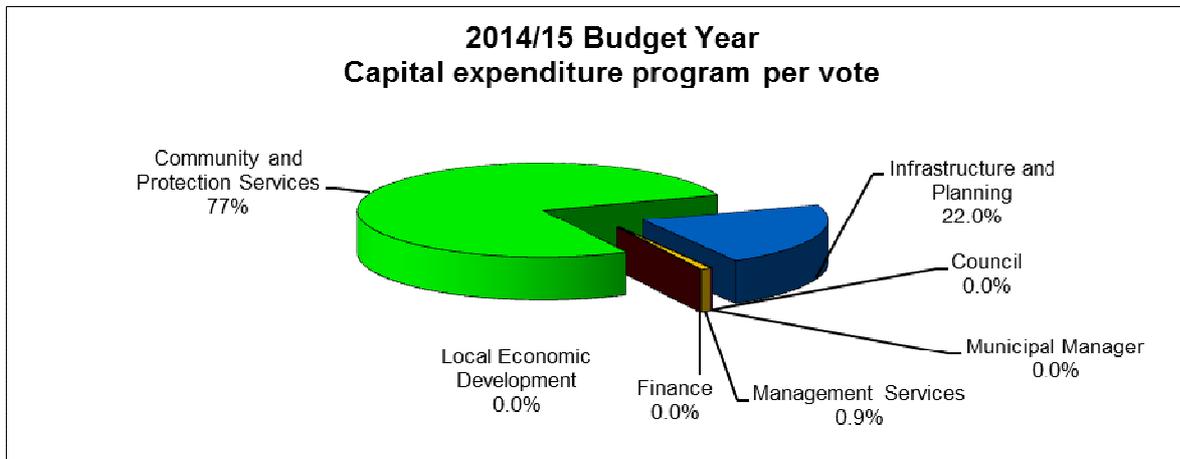
For 2014/15 an amount of R59,7m has been appropriated for the development of new infrastructure which represents 64 per cent of the total capital budget of R93m. In the outer years this amount totals R64,6m, 75 per cent and R58,6m, 72 per cent respectively for each of the outer financial years. Electricity infrastructure receives the highest allocation of R17m in 2014/15 which equates to 18,3 per cent followed by water at 14,8 per cent, R13,8m million and then waste water at 14,3 per cent, R15,9 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 25 MBRR A9 (Asset Management) on page 37. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 82, 83 and 84). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Project Description	Amount
Replacement of Overstrand water pipes	13 800 000
Karwyderskraal : New Waste Cell	10 200 000
Eluxolweni - New bulk sewerage for housing project	7 600 000
Hermanus Swartdamweg Institutional -320 SITES	6 774 362
Upgrade and rehabilitate roads -Zwelihle	4 650 254
Franskraal,Kleinbaai & Birkenhead: MV/LV and Minis	4 900 000
Overhills:Kleinmond Soccer Field	2 939 163
Upgrading of Kidbrooke Pipeline	2 900 000
Gansbaai project- 155 SITES	2 510 630
Kleinmond: MV & LV network upgrade	2 500 000
Hermanus: LV Upgrade/Replacement	2 100 000
Electrification of low cost housing areas (INEP)	2 000 000
Stanford - Sewer network extension	2 000 000
Kleinmond Library upgrade	2 000 000

Furthermore, pages 87 to 89 and Annexure C contains a detailed breakdown of the capital budget per project over the medium-term.

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



**Figure 2 Capital Infrastructure Programme**

With the 2011/2012 adjustment budget, projects to be funded from the sale of land (Sandbaai commonage land), were postponed to future capital budgets dependant on the successful sale of the land. It is Council's policy not to include projects in the next budget approval until the funds from the sale has been deposited in the Council's bank account. As this money has not been received, these projects are not included in the 2014/2015 capital budget.

#### **1.6.1 Future operational cost of new infrastructure**

At this point in time information is not readily available to include reliable information in Table 71 MBRR SA35 on page 104. A long term financial plan and implementation policy is set to be implemented to encompass costs over the long term. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

### **1.7 Annual Budget Tables**

The following twenty pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 draft budget and MTREF to be approved and/or noted by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 17 MBRR Table A1 - Budget Summary**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	129 591	109 838	117 235	127 921	127 921	127 921	149 690	159 127	166 656
Service charges	344 977	405 415	437 030	497 429	493 840	493 840	525 567	559 586	589 204
Investment revenue	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other own revenue	70 633	37 344	91 506	41 093	44 483	44 483	44 544	46 380	49 843
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
Employee costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Remuneration of councillors	4 840	6 717	7 084	7 577	7 978	7 978	8 516	9 069	9 702
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Finance charges	19 373	31 727	37 310	42 292	42 292	42 292	44 535	46 691	48 839
Materials and bulk purchases	159 923	181 251	157 458	171 947	171 645	171 645	186 739	203 201	216 790
Transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Other expenditure	141 337	182 396	172 397	208 825	212 733	212 733	198 308	237 536	258 409
<b>Total Expenditure</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>(35 911)</b>	<b>(145 043)</b>	<b>(51 909)</b>	<b>(81 518)</b>	<b>(85 026)</b>	<b>(85 026)</b>	<b>(83 736)</b>	<b>(98 444)</b>	<b>(103 591)</b>
Transfers recognised - capital	24 085	54 833	53 809	39 987	39 350	39 350	35 233	39 487	31 388
Contributions recognised - capital & contributed as	21 561	8 603	5 289	3 583	2 270	2 270	1 000	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
Transfers recognised - capital	23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Public contributions & donations	4 966	14 300	5 067	3 583	2 083	2 083	-	-	-
Borrowing	86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Internally generated funds	38 418	20 178	17 345	10 425	14 939	14 939	10 014	1 675	4 830
<b>Total sources of capital funds</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Financial position</b>									
Total current assets	211 644	230 033	198 535	183 501	192 260	192 260	203 138	204 860	218 245
Total non current assets	3 144 498	3 209 100	3 298 669	3 188 259	3 322 212	3 322 212	3 311 731	3 292 299	3 226 939
Total current liabilities	129 879	137 580	155 486	130 310	128 109	128 109	153 849	171 582	170 906
Total non current liabilities	344 496	452 301	483 973	527 115	527 115	527 115	549 267	572 772	593 655
Community wealth/Equity	2 881 767	2 849 252	2 857 746	2 714 336	2 859 249	2 859 249	2 811 753	2 752 806	2 680 622
<b>Cash flows</b>									
Net cash from (used) operating	66 499	98 981	75 915	71 124	92 664	92 664	75 266	73 943	31 272
Net cash from (used) investing	(111 146)	(151 774)	(146 949)	(115 209)	(125 609)	(125 609)	(98 785)	(91 765)	(47 387)
Net cash from (used) financing	85 027	109 489	28 482	36 973	33 204	33 204	27 163	22 787	19 553
<b>Cash/cash equivalents at the year end</b>	<b>70 004</b>	<b>126 699</b>	<b>84 147</b>	<b>84 406</b>	<b>84 406</b>	<b>84 406</b>	<b>88 050</b>	<b>93 014</b>	<b>96 452</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	71 265	132 391	95 744	100 786	100 786	100 786	110 257	120 839	129 960
Application of cash and investments	3 437	453	(1 315)	(9 124)	(23 994)	(23 994)	(23 705)	(6 795)	(17 662)
<b>Balance - surplus (shortfall)</b>	<b>67 829</b>	<b>131 938</b>	<b>97 059</b>	<b>109 910</b>	<b>124 780</b>	<b>124 780</b>	<b>133 962</b>	<b>127 634</b>	<b>147 621</b>
<b>Asset management</b>									
Asset register summary (WDV)	3 115 187	3 181 234	3 285 964	3 171 806	3 266 260	3 266 260	3 249 967	3 224 930	3 193 398
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Renewal of Existing Assets	-	-	4 147	39 166	48 657	48 657	-	-	-
Repairs and Maintenance	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
<b>Free services</b>									
Cost of Free Basic Services provided	29 547	28 649	31 514	36 815	39 766	39 766	42 637	44 347	46 143
Revenue cost of free services provided	58 418	49 083	37 295	52 536	67 253	67 253	69 579	72 045	74 658
<b>Households below minimum service level</b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	2	2	2	1	1	-
Refuse:	-	-	-	-	-	-	-	-	-

## Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's service delivery and commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and stable indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the cash increases over the MTREF.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>									
<i><b>Governance and administration</b></i>	<b>215 943</b>	<b>167 928</b>	<b>231 849</b>	<b>193 558</b>	<b>194 804</b>	<b>194 804</b>	<b>231 075</b>	<b>253 526</b>	<b>267 382</b>
Executive and council	27 515	31 483	38 353	43 363	43 073	43 073	53 380	65 610	73 591
Budget and treasury office	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
Corporate services	44 803	8 700	56 303	2 277	2 959	2 959	8 034	8 055	5 328
<i><b>Community and public safety</b></i>	<b>66 038</b>	<b>23 195</b>	<b>41 938</b>	<b>57 725</b>	<b>59 071</b>	<b>59 071</b>	<b>35 988</b>	<b>53 804</b>	<b>64 234</b>
Community and social services	1 736	2 574	2 990	2 078	2 507	2 507	2 398	3 600	6 766
Sport and recreation	6 118	6 609	7 762	11 549	12 546	12 546	9 514	9 867	14 419
Public safety	9 337	10 048	12 541	12 393	12 343	12 343	13 184	13 093	14 079
Housing	48 848	3 965	18 645	31 705	31 675	31 675	10 892	27 243	28 969
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	<b>14 932</b>	<b>12 963</b>	<b>18 567</b>	<b>25 383</b>	<b>29 769</b>	<b>29 769</b>	<b>13 839</b>	<b>7 721</b>	<b>9 314</b>
Planning and development	11 911	8 801	7 907	11 377	11 853	11 853	8 365	6 037	6 520
Road transport	2 691	3 863	10 595	13 938	17 608	17 608	5 397	1 600	2 700
Environmental protection	329	299	65	68	308	308	76	84	93
<i><b>Trading services</b></i>	<b>356 023</b>	<b>456 833</b>	<b>461 748</b>	<b>509 446</b>	<b>501 339</b>	<b>501 339</b>	<b>541 022</b>	<b>579 775</b>	<b>602 325</b>
Electricity	189 093	229 488	249 503	289 279	289 279	289 279	312 305	335 388	352 135
Water	76 312	108 189	96 579	99 562	94 062	94 062	96 872	106 070	111 585
Waste water management	53 541	79 550	68 756	67 584	64 927	64 927	72 155	77 967	75 459
Waste management	37 078	39 605	46 911	53 020	53 070	53 070	59 691	60 350	63 146
<i><b>Other</b></i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure - Standard</b>									
<i><b>Governance and administration</b></i>	<b>110 149</b>	<b>190 332</b>	<b>205 256</b>	<b>120 523</b>	<b>120 584</b>	<b>120 584</b>	<b>126 949</b>	<b>146 621</b>	<b>150 550</b>
Executive and council	38 862	58 811	67 621	64 562	65 843	65 843	66 276	75 146	79 304
Budget and treasury office	46 383	48 679	51 351	24 726	26 688	26 688	25 539	33 250	30 904
Corporate services	24 905	82 842	86 284	31 236	28 053	28 053	35 134	38 225	40 342
<i><b>Community and public safety</b></i>	<b>83 864</b>	<b>124 992</b>	<b>83 226</b>	<b>122 599</b>	<b>123 182</b>	<b>123 182</b>	<b>114 489</b>	<b>132 786</b>	<b>151 719</b>
Community and social services	25 861	24 079	26 064	30 554	31 128	31 128	32 137	33 840	36 083
Sport and recreation	17 449	15 378	16 070	21 105	20 931	20 931	23 042	24 979	26 929
Public safety	32 874	31 241	36 834	44 185	44 771	44 771	49 934	53 484	57 062
Housing	7 681	54 294	4 258	26 754	26 352	26 352	9 375	20 483	31 644
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	<b>111 966</b>	<b>116 245</b>	<b>112 994</b>	<b>135 645</b>	<b>132 471</b>	<b>132 471</b>	<b>139 791</b>	<b>148 212</b>	<b>154 339</b>
Planning and development	21 743	35 519	36 263	31 326	32 719	32 719	37 498	38 304	40 801
Road transport	83 509	75 715	71 107	96 482	91 710	91 710	95 184	101 235	104 258
Environmental protection	6 714	5 011	5 624	7 837	8 042	8 042	7 110	8 672	9 280
<i><b>Trading services</b></i>	<b>337 222</b>	<b>310 956</b>	<b>345 437</b>	<b>445 293</b>	<b>452 153</b>	<b>452 153</b>	<b>488 197</b>	<b>526 162</b>	<b>558 850</b>
Electricity	171 365	177 473	198 902	244 304	242 679	242 679	272 285	275 899	295 013
Water	71 266	53 445	60 489	92 079	95 281	95 281	93 357	114 724	119 367
Waste water management	43 147	42 466	45 945	60 149	64 341	64 341	66 910	75 498	79 013
Waste management	51 445	37 573	40 102	48 760	49 851	49 851	55 645	60 041	65 458
<i><b>Other</b></i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

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

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 1 - Council	27 515	31 483	38 353	42 395	42 995	42 995	53 339	65 569	73 550
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	892	1 264	1 476	1 216	1 216	1 216	910	961	962
Vote 4 - Finance	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
Vote 5 - Community Services	227 608	245 501	253 342	280 926	277 784	277 784	264 083	293 832	307 451
Vote 6 - Local Economic Development	7 520	2 817	3 750	5 214	6 431	6 431	2 968	1 200	1 200
Vote 7 - Infrastructure & Planning	236 438	242 061	307 447	295 950	295 442	295 442	317 779	340 309	357 549
Vote 8 - Protection Services	9 337	10 048	12 541	12 493	12 343	12 343	13 184	13 093	14 079
<b>Total Revenue by Vote</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Council	31 350	55 945	64 385	56 809	62 399	62 399	62 928	67 152	71 111
Vote 2 - Municipal Manager	879	2 872	3 243	1 949	1 520	1 520	1 014	1 041	1 120
Vote 3 - Management Services	10 899	32 796	30 872	11 031	8 495	8 495	14 798	16 424	17 460
Vote 4 - Finance	46 383	48 679	51 351	24 726	26 688	26 688	25 539	33 250	30 904
Vote 5 - Community Services	297 638	332 230	297 734	389 757	388 865	388 865	385 850	446 618	479 319
Vote 6 - Local Economic Development	3 068	5 845	7 716	8 303	10 397	10 397	11 199	10 756	11 385
Vote 7 - Infrastructure & Planning	220 110	232 916	254 779	287 299	285 253	285 253	318 707	325 628	347 695
Vote 8 - Protection Services	32 874	31 241	36 834	44 185	44 771	44 771	49 390	52 911	56 464
<b>Total Expenditure by Vote</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

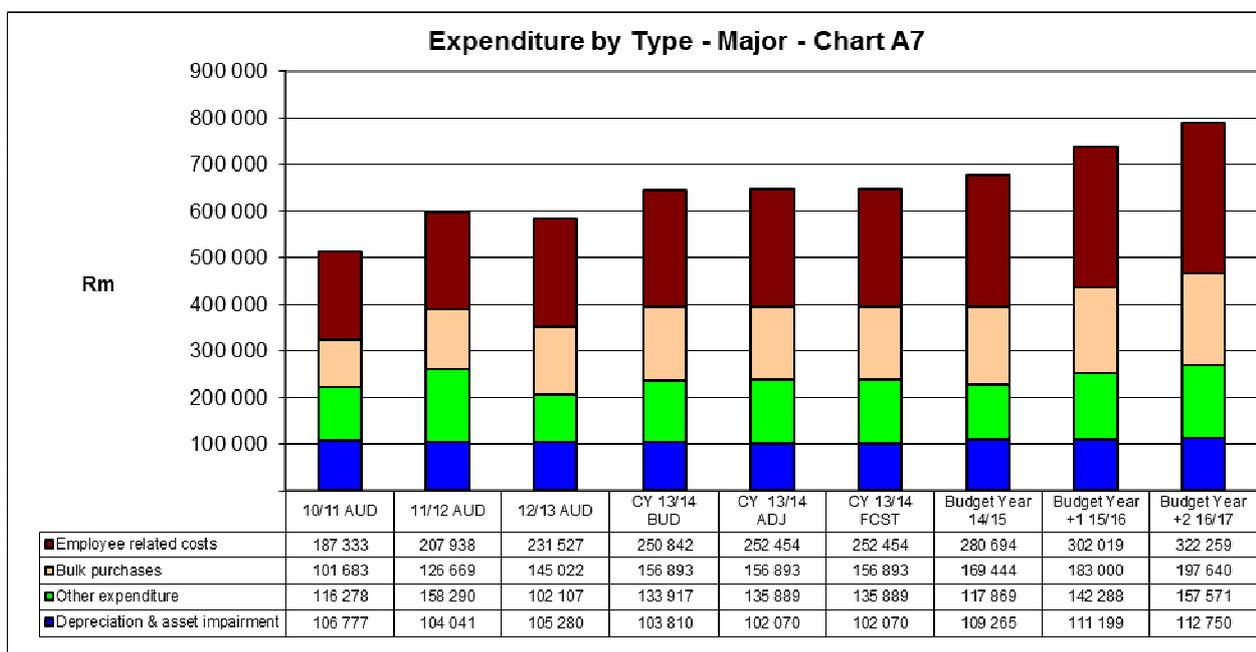
1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	128 737	108 913	116 321	126 921	126 921	126 921	148 640	158 025	165 498
Property rates - penalties & collection charges	853	925	914	1 000	1 000	1 000	1 050	1 103	1 158
Service charges - electricity revenue	183 552	224 950	247 521	284 936	284 936	284 936	310 085	333 146	349 869
Service charges - water revenue	74 099	83 755	85 498	98 642	93 142	93 142	95 897	99 943	105 503
Service charges - sanitation revenue	50 381	57 212	57 223	60 917	62 827	62 827	63 455	66 997	70 759
Service charges - refuse revenue	36 945	39 498	46 788	52 934	52 934	52 934	56 130	59 500	63 074
Service charges - other									
Rental of facilities and equipment	6 532	6 743	7 208	8 551	8 551	8 551	7 966	8 739	9 615
Interest earned - external investments	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Interest earned - outstanding debtors	2 463	2 331	2 199	2 204	2 204	2 204	2 288	2 234	2 322
Dividends received					-	-	-	-	-
Fines	5 469	5 278	6 644	6 079	7 529	7 529	7 965	7 378	7 817
Licences and permits	1 711	1 786	1 968	2 046	2 046	2 046	2 229	2 447	2 686
Agency services	1 790	1 912	2 025	2 250	2 255	2 255	2 480	2 727	3 000
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other revenue	39 497	17 375	71 461	19 963	21 516	21 516	21 617	22 855	24 404
Gains on disposal of PPE	13 171	1 920			383	383			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
<b>Expenditure By Type</b>									
Employee related costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Remuneration of councillors	4 840	6 717	7 084	7 577	7 978	7 978	8 516	9 069	9 702
Debt impairment	4 806	28	934						
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Finance charges	19 373	31 727	37 310	42 292	42 292	42 292	44 535	46 691	48 839
Bulk purchases	101 683	126 669	145 022	156 893	156 893	156 893	169 444	183 000	197 640
Other materials	58 239	54 582	12 437	15 055	14 752	14 752	17 295	20 201	19 151
Contracted services	20 253	24 079	67 601	74 909	76 844	76 844	80 439	95 248	100 837
Transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Other expenditure	116 278	158 290	102 107	133 917	135 889	135 889	117 869	142 288	157 571
Loss on disposal of PPE			1 756						
<b>Total Expenditure</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>(35 911)</b>	<b>(145 043)</b>	<b>(51 909)</b>	<b>(81 518)</b>	<b>(85 026)</b>	<b>(85 026)</b>	<b>(83 736)</b>	<b>(98 441)</b>	<b>(103 591)</b>
Transfers recognised - capital	24 085	54 833	53 809	39 987	39 350	39 350	35 233	39 487	31 388
Contributions recognised - capital	21 561	8 603	5 289	3 583	1 083	1 083	1 000	-	-
Contributed assets					1 187	1 187			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

1. Total revenue is R743 million in 2013/2014 and increase to R786 by 2014/15. This represents a year-on-year increase of 5,8 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R127 million in the 2013/2014 financial year and increases to R148 million by 2014/15 which represents 19 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R494 million for the 2013/2014 financial year and increasing to R526 million by 2014/15. For the 2014/15 financial year services charges amount to 66.9 per cent of the total revenue base.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. The following graph illustrates the major expenditure items per type.



**Figure 3 Expenditure by major type**

6. Bulk purchases have significantly increased over the 2010/11 to 2016/17 period escalating from R102 million to R198 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

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

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 748	928	1 274	1 439	1 869	1 869	850	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	90 266	119 308	110 111	68 764	83 280	83 280	71 638	66 662	58 718
Vote 6 - Local Economic Development	6 973	-	945	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	55 111	42 394	31 434	39 694	41 333	41 333	20 485	19 500	22 500
Vote 8 - Protection Services	19	645	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>28 713</b>	<b>24 047</b>	<b>7 154</b>	<b>9 977</b>	<b>11 301</b>	<b>11 301</b>	<b>16 034</b>	<b>2 675</b>	<b>8 830</b>
Executive and council									
Budget and treasury office									
Corporate services	28 713	24 047	7 154	9 977	11 301	11 301	16 034	2 675	8 830
<b>Community and public safety</b>	<b>8 880</b>	<b>3 319</b>	<b>7 268</b>	<b>16 405</b>	<b>20 498</b>	<b>20 498</b>	<b>17 238</b>	<b>18 839</b>	<b>13 800</b>
Community and social services		327	4 666		3 652	3 652	3 890		
Sport and recreation	1 743	1 531	2 601	5 225	5 696	5 696	3 039	2 939	6 800
Public safety	19	645	-	-	-	-	-	-	-
Housing	7 118	817	-	11 180	11 150	11 150	10 309	15 900	7 000
Health									
<b>Economic and environmental services</b>	<b>27 896</b>	<b>8 340</b>	<b>25 552</b>	<b>17 870</b>	<b>16 228</b>	<b>16 228</b>	<b>5 400</b>	<b>4 900</b>	<b>4 000</b>
Planning and development	6 973	2 864	945						
Road transport	20 923	5 477	24 607	17 870	16 228	16 228	5 400	4 900	4 000
Environmental protection									
<b>Trading services</b>	<b>88 628</b>	<b>127 569</b>	<b>103 790</b>	<b>65 644</b>	<b>78 455</b>	<b>78 455</b>	<b>54 300</b>	<b>59 748</b>	<b>54 588</b>
Electricity	32 411	30 061	26 768	37 194	39 229	39 229	17 000	18 500	18 500
Water	34 053	57 384	50 766	15 900	23 832	23 832	13 800	26 594	26 488
Waste water management	20 304	39 927	20 728	11 150	12 353	12 353	13 300	14 654	9 600
Waste management	1 859	196	5 528	1 400	3 041	3 041	10 200		
<b>Other</b>									
<b>Total Capital Expenditure - Standard</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Funded by:</b>									
National Government	17 443	40 212	36 911	22 355	22 105	22 105	22 674	23 587	24 388
Provincial Government	6 348	14 621	16 898	13 673	13 742	13 742	12 559	15 900	7 000
District Municipality					-	-			
Other transfers and grants					187	187	1 000		
<b>Transfers recognised - capital</b>	<b>23 791</b>	<b>54 833</b>	<b>53 809</b>	<b>36 028</b>	<b>36 034</b>	<b>36 034</b>	<b>36 233</b>	<b>39 487</b>	<b>31 388</b>
<b>Public contributions &amp; donations</b>	<b>4 966</b>	<b>14 300</b>	<b>5 067</b>	<b>3 583</b>	<b>2 083</b>	<b>2 083</b>			
<b>Borrowing</b>	<b>86 942</b>	<b>73 964</b>	<b>67 544</b>	<b>59 861</b>	<b>73 427</b>	<b>73 427</b>	<b>46 725</b>	<b>45 000</b>	<b>45 000</b>
<b>Internally generated funds</b>	<b>38 418</b>	<b>20 178</b>	<b>17 345</b>	<b>10 425</b>	<b>14 939</b>	<b>14 939</b>	<b>10 014</b>	<b>1 675</b>	<b>4 830</b>
<b>Total Capital Funding</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital expenditure amounts to R93 million in 2014/15.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
4. The capital programme is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from previous year surpluses. For 2014/15, capital transfers totals R36 million. Borrowing has been provided at R40 million, finance leases at R6,7 million and internally generated funding totaling R10 million. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 22 MBRR Table A6 - Budgeted Financial Position**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	20 004	51 699	29 106	84 406	84 406	84 406	88 050	93 014	96 452
Call investment deposits	50 000	75 000	55 042	-	-	-	-	-	-
Consumer debtors	44 422	50 361	49 080	50 826	50 826	50 826	52 591	53 446	53 828
Other debtors	45 628	36 501	46 353	40 769	45 386	45 386	50 390	45 802	54 847
Current portion of long-term receivables	24	25	17	14	14	14	14	12	10
Inventory	51 567	16 446	18 937	7 486	11 628	11 628	12 092	12 585	13 108
<b>Total current assets</b>	<b>211 644</b>	<b>230 033</b>	<b>198 535</b>	<b>183 501</b>	<b>192 260</b>	<b>192 260</b>	<b>203 138</b>	<b>204 860</b>	<b>218 245</b>
<b>Non current assets</b>									
Long-term receivables	147	126	84	73	73	73	57	45	33
Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Investment property	87 989	104 673	175 866	87 289	175 866	175 866	175 866	175 866	175 866
Investment in Associate									
Property, plant and equipment	3 024 361	3 073 014	3 105 649	3 080 474	3 085 945	3 085 945	3 069 175	3 044 510	3 013 351
Agricultural Biological									
Intangible	2 838	3 547	4 449	4 043	4 449	4 449	4 926	4 553	4 181
Other non-current assets	27 902	22 049	1 025	-	39 500	39 500	39 500	39 500	-
<b>Total non current assets</b>	<b>3 144 498</b>	<b>3 209 100</b>	<b>3 298 669</b>	<b>3 188 259</b>	<b>3 322 212</b>	<b>3 322 212</b>	<b>3 311 731</b>	<b>3 292 299</b>	<b>3 226 939</b>
<b>TOTAL ASSETS</b>	<b>3 356 142</b>	<b>3 439 132</b>	<b>3 497 204</b>	<b>3 371 760</b>	<b>3 514 472</b>	<b>3 514 472</b>	<b>3 514 869</b>	<b>3 497 159</b>	<b>3 445 184</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft									
Borrowing	14 218	16 798	18 241	20 623	20 623	20 623	25 105	28 542	31 528
Consumer deposits	18 363	31 206	34 932	38 618	38 618	38 618	41 321	44 214	47 309
Trade and other payables	90 828	67 728	74 643	64 237	62 036	62 036	55 831	64 870	55 956
Provisions	6 471	21 847	27 670	6 831	6 831	6 831	31 592	33 956	36 113
<b>Total current liabilities</b>	<b>129 879</b>	<b>137 580</b>	<b>155 486</b>	<b>130 310</b>	<b>128 109</b>	<b>128 109</b>	<b>153 849</b>	<b>171 582</b>	<b>170 906</b>
<b>Non current liabilities</b>									
Borrowing	247 081	341 204	364 654	391 789	391 789	391 789	411 766	428 224	441 696
Provisions	97 414	111 097	119 319	135 325	135 325	135 325	137 501	144 548	151 960
<b>Total non current liabilities</b>	<b>344 496</b>	<b>452 301</b>	<b>483 973</b>	<b>527 115</b>	<b>527 115</b>	<b>527 115</b>	<b>549 267</b>	<b>572 772</b>	<b>593 655</b>
<b>TOTAL LIABILITIES</b>	<b>474 375</b>	<b>589 880</b>	<b>639 459</b>	<b>657 425</b>	<b>655 224</b>	<b>655 224</b>	<b>703 116</b>	<b>744 353</b>	<b>764 562</b>
<b>NET ASSETS</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	2 564 679	2 847 332	2 855 854	2 397 233	2 857 322	2 857 322	2 809 819	2 750 865	2 678 662
Reserves	317 089	1 920	1 891	317 103	1 927	1 927	1 934	1 941	1 960
Minorities' interests									
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is largely aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 62 is supported by an extensive table of notes (SA3 which can be found on page 95) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 23 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	522 926	577 470	591 940	652 431	708 215	708 215	710 750	766 599	793 973
Government - operating	64 071	37 750	44 908	68 984	70 101	70 101	61 974	84 037	99 909
Government - capital	26 431	54 833	53 809	42 971	41 620	41 620	33 983	39 487	31 388
Interest	6 168	9 211	9 752	9 918	9 222	9 222	8 454	8 443	8 577
Dividends									
<b>Payments</b>									
Suppliers and employees	(510 106)	(520 159)	(551 464)	(622 122)	(654 985)	(654 985)	(653 990)	(733 868)	(807 028)
Finance charges	(19 373)	(31 669)	(37 174)	(42 292)	(42 292)	(42 292)	(44 535)	(46 691)	(48 839)
Transfers and Grants	(23 620)	(28 454)	(35 856)	(38 766)	(39 217)	(39 217)	(41 370)	(44 065)	(46 708)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>66 499</b>	<b>98 981</b>	<b>75 915</b>	<b>71 124</b>	<b>92 664</b>	<b>92 664</b>	<b>75 266</b>	<b>73 943</b>	<b>31 272</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	23 447	13 722	1 725	-	4 617	4 617	-	-	-
Decrease (Increase) in non-current debtors	17 137	2 189	-	-	1 025	1 025	-	-	39 500
Decrease (increase) other non-current receivables	29	20	50	48	14	14	15	14	14
Decrease (increase) in non-current investments	(1 262)	(4 430)	(4 960)	(5 359)	(4 783)	(4 783)	(5 827)	(5 618)	(5 683)
<b>Payments</b>									
Capital assets	(150 497)	(163 275)	(143 764)	(109 897)	(126 482)	(126 482)	(92 972)	(86 162)	(81 218)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(111 146)</b>	<b>(151 774)</b>	<b>(146 949)</b>	<b>(115 209)</b>	<b>(125 609)</b>	<b>(125 609)</b>	<b>(98 785)</b>	<b>(91 765)</b>	<b>(47 387)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	940	(389)	-	-	-	5 520	(1 176)	(1 323)
Borrowing long term/refinancing	90 000	110 000	38 700	51 300	51 300	51 300	40 000	45 000	45 000
Increase (decrease) in consumer deposits	4 469	12 844	3 726	3 704	3 686	3 686	2 703	2 893	3 095
<b>Payments</b>									
Repayment of borrowing	(9 442)	(14 295)	(13 554)	(18 032)	(21 783)	(21 783)	(21 061)	(23 929)	(27 220)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>85 027</b>	<b>109 489</b>	<b>28 482</b>	<b>36 973</b>	<b>33 204</b>	<b>33 204</b>	<b>27 163</b>	<b>22 787</b>	<b>19 553</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>40 380</b>	<b>56 696</b>	<b>(42 552)</b>	<b>(7 112)</b>	<b>259</b>	<b>259</b>	<b>3 644</b>	<b>4 964</b>	<b>3 437</b>
Cash/cash equivalents at the year begin:	29 623	70 004	126 699	91 518	84 147	84 147	84 406	88 050	93 014
Cash/cash equivalents at the year end:	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452

## **Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality remained steady over the 2013/2014 to 2016/17 period.
4. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash over the medium-term.
5. Cash and cash equivalents totals R89 million as at the end of the 2014/2015 financial year and increases to R100 million by 2016/17.

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Other current investments > 90 days	0	0	-	-	-	-	-	-	-
Non current assets - Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
<b>Cash and investments available:</b>	<b>71 265</b>	<b>132 391</b>	<b>95 744</b>	<b>100 786</b>	<b>100 786</b>	<b>100 786</b>	<b>110 257</b>	<b>120 839</b>	<b>129 960</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	9 955	4 555	7 783	-	-	-	-	-	-
Unspent borrowing	-	18 255	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(7 780)	(28 049)	(20 695)	(25 504)	(40 374)	(40 374)	(45 912)	(34 619)	(51 170)
Other provisions									
Long term investments committed	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>3 437</b>	<b>453</b>	<b>(1 315)</b>	<b>(9 124)</b>	<b>(23 994)</b>	<b>(23 994)</b>	<b>(23 705)</b>	<b>(6 795)</b>	<b>(17 662)</b>
<b>Surplus(shortfall)</b>	<b>67 829</b>	<b>131 938</b>	<b>97 059</b>	<b>109 910</b>	<b>124 780</b>	<b>124 780</b>	<b>133 962</b>	<b>127 634</b>	<b>147 621</b>

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

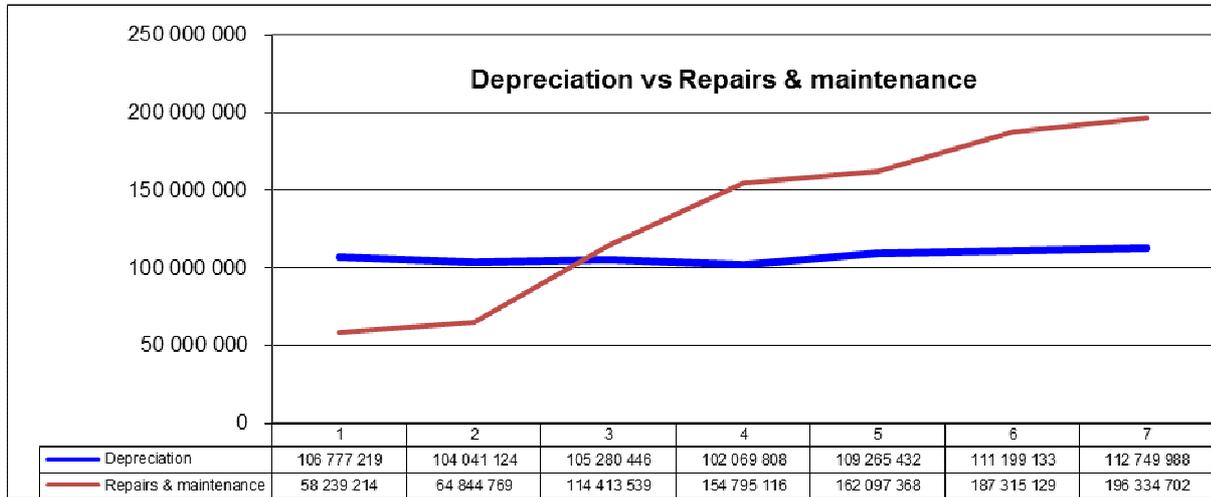
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
5. As can be seen the budget has been modelled to ensure that the budget is funded.

**Table 25 MBRR Table A9 - Asset Management**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	154 117	163 275	139 617	70 731	77 825	77 825	92 972	86 162	81 218
Infrastructure - Road transport	20 923	12 754	15 578	9 160	9 360	9 360	6 200	6 900	5 000
Infrastructure - Electricity	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Infrastructure - Water	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Infrastructure - Sanitation	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Infrastructure - Other	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Infrastructure	104 389	133 045	108 252	50 904	55 858	55 858	59 700	64 648	58 588
Community	17 814	6 183	20 997	13 189	13 609	13 609	20 722	19 839	17 800
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	31 796	23 118	9 038	6 638	8 358	8 358	12 550	1 675	4 830
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	118	928	1 330	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	-	-	4 147	39 166	48 657	48 657	-	-	-
Infrastructure - Road transport	-	-	131	8 710	7 069	7 069	-	-	-
Infrastructure - Electricity	-	-	-	13 300	13 344	13 344	-	-	-
Infrastructure - Water	-	-	-	8 600	15 440	15 440	-	-	-
Infrastructure - Sanitation	-	-	-	2 000	2 974	2 974	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	131	32 610	38 826	38 826	-	-	-
Community	-	-	756	5 716	8 992	8 992	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	3 260	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	839	839	839	-	-	-
<b>Total Capital Expenditure</b>	20 923	12 754	15 709	17 870	16 428	16 428	6 200	6 900	5 000
Infrastructure - Road transport	32 411	30 061	22 203	37 194	39 229	39 229	17 000	18 500	18 500
Infrastructure - Electricity	34 053	57 384	48 634	15 900	23 832	23 832	13 800	26 594	26 488
Infrastructure - Water	15 142	32 650	16 478	11 150	12 153	12 153	12 500	12 654	8 600
Infrastructure - Sanitation	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Infrastructure - Other	104 389	133 045	108 383	83 514	94 684	94 684	59 700	64 648	58 588
Infrastructure	17 814	6 183	21 753	18 905	22 602	22 602	20 722	19 839	17 800
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	31 796	23 118	12 298	6 638	8 358	8 358	12 550	1 675	4 830
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	118	928	1 330	839	839	839	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	969 647	946 061	946 309	809 135	931 864	931 864	906 551	881 740	854 553
Infrastructure - Electricity	601 522	600 736	608 753	632 360	626 333	626 333	620 545	616 022	611 097
Infrastructure - Water	378 195	419 500	454 017	478 605	460 425	460 425	453 857	459 080	463 823
Infrastructure - Sanitation	358 175	379 653	380 883	375 354	378 909	378 909	376 342	373 752	366 863
Infrastructure - Other	39 146	37 051	39 059	129 996	50 193	50 193	70 579	83 872	91 210
Infrastructure	2 346 686	2 383 001	2 429 021	2 425 450	2 447 724	2 447 724	2 427 874	2 414 466	2 387 546
Community	80 184	81 364	78 567	115 505	83 092	83 092	85 009	82 935	84 723
Heritage assets	76 995	108 552	99 322	76 995	99 322	99 322	99 322	99 322	99 322
Investment properties	87 989	104 673	175 866	87 289	175 866	175 866	175 866	175 866	175 866
Other assets	520 495	500 097	498 740	462 523	455 806	455 806	456 970	447 787	441 759
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2 838	3 547	4 449	4 043	4 449	4 449	4 926	4 553	4 181
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>3 115 187</b>	<b>3 181 234</b>	<b>3 285 964</b>	<b>3 171 806</b>	<b>3 266 260</b>	<b>3 266 260</b>	<b>3 249 967</b>	<b>3 224 930</b>	<b>3 193 398</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
<b>Repairs and Maintenance by Asset Class</b>	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
Infrastructure - Road transport	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
Infrastructure - Electricity	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
Infrastructure - Water	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
Infrastructure - Sanitation	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
Infrastructure - Other	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
Infrastructure	38 271	43 120	87 048	135 022	131 381	131 381	136 837	156 116	162 973
Community	3 574	6 012	5 408	8 252	8 749	8 749	9 298	10 114	11 373
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	199	270	-	-	-	-	-	-	-
Other assets	16 195	15 443	21 958	20 086	14 666	14 666	15 963	21 086	21 989
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>165 016</b>	<b>168 886</b>	<b>219 694</b>	<b>267 170</b>	<b>256 865</b>	<b>256 865</b>	<b>271 363</b>	<b>298 514</b>	<b>309 085</b>
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	3.9%	37.7%	47.7%	47.7%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>	1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
<i>Renewal and R&amp;M as a % of PPE</i>	2.0%	2.0%	4.0%	6.0%	6.0%	6.0%	5.0%	6.0%	6.0%

**Explanatory notes to Table A9 - Asset Management**

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



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

**Table 26 MBRR Table A10 - Basic Service Delivery Measurement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	26 632	26 813	27 833	27 400	27 957	27 957	28 100	28 300	28 600
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)	3 671	3 449	3 776	3 400	3 406	3 406	3 350	3 300	3 250
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>30 303</b>	<b>30 262</b>	<b>31 609</b>	<b>30 800</b>	<b>31 363</b>	<b>31 363</b>	<b>31 450</b>	<b>31 600</b>	<b>31 850</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	18 679	19 082	20 354	19 620	19 975	19 975	20 030	20 125	20 290
Flush toilet (with septic tank)	11 624	11 180	11 255	11 180	11 388	11 388	11 420	11 475	11 560
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>30 303</b>	<b>30 262</b>	<b>31 609</b>	<b>30 800</b>	<b>31 363</b>	<b>31 363</b>	<b>31 450</b>	<b>31 600</b>	<b>31 850</b>
<b>Energy:</b>									
Electricity (at least min.service level)	12 500	10 500	9 500	9 000	9 000	9 000	8 700	8 400	8 000
Electricity - prepaid (min.service level)	12 300	14 700	16 100	16 900	16 900	16 900	17 700	18 500	19 300
<i>Minimum Service Level and Above sub-total</i>	24 800	25 200	25 600	25 900	25 900	25 900	26 400	26 900	27 300
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)				1 870	1 600	1 600	1 000	500	-
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	1 870	1 600	1 600	1 000	500	-
<b>Total number of households</b>	<b>24 800</b>	<b>25 200</b>	<b>25 600</b>	<b>27 770</b>	<b>27 500</b>	<b>27 500</b>	<b>27 400</b>	<b>27 400</b>	<b>27 300</b>
<b>Refuse:</b>									
Removed at least once a week	31 357	31 373	31 739	31 800	31 800	31 800	32 691	33 671	34 681
<i>Minimum Service Level and Above sub-total</i>	31 357	31 373	31 739	31 800	31 800	31 800	32 691	33 671	34 681
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>31 357</b>	<b>31 373</b>	<b>31 739</b>	<b>31 800</b>	<b>31 800</b>	<b>31 800</b>	<b>32 691</b>	<b>33 671</b>	<b>34 681</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	29 640	29 763	27 752	37 921	6 552	6 552	6 700	6 800	6 900
Sanitation (free minimum level service)	5 300	5 800	6 423	6 320	6 552	6 552	6 700	6 800	6 900
Electricity/other energy (50kwh per household per month)	2 700	3 700	4 100	4 350	4 350	4 350	4 785	5 260	5 790
Refuse (removed at least once a week)	5 300	5 800	6 423	6 320	6 552	6 552	6 700	6 800	6 900
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	5 058	5 463		7 286	7 286	7 286	7 723	8 186	8 677
Sanitation (free sanitation service)	7 356	4 422		6 538	6 538	6 538	6 930	7 346	7 787
Electricity/other energy (50kwh per household per month)	11 085	12 233		14 336	17 287	17 287	18 809	19 090	19 371
Refuse (removed once a week)	6 048	6 531		8 655	8 655	8 655	9 174	9 725	10 308
<b>Total cost of FBS provided (minimum social package)</b>	<b>29 547</b>	<b>28 649</b>	<b>-</b>	<b>36 815</b>	<b>39 766</b>	<b>39 766</b>	<b>42 637</b>	<b>44 347</b>	<b>46 143</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	50 000	50 000	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)	4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)	47	51	54	58	58	58	61	65	69
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	210	210	210	210	210	210	210	210	210
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	1 621	1 735	1 837	1 965	1 965	1 965	1 965	1 965	1 965
Property rates (other exemptions, reductions and rebates)				26 522	26 522	26 522	26 522	26 522	26 522
Water	5 058	5 463	7 149	6 826	7 816	7 816	8 285	8 782	9 309
Sanitation	7 356	7 945	5 540	6 538	6 057	6 057	6 420	6 806	7 214
Electricity/other energy	11 085	12 233	13 670	2 030	14 945	14 945	15 842	16 792	17 800
Refuse	6 048	6 531	9 099	8 655	9 948	9 948	10 545	11 178	11 848
Municipal Housing - rental rebates	27 250	15 176	-	-	-	-	-	-	-
Housing - top structure subsidies									
Other									
<b>Total revenue cost of free services provided (total social package)</b>	<b>58 418</b>	<b>49 083</b>	<b>37 295</b>	<b>52 536</b>	<b>67 253</b>	<b>67 253</b>	<b>69 579</b>	<b>72 045</b>	<b>74 658</b>

## **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Good progress is being made with the eradication of current services backlogs. Housing remains a challenge.
  - a. Electricity services – the current backlog should be eliminated in two years.
3. The budget provides for 6 500 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase over the MTREF, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R42 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, other rates rebates also apply to households.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

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

The primary aims of the Budget Steering Committee are to ensure:

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

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 28 August 2013. Key dates applicable to the process were:

- **19 September 2013** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2014/15 MTREF;
- **25 September 2013** – Mayoral directional IDP/Budget speech;
- **September/October 2013** – IDP consultation sessions were held with the ward committees and broader stakeholders (service organisations) to gather information on the “community needs” per ward. This initiative was executed as part of the municipality's 2014/15 IDP review process consultation meetings with ward committees to identify community needs;
- **September/October 2013** – Review of the draft capital budget with reference to the 2013/2014 MTREF and ward committees submit draft ward specific projects;
- **October 2013** – Submission of tariff proposals and tariff workshops
- **November 2013** – Top management meeting to discuss budget proposals and affordability;
- **November 2013** – Workshop on tariffs and tariff related policies;
- **November/December 2013** – Mid-year review by the BSC of the 2013/2014 progress and review of 2014-2017 draft operational expenditure including financial forecasting and scenario considerations;
- **January 2014** – Tariff finalisation, review budget related policies, discussions on draft 2014/2015 Capex & Opex;
- **22 January 2014** - Council considered the 2013/2014 Mid-year Review;
- **29 January 2014** – Final tariffs and adjustments budget review;
- **3&4 February 2014** – Finalisation of adjustments budget;

- **19 February 2014** – Workshop with councillors with regards to the adjustments budget;
- **19 February 2014** – OMAF;
- **21 February 2014** – BSC finalises draft Capex/Opex;
- **March 2014** – Budget office finalises budget report;
- **20 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2014** – Public consultation;
- **April 2014** – OMAF meeting;
- **29 April 2014** – LG MTEC3 engagement;
- **30 April 2014** - Closing date for written comments;
- **2 to 20 May 2014** – finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework;
- **21 May 2014** – Distribution of final budget report to councillors; and
- **28 May 2014** - Tabling of the 2014/15 MTREF in Council for consideration and approval.

### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

This is the further review of the five year (2012/2017) IDP as adopted by Council in May 2012. The review process started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August 2013.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth 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;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/2014 MTREF, mid-year review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/2014 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives

- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/2014 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 70 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation on the Draft Budget**

The draft 2014/15 MTREF, to be tabled in Council on 20 March 2014 will be available to the community as follows:

Copies of this document could be viewed:

- At the offices of all Area Managers
- All public libraries within the municipality
- At the website: [www.overstrand.gov.za](http://www.overstrand.gov.za)

The tabling of the draft budget will be advertised in all local newspapers and a copy of the advertisement will be available on the notice boards at municipal offices and libraries. Furthermore, an OMAF meeting, where all ward committees are represented, will be held in the municipal auditorium in April 2014. All documents in the appropriate format (electronic and printed) will be provided to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide an opportunity for comment. Public meetings and ward Committees will be utilised to facilitate the community consultation process during April 2014. Submissions received during the community consultation process will be considered.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant, considered as part of the finalisation of the 2014/15 MTREF. Feedback to submissions will be provided.

## **2.2 Overview of alignment of annual budget with IDP**

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

an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 27 IDP Strategic Objectives**

<b>2013/2014 Financial Year</b>	<b>2014/15 MTREF</b>
Provision of democratic and accountable governance	The provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services	The provision and maintenance of municipal services
Encouragement of structured community participation in the matters of the municipality	The encouragement of structured community participation in the matters of the municipality
The creation and maintenance of a safe and healthy environment	The creation and maintenance of a safe and healthy environment
The promotion of tourism, economic and social development	The promotion of tourism, economic and social development

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

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

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

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

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

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

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

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

Integrated Social Services for empowered and sustainable communities

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

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

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

Promote sound governance through:

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

Ensure financial sustainability through:

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

Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

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

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

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

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP of the 2012/2017 cycle, including:

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

The 2014/15 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 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
The provision of democratic, accountable and ethical governance	Corporate Governance	1	281 846	187 130	271 986	258 008	157 589	157 589	183 297	193 973	203 347
The provision and maintenance of municipal services	Basic Service Delivery	2	356 023	456 833	461 748	509 446	533 310	533 310	558 054	593 550	621 902
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				883	42 995	42 995	53 339	65 569	73 550
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	9 666	10 346	12 606	12 561	12 651	12 651	13 260	13 177	14 172
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	5 402	6 609	7 762	5 214	38 439	38 439	13 974	28 557	30 283
Allocations to other priorities											
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>

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

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
The provision of democratic, accountable and ethical governance	Corporate Governance	1	248 943	379 939	342 949	143 629	84 637	84 637	93 327	108 954	110 936
The provision and maintenance of municipal services	Basic Service Delivery	2	337 222	310 956	345 437	568 491	584 662	584 662	627 783	675 164	714 347
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				50 423	62 399	62 399	62 928	67 152	71 111
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	39 588	36 252	42 458	52 022	52 813	52 813	57 044	62 155	66 343
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	17 449	15 378	16 070	9 495	43 878	43 878	28 345	40 355	52 721
Allocations to other priorities											
<b>Total Expenditure</b>			<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>

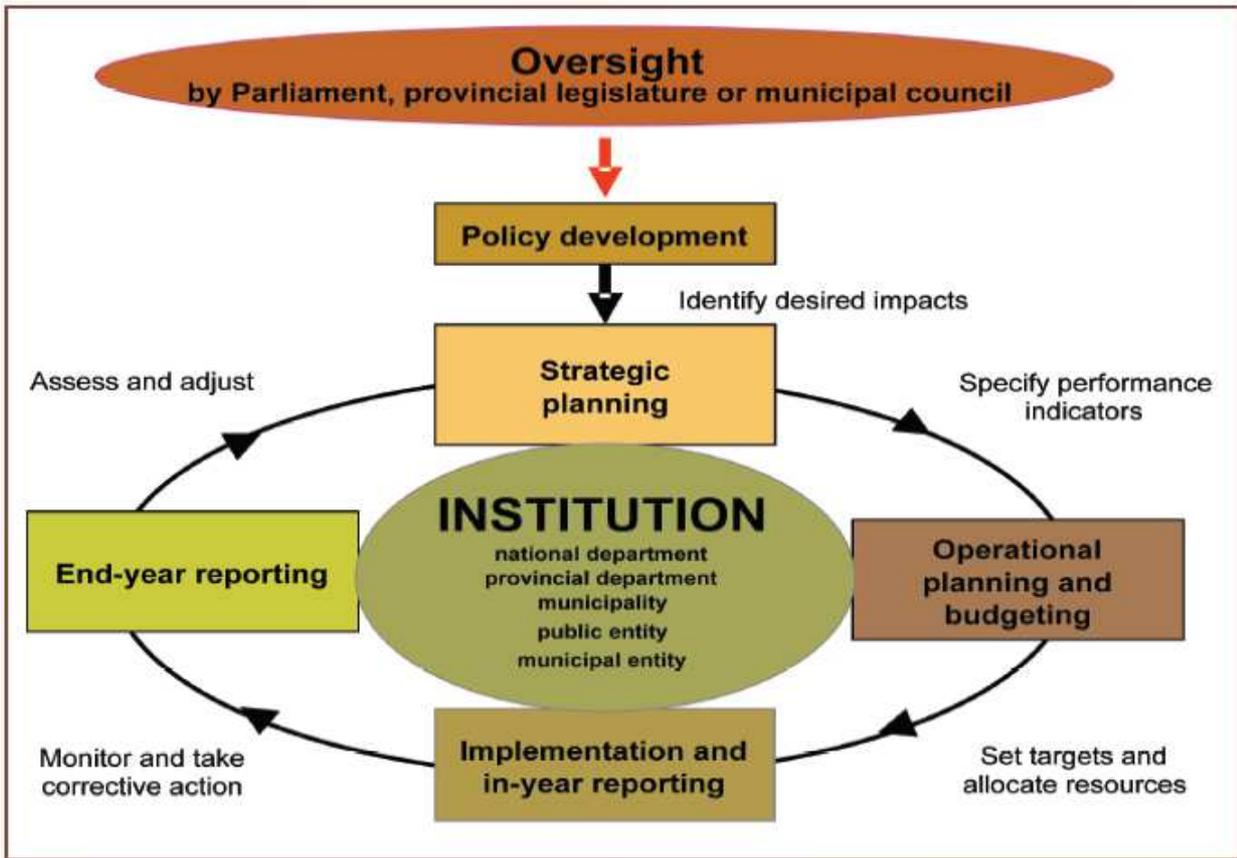
**Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
The provision of democratic, accountable and ethical governance	Corporate Governance	1	38 678	29 523	37 373	9 977	11 301	11 301	16 034	2 675	8 830
The provision and maintenance of municipal services	Basic Service Delivery	2	100 154	127 569	103 790	72 258	94 684	94 684	54 300	59 748	54 588
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				9 792	9 348	9 348	17 238	18 839	13 800
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	296	645	-						
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	14 990	5 538	2 601	17 870	11 150	11 150	5 400	4 900	4 000
Allocations to other priorities											
<b>Total Capital Expenditure</b>			<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

## 2.3 Measurable performance objectives and indicators

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

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

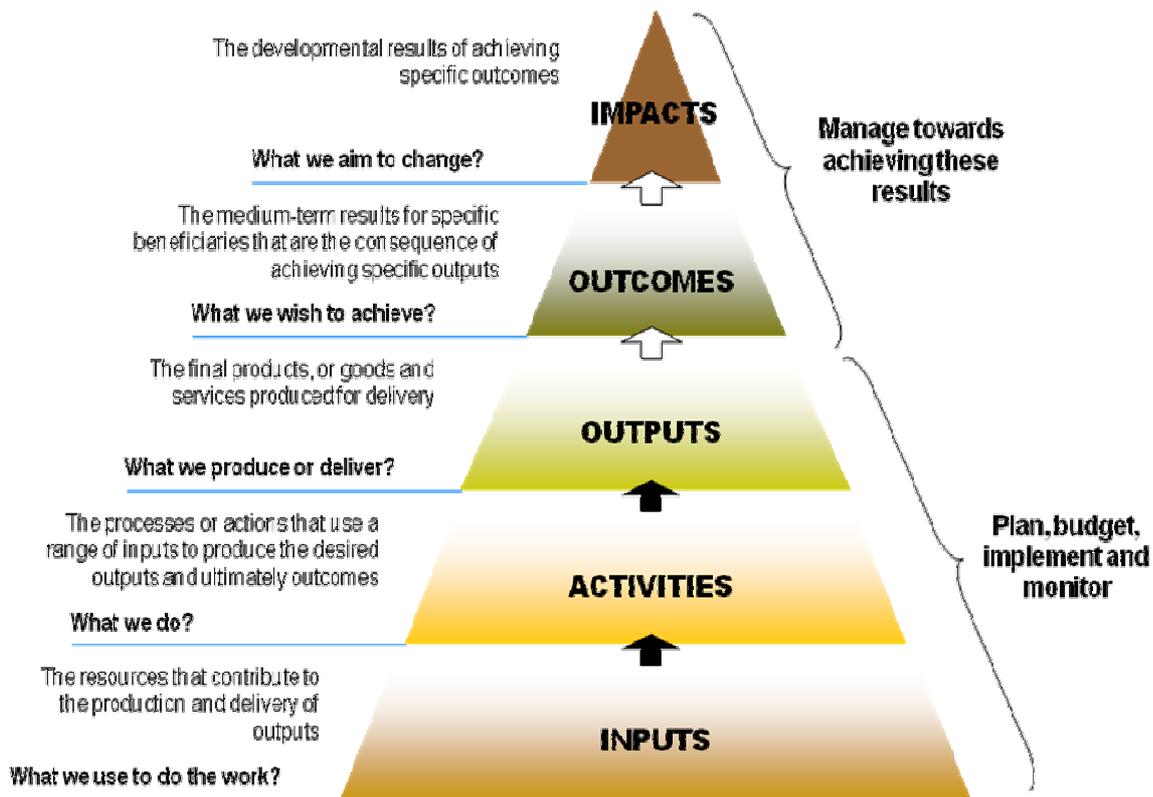


**Figure 5 Planning, budgeting and reporting cycle**

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

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

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



**Figure 6 Definition of performance information concepts**

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

**Table 31 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Council</b>										
<b>Council and Municipal Manager</b>										
<b>Council</b>										
Annual performance reporting	Annual report and	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of Adjustment Budget	Approval of adjustment	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective functioning of committee system	No of sec 79 committee	4	5	4	4	4	4	4	4	4
Approval of Main Budget	Approval of Main Budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Mayor</b>										
Approval of SDBIP	Approval of SDBIP before	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Spreaker</b>										
Effective functioning of council	Number of ordinary	9	8	9	9	9	9	9	9	9
<b>Municipal Manager</b>										
Functional Internal Audit Unit	Reviewed and approved	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Functional performance audit committee	No of meetings of the	4	4	4	4	4	4	4	4	4
Improved good governance	% Implementation of anti-	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Institutional performance management system	Individual performance	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Institutional Performance management system	No of performance	8	7	7	7	7	7	7	7	7
Municipality complying with all relevant	No compliance findings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Management Services</b>										
<b>Director: Management Services</b>										
<b>Human Resources</b>										
Creation of effective capacity	% Vacancy level as % of	90.0%	93.68%	90.00%	90.0%	90.0%	90.00%	90.0%	90.0%	90.0%
Reaching of employment equity targets	% of Targets reached per	100.0%	100.0%	10.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Targeted skills development	The percentage of budget	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Effective labour relations	No of meetings of the	9	8	9		9	9			
Effective and up to date HR policies	Revision of all HR	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Strategic Services</b>										
Reviewed IDP	IDP reviewed by 31 May	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Finance</b>										
<b>Director: Finance</b>										
<b>Asset Management</b>										
Asset management	Compliance with GRAP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Director Finance</b>										
Clean audit	% of Root causes of	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending -	% of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Updated indigent register for the provision of free	Updated indigent register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending -	% of total conditional	98.0%	100.0%	100.0%	98.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending -	% of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>SCM</b>										
Effective SCM system	No of tenders	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Revenue</b>										
Improved revenue collection	% Debt recovery rate	90.0%	99.3%	98.1%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
<b>Local Economic Development</b>										
<b>Director: LED</b>										
<b>LED</b>										
Employment through job creation schemes	No of temporary jobs created	154	204	609	500	500	500	500	500	500
Completed and aligned LED strategy	LED strategy developed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employment through job creation initiatives that ponder employment for locals	No of jobs created	50	204	23	20	20	20	20	20	20
Enhancement of economic development	Value of contracts assigned to emerging contractors	R 19 000 000	R4,185,237.16	R 561 335.28	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000
Improved skills development	No of workshops	4	11	9	10	10	10	10	10	10
Tourism related projects/initiatives	No of related tourism	4	4							

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Community Services</b>										
<b>Director: Community Services</b>										
<b>Director: Community Services</b>										
Effective functioning of ward committees	No of ward committee	8	13	13		13	13			
Maintenance of grave yards	% of maintenance budget	98.0%	96.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of halls and facilities	% of maintenance budget	98.0%	98.0%	94.8%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of recreational areas	% of maintenance budget	98.0%	97.7%	90.5%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Number of informal settlements formalised and	Number of informal	2	2							
Maintenance of municipal roads	% of maintenance budget		98.2%	91.3%	98.0%	98.0%	98.0%	9.0%	98.0%	98.0%
Maintenance of municipal roads (Reseal)	Kms of roads patched	98.0%	98.0%							
Provision of sport facilities	% upgrade of the sport	93.0%	98.0%							
Maintenance of refuse removal services	% of approved	98.0%	103.2%	100.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of refuse removal services	% of maintenance budget	98.0%	103.2%	99.8%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of sanitation services	% of approved	98.0%	98.3%	99.8%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of sanitation services	% of maintenance budget	98.0%	99.8%	97.9%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Quality of waste water discharge	% Effluent compliance	60.0%	88.6%	86.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Maintenance of water assets	% of maintenance budget	98.0%	100.6%	97.1%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of water services	% of approved	98.0%	95.37%	97.02%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
New water connections	No of new water	410	410	188		100				
Replacement of existing water meters	No of meters replaced	200	200	60						
<b>Infrastructure &amp; Planning</b>										
<b>Director: Infrastructure and Planning</b>										
<b>Sub-function 1 - (name)</b>										
Effective capital spending	% spent of approved	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of electricity assets	% of maintenance budget	98.0%	58.25%		98.0%					
New electricity connections	No of new electricity		482	122						
No of HH that meet agreed service standards	No of HH achieving	410	21898	21998	21898	21998	21998	21998	21998	21998
Percentage electricity losses	KW billed/ KW used by	10.0%	7.1%	6.9%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Development of an Integrated Human Settlement	Strategy developed by	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective capital spending	% spent of approved	98.0%	98.0%	102.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective capital spending	% spent of approved	98.0%	98.0%	77.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
No of HH that meet agreed waste service	No of HH that meet	26000	30334	31739	26000					
Effective capital spending	% spent of approved	98.0%	98.0%	100.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of stormwater services	% of maintenance budget	98.0%	98.3%	101.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective capital spending	% spent of approved	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
No of HH that meet agreed sanitation service	No of HH without	26000	30851	30930	32136	32136	32136	32136	32136	32136
No of HH that meet agreed sanitation service	No of HH that meet	3726	(included in	30930 (includes						
Effective capital spending	% spent of approved	98.0%	98%	86%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Excellent water quality	% compliance as per the	77.0%	114.7%	86.0%	95.0%	98.0%	98.0%	98.0%	98.0%	98.0%
No of HH that meet agreed service standards	No of HH achieving	26000	30851	25360	25110	25110	25110	25110	25110	25110
Percentage water losses	KL billed/ KL used by	32.0%	27.25%	27.87%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Percentage/ No of HH that meet agreed service	% of HH achieving	3762	(included in	25360						
<b>Protection Services</b>										
<b>Director Protection Services</b>										
<b>Fire Management</b>										
Effective fire brigade service	Fire Management Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reviewed Disaster Management Plan	Disaster Management	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Law Enforcement</b>										
Effective law enforcement activities	% Decrease in law	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
<b>Traffic</b>										
Effective traffic enforcement activities	% Decrease in traffic	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

**Table 32 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Borrowing Management</u></b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.5%	6.2%	6.8%	7.3%	7.7%	7.7%	7.5%	7.4%	7.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.2%	8.2%	7.8%	8.9%	9.5%	9.5%	9.0%	9.2%	9.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	71.8%	117.8%	45.1%	73.0%	58.1%	58.1%	80.2%	93.9%	87.7%
<b><u>Safety of Capital</u></b>										
Gearing	Long Term Borrowing/ Funds & Reserves	77.9%	17772.6%	19278.6%	123.6%	20333.9%	20333.9%	21294.4%	22066.8%	22535.6%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets/current liabilities	1.6	1.7	1.3	1.4	1.5	1.5	1.3	1.2	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.6	1.7	1.3	1.4	1.5	1.5	1.3	1.2	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.9	0.5	0.6	0.7	0.7	0.6	0.5	0.6
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		101.5%	105.3%	91.7%	97.9%	106.5%	98.7%	98.7%	100.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.3%	104.9%	91.7%	97.9%	106.4%	106.4%	98.7%	100.2%	98.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.9%	14.6%	13.7%	12.3%	13.0%	13.0%	13.1%	11.6%	11.9%
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%	0.0%	0.0%
<b><u>Creditors Management</u></b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	99.0%	99.8%	100.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Creditors to Cash and Investments		115.5%	49.9%	79.5%	76.1%	73.5%	73.5%	63.4%	69.7%	58.0%
<b><u>Other Indicators</u></b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	19028627	16012859	15831477	17200000	16033400	15654000	15896000	16142000	16354000
	Total Cost of Losses (Rand '000)	6 159	6 513	7 101	8 015	8 826	8 610	9 127	9 674	10 255
	% Volume (units purchased and generated less units sold)/units purchased and generated	8.37%	7.12%	6.91%	0	6.85%	6.70%	6.67%	6.64%	6.60%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	1860248	1428898	1 444 853	1 500 000	1 465 550	1 465 550	1 476 200	1 528 020	1 581 540
	Total Cost of Losses (Rand '000)	3 101	2 892	1842	3 279	3500	2785	3085	3514	4001
	% Volume (units purchased and generated less units sold)/units purchased and generated	24.24%	20.36%	20.01%	0	20.20%	20.89%	20.23%	20.14%	20.04%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.8%	34.8%	33.3%	33.8%	34.0%	34.0%	35.7%	35.3%	35.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.6%	35.9%	34.3%	34.8%	35.0%	35.0%	36.8%	36.4%	36.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.6%	10.9%	16.5%	22.0%	20.8%	20.8%	20.6%	21.9%	21.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.8%	22.7%	20.5%	19.7%	19.4%	19.4%	19.6%	18.5%	17.7%
<b><u>IDP regulation financial viability indicators</u></b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	23.4	24.0	23.4	21.7	21.7	21.7	22.4	21.5	22.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	18.7%	16.6%	17.0%	14.5%	15.3%	15.3%	15.1%	13.6%	14.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.0	3.1	1.8	1.7	1.6	1.6	1.6	1.5	1.5

## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Overstrand's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing will remain steady over the MTREF at 7,5 per cent. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over the MTREF is 87 per cent which indicates the limited amount available from own sources to finance capital. This is as a result of utilising any surpluses as they become available.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2011/2012 MTREF the potential of smoothing out the debt profile over the longer term was investigated and borrowing was capped in the borrowing policy. The gearing on borrowing will be reduced by 10 per cent over a period of ten years as started in 202/2013.

### 2.3.1.2 Safety of Capital

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

### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a bottom limit of 1.2, therefore at no point in time should this ratio be less than 1.2. Over the 2014/15 MTREF the current ratio is 1.3. National Treasury has set a current ratio minimum of 1.5 in circular 71. Going forward it will be necessary to increase this ratio, notwithstanding that it will tie up cash needed for capital investment.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Overstrand Municipality's liquidity ratio is at an average of 0.6 per cent over the MTREF. This includes consumer deposits and provisions which are not likely to be realised in the short term. Consideration should be given to exclude a vast portion of consumer deposits. With the former mentioned items excluded, this ratio would be 1.1 over the MTREF. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1, notwithstanding that it will tie up cash needed for capital investment.

#### Revenue Management

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

#### 2.3.1.4 Creditors Management

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

#### 2.3.1.5 Other Indicators

- The electricity distribution losses have been managed downwards from 8.3 per cent in the 2010/2011 financial year to 6.6 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections, regular meter audits and managing theft of electricity by rolling out smart metering systems, including prepaid meters. It should be noted that technical losses range between 3 – 5 per cent over the Overstrand area. When taking this into consideration it is evident that distribution losses are well managed.
- The water distribution losses have been significantly reduced from 27.4 per cent in 2009/10 to 20 per cent in 2013/2014. This has been achieved with investing in the upgrading of water reticulation infrastructure, which is set to continue over the MTREF. Active attention is also given to reported leaks by the public and a further measure is to install flow limiters.
- Employee costs as a percentage of operating revenue remains stable, with an indication of a decrease over the MTREF. This is primarily owing to the very limited expansion of the personnel structure, high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base

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

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

For the 2014/15 financial year 6500 registered indigents have been provided for in the budget. In terms of the municipality's indigent policy, registered households are entitled to 6kℓ free water and 50 kWh of electricity, are fully subsidised for basic charges for services and 4,2kℓ sanitation. Household with a property valuation of R100 000 qualify upon registration as indigents.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page 39.

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

### **2.3.3 Providing clean water and managing waste water**

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

The municipality has achieved Blue Drop and Green Drop awards in 2013/2014, indicating that the municipality's drinking water is of exceptional quality.

The following is briefly the challenges facing the municipality:

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

## **2.4 Overview of budget related-policies**

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

### **2.4.1 Customer Care, Credit Control and Debt Collection Policy**

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate in excess of 99 per cent on current billings. The current collection rate is in excess of 99 per cent. In addition the collection of debt in excess of 90 days has been prioritised.

### **2.4.2 Asset Management Policy**

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

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

### **2.4.3 Budget Policy**

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

#### **2.4.4 Supply Chain Management Policy**

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

#### **2.4.5 Virement Policy**

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

#### **2.4.6 Investment & Cash Management Policy**

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

#### **2.4.7 Tariff Policy**

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

#### **2.4.8 Long term Financial Planning & Implementation Policy**

Funding for the compiling of a The Long term Financial Planning Policy has been acquired from the Provincial Government. A service provider has been appointed to commence with the initial stage.

#### **2.4.9 Contract Management Policy**

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

#### **2.4.10 Pay Day Policy**

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

The following policies have also been subject to review:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Indigent Policy;
- Travelling & Subsistence;
- Petty Cash

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

The effects of recession are still evident. After a protracted standstill in interest rates, this increased by 25 basis points recently. Upwards pressure is also evident in the inflation rate and the Rand continues to weaken against leading currencies. International oil prices are rising continually.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and fuel; and
- The increase in the cost of remuneration. Employee related costs comprise 34 per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget

### **2.5.3 Interest rates for borrowing and investment of funds**

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

### **2.5.4 Collection rate for revenue services**

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

The rate of revenue collection is currently expressed as a percentage (99 per cent) of annual billings. Cash flow is assumed to be 99,5 per cent of billings from an increased collection of arrear debt.

### **2.5.5 Growth or decline in tax base of the municipality**

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

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

## 2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 01 July 2012 and shall remain in force until 30 June 2015.

## 2.5.7 Impact of national, provincial and local policies

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

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

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

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

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2014/15 MTREF.

## 2.6 Overview of budget funding

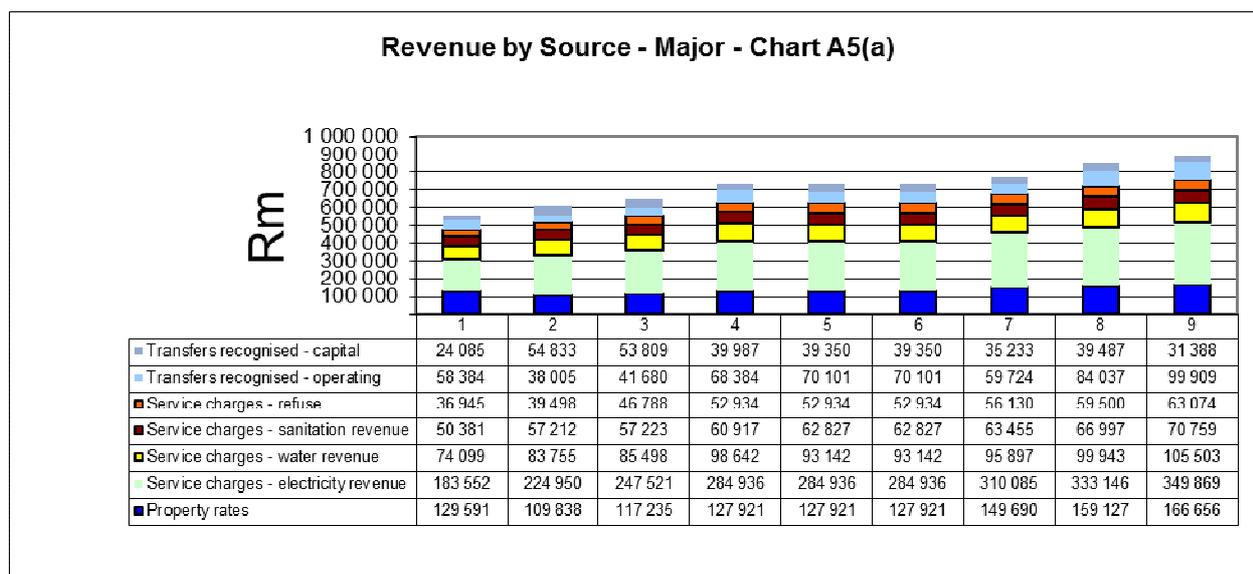
### 2.6.1 Medium-term outlook: operating revenue

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

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

Description	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2014/15	+1 2015/16	+2 2016/17
<b>R thousand</b>			
<b>Revenue By Source</b>			
Property rates	148 640	158 025	165 498
Service charges	525 567	559 586	589 204
Rental of facilities and equipment	7 966	8 739	9 615
Interest earned	9 504	9 546	9 735
Transfers recognised - operational	59 724	84 037	99 909
Other revenue	34 290	35 407	37 906
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



**Figure 7 Breakdown of operating revenue over the 2014/15 MTREF**

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

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

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 99 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements; and
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)

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

**Table 34 Proposed tariff increases over the medium-term**

Refer to Annexure B for Tariffs increases

As the levying of property rates is considered a strategic revenue source.

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

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

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

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

**Table 35 MBRR SA15 – Detail Investment Information**

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	50 000	75 000	55 042						
Deposits - Public Investment Commissioners									
Guaranteed Endowment Policies (sinking)	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Municipal Bonds									
<b>Consolidated total:</b>	<b>51 262</b>	<b>80 691</b>	<b>66 638</b>	<b>16 379</b>	<b>16 379</b>	<b>16 379</b>	<b>22 207</b>	<b>27 825</b>	<b>33 508</b>

**Table 36 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
	Yrs/Months												
<b>Parent municipality</b>													
LIBERTY 15934476	15 YEARS	POLICY	YES	VARIABLE				01/09/2025	6 383	298		1 500	8 181
LIBERTY 21196964	14 YEARS	POLICY	YES	VARIABLE				01/09/2025	9 186	252		3 100	12 538
MOMENTUM 3853776	15 YEARS	POLICY	YES	VARIABLE				01/07/2026	1 079	48		360	1 488
													-
<b>TOTAL INVESTMENTS AND INTEREST</b>									<b>16 649</b>		<b>-</b>	<b>4 960</b>	<b>22 207</b>

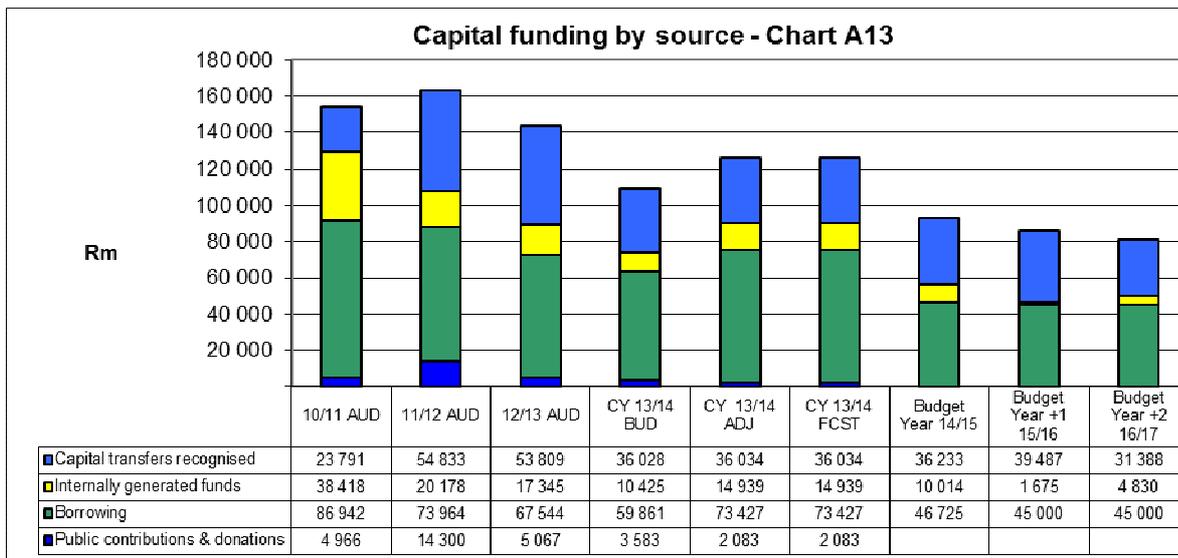
For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

### 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 37 Sources of capital revenue over the MTREF**

Vote Description	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>			
<b>Funded by:</b>			
National Government	22 674	23 587	24 388
Provincial Government	12 559	15 900	7 000
District Municipality			
Other transfers and grants	1 000		
<b>Transfers recognised - capital</b>	<b>36 233</b>	<b>39 487</b>	<b>31 388</b>
<b>Public contributions &amp; donations</b>			
<b>Borrowing</b>	<b>46 725</b>	<b>45 000</b>	<b>45 000</b>
<b>Internally generated funds</b>	<b>10 014</b>	<b>1 675</b>	<b>4 830</b>
<b>Total Capital Funding</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>



**Figure 8 Sources of capital revenue for the 2014/15 financial year**

Capital grants and receipts equates to 36,2 per cent of the total funding source which represents R36 million for the 2014/15

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R130 million. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

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

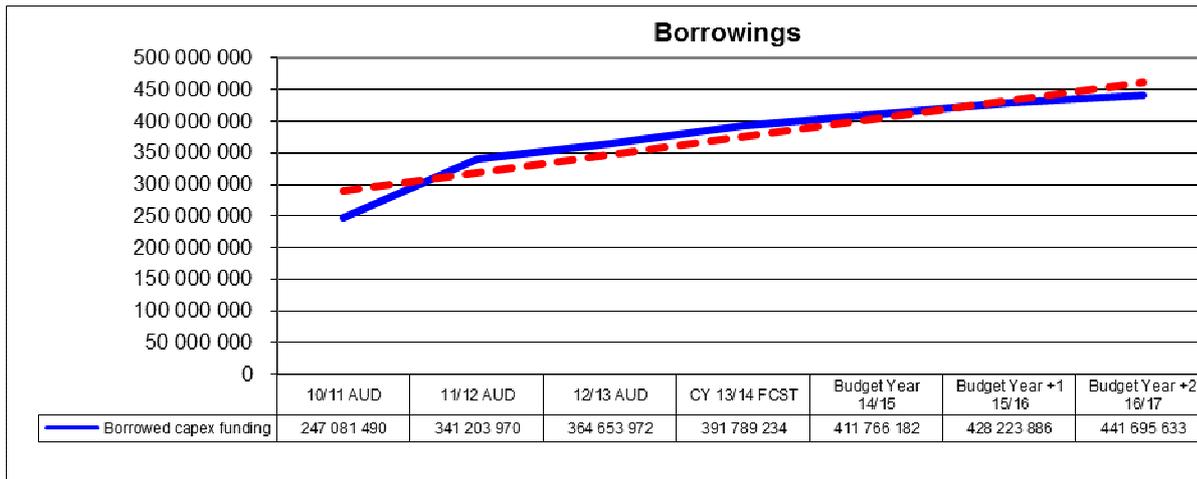
**Table 38 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorised by type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Long-Term Loans (annuity/reducing balance)	247 081	250 581	274 394	291 789	291 789	291 789	307 225	325 005	339 982
Long-Term Loans (non-annuity)		90 000	90 000	100 000	100 000	100 000	100 000	100 000	100 000
Local registered stock									
Instalment Credit							4 541	3 219	1 713
Financial Leases		623	260						
Other Securities									
<b>Total Borrowing</b>	<b>247 081</b>	<b>341 204</b>	<b>364 654</b>	<b>391 789</b>	<b>391 789</b>	<b>391 789</b>	<b>411 766</b>	<b>428 224</b>	<b>441 696</b>
<b>Unspent Borrowing - Categorised by type</b>									
Long-Term Loans (annuity/reducing balance)		18 255							
<b>Total Unspent Borrowing</b>	<b>-</b>	<b>18 255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R10 million in 2014/2015, R1,6 million 2015/16 and R4,8 million in 2016/17

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2014/14 period.



**Figure 10 Growth in outstanding borrowing (long-term liabilities)**

**Table 39 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>									
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>23 784</b>	<b>54 183</b>	<b>37 839</b>	<b>26 325</b>	<b>25 718</b>	<b>25 718</b>	<b>22 674</b>	<b>23 587</b>	<b>24 388</b>
Municipal Infrastructure Grant (MIG)	9 209	13 971	16 947	18 755	18 755	18 755	20 674	21 587	22 388
Public Transport and Systems			1 500						
Regional Bulk Infrastructure		36 212	15 174						
Neighbourhood Development Partnership	10 936	2 000	2 418	3 970	3 963	3 963			
Finance Management				600					
INEP/FMG/MSIG	3 639	2 000	1 800	3 000	3 000	3 000	2 000	2 000	2 000
<b>Provincial Government:</b>	<b>6 348</b>	<b>6 605</b>	<b>18 693</b>	<b>6 671</b>	<b>6 671</b>	<b>6 671</b>	<b>12 559</b>	<b>15 900</b>	<b>7 000</b>
Housing/ABS/CDW/Library	6 348	6 605	18 693	5 689	5 689	5 689	10 309	15 900	7 000
Sport & Recreation Grant							100		
Provincial Library Grant							2 150		
Pronicial Transport Infrastructure Grant				982	982	982			
<b>Other grant providers:</b>	<b>1 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
Mobility strategy (pound)/ Walkways	1 000								
DWA ACIP							1 000		
<b>Total Capital Transfers and Grants</b>	<b>31 132</b>	<b>60 787</b>	<b>56 532</b>	<b>32 996</b>	<b>32 389</b>	<b>32 389</b>	<b>36 233</b>	<b>39 487</b>	<b>31 388</b>

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. 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 40 MBRR Table A7 - Budgeted cash flow statement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	522 926	577 470	591 940	652 431	708 215	708 215	710 750	766 599	793 973
Government - operating	64 071	37 750	44 908	68 984	70 101	70 101	61 974	84 037	99 909
Government - capital	26 431	54 833	53 809	42 971	41 620	41 620	33 983	39 487	31 388
Interest	6 168	9 211	9 752	9 918	9 222	9 222	8 454	8 443	8 577
Dividends									
<b>Payments</b>									
Suppliers and employees	(510 106)	(520 159)	(551 464)	(622 122)	(654 985)	(654 985)	(653 990)	(733 868)	(807 028)
Finance charges	(19 373)	(31 669)	(37 174)	(42 292)	(42 292)	(42 292)	(44 535)	(46 691)	(48 839)
Transfers and Grants	(23 620)	(28 454)	(35 856)	(38 766)	(39 217)	(39 217)	(41 370)	(44 065)	(46 708)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>66 499</b>	<b>98 981</b>	<b>75 915</b>	<b>71 124</b>	<b>92 664</b>	<b>92 664</b>	<b>75 266</b>	<b>73 943</b>	<b>31 272</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	23 447	13 722	1 725	-	4 617	4 617	-	-	-
Decrease (increase) in non-current debtors	17 137	2 189	-	-	1 025	1 025	-	-	39 500
Decrease (increase) other non-current receivables	29	20	50	48	14	14	15	14	14
Decrease (increase) in non-current investments	(1 262)	(4 430)	(4 960)	(5 359)	(4 783)	(4 783)	(5 827)	(5 618)	(5 683)
<b>Payments</b>									
Capital assets	(150 497)	(163 275)	(143 764)	(109 897)	(126 482)	(126 482)	(92 972)	(86 162)	(81 218)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(111 146)</b>	<b>(151 774)</b>	<b>(146 949)</b>	<b>(115 209)</b>	<b>(125 609)</b>	<b>(125 609)</b>	<b>(98 785)</b>	<b>(91 765)</b>	<b>(47 387)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	940	(389)	-	-	-	5 520	(1 176)	(1 323)
Borrowing long term/refinancing	90 000	110 000	38 700	51 300	51 300	51 300	40 000	45 000	45 000
Increase (decrease) in consumer deposits	4 469	12 844	3 726	3 704	3 686	3 686	2 703	2 893	3 095
<b>Payments</b>									
Repayment of borrowing	(9 442)	(14 295)	(13 554)	(18 032)	(21 783)	(21 783)	(21 061)	(23 929)	(27 220)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>85 027</b>	<b>109 489</b>	<b>28 482</b>	<b>36 973</b>	<b>33 204</b>	<b>33 204</b>	<b>27 163</b>	<b>22 787</b>	<b>19 553</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>40 380</b>	<b>56 696</b>	<b>(42 552)</b>	<b>(7 112)</b>	<b>259</b>	<b>259</b>	<b>3 644</b>	<b>4 964</b>	<b>3 437</b>
Cash/cash equivalents at the year begin:	29 623	70 004	126 699	91 518	84 147	84 147	84 406	88 050	93 014
Cash/cash equivalents at the year end:	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452

The above table shows that cash and cash equivalents of the Municipality increases between the 2010/11 and 2013/2014 financial year. For the 2014/15 MTREF the budget has been prepared to ensure sustained levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R88 million by 2014/15 and steadily increasing to R96 million by 2016/17.

#### 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

- What are the predicted cash and investments that are available at the end of the budget year?

- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded' It is also important to analyse trends to understand the consequences. Small cash surpluses have been realised over the past three years, which is inevitably utilised to finance capital. No meaningful growth in cash has occurred. The working capital has to be optimally managed.

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Other current investments > 90 days	0	0	-	-	-	-	-	-	-
Non current assets - Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
<b>Cash and investments available:</b>	<b>71 265</b>	<b>132 391</b>	<b>95 744</b>	<b>100 786</b>	<b>100 786</b>	<b>100 786</b>	<b>110 257</b>	<b>120 839</b>	<b>129 960</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	9 955	4 555	7 783	-	-	-	-	-	-
Unspent borrowing	-	18 255	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(7 780)	(28 049)	(20 695)	(25 504)	(40 374)	(40 374)	(45 912)	(34 619)	(51 170)
Other provisions									
Long term investments committed	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>3 437</b>	<b>453</b>	<b>(1 315)</b>	<b>(9 124)</b>	<b>(23 994)</b>	<b>(23 994)</b>	<b>(23 705)</b>	<b>(6 795)</b>	<b>(17 662)</b>
<b>Surplus(shortfall)</b>	<b>67 829</b>	<b>131 938</b>	<b>97 059</b>	<b>109 910</b>	<b>124 780</b>	<b>124 780</b>	<b>133 962</b>	<b>127 634</b>	<b>147 621</b>

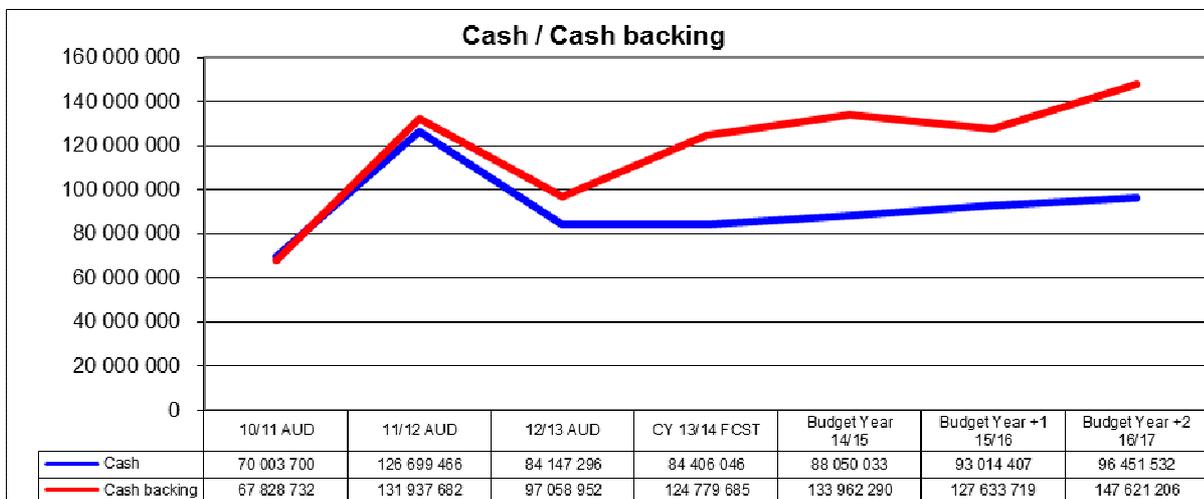
From the above table it can be seen that the cash and investments total R124 million in the 2013/2014 financial year and increase to R134 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. Stringent measures have been implemented by NT regarding unspent grants.
- No unspent borrowing from the previous financial year is anticipated. Borrowings are only drawn down once substantial expenditure has incurred against the particular project.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation, at least one month's operational expenditure is covered at all times. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy.

It can be concluded that the Municipality has a surplus of R134 million against the cash backed and accumulated surpluses reconciliation. When considering the funding requirements of section 18 and 19 of the MFMA, it needs to be noted that for all practical purposes the 2014/2015 MTREF is funded, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

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



**Figure 11 Cash and cash equivalents / Cash backed reserves and accumulated funds**

### 2.6.5 Funding compliance measurement

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

**Table 42 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	18(1)b	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Cash + investments at the yr end less applications - R'000	18(1)b	67 829	131 938	97 059	109 910	124 780	124 780	133 962	127 634	147 621
Cash year end/monthly employee/supplier payments	18(1)b	2.0	3.1	1.8	1.7	1.6	1.6	1.6	1.5	1.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	9 735	(81 607)	7 189	(37 947)	(43 407)	(43 407)	(47 503)	(58 954)	(72 203)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	2.6%	1.6%	6.8%	(6.6%)	(6.0%)	2.6%	0.4%	(0.8%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	98.3%	104.9%	91.7%	97.9%	106.4%	106.4%	98.7%	100.2%	98.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	1.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	97.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	69.1%	101.4%	43.0%	69.4%	56.7%	56.7%	70.5%	96.4%	90.3%
Grants % of Govt. legislated/gazetted allocations	18(1)a							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(3.5%)	9.9%	(4.0%)	5.0%	0.0%	7.0%	(3.6%)	9.5%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(14.3%)	(33.7%)	(12.6%)	0.0%	0.0%	(21.6%)	(21.3%)	(26.5%)
R&M % of Property Plant & Equipment	20(1)(vi)	1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<b>Total Operating Revenue</b>		607 290	597 482	695 005	742 541	743 363	743 363	785 691	855 339	911 867
<b>Total Operating Expenditure</b>		643 201	742 525	746 914	824 059	828 389	828 389	869 426	953 780	1 015 458
<b>Operating Performance Surplus/(Deficit)</b>		(35 911)	(145 043)	(51 909)	(81 518)	(85 026)	(85 026)	(83 736)	(98 441)	(103 591)
<b>Cash and Cash Equivalents (30 June 2012)</b>								88 050		
<b>Revenue</b>										
% Increase in Total Operating Revenue			(1.6%)	16.3%	6.8%	0.1%	0.0%	5.7%	8.9%	6.6%
% Increase in Property Rates Revenue			(15.4%)	6.8%	9.1%	0.0%	0.0%	17.1%	6.3%	4.7%
% Increase in Electricity Revenue			22.6%	10.0%	15.1%	0.0%	0.0%	8.8%	7.4%	5.0%
% Increase in Property Rates & Services Charges			8.6%	7.6%	12.8%	(0.6%)	0.0%	8.6%	6.4%	5.2%
<b>Expenditure</b>										
% Increase in Total Operating Expenditure			15.4%	0.6%	10.3%	0.5%	0.0%	5.0%	9.7%	6.5%
% Increase in Employee Costs			11.0%	11.3%	8.3%	0.6%	0.0%	11.2%	7.6%	6.7%
% Increase in Electricity Bulk Purchases			24.6%	14.5%	8.2%	0.0%	0.0%	8.0%	8.0%	8.0%
R&M % of PPE		1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
Asset Renewal and R&M as a % of PPE		2.0%	2.0%	4.0%	6.0%	6.0%	6.0%	5.0%	6.0%	6.0%
Debt Impairment % of Total Billable Revenue		1.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Capital Revenue</b>										
Internally Funded & Other (R'000)		43 383	34 478	22 412	14 008	17 022	17 022	10 014	1 675	4 830
Borrowing (R'000)		86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Grant Funding and Other (R'000)		23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Internally Generated funds % of Non Grant Funding		33.3%	31.8%	24.9%	19.0%	18.8%	18.8%	17.6%	3.6%	9.7%
Borrowing % of Non Grant Funding		66.7%	68.2%	75.1%	81.0%	81.2%	81.2%	82.4%	96.4%	90.3%
Grant Funding % of Total Funding		15.4%	33.6%	37.4%	32.8%	28.5%	28.5%	39.0%	45.8%	38.6%
<b>Capital Expenditure</b>										
Total Capital Programme (R'000)		154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218
Asset Renewal		-	-	4 147	39 166	48 657	48 657	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<b>Cash</b>										
Cash Receipts % of Rate Payer & Other		98.3%	104.9%	91.7%	97.9%	106.4%	106.4%	98.7%	100.2%	98.5%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0
<b>Borrowing</b>										
Credit Rating (2009/10)										
Capital Charges to Operating		4.5%	6.2%	6.8%	7.3%	7.7%	7.7%	7.5%	7.4%	7.5%
Borrowing Receipts % of Capital Expenditure		69.1%	101.4%	43.0%	69.4%	56.7%	56.7%	70.5%	96.4%	90.3%
<b>Reserves</b>										
Surplus/(Deficit)		67 829	131 938	97 059	109 910	124 780	124 780	133 962	127 634	147 621
<b>Free Services</b>										
Free Basic Services as a % of Equitable Share		109.8%	92.0%	87.2%	87.8%	94.8%	94.8%	82.0%	69.1%	64.1%
Free Services as a % of Operating Revenue (excl operational transfers)		10.6%	8.8%	5.7%	7.8%	10.0%	10.0%	9.6%	9.3%	9.2%
<b>High Level Outcome of Funding Compliance</b>										
Total Operating Revenue		607 290	597 482	695 005	742 541	743 363	743 363	785 691	855 339	911 867
Total Operating Expenditure		643 201	742 525	746 914	824 059	828 389	828 389	869 426	953 780	1 015 458
Surplus/(Deficit) Budgeted Operating Statement		(35 911)	(145 043)	(51 909)	(81 518)	(85 026)	(85 026)	(83 736)	(98 441)	(103 591)
Surplus/(Deficit) Considering Reserves and Cash Backing		31 917	(13 105)	45 150	28 392	39 753	39 753	50 227	29 193	44 030
<b>MTREF Funded (1) / Unfunded (0)</b>		1	0	1	1	1	1	1	1	1
<b>MTREF Funded ü / Unfunded ü</b>		✓	✗	✓	✓	✓	✓	✓	✓	✓

#### *2.6.5.1 Cash/cash equivalent position*

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R88 million, R93 million and R96 million for each respective financial year.

#### *2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 41, on page 65. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is at 1.5 for the 2014/2015 MTREF.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

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

#### *2.6.5.5 Property Rates/service revenue as a percentage increase less macro inflation target*

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6 per cent). Refer to Annexure B for Tariff List and Increases.

### **Cash receipts as a percentage of ratepayer and other revenue**

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

98.7, 100.2 and 98.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 99 per cent performance target, the cash flow statement has been accurately determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.6 Debt impairment expense as a percentage of billable revenue*

Overstrand Municipality did not provide for Debt impairment under the Financial performance as the methodology for determining the provision for debt impairment will result in a decrease in the provision. The provision is set to decrease.

#### *2.6.5.7 Capital payments percentage of capital expenditure*

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

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 75, 96 and 90 per cent of own funded capital.

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

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

#### *2.6.5.9 Consumer debtors change (Current and Non-current)*

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

#### *2.6.5.10 Repairs and maintenance expenditure level*

This measure must be considered within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 56 MBRR SA34C on page 84.

#### *2.6.5.11 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. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 55 MBRR SA34b on page 83.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 43 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>1 750</b>	<b>2 817</b>	<b>2 810</b>	<b>3 434</b>	<b>3 084</b>	<b>3 084</b>	<b>4 152</b>	<b>2 466</b>	<b>2 719</b>
Local Government Equitable Share									
Finance Management		1 250	698	1 300	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement	1 000	790	780	890	540	540	934	966	1 019
EPWP Incentive	750	777	1 332	1 244	1 244	1 244	1 768		
<b>Provincial Government:</b>	<b>29 707</b>	<b>4 032</b>	<b>2 722</b>	<b>23 601</b>	<b>25 271</b>	<b>25 271</b>	<b>3 575</b>	<b>17 372</b>	<b>25 163</b>
Housing	28 845	3 186	1 659	20 045	19 845	19 845		10 702	21 264
Emergency Housing Programme (EHP)					200	200	220	242	266
Provincial Library Grant	608	640	691	805	795	795	3 182	6 373	3 575
Financial Management Support Grant					800	800			
Greenest Municipality					50	50			
Community Development Worker Grant	100	78	70		49	49	52	55	58
Main Road Subsidy	40	65	65	2 651	3 314	3 314	121		
Sport & Recreation Grant				100					
Housing consumer education/ Thusong Service	114	63	237		218	218			
<b>Other grant providers:</b>	<b>14 187</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>
ACIP	13 250								
Prov Govt. Nelson Mandela Commemoration					100	100			
Public Contr. KCIH					200	200			
Mobility Strategy/National lotto/DWAF/etc	937	-	2						
<b>Total operating expenditure of Transfers and Grants</b>	<b>45 644</b>	<b>6 849</b>	<b>5 534</b>	<b>27 035</b>	<b>28 655</b>	<b>28 655</b>	<b>7 727</b>	<b>19 838</b>	<b>27 882</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>17 243</b>	<b>54 183</b>	<b>36 911</b>	<b>25 725</b>	<b>22 105</b>	<b>22 105</b>	<b>22 674</b>	<b>23 587</b>	<b>24 388</b>
Municipal Infrastructure Grant (MIG)	6 631	13 971	16 947	18 755	18 755	18 755	20 674	21 587	22 388
Public Transport and Systems									
Regional Bulk Infrastructure		36 212	15 174						
Neighbourhood Development Partnership	6 973	2 000	2 418	3 970					
Municipal Systems Improvement					350	350			
INEP/FMG/MSIG	3 639	2 000	2 372	3 000	3 000	3 000	2 000	2 000	2 000
<b>Provincial Government:</b>	<b>6 837</b>	<b>-</b>	<b>16 675</b>	<b>13 662</b>	<b>13 742</b>	<b>13 742</b>	<b>12 559</b>	<b>15 900</b>	<b>7 000</b>
Housing/ABS/CDW/Library	6 837	-	16 675	11 180	11 150	11 150	10 309	15 900	7 000
Sport & Recreation Grant					100	100	100		
Provincial Library Grant					10	10	2 150		
Mobility strategy (pound)/ Walkways	19	650	223	2 482	2 482	2 482			
<b>Total capital expenditure of Transfers and Grants</b>	<b>24 080</b>	<b>54 183</b>	<b>53 586</b>	<b>39 387</b>	<b>35 847</b>	<b>35 847</b>	<b>35 233</b>	<b>39 487</b>	<b>31 388</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>69 724</b>	<b>61 032</b>	<b>59 120</b>	<b>66 422</b>	<b>64 502</b>	<b>64 502</b>	<b>42 960</b>	<b>59 325</b>	<b>59 270</b>

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

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	28 670	33 973	38 956	44 783	45 383	45 383	56 173	66 665	74 746
<b>Conditions met - transferred to revenue</b>	<b>28 670</b>	<b>33 973</b>	<b>38 956</b>	<b>44 783</b>	<b>45 383</b>	<b>45 383</b>	<b>56 173</b>	<b>66 665</b>	<b>74 746</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	205	129	66	-	-	-	-	-	-
Current year receipts	29 639	3 969	2 705	23 601	24 718	24 718	3 551	17 372	25 163
<b>Conditions met - transferred to revenue</b>	<b>29 714</b>	<b>4 032</b>	<b>2 724</b>	<b>23 601</b>	<b>24 718</b>	<b>24 718</b>	<b>3 551</b>	<b>17 372</b>	<b>25 163</b>
Conditions still to be met - transferred to liabilities	129	66	47	-	-	-	-	-	-
<b>District Municipality:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>58 384</b>	<b>38 005</b>	<b>41 680</b>	<b>68 384</b>	<b>70 101</b>	<b>70 101</b>	<b>59 724</b>	<b>84 037</b>	<b>99 909</b>
<b>Total operating transfers and grants - CTBM</b>	<b>129</b>	<b>66</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	14 575	40 212	19 964	26 325	25 718	25 718	22 674	23 587	24 388
<b>Conditions met - transferred to revenue</b>	<b>10 612</b>	<b>40 212</b>	<b>19 964</b>	<b>22 365</b>	<b>29 363</b>	<b>29 363</b>	<b>22 674</b>	<b>23 587</b>	<b>24 388</b>
Conditions still to be met - transferred to liabilities	3 963	-	-	3 960	(3 645)	(3 645)	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	981	3 750	6 991	-	-	-	-	-
Current year receipts	14 160	17 390	37 162	6 671	6 671	6 671	12 559	15 900	7 000
<b>Conditions met - transferred to revenue</b>	<b>13 179</b>	<b>14 621</b>	<b>33 845</b>	<b>13 662</b>	<b>6 671</b>	<b>6 671</b>	<b>12 559</b>	<b>15 900</b>	<b>7 000</b>
Conditions still to be met - transferred to liabilities	981	3 750	7 067	-	-	-	-	-	-
<b>District Municipality:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	1 000	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>23 791</b>	<b>54 833</b>	<b>53 809</b>	<b>36 028</b>	<b>36 034</b>	<b>36 034</b>	<b>36 233</b>	<b>39 487</b>	<b>31 388</b>
<b>Total capital transfers and grants - CTBM</b>	<b>4 944</b>	<b>3 750</b>	<b>7 067</b>	<b>3 960</b>	<b>(3 645)</b>	<b>(3 645)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>82 176</b>	<b>92 838</b>	<b>95 489</b>	<b>104 412</b>	<b>106 135</b>	<b>106 135</b>	<b>95 957</b>	<b>123 524</b>	<b>131 297</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>5 073</b>	<b>3 816</b>	<b>7 114</b>	<b>3 960</b>	<b>(3 645)</b>	<b>(3 645)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.8 Councillor and employee benefits

**Table 45 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	4 840	6 717	7 084	7 197	7 456	7 456	7 968	8 658	9 265
Pension and UIF Contributions									
Medical Aid Contributions									
Motor Vehicle Allowance									
Cellphone Allowance				380	522	522	548	411	438
Housing Allowances									
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>4 840</b>	<b>6 717</b>	<b>7 084</b>	<b>7 577</b>	<b>7 978</b>	<b>7 978</b>	<b>8 516</b>	<b>9 069</b>	<b>9 702</b>
<b>% increase</b>		<b>38.8%</b>	<b>5.5%</b>	<b>7.0%</b>	<b>5.3%</b>	<b>-</b>	<b>6.7%</b>	<b>6.5%</b>	<b>7.0%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	7 194	7 082	8 185	8 657	8 647	8 647	9 253	9 900	10 594
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance	126	128	139	146	146	146	163	173	183
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Municipality</b>	<b>7 320</b>	<b>7 210</b>	<b>8 324</b>	<b>8 803</b>	<b>8 793</b>	<b>8 793</b>	<b>9 416</b>	<b>10 073</b>	<b>10 777</b>
<b>% increase</b>		<b>(1.5%)</b>	<b>15.5%</b>	<b>5.7%</b>	<b>(0.1%)</b>	<b>-</b>	<b>7.1%</b>	<b>7.0%</b>	<b>7.0%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	106 593	116 931	132 897	146 098	156 684	156 684	176 384	191 406	204 567
Pension and UIF Contributions	26 519	21 014	23 993	27 080	27 758	27 758	29 294	31 148	33 222
Medical Aid Contributions	7 007	7 354	8 176	11 179	11 355	11 355	11 191	12 384	13 197
Overtime	10 485	12 030	12 423	12 233	11 146	11 146	13 897	14 870	15 911
Performance Bonus	8 028	9 483	10 823	12 011					
Motor Vehicle Allowance	7 026	8 240	9 178	10 714	10 870	10 870	11 481	11 711	11 981
Cellphone Allowance		725	1 924	1 356	1 367	1 367	1 475	1 526	1 609
Housing Allowances	968	1 023	1 046	945	951	951	1 006	972	972
Other benefits and allowances	13 387	10 461	11 256	9 082	9 118	9 118	11 118	11 633	12 427
Payments in lieu of leave				900	2 246	2 246	2 350	2 491	2 640
Long service awards			690	813	831	831	1 206	1 217	1 613
Post-retirement benefit obligations		13 467	10 795	9 630	11 335	11 335	11 875	12 588	13 343
<b>Sub Total - Other Municipal Staff</b>	<b>180 013</b>	<b>200 729</b>	<b>223 203</b>	<b>242 039</b>	<b>243 661</b>	<b>243 661</b>	<b>271 278</b>	<b>291 946</b>	<b>311 482</b>
<b>% increase</b>		<b>11.5%</b>	<b>11.2%</b>	<b>8.4%</b>	<b>0.7%</b>	<b>-</b>	<b>11.3%</b>	<b>7.6%</b>	<b>6.7%</b>
<b>Total Parent Municipality</b>	<b>192 173</b>	<b>214 656</b>	<b>238 611</b>	<b>258 419</b>	<b>260 431</b>	<b>260 431</b>	<b>289 209</b>	<b>311 088</b>	<b>331 961</b>
		<b>11.7%</b>	<b>11.2%</b>	<b>8.3%</b>	<b>0.8%</b>	<b>-</b>	<b>11.1%</b>	<b>7.6%</b>	<b>6.7%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>192 173</b>	<b>214 656</b>	<b>238 611</b>	<b>258 419</b>	<b>260 431</b>	<b>260 431</b>	<b>289 209</b>	<b>311 088</b>	<b>331 961</b>
<b>% increase</b>		<b>11.7%</b>	<b>11.2%</b>	<b>8.3%</b>	<b>0.8%</b>	<b>-</b>	<b>11.1%</b>	<b>7.6%</b>	<b>6.7%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>187 333</b>	<b>207 939</b>	<b>231 527</b>	<b>250 842</b>	<b>252 453</b>	<b>252 453</b>	<b>280 694</b>	<b>302 019</b>	<b>322 259</b>

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

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Rand per annum</b>							
<b>Councillors</b>							
Speaker	1	579 418		21 912			601 330
Chief Whip							-
Executive Mayor	1	724 246		21 912			746 158
Deputy Executive Mayor	1	579 418		21 912			601 330
Executive Committee	4	2 172 836		87 648			2 260 484
Total for all other councillors	18	3 911 814		394 416			4 306 230
<b>Total Councillors</b>	<b>25</b>	<b>7 967 732</b>	<b>-</b>	<b>547 800</b>			<b>8 515 532</b>
<b>Senior Managers of the Municipality</b>							
Municipal Manager (MM)	1	1 667 002		23 311			1 690 313
Chief Finance Officer	1	1 535 287		23 311			1 558 598
Management Services	1	1 152 104		23 311			1 175 415
Community Services	1	1 273 068		23 311			1 296 379
Infrastructure & Planning	1	1 539 190		23 311			1 562 501
LED	1	1 061 990		23 311			1 085 301
Protection Services	1	1 024 141		23 311			1 047 452
<b>Total Senior Managers of the Municipality</b>	<b>7</b>	<b>9 252 782</b>	<b>-</b>	<b>163 177</b>	<b>-</b>		<b>9 415 959</b>
<b>TOTAL COST OF COUNCILLORS and EXECUTIVE</b>	<b>32</b>	<b>17 220 514</b>	<b>-</b>	<b>710 977</b>	<b>-</b>		<b>17 931 491</b>

**Table 47 MBRR SA24 – Summary of personnel numbers**

WC032 Overstrand - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	25	7		25	7		25	7	
Board Members of municipal entities									
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	7	7		7	7		7	7	
Other Managers	56	50		57	49		57	49	
Professionals	53	51	-	53	52	-	54	52	-
<i>Finance</i>	22	21		22	21		22	21	
<i>Spatial/town planning</i>	8	7		8	8		9	8	
<i>Information Technology</i>									
<i>Roads</i>	8	8		8	8		8	8	
<i>Electricity</i>	5	5		5	5		5	5	
<i>Water</i>	4	4		4	4		4	4	
<i>Sanitation</i>	3	3		3	3		3	3	
<i>Refuse</i>	3	3		3	3		3	3	
<i>Other</i>									
Technicians	213	184	-	213	203	-	213	203	-
<i>Finance</i>									
<i>Spatial/town planning</i>	6	6		6	6		6	6	
<i>Information Technology</i>	3	3		3	3		3	3	
<i>Roads</i>	3	2		3	2		3	2	
<i>Electricity</i>	22	17		22	18		22	18	
<i>Water</i>	4	2		4	2		4	2	
<i>Sanitation</i>	6	3		6	4		6	4	
<i>Refuse</i>	3	3		3	3		3	3	
<i>Other</i>	166	148		166	165		166	165	
Clerks (Clerical and administrative)	187	176		189	177		189	177	
Service and sales workers	54	52		54	51		54	51	
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	42	26		42	23		42	23	
Elementary Occupations	487	471		487	474		487	474	
<b>TOTAL PERSONNEL NUMBERS</b>	<b>1 124</b>	<b>1 024</b>	<b>-</b>	<b>1 127</b>	<b>1 043</b>	<b>-</b>	<b>1 128</b>	<b>1 043</b>	<b>-</b>
<b>% increase</b>				0.3%	1.9%	-	0.1%	-	-
<b>Total municipal employees headcount</b>	<b>1 099</b>	<b>1 031</b>		<b>1 102</b>	<b>1 036</b>		<b>1 102</b>	<b>1 036</b>	
Finance personnel headcount	126	117		126	116		126	111	
Human Resources personnel headcount	17	15		19	18		19	18	

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>															
Property rates	14 269	12 174	12 159	12 263	12 164	12 263	12 211	12 307	12 223	12 428	12 173	12 006	148 640	158 025	165 498
Property rates - penalties & collection charges	81	99	93	79	80	78	78	79	78	76	73	155	1 050	1 103	1 158
Service charges - electricity revenue	30 670	29 815	27 877	25 232	24 179	24 160	21 249	18 683	24 652	26 355	27 433	29 782	310 085	333 146	349 869
Service charges - water revenue	6 589	5 524	6 593	6 613	8 606	9 583	11 699	9 198	9 063	8 593	6 703	7 131	95 897	99 943	105 503
Service charges - sanitation revenue	4 432	4 370	4 758	4 609	5 073	5 705	7 064	5 544	5 838	5 072	5 039	5 952	63 455	66 997	70 759
Service charges - refuse revenue	4 742	4 660	4 714	4 736	4 748	4 737	4 521	4 697	4 701	4 711	4 685	4 480	56 130	59 500	63 074
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	667	494	445	514	1 052	923	667	473	665	343	277	1 446	7 966	8 739	9 615
Interest earned - external investments	562	521	577	610	581	586	466	540	425	543	605	152	6 166	6 210	6 255
Interest earned - outstanding debtors	193	213	196	197	177	188	191	197	191	191	188	166	2 288	2 234	2 322
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	498	431	588	498	415	930	623	991	636	873	607	876	7 965	7 378	7 817
Licences and permits	185	205	143	168	160	145	217	205	165	196	203	238	2 229	2 447	2 686
Agency services	174	164	142	205	212	181	228	172	170	198	200	433	2 480	2 727	3 000
Transfers recognised - operational	13 386	112	239	91	243	17 444	344	2 233	8 542	8 055	849	8 186	59 724	84 037	99 909
Other revenue	1 679	1 202	1 406	2 458	2 108	1 850	1 453	1 248	1 582	1 868	1 727	3 035	21 617	22 855	24 404
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>	<b>78 126</b>	<b>59 983</b>	<b>59 931</b>	<b>58 272</b>	<b>59 798</b>	<b>78 772</b>	<b>61 012</b>	<b>56 568</b>	<b>68 931</b>	<b>69 502</b>	<b>60 760</b>	<b>74 038</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
<b>Expenditure By Type</b>															
Employee related costs	18 644	19 624	19 996	19 446	30 484	29 524	23 313	24 613	21 744	25 434	20 170	27 700	280 694	302 019	322 259
Remuneration of councillors	709	709	709	709	709	709	709	709	709	709	709	717	8 516	9 069	9 702
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	9 591	9 591	9 591	9 591	9 591	9 591	9 521	9 521	9 583	9 583	9 583	3 928	109 265	111 199	112 750
Finance charges	141	-	-	4 907	-	9 478	-	-	121	8 128	-	21 760	44 535	46 691	48 839
Bulk purchases	2 709	20 776	21 093	9 127	10 994	18 036	13 741	12 741	15 160	18 121	13 346	13 599	169 444	183 000	197 640
Other materials	1 512	1 961	1 108	1 474	1 706	1 557	1 059	1 059	942	1 044	1 480	2 393	17 295	20 201	19 151
Contracted services	829	5 309	3 140	5 613	4 605	3 937	4 823	6 823	8 075	18 059	10 840	8 386	80 439	95 248	100 837
Transfers and grants	3 443	3 522	3 505	3 406	3 331	3 690	1 388	1 388	2 914	2 934	2 923	8 927	41 370	44 065	46 708
Other expenditure	5 968	8 542	9 156	10 456	12 240	10 117	18 537	9 683	6 465	9 681	7 778	9 247	117 869	142 288	157 571
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>43 547</b>	<b>70 035</b>	<b>68 299</b>	<b>64 729</b>	<b>73 660</b>	<b>86 640</b>	<b>73 091</b>	<b>66 537</b>	<b>65 713</b>	<b>93 693</b>	<b>66 828</b>	<b>96 655</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(10 052)</b>	<b>(8 368)</b>	<b>(6 457)</b>	<b>(13 863)</b>	<b>(7 868)</b>	<b>(12 079)</b>	<b>(9 969)</b>	<b>3 218</b>	<b>(24 192)</b>	<b>(6 068)</b>	<b>(22 618)</b>	<b>(83 736)</b>	<b>(98 441)</b>	<b>(103 591)</b>
Transfers recognised - capital	-	2 024	1 533	3 009	4 632	7 264	3 553	472	1 671	4 683	2 084	4 305	35 233	39 487	31 388
Contributions recognised - capital	-	-	-	-	-	500	-	-	-	-	-	500	1 000	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Revenue by Vote</b>															
Vote 1 - Council	18 713	27	22	399	45	15 394	27	25	13 377	4 946	29	333	53 339	65 569	73 550
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	115	46	8	212	65	9	113	39	36	111	60	96	910	961	962
Vote 4 - Finance	18 026	15 549	15 705	15 844	15 531	15 551	15 601	7 380	12 747	13 212	13 251	11 263	169 661	179 861	188 464
Vote 5 - Community Services	14 878	24 080	19 067	17 660	7 846	24 652	23 583	19 806	21 074	26 037	22 343	43 057	264 083	293 832	307 451
Vote 6 - Local Economic Development	24	318	218	340	34	524	121	65	80	500	250	494	2 968	1 200	1 200
Vote 7 - Infrastructure & Planning	25 528	21 259	25 861	25 867	39 959	29 633	23 892	28 334	22 157	27 988	25 737	21 564	317 779	340 309	357 549
Vote 8 - Protection Services	842	726	584	959	950	772	1 227	1 390	1 131	1 391	1 174	2 037	13 184	13 093	14 079
<b>Total Revenue by Vote</b>	<b>78 126</b>	<b>62 006</b>	<b>61 464</b>	<b>61 282</b>	<b>64 430</b>	<b>86 536</b>	<b>64 565</b>	<b>57 040</b>	<b>70 602</b>	<b>74 185</b>	<b>62 844</b>	<b>78 843</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Council	4 345	4 454	4 424	4 681	5 462	5 967	4 465	3 104	4 589	5 387	4 010	12 041	62 928	67 152	71 111
Vote 2 - Municipal Manager	48	25	49	88	62	129	132	74	55	163	67	123	1 014	1 041	1 120
Vote 3 - Management Services	1 357	1 479	1 468	755	951	1 515	803	1 074	1 373	202	918	2 904	14 798	16 424	17 460
Vote 4 - Finance	2 862	1 404	3 678	3 655	3 193	3 012	2 253	1 795	856	1 340	1 273	218	25 539	33 250	30 904
Vote 5 - Community Services	10 879	29 000	22 858	27 872	34 665	49 467	36 975	35 596	23 471	45 143	34 896	35 028	385 850	446 618	479 319
Vote 6 - Local Economic Development	382	798	622	502	649	519	687	662	1 729	763	1 115	2 770	11 199	10 756	11 385
Vote 7 - Infrastructure & Planning	21 282	29 714	31 803	23 400	24 372	22 883	23 248	20 270	29 726	35 362	20 978	35 670	318 707	325 628	347 695
Vote 8 - Protection Services	2 391	3 161	3 396	3 775	4 307	3 148	4 529	3 961	3 915	5 334	3 571	7 902	49 390	52 911	56 464
<b>Total Expenditure by Vote</b>	<b>43 547</b>	<b>70 035</b>	<b>68 299</b>	<b>64 729</b>	<b>73 660</b>	<b>86 640</b>	<b>73 091</b>	<b>66 537</b>	<b>65 713</b>	<b>93 693</b>	<b>66 828</b>	<b>96 655</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Revenue - Standard</b>															
<i><b>Governance and administration</b></i>	<b>37 247</b>	<b>15 889</b>	<b>16 109</b>	<b>17 212</b>	<b>16 411</b>	<b>26 031</b>	<b>16 398</b>	<b>7 900</b>	<b>24 378</b>	<b>19 016</b>	<b>13 824</b>	<b>20 660</b>	<b>231 075</b>	<b>253 526</b>	<b>267 382</b>
Executive and council	18 697	31	25	404	45	10 053	29	60	11 240	4 943	30	7 824	53 380	65 610	73 591
Budget and treasury office	18 026	15 549	15 705	15 844	15 531	15 551	15 601	7 380	12 747	13 212	13 251	11 263	169 661	179 861	188 464
Corporate services	523	309	379	965	835	427	768	459	391	862	543	1 572	8 034	8 055	5 328
<i><b>Community and public safety</b></i>	<b>2 480</b>	<b>1 628</b>	<b>1 280</b>	<b>2 855</b>	<b>2 142</b>	<b>3 196</b>	<b>2 574</b>	<b>3 621</b>	<b>3 080</b>	<b>3 046</b>	<b>3 162</b>	<b>6 925</b>	<b>35 988</b>	<b>53 804</b>	<b>64 234</b>
Community and social services	222	218	173	184	165	150	138	70	336	195	401	147	2 398	3 600	6 766
Sport and recreation	261	295	283	353	801	781	553	871	344	505	480	3 987	9 514	9 867	14 419
Public safety	842	726	584	959	950	772	1 227	1 390	1 131	1 391	1 174	2 037	13 184	13 093	14 079
Housing	1 155	390	240	1 359	226	1 492	656	1 290	1 269	954	1 107	754	10 892	27 243	28 969
Health													-	-	-
<i><b>Economic and environmental services</b></i>	<b>255</b>	<b>1 008</b>	<b>871</b>	<b>1 341</b>	<b>277</b>	<b>1 508</b>	<b>510</b>	<b>1 064</b>	<b>706</b>	<b>1 335</b>	<b>1 408</b>	<b>3 555</b>	<b>13 839</b>	<b>7 721</b>	<b>9 314</b>
Planning and development	238	664	510	764	252	1 224	376	291	489	694	466	2 397	8 365	6 037	6 520
Road transport	9	339	356	572	20	265	125	754	217	641	942	1 158	5 397	1 600	2 700
Environmental protection	8	5	5	5	5	18	9	19	0	0	0	(0)	76	84	93
<i><b>Trading services</b></i>	<b>38 144</b>	<b>43 480</b>	<b>43 204</b>	<b>39 873</b>	<b>45 600</b>	<b>55 801</b>	<b>45 084</b>	<b>44 456</b>	<b>42 437</b>	<b>50 788</b>	<b>44 450</b>	<b>47 704</b>	<b>541 022</b>	<b>579 775</b>	<b>602 325</b>
Electricity	22 182	26 237	26 107	19 702	21 841	31 589	22 079	30 979	23 531	32 157	27 581	28 320	312 305	335 388	352 135
Water	6 682	7 836	7 300	9 255	12 549	11 531	11 712	1 075	8 100	7 721	6 691	6 420	96 872	106 070	111 585
Waste water management	4 837	5 053	5 383	6 478	6 575	8 191	7 075	8 009	6 413	6 496	5 801	1 844	72 155	77 967	75 459
Waste management	4 443	4 354	4 415	4 437	4 635	4 490	4 218	4 393	4 394	4 414	4 377	11 120	59 691	60 350	63 146
<i><b>Other</b></i>													-	-	-
<b>Total Revenue - Standard</b>	<b>78 126</b>	<b>62 006</b>	<b>61 464</b>	<b>61 282</b>	<b>64 430</b>	<b>86 536</b>	<b>64 565</b>	<b>57 040</b>	<b>70 602</b>	<b>74 185</b>	<b>62 844</b>	<b>78 843</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure - Standard</b>															
<i><b>Governance and administration</b></i>	<b>7 515</b>	<b>8 246</b>	<b>9 530</b>	<b>10 444</b>	<b>11 968</b>	<b>15 526</b>	<b>7 725</b>	<b>7 262</b>	<b>7 466</b>	<b>17 457</b>	<b>8 622</b>	<b>15 188</b>	<b>126 949</b>	<b>146 621</b>	<b>150 550</b>
Executive and council	4 281	4 597	4 683	4 922	6 078	11 179	4 869	3 509	5 351	6 324	4 914	5 569	66 276	75 146	79 304
Budget and treasury office	2 862	1 404	3 678	3 655	3 193	3 012	2 253	1 795	856	1 340	1 273	218	25 539	33 250	30 904
Corporate services	372	2 244	1 170	1 867	2 698	1 336	603	1 958	1 259	9 793	2 435	9 400	35 134	38 225	40 342
<i><b>Community and public safety</b></i>	<b>5 864</b>	<b>7 391</b>	<b>7 517</b>	<b>8 373</b>	<b>10 189</b>	<b>8 012</b>	<b>8 232</b>	<b>11 373</b>	<b>7 974</b>	<b>17 085</b>	<b>7 617</b>	<b>14 861</b>	<b>114 489</b>	<b>132 786</b>	<b>151 719</b>
Community and social services	2 093	2 481	2 417	2 646	3 686	2 508	1 254	5 366	2 273	2 718	2 417	2 277	32 137	33 840	36 083
Sport and recreation	1 297	1 608	1 612	1 768	2 008	2 245	2 348	1 852	1 683	1 902	1 519	3 199	23 042	24 979	26 929
Public safety	2 391	3 161	3 396	3 775	4 307	3 148	4 529	3 961	3 915	5 334	3 571	8 446	49 934	53 484	57 062
Housing	83	141	91	183	188	111	101	193	103	7 131	110	939	9 375	20 483	31 644
Health													-	-	-
<i><b>Economic and environmental services</b></i>	<b>7 334</b>	<b>8 575</b>	<b>9 635</b>	<b>10 746</b>	<b>11 284</b>	<b>10 778</b>	<b>11 787</b>	<b>9 835</b>	<b>15 925</b>	<b>17 457</b>	<b>15 676</b>	<b>10 760</b>	<b>139 791</b>	<b>148 212</b>	<b>154 339</b>
Planning and development	1 574	2 340	3 037	2 540	3 917	2 765	2 165	2 763	8 636	3 052	2 889	1 819	37 498	38 304	40 801
Road transport	5 422	5 893	6 217	7 857	6 632	7 503	9 153	6 586	6 778	14 009	12 169	6 966	95 184	101 235	104 258
Environmental protection	339	342	381	349	735	510	469	486	510	396	619	1 975	7 110	8 672	9 280
<i><b>Trading services</b></i>	<b>22 834</b>	<b>45 823</b>	<b>41 616</b>	<b>35 166</b>	<b>40 219</b>	<b>52 323</b>	<b>45 346</b>	<b>38 067</b>	<b>34 348</b>	<b>41 694</b>	<b>34 913</b>	<b>55 847</b>	<b>488 197</b>	<b>526 162</b>	<b>558 850</b>
Electricity	11 755	32 073	27 478	18 396	22 447	31 452	30 739	23 865	20 201	22 152	19 887	11 841	272 285	275 899	295 013
Water	4 615	5 482	5 597	7 790	6 741	9 251	6 461	6 035	6 033	9 032	5 818	20 502	93 357	114 724	119 367
Waste water management	3 717	4 404	4 414	5 026	5 509	7 264	3 201	4 436	3 934	5 166	4 901	14 938	66 910	75 498	79 013
Waste management	2 746	3 863	4 128	3 955	5 522	4 356	4 945	3 732	4 180	5 345	4 307	8 567	55 645	60 041	65 458
<i><b>Other</b></i>													-	-	-
<b>Total Expenditure - Standard</b>	<b>43 547</b>	<b>70 035</b>	<b>68 299</b>	<b>64 729</b>	<b>73 660</b>	<b>86 640</b>	<b>73 091</b>	<b>66 537</b>	<b>65 713</b>	<b>93 693</b>	<b>66 828</b>	<b>96 655</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Multi-year expenditure to be appropriated</b>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services			100		750							-	850	-	-
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services	6 550	7 200	6 800	7 400	3 099	3 980	3 750	4 774	4 280	4 905	2 700	16 200	71 638	66 662	58 718
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning	1 074	339	161	593	536	3 518	3 854	1 712	2 014	2 838	1 473	2 374	20 485	19 500	22 500
Vote 8 - Protection Services												-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7 624</b>	<b>7 539</b>	<b>7 061</b>	<b>7 993</b>	<b>4 385</b>	<b>7 498</b>	<b>7 604</b>	<b>6 486</b>	<b>6 294</b>	<b>7 743</b>	<b>4 173</b>	<b>18 574</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services												-	-	-	-
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services												-	-	-	-
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning												-	-	-	-
Vote 8 - Protection Services												-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>7 624</b>	<b>7 539</b>	<b>7 061</b>	<b>7 993</b>	<b>4 385</b>	<b>7 498</b>	<b>7 604</b>	<b>6 486</b>	<b>6 294</b>	<b>7 743</b>	<b>4 173</b>	<b>18 574</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

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

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>															
<i><b>Governance and administration</b></i>	330	140	250	1 150	1 000	2 650	100	285	900	300	900	8 030	16 034	2 675	8 830
Executive and council												-	-	-	-
Budget and treasury office												-	-	-	-
Corporate services	330	140	250	1 150	1 000	2 650	100	285	900	300	900	8 030	16 034	2 675	8 830
<i><b>Community and public safety</b></i>	3 800	3 750	2 200	2 750	49	1 080	450	674	1 080	355	-	1 050	17 238	18 839	13 800
Community and social services		500	200	750		355	450	200	1 080	355		-	3 890	-	-
Sport and recreation	500	500	500	500								1 039	3 039	2 939	6 800
Public safety												-	-	-	-
Housing	3 300	2 750	1 500	1 500	49	725		474				11	10 309	15 900	7 000
Health												-	-	-	-
<i><b>Economic and environmental services</b></i>	1 000	1 200	1 550	1 350	-	-	-	-	-	150	-	150	5 400	4 900	4 000
Planning and development												-	-	-	-
Road transport	1 000	1 200	1 550	1 350						150		150	5 400	4 900	4 000
Environmental protection												-	-	-	-
<i><b>Trading services</b></i>	2 594	2 449	3 061	3 743	3 336	5 768	7 054	5 527	4 914	6 938	3 773	5 144	54 300	59 748	54 588
Electricity	844	199	11	443	286	2 868	3 754	1 427	1 714	2 538	1 073	1 844	17 000	18 500	18 500
Water	1 000	1 100	1 200	1 200	800	600	1 300	1 300	1 300	1 400	1 400	1 200	13 800	26 594	26 488
Waste water management	650	1 050	1 450	1 600	1 350	1 000	500	1 200	1 400	1 500	800	800	13 300	14 654	9 600
Waste management	100	100	400	500	900	1 300	1 500	1 600	500	1 500	500	1 300	10 200	-	-
<i><b>Other</b></i>												-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>7 724</b>	<b>7 539</b>	<b>7 061</b>	<b>8 993</b>	<b>4 385</b>	<b>9 498</b>	<b>7 604</b>	<b>6 486</b>	<b>6 893</b>	<b>7 743</b>	<b>4 673</b>	<b>14 374</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

**Table 53 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Cash Receipts By Source</b>															
Property rates	14 235	12 142	12 127	12 229	12 132	12 231	12 180	12 272	12 192	12 396	12 141	11 977	148 254	157 839	165 416
Property rates - penalties & collection charges	81	99	93	79	80	78	78	79	78	76	73	155	1 050	1 103	1 158
Service charges - electricity revenue	30 596	29 738	27 804	25 163	24 115	24 098	21 194	18 629	24 589	26 288	27 362	29 710	309 285	332 754	349 694
Service charges - water revenue	6 573	5 509	6 576	6 595	8 584	9 559	11 669	9 171	9 040	8 571	6 686	7 114	95 648	99 825	105 450
Service charges - sanitation revenue	4 421	4 359	4 745	4 596	5 060	5 691	7 046	5 528	5 823	5 059	5 025	5 937	63 290	66 918	70 723
Service charges - refuse revenue	4 731	4 648	4 702	4 723	4 735	4 724	4 509	4 683	4 689	4 699	4 672	4 469	55 984	59 430	63 042
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	665	493	444	513	1 049	921	666	472	663	342	276	1 442	7 946	8 729	9 610
Interest earned - external investments	562	521	577	610	581	586	466	540	425	543	605	152	6 166	6 210	6 255
Interest earned - outstanding debtors	193	213	196	197	177	188	191	197	191	191	188	166	2 288	2 234	2 322
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	498	431	588	498	415	930	623	991	636	873	607	876	7 965	7 378	7 817
Licences and permits	185	205	143	168	160	145	217	205	165	196	203	238	2 229	2 447	2 686
Agency services	174	164	142	205	212	181	228	172	170	198	200	433	2 480	2 727	3 000
Transfer receipts - operational	13 386	112	239	91	243	17 444	344	2 233	8 542	8 055	849	8 186	59 724	84 037	99 909
Other revenue	1 262	786	990	2 042	1 692	1 433	1 037	832	1 165	1 452	1 310	2 618	16 619	27 450	15 379
<b>Cash Receipts by Source</b>	<b>77 562</b>	<b>59 419</b>	<b>59 367</b>	<b>57 709</b>	<b>59 234</b>	<b>78 208</b>	<b>60 448</b>	<b>56 005</b>	<b>68 367</b>	<b>68 938</b>	<b>60 196</b>	<b>73 474</b>	<b>778 928</b>	<b>859 079</b>	<b>902 459</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	-	2 024	1 533	3 009	4 632	7 264	3 553	472	1 671	4 683	2 084	4 305	35 233	39 487	31 388
Contributions recognised - capital & Contributed a	-	-	-	-	-	500	-	-	-	-	-	500	1 000	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	6 482	(83)	(84)	(85)	(86)	(86)	(87)	(88)	(89)	(273)	5 520	(1 176)	(1 323)
Borrowing long term/refinancing	-	-	-	-	-	-	40 000	-	-	-	-	-	40 000	45 000	45 000
Increase (decrease) in consumer deposits	225	225	225	225	225	225	225	225	225	225	225	225	2 703	2 893	3 095
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39 500
Decrease (increase) other non-current receivables	1	1	1	1	1	1	1	1	1	1	1	1	15	14	14
Decrease (increase) in non-current investments	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(5 827)	(5 618)	(5 683)
<b>Total Cash Receipts by Source</b>	<b>77 303</b>	<b>61 184</b>	<b>67 123</b>	<b>60 376</b>	<b>63 524</b>	<b>85 629</b>	<b>103 657</b>	<b>56 131</b>	<b>69 692</b>	<b>73 274</b>	<b>61 932</b>	<b>77 747</b>	<b>857 573</b>	<b>939 679</b>	<b>1 014 450</b>
<b>Cash Payments by Type</b>															
Employee related costs	18 325	19 305	19 677	19 127	30 165	29 205	22 994	24 294	21 425	25 114	19 850	27 381	276 860	297 074	317 056
Remuneration of councillors	709	709	709	709	709	709	709	709	709	709	709	717	8 516	9 069	9 702
Finance charges	141	-	-	4 907	-	9 478	-	-	121	8 128	-	21 760	44 535	46 691	48 839
Bulk purchases - Electricity	2 709	20 776	21 093	9 127	10 994	18 036	13 741	12 741	15 160	18 121	13 346	13 599	169 444	183 000	197 640
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	1 512	1 961	1 108	1 474	1 706	1 557	1 059	1 059	942	1 044	1 480	2 393	17 295	20 201	19 151
Contracted services	829	5 309	3 140	5 613	4 605	3 937	4 823	6 823	8 075	18 059	10 840	8 386	80 439	95 248	100 837
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	3 443	3 522	3 505	3 406	3 331	3 690	1 388	1 388	2 914	2 934	2 923	8 927	41 370	44 065	46 708
Other expenditure	4 598	7 173	7 787	9 086	10 870	8 748	17 167	8 314	5 096	8 311	6 408	7 877	101 436	129 276	162 641
<b>Cash Payments by Type</b>	<b>32 267</b>	<b>58 755</b>	<b>57 019</b>	<b>53 449</b>	<b>62 380</b>	<b>75 359</b>	<b>61 880</b>	<b>55 327</b>	<b>54 441</b>	<b>82 422</b>	<b>55 556</b>	<b>91 039</b>	<b>739 895</b>	<b>824 624</b>	<b>902 576</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	7 724	7 539	7 061	8 993	4 385	9 498	7 604	6 486	6 893	7 743	4 673	14 374	92 972	86 162	81 218
Repayment of borrowing	998	-	57	4 408	965	3 588	1 002	-	61	4 698	1 033	4 252	21 061	23 929	27 220
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>40 988</b>	<b>66 294</b>	<b>64 137</b>	<b>66 849</b>	<b>67 730</b>	<b>88 445</b>	<b>70 487</b>	<b>61 813</b>	<b>61 396</b>	<b>94 863</b>	<b>61 263</b>	<b>109 665</b>	<b>853 929</b>	<b>934 715</b>	<b>1 011 013</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 315</b>	<b>(5 110)</b>	<b>2 987</b>	<b>(6 473)</b>	<b>(4 207)</b>	<b>(2 816)</b>	<b>33 171</b>	<b>(5 682)</b>	<b>8 296</b>	<b>(21 589)</b>	<b>669</b>	<b>(31 918)</b>	<b>3 644</b>	<b>4 964</b>	<b>3 437</b>
Cash/cash equivalents at the month/year begin:	84 406	120 721	115 611	118 598	112 124	107 918	105 102	138 273	132 591	140 887	119 298	119 968	84 406	88 050	93 014
Cash/cash equivalents at the month/year end:	120 721	115 611	118 598	112 124	107 918	105 102	138 273	132 591	140 887	119 298	119 968	88 050	88 050	93 014	96 452

## **2.10 Annual budgets and SDBIP**

The draft SDBIP will be tabled at the Council meeting to be held on 20 March 2014.

## **2.11 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy all contracts awarded beyond the medium-term revenue and expenditure framework (three years) are listed in Table 70 on page 103. In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.12 Capital expenditure details**

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

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>104 389</b>	<b>133 045</b>	<b>108 252</b>	<b>50 904</b>	<b>55 858</b>	<b>55 858</b>	<b>59 700</b>	<b>64 648</b>	<b>58 588</b>
Infrastructure - Road transport	20 923	12 754	15 578	9 160	9 360	9 360	6 200	6 900	5 000
Roads, Pavements & Bridges	15 761	5 477	10 720	9 160	9 160	9 160	5 400	4 900	4 000
Storm water	5 162	7 278	4 858		200	200	800	2 000	1 000
Infrastructure - Electricity	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Generation									
Transmission & Reticulation	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Street Lighting									
Infrastructure - Water	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Dams & Reservoirs									
Water purification	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Reticulation									
Infrastructure - Sanitation	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Reticulation									
Sewerage purification	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Infrastructure - Other	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Waste Management	1 859	196	5 359	1 400	3 041	3 041	10 200		
Transportation									
Gas									
Other									
<b>Community</b>	<b>17 814</b>	<b>6 183</b>	<b>20 997</b>	<b>13 189</b>	<b>13 609</b>	<b>13 609</b>	<b>20 722</b>	<b>19 839</b>	<b>17 800</b>
Parks & gardens			2 156						
Sportsfields & stadia	1 743	5 538	1 964	5 000	5 471	5 471	3 039	2 939	6 800
Swimming pools									
Community halls									
Libraries			3						
Recreational facilities									
Fire, safety & emergency									
Security and policing	19	645	223						
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing	7 118		16 651	5 689	3 366	3 366	10 309	15 900	7 000
Other	8 934		-	2 500	4 772	4 772	7 374	1 000	4 000
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings									
Other									
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development									
Other									
<b>Other assets</b>	<b>31 796</b>	<b>23 118</b>	<b>9 038</b>	<b>6 638</b>	<b>8 358</b>	<b>8 358</b>	<b>12 550</b>	<b>1 675</b>	<b>4 830</b>
General vehicles	2 847	6 800		4 695	4 695	4 695	10 525	1 000	4 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	1 629	3 838		600	1 030	1 030	850		
Furniture and other office equipment	3 202	148		1 343	2 633	2 633	1 175	675	830
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	24 118	12 332							
Other Land									
Surplus Assets - (Investment or Inventory)			9 038						
Other									
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Intangibles</b>	<b>118</b>	<b>928</b>	<b>1 330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming	118	928	1 330						
Other (list sub-class)									
<b>Total Capital Expenditure on new assets</b>	<b>154 117</b>	<b>163 275</b>	<b>139 617</b>	<b>70 731</b>	<b>77 825</b>	<b>77 825</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	131	32 610	38 826	38 826	-	-	-
Infrastructure - Road transport	-	-	131	8 710	7 069	7 069	-	-	-
Roads, Pavements & Bridges				8 710	7 069	7 069			
Storm water			131						
Infrastructure - Electricity	-	-	-	13 300	13 344	13 344	-	-	-
Generation									
Transmission & Reticulation				13 300	13 344	13 344			
Street Lighting									
Infrastructure - Water	-	-	-	8 600	15 440	15 440	-	-	-
Dams & Reservoirs				200	200	200			
Water purification									
Reticulation				8 400	15 240	15 240			
Infrastructure - Sanitation	-	-	-	2 000	2 974	2 974	-	-	-
Reticulation									
Sewerage purification				2 000	2 974	2 974			
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
<b>Community</b>	-	-	756	5 716	8 992	8 992	-	-	-
Parks & gardens									
Sportsfields & stadia				225	225	225			
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries			756						
Social rental housing				5 491	7 784	7 784			
Other					984	984			
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Buildings									
Other									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Housing development									
Other									
<b>Other assets</b>	-	-	3 260	-	-	-	-	-	-
General vehicles			3 260						
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
List sub-class									
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
List sub-class									
<b>Intangibles</b>	-	-	-	839	839	839	-	-	-
Computers - software & programming				839	839	839			
Other (list sub-class)									
<b>Total Capital Expenditure on renewal of existing</b>	-	-	4 147	39 166	48 657	48 657	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>	0.0%	0.0%	3.9%	37.7%	47.7%	47.7%	0.0%	0.0%	0.0%

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>38 271</b>	<b>43 120</b>	<b>87 048</b>	<b>135 022</b>	<b>131 381</b>	<b>131 381</b>	<b>136 837</b>	<b>156 116</b>	<b>162 973</b>
Infrastructure - Road transport	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
Roads, Pavements & Bridges	25 391	25 231	39 790	58 578	60 122	60 122	62 250	68 195	71 362
Storm water	588	611	2 446	3 907	3 694	3 694	6 312	6 704	7 130
Infrastructure - Electricity	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
Generation									
Transmission & Reticulation	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
Street Lighting									
Infrastructure - Water	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
Dams & Reservoirs	3 568	52	80						
Water purification		1 709	1 963						
Reticulation		5 132	19 459	28 574	27 464	27 464	26 794	36 728	36 961
Infrastructure - Sanitation	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
Reticulation	3 564	3 687	6 623						
Sewerage purification		882	1 085	14 662	16 443	16 443	14 153	18 398	19 663
Infrastructure - Other	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
Waste Management	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
Transportation									
Gas									
Other									
<b>Community</b>	<b>3 574</b>	<b>6 012</b>	<b>5 408</b>	<b>8 252</b>	<b>8 749</b>	<b>8 749</b>	<b>9 298</b>	<b>10 114</b>	<b>11 373</b>
Parks & gardens	993	1 410	1 503	2 568	2 602	2 602	2 819	3 010	3 233
Sportsfields & stadia	399	456	956	1 034	959	959	1 023	1 152	1 221
Swimming pools	312	228	289	303	224	224	302	331	347
Community halls	1 017	734	916	904	1 128	1 128	906	906	975
Libraries	110	180	161	221	235	235	171	197	213
Recreational facilities									
Fire, safety & emergency	641	538	848	841	975	975	1 185	1 291	1 407
Security and policing		524	546	638	630	630	781	859	945
Buses				-					
Clinics				-					
Museums & Art Galleries				-					
Cemeteries	103	37	62	55	51	51	53	57	62
Social rental housing				317	317	317	335	346	350
Other		1 905	125	1 372	1 627	1 627	1 724	1 965	2 622
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings									
Other									
<b>Investment properties</b>	<b>199</b>	<b>270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development	199	270							
Other									
<b>Other assets</b>	<b>16 195</b>	<b>15 443</b>	<b>21 958</b>	<b>20 086</b>	<b>14 666</b>	<b>14 666</b>	<b>15 963</b>	<b>21 086</b>	<b>21 989</b>
General vehicles	4 600	4 682	5 399						
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	4 215	4 309	5 035	5 852	4 737	4 737	6 157	6 490	6 826
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	1 449	1 023	1 368	1 173	1 133	1 133	1 214	1 299	1 376
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	5 931	5 429	10 156	13 061	8 795	8 795	8 591	13 296	13 787
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Intangibles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming									
Other (list sub-class)									
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>
<b>R&amp;M as a % of PPE</b>	1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
<b>R&amp;M as % Operating Expenditure</b>	9.1%	8.7%	15.3%	19.8%	18.7%	18.7%	18.6%	19.6%	19.3%

**Table 57 MBRR SA34d – Depreciation by asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>89 270</b>	<b>87 037</b>	<b>81 024</b>	<b>90 494</b>	<b>86 361</b>	<b>86 361</b>	<b>93 344</b>	<b>94 954</b>	<b>96 507</b>
Infrastructure - Road transport	36 975	36 340	29 902	37 311	30 673	30 673	31 514	31 709	32 187
<i>Roads, Pavements &amp; Bridges</i>	34 887	34 105	27 879	37 311	28 652	28 652	29 493	29 688	30 135
<i>Storm water</i>	2 088	2 235	2 023		2 021	2 021	2 021	2 021	2 051
Infrastructure - Electricity	18 645	18 441	18 751	22 284	20 880	20 880	22 789	23 022	23 425
<i>Generation</i>									
<i>Transmission &amp; Reticulation</i>	18 645	18 441	18 751	22 284	20 880	20 880	22 789	23 022	23 425
<i>Street Lighting</i>									
Infrastructure - Water	16 932	16 029	16 106	14 546	17 424	17 424	20 368	21 371	21 745
<i>Dams &amp; Reservoirs</i>	16 932	16 029	16 106	14 546	17 424	17 424	20 368	21 371	21 745
<i>Water purification</i>									
<i>Reticulation</i>									
Infrastructure - Sanitation	13 808	13 422	13 391	12 696	14 127	14 127	15 067	15 245	15 489
<i>Reticulation</i>	13 808	13 422	13 391	12 696	14 127	14 127	15 067	15 245	15 489
<i>Sewerage purification</i>									
Infrastructure - Other	2 909	2 804	2 874	3 657	3 257	3 257	3 607	3 607	3 661
<i>Waste Management</i>	2 189	2 168	2 256	3 657	3 257	3 257	3 607	3 607	3 661
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>	720	637	618						
<b>Community</b>	<b>4 707</b>	<b>4 359</b>	<b>4 651</b>	<b>4 696</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities	4 707	4 359	4 651	4 696	4 822	4 822	4 822	4 822	4 822
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings									
Other									
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development									
Other									
<b>Other assets</b>	<b>12 663</b>	<b>12 427</b>	<b>19 233</b>	<b>8 402</b>	<b>10 216</b>	<b>10 216</b>	<b>10 216</b>	<b>10 539</b>	<b>10 538</b>
General vehicles	2 330	2 077	2 360	1 864	2 360	2 360	2 360	2 683	2 682
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	1 145	1 334	1 948	838	1 948	1 948	1 948	1 948	1 948
Furniture and other office equipment	275	244	254	344	254	254	254	254	254
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	5 482	5 660	5 467	5 356	5 654	5 654	5 654	5 654	5 654
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	3 431	3 111	9 204						
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>List sub-class</i>									
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>List sub-class</i>									
<b>Intangibles</b>	<b>137</b>	<b>219</b>	<b>373</b>	<b>218</b>	<b>671</b>	<b>671</b>	<b>883</b>	<b>884</b>	<b>883</b>
Computers - software & programming	137	219	373	218	671	671	883	884	883
Other ( <i>list sub-class</i> )									
<b>Total Depreciation</b>	<b>106 777</b>	<b>104 041</b>	<b>105 280</b>	<b>103 810</b>	<b>102 070</b>	<b>102 070</b>	<b>109 265</b>	<b>111 199</b>	<b>112 750</b>

**Table 58 MBRR SA35 - Future financial implications of the capital budget**

Vote Description  R thousand	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>Capital expenditure</b>							
Vote 1 - Council	-	-	-				
Vote 2 - Municipal Manager	-	-	-				
Vote 3 - Management Services	850	-	-				
Vote 4 - Finance	-	-	-				
Vote 5 - Community Services	71 638	66 662	58 718	62 241	65 976	69 934	74 130
Vote 6 - Local Economic Development	-	-	-				
Vote 7 - Infrastructure & Planning	20 485	19 500	22 500	23 850	25 281	26 798	28 406
Vote 8 - Protection Services	-	-	-				
<b>Total Capital Expenditure</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>	<b>86 091</b>	<b>91 257</b>	<b>96 732</b>	<b>102 536</b>

**Table 59 MBRR SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
<i>List all capital projects grouped by Municipal Vote</i>															
<b>300 - INFORMATION &amp; COMMUNICATION TECHNOLOGY</b>															
Additional Disc Storage for DR Site (Onrus)	Additional Disc Storage for DR Site (Onrus)			Yes	Other	Computers - hardware/equipment	34°24'45.16S / 19°10'21.22E	1 274	1 869		100			Overstrand	New
RF Network: Hawston Mast	RF Network: Hawston Mast			Yes	Other	Computers - hardware/equipment	34°23'52.01S / 19°06'38.72E				250			Overstrand	New
RF Network: Gansbaai Region Mast	RF Network: Gansbaai Region Mast			Yes	Other	Computers - hardware/equipment	34°36'31.10S / 19°20'16.30E				250			Overstrand	New
RF Network: Kleinmond Regional Mast	RF Network: Kleinmond Regional Mast			Yes	Other	Computers - hardware/equipment	34°20'10.99S / 19°00'46.72E				250			Overstrand	New
300 - Property Services															
Extension of Thusong Centre	Extension of Thusong Centre			Yes	Infrastructure - Other	Other	19°08'03"E34°23'29"S	5 611	2 104			1 000	4 000	Ward 08	New
Building of additional court for municipal matters	Building of additional court for municipal matters			Yes	Infrastructure - Other	Other	19° 14 18" E en 34° 25 03" S				200			Overstrand	New
Equipment for additional court	Equipment for additional court			Yes	Infrastructure - Other	Other	19° 14 18" E en 34° 25 03" S				250			Overstrand	New
MIG PMU Building	MIG PMU Building			Yes	Infrastructure - Other	Other	19°12'25"E34°24'28"S				1 035			Ward 03	New
Kleinmond Library upgrade	Kleinmond Library upgrade			Yes	Infrastructure - Other	Other	19° 01' 54 E 34° 20' 25" S				2 000			Ward 09	New
400 - WARD SPECIFIC PROJECTS															
Ward Specific Projects - Kleinmond	Ward Specific Projects - Kleinmond			Yes	Community	Other	19° 01' 54 E 34° 20' 25" S			3 652	500			Ward 09,10	New
Ward Specific Projects - Hermanus	Ward Specific Projects - Hermanus			Yes	Community	Other	19°12'25"E34°24'28"S				2 455			Ward 03,04,05,06,0	New
Ward Specific Projects - Gansbaai	Ward Specific Projects - Gansbaai			Yes	Community	Other	19.349477 -34.607311				935			Ward 01,02,11	New
500 - SPORT & RECREATION															
Overhills:Kleinmond Soccer Field	Overhills:Kleinmond Soccer Field			Yes	Other	Sportsfields & stadia	19°00'21"E34°20'08"S	2 601	5 696		2 939	939		Ward 09	New
Turf Soccerfield	Turf Soccerfield			Yes	Other	Sportsfields & stadia	19°13'01"E34°25'56"S					2 000	2 800	Ward 12	New
Overstrand sport facilities development project	Overstrand sport facilities development project			Yes	Other	Sportsfields & stadia	34° 22' 58." S 19°07'37.00" E				100			Overstrand	New
Sport Facilities	Sport Facilities			Yes	Other	Sportsfields & stadia	Overstrand wide						4 000	Overstrand	New
700 - HOUSING															
Gansbaai project- 155 SITES	Gansbaai project- 155 SITES			Yes	Infrastructure - Other	Social rental housing	34.593704 19.345044				2 511			Ward 02	New
Hermanus Swartdamweg Institutional -320 SITES	Hermanus Swartdamweg Institutional -320 SITES			Yes	Infrastructure - Other	Social rental housing	34.422824 19.218703				6 774	6 800		Ward 03	New
Zwelihle Garden site -77 SITES	Zwelihle Garden site -77 SITES			Yes	Infrastructure - Other	Social rental housing	34.429752 19.209423					1 400		Ward 06	New
Zwelihle Mandela Square -180 SITES	Zwelihle Mandela Square -180 SITES			Yes	Infrastructure - Other	Social rental housing	34.428927 19.209706					2 600		Ward 06	New
Zwelihle project -Transit camp/Asizani	Zwelihle project -Transit camp/Asizani			Yes	Infrastructure - Other	Social rental housing	34.426228 19.216456						2 000	Ward 06	New
Mount Pleasant IRDP	Mount Pleasant IRDP			Yes	Infrastructure - Other	Social rental housing	34.414663 19.214140				474	4 100		Ward 04	New
Kleinmond Overhills	Kleinmond Overhills			Yes	Infrastructure - Other	Social rental housing	34.336437 19.006527				250	600	2 000	Ward 10	New
Stanford IRDP	Stanford IRDP			Yes	Infrastructure - Other	Social rental housing	34.445860 19.448758				300	400	1 000	Ward 11	New
Hawston project - IRDP	Hawston project - IRDP			Yes	Infrastructure - Other	Social rental housing	34.387826 19.138307						2 000	Ward 08	New

## Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
1000 - ROADS									24 607	16 228					
Upgrade and rehabilitate roads	Upgrade and rehabilitate roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'42"E34°25'20"S				4 650			Ward 12	New
Upgrade of Landa Road (Mandela Square)	Upgrade of Landa Road (Mandela Square)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'37"E34°25'36"S				450			Ward 05	New
Rehabilitation of existing Pave Road (LIC)	Rehabilitation of existing Pave Road (LIC)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'46"E34°25'46"S				-	1 400	2 000	Ward 06	New
Rehabilitate roads and upgrade stormwater	Rehabilitate roads and upgrade stormwater			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'59"E34°25'20"S				300	3 500	1 500	Ward 04	New
Rehabilitate roads - Angelier Street	Rehabilitate roads - Angelier Street			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'47"E34°25'07"S				-	-	500	Ward 04	New
1200 - ELECTRICITY									26 768	39 229					
Franskraal, Kleinbaai & Birkenhead: MV/LV and Minisub upgrade	Franskraal, Kleinbaai & Birkenhead: MV/LV and Minisub upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19,349477 -34,607311				4 900	2 600		Ward 01	New
Gansbaai: Minisub and MV/LV upgrade	Gansbaai: Minisub and MV/LV upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19,351679 -34,585351				1 000	2 700	4 000	Ward 02	New
Blompark: Low Voltage upgrade	Blompark: Low Voltage upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19,348154 -34,584590				1 400	1 000		Ward 02	New
Stanford: MV upgrade	Stanford: MV upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19,459117 -34,436799				600	1 200		Ward 11	New
Electrification of low cost housing areas (INEP)	Electrification of low cost housing areas (INEP)			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'38.87"S 19°13'09.52"E				2 000	2 000	2 000	Ward 03	New
Hermanus: LV Upgrade/Replacement	Hermanus: LV Upgrade/Replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'03.44"S 19°12'47.88"E				2 100	6 000	4 000	Ward 03	New
Kleinmond: MV & LV network upgrade	Kleinmond: MV & LV network upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°20'33.67"S 19°10'19.94"E				2 500	2 000	3 000	Ward 09	New
Sandbaai: MV and LV Upgrade/Replacement	Sandbaai: MV and LV Upgrade/Replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'09.58"S 19°11'53.80"E						500	Ward 07	New
Hermanus: Main Str to Royal 2nd supply feeder	Hermanus: Main Str to Royal 2nd supply feeder			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'08.54"S 19°14'16.34"E				1 500			Ward 03	New
Hawston: LV Upgrade/Replacement	Hawston: LV Upgrade/Replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°23'27.10"S 19°08'10.12"E				1 000	1 000	2 000	Ward 08	New
Hawston: See View feeder upgrade	Hawston: See View feeder upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°23'25.03"S 19°08'13.19"E						300	Ward 08	New
Sandbaai-Mount Pleasant overhead line replacement	Sandbaai-Mount Pleasant overhead line replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'52.21"S 19°12'41.66"E						300	Ward 04	New
Zwelihle to Beach overhead line replacement	Zwelihle to Beach overhead line replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'57.30"S 19°12'50.73"E						400	Ward 05	New
Meer en See underground cable replacement	Meer en See underground cable replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°21'58.22"S 19°06'31.59"E						600	Ward 08	New
Mount Pleasant Bundle replacement	Mount Pleasant Bundle replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'03.44"S 19°12'47.88"E						1 400	Ward 04	New
1300 - WATER									50 766	23 832					
Replacement of Overstrand water pipes	Replacement of Overstrand water pipes			Yes	Infrastructure - Water	Reticulation	Overstrand wide				13 800	12 500	11 000	Overstrand	New
Upgrading of "Die Oog" pump station building	Upgrading of "Die Oog" pump station building			Yes	Infrastructure - Water	Reticulation	19,27,221154 -34,27,111652						500	Ward 11	New
New Bulk Water Reservoir - Sandbaai	New Bulk Water Reservoir - Sandbaai			Yes	Infrastructure - Water	Dams & Reservoirs	S34°25,210' / E19°12,063'						5 500	Ward 07	New
Upgrading of Franskraal-Kleinbaai -Gansbaai Pipelines	Upgrading of Franskraal-Kleinbaai -Gansbaai Pipelines			Yes	Infrastructure - Water	Reticulation	S34°36,417' / E19°23,650'					7 000	2 500	Ward 01	New
Upgrading of Gateway, Camphill and Volmoed Well Fields	Upgrading of Gateway, Camphill and Volmoed Well Fields			Yes	Infrastructure - Water	Reticulation	S34°24,512' / E19°12,474'						2 000	Ward 03	New
Returbish Buffels River Dam Bridge and Tower & Palmiet River Weir	Returbish Buffels River Dam Bridge and Tower & Palmiet River Weir			Yes	Infrastructure - Water	Dams & Reservoirs	S34°19,96' / E18°50,26'					2 000		Ward 09	New
New 1 Mils Reservoir OHW.B31	New 1 Mils Reservoir OHW.B31			Yes	Infrastructure - Water	Dams & Reservoirs	19°12'43"E34°24'46"S					2 800		Ward 04	New
200 mm Ø Bulk watermain OHW8.1	200 mm Ø Bulk watermain OHW8.1			Yes	Infrastructure - Water	Reticulation	19°12'41"E34°21'50"S					1 000		Ward 04	New
250 mm Ø Bulk watermain OHW.B14	250 mm Ø Bulk watermain OHW.B14			Yes	Infrastructure - Water	Reticulation	19°12'24"E34°24'38"S					520		Ward 04	New
160 mm Ø Link watermain OHW8.3	160 mm Ø Link watermain OHW8.3			Yes	Infrastructure - Water	Reticulation	19°12'56"E34°25'07"S					284		Ward 04	New
160 mm Ø link watermain OHW9.9	160 mm Ø link watermain OHW9.9			Yes	Infrastructure - Water	Reticulation	19°12'40"E34°25'47"S					490		Ward 05	New
160 mm Ø link watermain OHW9.10	160 mm Ø link watermain OHW9.10			Yes	Infrastructure - Water	Reticulation	19°12'39"E34°25'49"S					-	200	Ward 12	New
Hawston: Bulk water	Hawston: Bulk water			Yes	Infrastructure - Water	Reticulation	19°08'29"E34°23'24"S						2 000	Ward 08	New
Hawston: Bulk water upgrade for housing project	Hawston: Bulk water upgrade for housing project			Yes	Infrastructure - Water	Reticulation	19°08'30"E34°23'23"S						1 000	Ward 08	New
New 500 mm -Water pipe line	New 500 mm -Water pipe line			Yes	Infrastructure - Water	Reticulation	19°08'28"E34°23'24"S						1 788	Ward 08	New

## Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information		
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal	
1400 - SEWERAGE									14 621	12 153						
Upgrading of pumpstations	Upgrading of pumpstations			Yes	Infrastructure - Sanitation	Other	19°12'51"E 34°25'56"S					2 000		Overstrand	New	
Stanford - Sewer network extension	Stanford - Sewer network extension			Yes	Infrastructure - Sanitation	Other	S34°439.75' / E19°455.90'				2 000	2 000		Ward 11	New	
Kleinmond - Sewer network extension	Kleinmond - Sewer network extension			Yes	Infrastructure - Sanitation	Other	S34°20.44' / E19°1.91'					2 000	2 000	Ward 09	New	
Gansbaai - CBD Sewer network extension	Gansbaai - CBD Sewer network extension			Yes	Infrastructure - Sanitation	Other	S34°35.377' / E19°21.087'					3 000	3 000	Ward 09	New	
Hermanus - Femkloof Sewer Network Extension	Hermanus - Femkloof Sewer Network Extension			Yes	Infrastructure - Sanitation	Other	S34°24.800' / E19°17.279'							Ward 03	New	
Bulk Rising Main to WWTW Replace	Bulk Rising Main to WWTW Replace			Yes	Infrastructure - Sanitation	Other	S34°20.44' / E19°1.91'							Ward 09	New	
Upgrading of Kidbrooke Pipeline	Upgrading of Kidbrooke Pipeline			Yes	Infrastructure - Sanitation	Other	S34°24.810' / E19°10.001'				2 900			Ward 13	New	
WWTW Upgrade - Stanford	WWTW Upgrade - Stanford			Yes	Infrastructure - Sanitation	Sewerage purification	S34°26.518' / E19°26.929'						1 000	Ward 11	New	
Eluxolweni - New bulk sewerage for housing project	Eluxolweni - New bulk sewerage for housing project			Yes	Infrastructure - Sanitation	Other	19°29'31"E34°39'02"S				7 600	784		Ward 11	New	
Upgrade existing sewerage pumpstation OHS19.2	Upgrade existing sewerage pumpstation OHS19.2			Yes	Infrastructure - Sanitation	Other	19°12'33"E34°25'46"S					750		Ward 05	New	
Bulk Sewerage rising main 355 mm Ø OHS19.1	Bulk Sewerage rising main 355 mm Ø OHS19.1			Yes	Infrastructure - Sanitation	Other	19°12'36"E34°25'36"S					1 620		Ward 05	New	
Bulk Sewerage main 200 mm Ø OHS13.3	Bulk Sewerage main 200 mm Ø OHS13.3			Yes	Infrastructure - Sanitation	Other	19°12'40"E34°25'52"S					1 000		Ward 12	New	
<b>Bulk Sewerage Outfall Line 525 mm Ø OHS13.2</b>	<b>Bulk Sewerage Outfall Line 525 mm Ø OHS13.2</b>			Yes	Infrastructure - Sanitation	Other	19°12'45"E34°25'26"S						1 500	600	Ward 12	New
1400- STORMWATER									6 107	200						
Provision of stormwater system	Provision of stormwater system			Yes	Other	Storm water	19°21'28"E34°35'27"S					1 000		Ward 01	New	
Upgrade Stormwater - Internal & External	Upgrade Stormwater - Internal & External			Yes	Other	Storm water	19°12'48"E34°25'32"S				800	1 000	1 000	Ward 05	New	
Implementation of Storm Water Master Plan - (2)	Implementation of Storm Water Master Plan - (2)			Yes	Other	Storm water	19°12'35"S34°25'22"S							Ward 05	New	
1500- WASTE MANAGEMENT									5 528	3 041						
Karwyderskraal : New Waste Cell	Karwyderskraal : New Waste Cell			Yes	Other	Waste Management	S34 20 08.6 ; E19 09 43.6					10 200		Overstrand	New	
300 - VEHICLES	300 - VEHICLES			Yes	Other	Other	Overstrand wide		3 868	4 695	10 525	1 000	4 000	Overstrand	New	
<b>300 - MINOR ASSETS</b>	<b>300 - MINOR ASSETS</b>			Yes	Other	Furniture and other office equipment	Overstrand wide		2 013	2 633	1 025	675	830	Overstrand	New	
Minor Assets: Library Grant	Minor Assets: Library Grant			Yes	Other	Furniture and other office equipment	Overstrand wide				150			Overstrand	New	

**Table 60 MBRR SA37 - Projects delayed from previous financial year**

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework			
							Original Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>R thousand</b>												
<b>Parent municipality:</b>												
List all capital projects grouped by Municipal Vote			Examples	Examples								
300 - INFORMATION & COMMUNICATION TECHNOLOGY UPGRADE OF TWO WAY RADIO NETWORK	TWO WAY RADIO NETWORK TO A DIGITAL NETWORK		Other	Computers - hardware/equipment		2011-2012						
300 - PROPERTY SERVICES SANTA / RED CROSS PARKING	SANTA / RED CROSS PARKING		Infrastructure - Other	Other		2011-2012						
400 - COMMUNITY BUILDINGS EXTENSION OF COMMUNITY HALL	EXTENSION OF COMMUNITY HALL		Community	Community halls		2011-2012						
500 - SPORT & RECREATION BOARDWALK - KLEINBAAI SLIPWAY	BOARDWALK - KLEINBAAI SLIPWAY		Community	Other		2011-2012						
SPORTSGROUND - MOUNT PLEASANT	SPORTSGROUND - MOUNT PLEASANT		Other	Sportsfields & stadia		2011-2012						
HAWSTON SPORTSGROUND - UPGRADE	SPORTSGROUND - UPGRADE NETBALL COURTS		Other	Sportsfields & stadia		2011-2012						
SPORTSGROUND - ZWELIHLE	SPORTSGROUND - ZWELIHLE		Other	Sportsfields & stadia		2011-2012						
HAWSTON SPORTSGROUND - UPGRADE	SPORTSGROUND - UPGRADE RUGBY FIELD		Other	Sportsfields & stadia		2011-2012						
900 - LOCAL ECONOMIC DEVELOPMENT LOCAL ECONOMIC DEVELOPMENT PROJECTS	LOCAL ECONOMIC DEVELOPMENT PROJECTS		Other	Other		2011-2012						
1000 - ROADS TARRING OF STREETS	TARRING OF STREETS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
TARRING OF STREETS	TARRING OF STREETS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
KERB CHANNELLING & PAVEMENTS (SIDEWALKS - REVITALISATION OF CBD)	CHANNELLING & PAVEMENTS (VOELKLIP)		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
WESTDENE TARRING	WESTDENE TARRING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
SIDEWALKS	SIDEWALKS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
SIDEWALK - TAMBO SQUARE	SIDEWALK - TAMBO SQUARE		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
WALDORF RAISED CROSSING	WALDORF RAISED CROSSING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
SANDBAAI TARRING	SANDBAAI TARRING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
TARRING/STORM WATER - MOUNTAIN VIEW AVENUE	TARRING/STORM WATER - MOUNTAIN VIEW AVENUE		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
TARRING SIDEWALKS - KERK STREET	TARRING SIDEWALKS - KERK STREET		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
SIDEWALKS	SIDEWALKS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
TARRING OF ROADS - PROBLEMATIC WALKWAY EXTENSION - HANGKLIP ROAD	PROBLEMATIC STORM WATER DAMAGE AT WALKWAY EXTENSION - HANGKLIP ROAD TOWARDS R44		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
ATLANTIC AVENUE GABIONS	ATLANTIC AVENUE GABIONS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
EXTENSION OF PAVED PARKING - COMMUNITY HALL	EXTENSION OF PAVED PARKING - COMMUNITY HALL		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
PAVEMENT & REPLACEMENT STORM WATER CHANNEL IN SHEAR	REPLACEMENT STORM WATER CHANNEL IN SHEAR		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
TARRING OF ROADS - BOUNDARY ROAD	TARRING OF ROADS - BOUNDARY ROAD		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
UPGRADING/REPLACEMENT OF PEDESTRIAN BRIDGE - KLEINMOND	REPLACEMENT OF PEDESTRIAN BRIDGE - KLEINMOND		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012						
1200 - ELECTRICITY SWARTDAM RD. ELECTRIFICATION - HOUSING PROJECT	SWARTDAM RD. ELECTRIFICATION - HOUSING PROJECT		Infrastructure - Electricity	Transmission & Reticulation		2011-2012						
1400 - STORM WATER IMPLEMENTATION OF STORM WATER MASTER PLAN	IMPLEMENTATION OF STORM WATER MASTER PLAN		Other	Storm water		2011-2012						
BETTY'S BAY-SWATER(OTTER CLOSE)	BETTY'S BAY-SWATER(OTTER CLOSE)		Other	Storm water		2011-2012						
STORM WATER AT HIGH SCHOOL	STORM WATER AT HIGH SCHOOL		Other	Storm water		2011-2012						
EASTCLIFF - MOSSELRIVIER 57, STORM WATER	EASTCLIFF - MOSSELRIVIER 57, STORM WATER		Other	Storm water		2011-2012						
STORM WATER - ZWELIHLE	STORM WATER - ZWELIHLE		Other	Storm water		2011-2012						
STORM WATER - LONG STREET	STORM WATER - LONG STREET		Other	Storm water		2011-2012						
DUKE ROAD 17A - STORM WATER	DUKE ROAD 17A - STORM WATER		Other	Storm water		2011-2012						
1500- WASTE MANAGEMENT HERMANUS MRF CONCRETE SLAB	HERMANUS MRF CONCRETE SLAB		Other	Waste Management		2011-2012						
HERMANUS TRANSFER STATION STAFF FACILITIES	HERMANUS TRANSFER STATION STAFF FACILITIES		Other	Waste Management		2011-2012						
BETTY'S BAY DROP OFF OFFICE	BETTY'S BAY DROP OFF OFFICE		Other	Waste Management		2011-2012						

## 2.13 Legislation compliance status

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

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed two interns undergoing training in ICT Department
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The draft SDBIP document will be tabled in council on 20 March 2014 and is aligned and informed by the 2014/15 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training has been completed by 90 officials with another group of 30 officials in progress.
8. Policies  
All budget related policies have been reviewed and amendments will serve before council on 28 May 2014.

## 2.14 Other supporting documents

Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	130 606	138 437	148 599	160 431	160 431	160 431	184 330	195 857	205 600
less Revenue Foregone	1 868	29 525	32 278	33 509	33 509	33 509	35 690	37 832	40 102
<b>Net Property Rates</b>	<b>128 737</b>	<b>108 913</b>	<b>116 321</b>	<b>126 921</b>	<b>126 921</b>	<b>126 921</b>	<b>148 640</b>	<b>158 025</b>	<b>165 498</b>
<b>Service charges - electricity revenue</b>									
Total Service charges - electricity revenue	183 552	224 950	247 521	295 786	295 786	295 786	323 104	347 205	365 053
less Revenue Foregone				10 850	10 850	10 850	13 018	14 060	15 184
<b>Net Service charges - electricity revenue</b>	<b>183 552</b>	<b>224 950</b>	<b>247 521</b>	<b>284 936</b>	<b>284 936</b>	<b>284 936</b>	<b>310 085</b>	<b>333 146</b>	<b>349 869</b>
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	74 099	83 755	85 498	102 465	96 965	96 965	101 149	105 510	111 404
less Revenue Foregone				3 823	3 823	3 823	5 252	5 567	5 901
<b>Net Service charges - water revenue</b>	<b>74 099</b>	<b>83 755</b>	<b>85 498</b>	<b>98 642</b>	<b>93 142</b>	<b>93 142</b>	<b>95 897</b>	<b>99 943</b>	<b>105 503</b>
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	50 381	57 212	57 223	61 010	62 921	62 921	63 554	67 102	70 870
less Revenue Foregone				93	93	93	99	105	111
<b>Net Service charges - sanitation revenue</b>	<b>50 381</b>	<b>57 212</b>	<b>57 223</b>	<b>60 917</b>	<b>62 827</b>	<b>62 827</b>	<b>63 455</b>	<b>66 997</b>	<b>70 759</b>
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	36 945	39 498	46 788	52 974	53 421	53 421	56 549	59 944	63 544
Total landfill revenue					-	-			
less Revenue Foregone				40	487	487	419	444	470
<b>Net Service charges - refuse revenue</b>	<b>36 945</b>	<b>39 498</b>	<b>46 788</b>	<b>52 934</b>	<b>52 934</b>	<b>52 934</b>	<b>56 130</b>	<b>59 500</b>	<b>63 074</b>
<b>Other Revenue by source</b>									
Building plan fees	2 800	3 252	2 880	2 800	2 950	2 950	3 300	3 630	3 993
Collection charges	1 705	2 071	2 542	2 500	2 550	2 550	2 805	3 086	3 390
Developers contributions	3 250	1 719	2 615	1 730	2 000	2 000	1 995	2 075	2 160
Central improvement district	3 601	3 663	3 918	4 362	4 234	4 234	4 869	5 112	5 368
Sundry income	2 819	599	2 522	481	480	480	669	711	757
Townplanning fees	709	756	793	680	680	680	803	883	972
Admission fees	598	661	707	650	700	700	770	847	932
Valuation and clearance certificates	389	335	388	535	535	535	504	553	607
Fair value adjustments	22 426	-	49 649						
Roadworthy certificates	457	453	463	500	525	525	578	635	699
SETA claims	464	1 046	1 058	800	800	800	848	899	899
Reconnection fees/ Other Income	279	2 819	3 926	4 926	6 061	6 061	4 477	4 425	4 629
<b>Total 'Other' Revenue</b>	<b>39 497</b>	<b>17 375</b>	<b>71 461</b>	<b>19 963</b>	<b>21 516</b>	<b>21 516</b>	<b>21 617</b>	<b>22 855</b>	<b>24 404</b>
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	121 116	131 998	151 906	153 802	165 331	165 331	185 637	201 306	215 161
Pension and UIF Contributions	21 976	25 219	26 372	28 009	27 758	27 758	29 294	31 148	33 222
Medical Aid Contributions	7 007	7 521	8 176	11 396	11 355	11 355	11 191	12 384	13 197
Overtime	10 506	12 030	12 423	11 483	11 146	11 146	13 897	14 870	15 911
Performance Bonus	-			12 011	-	-			
Motor Vehicle Allowance	7 877	8 299	9 178	11 152	10 870	10 870	11 481	11 711	11 981
Cellphone Allowance				1 513	1 513	1 513	1 638	1 699	1 792
Housing Allowances	968	1 025	1 046	951	951	951	1 006	972	972
Other benefits and allowances	8 442	9 693	11 182	9 183	9 118	9 118	11 118	11 633	12 427
Payments in lieu of leave	2 056	1 327	2 138	900	2 246	2 246	2 350	2 491	2 640
Long service awards	535	759	690	813	831	831	1 206	1 217	1 613
Post-retirement benefit obligations	6 850	10 068	8 415	9 630	11 335	11 335	11 875	12 588	13 343
<b>sub-total</b>	<b>187 333</b>	<b>207 938</b>	<b>231 527</b>	<b>250 842</b>	<b>252 454</b>	<b>252 454</b>	<b>280 694</b>	<b>302 019</b>	<b>322 259</b>
Less: Employees costs capitalised to PPE									
<b>Total Employee related costs</b>	<b>187 333</b>	<b>207 938</b>	<b>231 527</b>	<b>250 842</b>	<b>252 454</b>	<b>252 454</b>	<b>280 694</b>	<b>302 019</b>	<b>322 259</b>

## Supporting detail to budgeted financial performance (Continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Contributions recognised - capital</b>									
Public contribution - non cash - assets	7 368	4 471	4 387						
DWA ACIP project	–	1 302	–				1 000		
Government contribution - non cash - assets	–	–	180						
KM CSIR	12 776	395	–						
Spaces for sport	127	156	200						
Eskom Solar Rebate/ Stony Point Eco Centre et	1 290	2 280	522	3 583	1 083	1 083			
<b>Total Contributions recognised - capital</b>	<b>21 561</b>	<b>8 603</b>	<b>5 289</b>	<b>3 583</b>	<b>1 083</b>	<b>1 083</b>	<b>1 000</b>	<b>–</b>	<b>–</b>
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	103 347	100 930	96 076	103 810	102 070	102 070	109 265	111 199	112 750
Lease amortisation									
Capital asset impairment	3 431	3 111	9 204						
Depreciation resulting from revaluation of PPE									
<b>Total Depreciation &amp; asset impairment</b>	<b>106 777</b>	<b>104 041</b>	<b>105 280</b>	<b>103 810</b>	<b>102 070</b>	<b>102 070</b>	<b>109 265</b>	<b>111 199</b>	<b>112 750</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases	101 683	126 669	145 022	156 893	156 893	156 893	169 444	183 000	197 640
Water Bulk Purchases									
<b>Total bulk purchases</b>	<b>101 683</b>	<b>126 669</b>	<b>145 022</b>	<b>156 893</b>	<b>156 893</b>	<b>156 893</b>	<b>169 444</b>	<b>183 000</b>	<b>197 640</b>
<b>Transfers and grants</b>									
Cash transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Non-cash transfers and grants	–	–	–	–	–	–	–	–	–
<b>Total transfers and grants</b>	<b>23 620</b>	<b>28 454</b>	<b>35 856</b>	<b>38 766</b>	<b>39 217</b>	<b>39 217</b>	<b>41 370</b>	<b>44 065</b>	<b>46 708</b>
<b>Contracted services</b>									
Specialist services	8 259								
Other contractors	11 994								
Ward projects		5 247	5 679	5 625	1 832	1 832	1 311	5 200	5 200
Vehicle maintenance		4 732	4 918	5 902	5 914	5 914	6 198	7 456	8 350
Maintenance contractors		41	45 384	52 248	52 954	52 954	55 483	63 625	66 462
Contracted services		14 059	11 620	11 134	16 144	16 144	17 447	18 967	20 825
<b>sub-total</b>	<b>20 253</b>	<b>24 079</b>	<b>67 601</b>	<b>74 909</b>	<b>76 844</b>	<b>76 844</b>	<b>80 439</b>	<b>95 248</b>	<b>100 837</b>
<b>Allocations to organs of state:</b>									
Electricity									
Water									
Sanitation									
Other									
<b>Total contracted services</b>	<b>20 253</b>	<b>24 079</b>	<b>67 601</b>	<b>74 909</b>	<b>76 844</b>	<b>76 844</b>	<b>80 439</b>	<b>95 248</b>	<b>100 837</b>
<b>Other Expenditure By Type</b>									
Collection costs									
Contributions to 'other' provisions	14 947	3 601	3 246	3 403	3 409	3 409	3 010	3 191	3 382
Consultant fees	–	10 766	9 367	13 789	12 856	12 856	12 858	13 196	13 572
Audit fees	2 732	2 501	2 869	3 400	4 050	4 050	3 604	3 821	4 050
General expenses	40 266	22 505	16 374	19 520	21 492	21 492	20 763	27 801	24 553
Conditional receipts expenses	4 029	54 612	4 133	22 979	24 346	24 346	4 424	13 465	24 307
Property valuation charges	901	2 418	1 030	900	900	900	1 100	1 120	1 230
Water catchment, research and testing/Mun Ser	1 822	5 648	5 295	4 640	4 519	4 519	4 260	4 515	4 779
Fuel and oil	6 887	9 042	9 903	11 249	11 237	11 237	12 506	14 170	15 871
Chemicals	6 659	6 411	8 488	8 690	10 072	10 072	9 664	10 637	11 284
Legal fees	606	2 766	1 649	2 000	1 940	1 940	1 400	1 590	1 685
Telephone and fax	4 789	3 912	2 934	3 171	3 171	3 171	3 342	3 523	3 713
Tourism development	3 081	2 824	2 732	1 513	2 815	2 815	2 618	2 775	2 941
Security services	3 417	3 435	3 759	4 056	4 814	4 814	4 325	4 620	4 902
Solid waste dumping fees	3 392	1 375	–	–	–	–	–	–	–
Solid waste haulage	2 255	4 345	6 318	6 609	7 090	7 090	8 217	9 403	10 669
Hermanus public protection	3 152	3 603	3 921	4 362	4 373	4 373	5 029	5 331	5 651
Training	2 397	2 748	2 363	2 400	1 950	1 950	2 300	2 877	3 050
Electricity	2 146	2 575	3 248	3 746	4 246	4 246	4 672	4 710	5 143
Commission paid	2 956	3 416	4 014	3 954	1 030	1 030	1 250	1 405	1 582
Advertising	1 153	1 366	1 511	1 713	1 926	1 926	1 623	1 765	1 876
Management of informal settlements	1 462	1 475	1 513	2 264	1 563	1 563	1 869	1 981	2 100
Insurance	1 725	1 651	2 145	3 000	2 569	2 569	3 050	3 360	3 528
Printing and stationery	1 775	1 868	1 875	2 212	2 186	2 186	2 309	2 457	2 599
Solid waste chipping	1 946	2 369	2 151	1 260	2 128	2 128	2 809	3 234	3 696
Special projects	1 786	1 059	1 270	3 088	1 209	1 209	868	1 342	1 408
<b>Total 'Other' Expenditure</b>	<b>116 278</b>	<b>158 290</b>	<b>102 107</b>	<b>133 917</b>	<b>135 889</b>	<b>135 889</b>	<b>117 869</b>	<b>142 288</b>	<b>157 571</b>
<b>Repairs and Maintenance</b>									
Employee related costs	13 978	15 563	27 460	37 260	35 728	35 728	40 369	43 349	46 548
Other materials	4 600	5 188	9 153	45 751	12 854	12 854	12 890	14 918	15 382
Contracted Services	11 065	12 320	21 740	76 766	29 992	29 992	30 077	34 808	35 891
Other Expenditure	28 596	31 774	56 061	3 582	76 221	76 221	78 761	94 241	98 513
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>

**Table 62 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Vote 1 - Council	Vote 2 - Municipal Manager	Vote 3 - Management Services	Vote 4 - Finance	Vote 5 - Community Services	Vote 6 - Local Economic Development	Vote 7 - Infrastructure & Planning	Vote 8 - Protection Services	Total
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates				148 640					148 640
Property rates - penalties & collection charges				1 050					1 050
Service charges - electricity revenue							310 085		310 085
Service charges - water revenue					95 897				95 897
Service charges - sanitation revenue					63 455				63 455
Service charges - refuse revenue					56 130				56 130
Service charges - other									–
Rental of facilities and equipment					7 941		25		7 966
Interest earned - external investments				6 166					6 166
Interest earned - outstanding debtors				2 288					2 288
Dividends received									–
Fines					75			7 890	7 965
Licences and permits					440			1 789	2 229
Agency services					5			2 475	2 480
Other revenue	384		911	10 067	3 357	1 200	4 669	1 030	21 617
Transfers recognised - operational	52 955			1 450	5 801	1 768			61 974
Gains on disposal of PPE									–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>53 339</b>	<b>–</b>	<b>911</b>	<b>169 661</b>	<b>233 100</b>	<b>2 968</b>	<b>314 779</b>	<b>13 184</b>	<b>787 941</b>
<b>Expenditure By Type</b>									
Employee related costs	14 225	3 784	19 144	35 383	117 703	5 260	56 115	29 081	280 694
Remuneration of councillors	8 516								8 516
Debt impairment									–
Depreciation & asset impairment	22	19	1 790	280	47 753	128	58 344	929	109 265
Finance charges				126	26 767		17 641		44 535
Bulk purchases							169 444		169 444
Other materials		3	641	35	7 534	28	8 740	313	17 295
Contracted services		39	6 013	6 939	33 800	44	27 312	6 292	80 439
Transfers and grants	41 370								41 370
Other expenditure	6 830	579	14 043	21 572	44 620	5 496	16 733	7 996	117 869
Loss on disposal of PPE									–
<b>Total Expenditure</b>	<b>70 962</b>	<b>4 424</b>	<b>41 631</b>	<b>64 335</b>	<b>278 178</b>	<b>10 956</b>	<b>354 330</b>	<b>44 611</b>	<b>869 426</b>
<b>Surplus/(Deficit)</b>	<b>(17 623)</b>	<b>(4 424)</b>	<b>(40 721)</b>	<b>105 326</b>	<b>(45 078)</b>	<b>(7 988)</b>	<b>(39 551)</b>	<b>(31 428)</b>	<b>(81 486)</b>
Transfers recognised - capital					30 983		2 000		32 983
Contributions recognised - capital							1 000		1 000
Contributed assets									–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 623)</b>	<b>(4 424)</b>	<b>(40 721)</b>	<b>105 326</b>	<b>(14 095)</b>	<b>(7 988)</b>	<b>(36 551)</b>	<b>(31 428)</b>	<b>(47 503)</b>

**Table 63 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Call investment deposits</b>									
Call deposits < 90 days	50 000	75 000	55 042	-	-	-	-	-	-
Other current investments > 90 days									
<b>Total Call investment deposits</b>	<b>50 000</b>	<b>75 000</b>	<b>55 042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consumer debtors</b>									
Consumer debtors	64 654	68 475	65 996	67 826	67 826	67 826	69 091	69 446	69 328
Less: Provision for debt impairment	(20 232)	(18 114)	(16 916)	(17 000)	(17 000)	(17 000)	(16 500)	(16 000)	(15 500)
<b>Total Consumer debtors</b>	<b>44 422</b>	<b>50 361</b>	<b>49 080</b>	<b>50 826</b>	<b>50 826</b>	<b>50 826</b>	<b>52 591</b>	<b>53 446</b>	<b>53 828</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year	23 549	20 232	18 114	22 000	22 000	22 000	17 000	16 500	16 000
Contributions to the provision	4 806	(190)	594	-	-	-	-	-	-
Bad debts written off	(8 123)	(1 928)	(1 792)	(5 000)	(5 000)	(5 000)	(500)	(500)	(500)
<b>Balance at end of year</b>	<b>20 232</b>	<b>18 114</b>	<b>16 916</b>	<b>17 000</b>	<b>17 000</b>	<b>17 000</b>	<b>16 500</b>	<b>16 000</b>	<b>15 500</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/v valuation (excl. finance leases)	5 580 459	5 709 629	5 832 165	5 963 038	5 966 768	5 966 768	6 058 891	6 145 053	6 226 271
Leases recognised as PPE	-	1 208	1 379	1 208	1 208	1 208	1 208	1 208	1 208
Less: Accumulated depreciation	2 556 098	2 637 823	2 727 895	2 883 771	2 882 031	2 882 031	2 990 924	3 101 751	3 214 128
<b>Total Property, plant and equipment (PPE)</b>	<b>3 024 361</b>	<b>3 073 014</b>	<b>3 105 649</b>	<b>3 080 474</b>	<b>3 085 945</b>	<b>3 085 945</b>	<b>3 069 175</b>	<b>3 044 510</b>	<b>3 013 351</b>
<b>LIABILITIES</b>									
<b>Current liabilities - Borrowing</b>									
Short term loans (other than bank overdraft)	-	374	485	197	197	197	1 176	1 323	1 505
Current portion of long-term liabilities	14 218	16 424	17 756	20 426	20 426	20 426	23 929	27 220	30 023
<b>Total Current liabilities - Borrowing</b>	<b>14 218</b>	<b>16 798</b>	<b>18 241</b>	<b>20 623</b>	<b>20 623</b>	<b>20 623</b>	<b>25 105</b>	<b>28 542</b>	<b>31 528</b>
<b>Trade and other payables</b>									
Trade and other creditors	80 873	63 172	66 860	64 237	62 036	62 036	55 831	64 870	55 956
Unspent conditional transfers	9 955	4 555	7 783	-	-	-	-	-	-
VAT									
<b>Total Trade and other payables</b>	<b>90 828</b>	<b>67 728</b>	<b>74 643</b>	<b>64 237</b>	<b>62 036</b>	<b>62 036</b>	<b>55 831</b>	<b>64 870</b>	<b>55 956</b>
<b>Non current liabilities - Borrowing</b>									
Borrowing	247 081	340 581	364 394	391 789	391 789	391 789	407 225	425 005	439 982
Finance leases (including PPP asset element)		623	260	-	-	-	4 541	3 219	1 713
<b>Total Non current liabilities - Borrowing</b>	<b>247 081</b>	<b>341 204</b>	<b>364 654</b>	<b>391 789</b>	<b>391 789</b>	<b>391 789</b>	<b>411 766</b>	<b>428 224</b>	<b>441 696</b>
<b>Provisions - non-current</b>									
Retirement benefits	61 660	71 562	79 887	89 131	89 131	89 131	92 875	97 704	102 785
List other major provision items									
Refuse landfill site rehabilitation	29 342	32 057	31 933	38 086	38 086	38 086	36 617	38 521	40 525
Other	6 413	7 478	7 498	8 108	8 108	8 108	8 008	8 322	8 650
<b>Total Provisions - non-current</b>	<b>97 414</b>	<b>111 097</b>	<b>119 319</b>	<b>135 325</b>	<b>135 325</b>	<b>135 325</b>	<b>137 501</b>	<b>144 548</b>	<b>151 960</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated Surplus/(Deficit)</b>									
Accumulated Surplus/(Deficit) - opening balance	2 537 046	2 564 679	2 490 973	2 435 180	2 884 213	2 884 213	2 857 322	2 809 819	2 750 865
GRAP adjustments	17 898	364 261	356 359	-	-	-	-	-	-
Restated balance	2 554 944	2 928 940	2 847 332	2 435 180	2 884 213	2 884 213	2 857 322	2 809 819	2 750 865
Surplus/(Deficit)	9 735	(81 607)	7 189	(37 947)	(43 407)	(43 407)	(47 503)	(58 954)	(72 203)
Appropriations to Reserves									
Transfers from Reserves	-	-	1 333	-	-	-	-	-	-
Depreciation offsets									
Other adjustments					16 515	16 515			
<b>Accumulated Surplus/(Deficit)</b>	<b>2 564 679</b>	<b>2 847 332</b>	<b>2 855 854</b>	<b>2 397 233</b>	<b>2 857 322</b>	<b>2 857 322</b>	<b>2 809 819</b>	<b>2 750 865</b>	<b>2 678 662</b>
<b>Reserves</b>									
Housing Development Fund	1 913	1 920	1 891	1 927	1 927	1 927	1 934	1 941	1 960
Capital replacement									
Self-insurance									
Other reserves									
Revaluation	315 176	-	-	315 176	-	-	-	-	-
<b>Total Reserves</b>	<b>317 089</b>	<b>1 920</b>	<b>1 891</b>	<b>317 103</b>	<b>1 927</b>	<b>1 927</b>	<b>1 934</b>	<b>1 941</b>	<b>1 960</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>

**Table 64 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>											
Population		55	75	84	95	80		88			
Females aged 5 - 14		3	6	5	6	5		6			
Males aged 5 - 14		3	6	5	6	5		6			
Females aged 15 - 34		6	12	14	9	13		14			
Males aged 15 - 34		6	11	14	9	14		15			
Unemployment		5	8	5		4		5			
<b>Monthly household income (no. of households)</b>											
No income			3 758	9 837		7 113		10 759			
R1 - R1 600			3 844	4 545		4 334		4 657			
R1 601 - R3 200			1 317	3 085		2 048		3 427			
R3 201 - R6 400			669	1 600		1 406		1 679			
R6 401 - R12 800			746	2 826		1 133		3 395			
R12 801 - R25 600			192	10 211		748		15 218			
R25 601 - R51 200			253	7 606		266		12 350			
R52 201 - R102 400			30	338		77		438			
R102 401 - R204 800				124		25		163			
R204 801 - R409 600				36		19		42			
R409 601 - R819 200											
> R819 200											
<b>Poverty profiles (no. of households)</b>											
< R2 060 per household per month	# households earning		7 602	14 382		11447.00		15416.00			
Insert description											
<b>Household/demographics (000)</b>											
Number of people in municipal area	Stats SA		74 546	84 253		80 432		88 285			
Number of poor people in municipal area											
Number of households in municipal area	Stats SA		21 953	21 063		20 108		22 071			
Number of poor households in municipal area											
Definition of poor household (R per month)											
<b>Housing statistics</b>											
Formal							31 739				
Informal					3 682	3 421	3 406				
<b>Total number of households</b>		-	-	-	3 682	3 421	35 145	-	-	-	-
Dwellings provided by municipality					410			183			
Dwellings provided by province/s					30	393					
Dwellings provided by private sector											
<b>Total new housing dwellings</b>		-	-	-	440	393	-	183	-	-	-

**Table 65 MBRR SA11 – Property rates summary**

**WC032 Overstrand - Supporting Table SA11 Property rates summary**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Valuation:</b>										
Date of valuation:	1	02/07/2007	02/07/2007	02/07/2011	02/07/2011	02/07/2011	02/07/2011			
Financial year valuation used		2008/2009	2008/2009	2012/2013				2012/2013		
Municipal by-law s6 in place? (Y/N)	2	Yes	Yes							
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes							
Municipal partnership s38 used? (Y/N)		No	No							
No. of assistant valuers (FTE)	3	2	2	2	2	2	2	2	2	2
No. of data collectors (FTE)	3	6	6	6	6	6	6	12	12	6
No. of internal valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	3	4	4	4	3	3	3	3	3	3
No. of additional valuers (FTE)	4	-	-	-	-	-	-	1	1	-
Valuation appeal board established? (Y/N)		Yes	Yes							
Implementation time of new valuation roll (mths)		36		36	24			12		
No. of properties	5	40 839	40 907	40 801	41 025	41 025	41 025	41 230	41 436	41 643
No. of sectional title values	5	2 396	2 396	2 383	2 623	2 623	2 623	2 636	2 649	2 663
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-
No. of supplementary valuations		3	1	2	3	3	3	2	2	2
No. of valuation roll amendments		4	2	3	3	3	3	2	2	2
No. of objections by rate payers		40	24	830	103	103	103	100	1 200	100
No. of appeals by rate payers		2	1	53	5	5	5	10	120	10
No. of successful objections	8	2	5		24	24	24	20	200	20
No. of successful objections > 10%	8	2	-	137	14	14	14	10	100	10
Supplementary valuation		4 069	3 323	4 998	4 233	7 548	7 548	4 487	4 756	5 042
Public service infrastructure value (Rm)	5	38	38	40	40	40	40	43	45	48
Municipality owned property value (Rm)		701	701	694	694	694	694	736	780	827
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)		41	41	40	40	40	40	43	45	48
Valuation reductions-nature reserves/park (Rm)		-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)		-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)		535	458	453	453	453	453	480	509	540
Valuation reductions-public worship (Rm)		211	211	209	209	209	209	222	235	249
Valuation reductions-other (Rm)		2 329	2 067	2 046	2 046	2 046	2 046	2 169	2 299	2 437
<b>Total valuation reductions:</b>		<b>3 116</b>	<b>2 776</b>	<b>2 749</b>	<b>2 749</b>	<b>2 749</b>	<b>2 749</b>	<b>2 913</b>	<b>3 088</b>	<b>3 274</b>
Total value used for rating (Rm)	5	39 151	39 491	39 152	39 152	39 152	39 152	41 501	43 991	46 630
Total land value (Rm)	5	22 148	22 148	21 360	21 360	21 360	21 360	22 642	24 000	25 440
Total value of improvements (Rm)	5	20 119	20 119	20 540	20 540	20 540	20 540	21 772	23 079	24 463
Total market value (Rm)	5	42 267	42 267	41 900	41 900	41 900	41 900	44 414	47 079	49 904
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)	5									
Differential rates used? (Y/N)										
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6	105 492	112 600	120 278	126 818	126 818	126 818	148 520	158 025	165 259
Rate revenue expected to collect (R'000)	6	105 492	112 600	120 278	126 818	126 818	126 818	148 520	158 025	165 259
Expected cash collection rate (%)		86.8%	87.6%	99.9%	99.0%	99.0%	99.0%	100.0%	100.0%	100.0%
Special rating areas (R'000)	7	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)		142	205	319	331	331	331	245	260	275
Rebates, exemptions - bona fide farm. (R'000)		1 182	634	1 653	1 712	1 712	1 712	1 267	1 343	1 424
Rebates, exemptions - other (R'000)		2 974	2 190	3 708	3 839	3 839	3 839	2 843	3 013	3 194
Phase-in reductions/discounts (R'000)										
<b>Total rebates, exemptions, reductns, discs (R'000)</b>		<b>4</b>	<b>3</b>	<b>5 680</b>	<b>5 882</b>	<b>5 882</b>	<b>5 882</b>	<b>4 355</b>	<b>4 616</b>	<b>4 893</b>

**Table 66 MBRR SA12a – Property rates by category (current year)**

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2013/14</b>																
<b>Valuation:</b>																
No. of properties	36 750	–	1 591	315	186	1 656	204	–	–	–	–	–	114	–	125	–
No. of sectional title property values	2 243	–	379	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of unreasonably difficult properties s7(2)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of supplementary valuations	total of 2 up to date	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Supplementary valuation (Rm)	Total: 4233315100	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
No. of objections by rate-payers	87	–	1	–	–	–	–	15	–	–	–	–	–	–	–	–
No. of appeals by rate-payers	3	–	–	–	–	–	–	2	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised	3	–	–	–	–	–	–	2	–	–	–	–	–	–	–	–
No. of successful objections	15	–	1	–	–	–	–	11	–	–	–	–	–	–	–	–
No. of successful objections > 10%	2	–	1	–	–	–	–	11	–	–	–	–	–	–	–	–
Estimated no. of properties not valued	100 total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Years since last valuation (select)	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Frequency of valuation (select)	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)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	–	–	–	–	–	–	40	–	–	–	–	–	–	–	–	–
Valuation reductions-nature reserves/park (Rm)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-mineral rights (Rm)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)	453	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-public worship (Rm)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	209	–
Valuation reductions-other (Rm)	2 046	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total valuation reductions:</b>																
Total value used for rating (Rm)	34 324	–	3 631	871	316	–	–	–	–	–	–	–	9	–	–	–
Total land value (Rm)	18 291	–	1 550	534	152	527	27	–	–	–	–	–	197	–	82	–
Total value of improvements (Rm)	17 565	–	2 081	337	172	168	13	–	–	–	–	–	72	–	132	–
Total market value (Rm)	<b>35 856</b>	–	<b>3 631</b>	<b>871</b>	<b>325</b>	<b>694</b>	<b>40</b>	–	–	–	–	–	<b>269</b>	–	<b>214</b>	–
<b>Rating:</b>																
Average rate	0.003600	–	0.005450	0.000900	0.005450	–	–	–	0.003600	0.005450	–	–	–	–	–	–
Rate revenue budget (R '000)	91 896	–	18 416	221	16 285	–	–	–	–	–	–	–	–	–	–	–
Rate revenue expected to collect (R'000)	91 896	–	18 416	221	16 285	–	–	–	–	–	–	–	–	–	–	–
Expected cash collection rate (%)	100.0%	–	100.0%	100.0%	100.0%	–	–	–	–	–	–	–	–	–	–	–
Special rating areas (R'000)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - indigent (R'000)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - pensioners (R'000)	331	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - bona fide farm. (R'000)	–	–	–	1 712	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - other (R'000)	–	–	–	3 839	–	–	–	–	–	–	–	–	–	–	–	–
Phase-in reductions/discounts (R'000)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>																

**Table 67 MBRR SA12b – Property rates by category (budget year)**

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Budget Year 2014/15</b>																
<b>Valuation:</b>																
No. of properties																
No. of sectional title property v alues	36 750	–	1 591	315	186	1 656	204	–	–	–	–	–	114	–	125	–
No. of unreasonably difficult properties s7(2)	2 243	–	379	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of supplementary valuations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Supplementary valuation (Rm)	2 total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments	Total R4656646610	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of objections by rate-payers	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
No. of appeals by rate-payers	150 total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised	20 total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	20 total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections > 10%	40 total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Estimated no. of properties not valued	10 total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Years since last valuation (select)	100 total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Frequency of valuation (select)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Method of valuation used (select)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Base of valuation (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Phasing-in properties s21 (number)	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.
Combination of rating ty pes used? (Y/N)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	–	–	–	–	–	–	43	–	–	–	–	–	–	–	–	–
Valuation reductions-nature reserves/park (Rm)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-mineral rights (Rm)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)	480	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-public worship (Rm)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	222	–
Valuation reductions-other (Rm)	2 169	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total valuation reductions:</b>																
Total value used for rating (Rm)	36 383	–	3 849	923	335	–	–	–	–	–	–	–	10	–	–	–
Total land value (Rm)	19 388	–	1 643	566	161	558	29	–	–	–	–	–	209	–	87	–
Total value of improvements (Rm)	18 619	–	2 206	357	183	178	14	–	–	–	–	–	76	–	140	–
Total market value (Rm)	<b>38 007</b>	–	<b>3 849</b>	<b>923</b>	<b>344</b>	<b>736</b>	<b>43</b>	–	–	–	–	–	<b>285</b>	–	<b>227</b>	–
<b>Rating:</b>																
Average rate	0.004140		0.006270	0.001035	0.006270				0.004140	0.006270					0.004140	
Rate revenue budget (R '000)	107 622		21 567	0	19 072				–						–	
Rate revenue expected to collect (R'000)	107 622		21 567	0	19 072				–						–	
Expected cash collection rate (%)	100.0%		100.0%	100.0%	100.0%				–						–	
Special rating areas (R'000)	–		–	–	–				–	–					–	
Rebates, exemptions - indigent (R'000)	–		–	–	–				–	–					–	
Rebates, exemptions - pensioners (R'000)	245		–	–	–				–	–					–	
Rebates, exemptions - bona fide farm. (R'000)			–	1 267	–				–	–					–	
Rebates, exemptions - other (R'000)			–	2 843	–				–	–					–	
Phase-in reductions/discounts (R'000)			–	–	–				–	–					–	
<b>Total rebates,exemptns,reductns,discs (R'000)</b>																

**Table 68 MBRR SA13a – Service tariffs by category**

Description	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Property rates (rate in the Rand)</b>								
Residential properties		89 567 294	94 852 280	100 066 700	91 896 000	107 622 000	174 223 000	119 752 000
Residential properties - vacant land								
Formal/informal settlements								
Small holdings								
Farm properties - used		131 338	186 487	287 327	221 000	259 000	419 000	288 000
Farm properties - not used								
Industrial properties								
Business and commercial properties		15 792 982	17 562 116	19 923 518	18 416 000	21 567 000	34 914 000	23 998 000
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties					16 285 000.0000	19 072 000.0000	30 874 000.0000	21 221 000.0000
Municipal properties								
Public service infrastructure								
Privately owned towns serviced by the owner								
State trust land								
Restitution and redistribution properties								
Protected areas								
National monuments properties								
<b>Exemptions, reductions and rebates (Rands)</b>								
<b>Residential properties</b>								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
Indigent rebate or exemption		35 000	35 000	100 000	100 000	100 000	100 000	100 000
Pensioners/social grants rebate or exemption		50 000	50 000	100 000	100 000	100 000	100 000	100 000
Temporary relief rebate or exemption		20-40%	30-100%	30-100%	30-100%	30-100%	30-100%	30-100%
Bona fide farmers rebate or exemption								
<b>Other rebates or exemptions</b>		90%	85%	75%	75%	75%	75%	75%
<b>Water tariffs</b>								
<b>Domestic</b>								
Basic charge/fix ed fee (Rands/month)		81	88	93	96	102	111	118
Service point - vacant land (Rands/month)		81	88	93	96	102	111	118
Water usage - flat rate tariff (c/kl)								
Water usage - life line tariff	Consumption - Households				307	325	345	365
Water usage - Block 1 (c/kl)	0 - 6 kl per kl	-	-	-	811	1 005	1 065	1 129
Water usage - Block 2 (c/kl)	7 - 20kl per kl	648	702	746	1 316	1 631	1 729	1 833
Water usage - Block 3 (c/kl)	21 - 30 kl per kl	648	702	1 200	2 026	2 512	2 663	2 822
Water usage - Block 4 (c/kl)	31 - 60 kl per kl	1 620	1 755	1 860	2 632	3 263	3 459	3 666
<b>Other</b>	> 60 kl	2 160	2 369	2 518	3 509	4 351	4 612	4 889
<b>Waste water tariffs</b>								
<b>Domestic</b>								
Basic charge/fix ed fee (Rands/month)		70	76	81	86	91	96	102
Service point - vacant land (Rands/month)		149	161	123	130	109	116	122
Waste water - flat rate tariff (c/kl)		750	811	877	965	1 026	1 088	1 153
Volumetric charge - Block 1 (c/kl)	Basic charge - pumps	47	51	54	58	61	65	69
Volumetric charge - Block 2 (c/kl)	Service per pump	325	351	373	396	419	444	471
Volumetric charge - Block 3 (c/kl)	(fill in structure)							
Volumetric charge - Block 4 (c/kl)	(fill in structure)							
<b>Other</b>								
<b>Electricity tariffs</b>								
<b>Domestic</b>								
Basic charge/fix ed fee (Rands/month)		142	152	158	193	204	216	229
Service point - vacant land (Rands/month)		142	152	158	193	204	216	229
FBE	Qualify for indigent (describe structure)							
Life-line tariff - meter	<30 Amp	1 066	720	795	795	886	939	996
Life-line tariff - prepaid								
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)	Credit meter							
Meter - IBT Block 1 (c/kwh)	0 - 350 kWh	694	720	861	886	959	1 017	1 078
Meter - IBT Block 2 (c/kwh)	351 - 600 kWh	694	980	1 133	1 201	1 300	1 378	1 461
Meter - IBT Block 3 (c/kwh)	> 600 kWh	694	1 140	1 328	1 448	1 567	1 661	1 761
Meter - IBT Block 4 (c/kwh)	(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)	Prepaid meter							
Prepaid - IBT Block 1 (c/kwh)	0 - 350 kWh	694	720	795	819	886	939	996
Prepaid - IBT Block 2 (c/kwh)	351 - 600 kWh	694	980	1 068	1 132	1 225	1 299	1 376
Prepaid - IBT Block 3 (c/kwh)	> 600 kWh	694	1 140	1 277	1 392	1 506	1 596	1 692
Prepaid - IBT Block 4 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
<b>Other</b>								
<b>Waste management tariffs</b>								
<b>Domestic</b>								
Street cleaning charge								
Basic charge/fix ed fee		77	83	113	123	130	138	146
80l bin - once a week								
250l bin - once a week		272	284	113	123	130	138	146

**Table 69 MBRR SA13b – Service tariffs by category (explanatory)**

Description	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Exemptions, reductions and rebates (Rands)</b>								
<i>[Insert lines as applicable]</i>	RESIDENTIAL	0.00310	0.00326	0.00360	0.00360	0.00414	0.00438	0.00465
	BUSINESS &	0.00440	0.00476	0.00545	0.00545	0.00626	0.00664	0.00700
	FARM PROPERTIES	0.00310	0.00326	0.00090	0.00090	0.00103	0.00109	0.00116
<b>Water tariffs</b>								
<i>[Insert blocks as applicable]</i>	Basic charge/ fixed fee				96	102	108	115
	Service point - vacant land				96	102	108	115
	0 - 6 kl	-	-	-	307	325	345	365
	7 - 18 kl	648	702	746	811	1 005	1 065	1 129
	19 - 30 kl	648	702	1 200	1 316	1 631	1 729	1 833
	31 - 45 kl	1 620	1 755	1 860	2 026	2 512	2 663	2 822
	46 - 60 kl	1 620	1 755	1 860	2 632	3 263	3 459	3 666
	> 60 kl	2 160	2 369	2 518	3 509	4 351	4 612	4 889
	(fill in thresholds)							
	(fill in thresholds)							
<b>Waste water tariffs</b>								
<i>[Insert blocks as applicable]</i>	Basic charge per month	70	76	80	86	91	97	102
	Basic charge - vacant land	149	161	122	130	109	116	122
	Flat rate per kl	750	811	877	965	1 026	1 088	1 153
	Basic charge - pumps	47	51	54	58	61	65	69
	Service per pump	325	351	372	396	419	445	471
	(fill in structure)							
	(fill in structure)							
	(fill in structure)							
	(fill in structure)							
<b>Electricity tariffs</b>								
<i>[Insert blocks as applicable]</i>	Basic charge - monthly	142	152	158	193	204	216	229
	Basic charge - vacant land	142	152	158	193	204	216	229
	Flat rate - Lifeline	1 066	720	795	795	886	939	996
	Credit meter							
	0 - 350 kWh	694	720	861	861	959	1 017	1 078
	351 - 600 kWh	694	980	1 133	1 190	1 300	1 378	1 461
	> 600 kWh	694	1 140	1 328	1 435	1 567	1 661	1 761
	Prepaid meter							
	0 - 350 kWh	694	720	795	795	886	939	996
	351 - 600 kWh	694	980	1 068	1 121	1 225	1 299	1 376
	> 600 kWh	694	1 140	1 277	1 379	1 506	1 596	1 692
	(fill in thresholds)							
	(fill in thresholds)							

**Table 70 MBRR SA32 – List of external mechanisms**

External mechanism  Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Outsourcing of sub function solid waste : Overstrand	Mths	107	Outsourcing of sub function solid waste	30 October 2022	126 345
Outsourcing of sub function solid waste : Overstrand	Mths	96	Outsourcing of sub function solid waste	01 May 2017	18 651
<p>Note: Overstrand make use of contractual agreements to support the implementation of core function, but the definition of outsourcing do not apply to the other contracts entered into, due to ownership that is kept within the organisation</p>					

**Table 71 MBRR SA33 – Contracts having future budgetary implications**

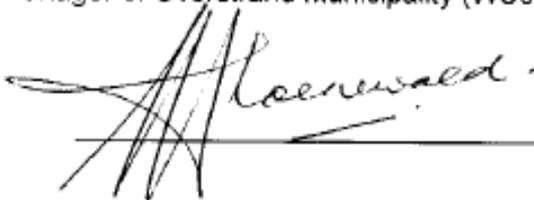
Description	Preceding Years	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Total Contract Value
	Total	Original Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Estimate							
<b>Parent Municipality:</b>													
<b>Revenue Obligation By Contract</b>													
<i>Contract 1: SC1127/2011 Leasing for the operation of illuminated street signs in the Overstrand Municipality area. Term of contract 01/07/ 2012 until 31/05/2022</i>		185	194	204	214	224	236	247	260	273	263		2 298
													-
													-
<b>Total Operating Revenue Implication</b>	-	185	194	204	214	224	236	247	260	273	263	-	2 298
<b>Expenditure Obligation By Contract</b>													
<i>Contract 1: SC867B/2010 Operation of the mechanised material recovery facility at the Hermanus solid waste transfer station. Term of contract 01/12/2013 until 30/10/ 2022</i>		730	1 130	1 216	1 309	1 409	1 519	1 639	1 770	1 912			12 634
<i>Contract 2: SC878/2010 Operation of the Gansbaai landfill and public drop offs in greater Gansbaai and Stanford. Term of contract 01/05/2010 until 01/05/2017</i>		3 555	3 388	2 949	3 323	3 697	1 738						18 650
													-
<b>Total Operating Expenditure Implication</b>	-	4 285	4 518	4 165	4 631	5 107	3 258	1 639	1 770	1 912	-	-	31 284
<b>Capital Expenditure Obligation By Contract</b>													
													-
													-
<b>Total Capital Expenditure Implication</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Parent Expenditure Implication</b>	-	4 285	4 518	4 165	4 631	5 107	3 258	1 639	1 770	1 912	-	-	31 284

## 2.15 Municipal manager's quality certificate

I, C. C. GROENEWALD, municipal manager of Overstrand Municipality, hereby certify that the draft annual budget for 2014/2015 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name C. C. GROENEWALD

Municipal manager of Overstrand Municipality (WC032)

Signature 

Date 17. 03. 2014

# **ANNEXURE A**

## **A1 SCHEDULE & A2 BUDGET CHARTS**

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

Version 2.6

*Munisipaliteit • U-Masipala • Municipality*

**OVERSTRAND**



Municipality Name: WC032 Overstrand ▼

CFO Name: SANTIE REYNEKE-NAUDE

Tel: 028 3138040 Fax: 028 3138128

E-Mail: sreyneke@overstrand.gov.za

Budget for MTREF starting: 2014 ▼

Budget Year: 2014/15

Does this municipality have Entities? No ▼

If YES: Identify type of report: ▼

Organisational Structure Votes		Complete Votes & Sub-Votes	Select Org. Structure
Vote 1 - Council	<b>Vote 1</b>	<b>Council</b>	
Vote 2 - Municipal Manager	1.1	Council General	1.1 - Council General
Vote 3 - Management Services	1.2	Mayor's Office	1.2 - Mayor's Office
Vote 4 - Finance	1.3	Pensioners & Continued Members	1.3 - Pensioners & Continued Members
Vote 5 - Community Services	<b>Vote 2</b>	<b>Municipal Manager</b>	
Vote 6 - Local Economic Development	2.1	Municipal Manager	2.1 - Municipal Manager
Vote 7 - Infrastructure & Planning	2.2	Internal Audit	2.2 - Internal Audit
Vote 8 - Protection Services	2.3	[Name of sub-vote]	
	2.4	[Name of sub-vote]	
	2.5	[Name of sub-vote]	
	2.6	[Name of sub-vote]	
	2.7	[Name of sub-vote]	
	2.8	[Name of sub-vote]	
	2.9	[Name of sub-vote]	
	3.7	Council Support Services	3.7 - Council Support Services
	3.8	Social Development	3.8 - Social Development
	3.9	Risk Management	3.9 - Risk Management
	3.10	Municipal Court	3.10 - Municipal Court
	<b>Vote 4</b>	<b>Finance</b>	
	4.1	Director: Finance	4.1 - Director: Finance
	4.2	Deputy Director: Finance	4.2 - Deputy Director: Finance
	4.3	Accounting Services	4.3 - Accounting Services
	4.4	Expenditure & Asset Management	4.4 - Expenditure & Asset Management
	4.5	Revenue	4.5 - Revenue
	4.6	Supply Chain Management	4.6 - Supply Chain Management
	4.7	Data Control	4.7 - Data Control
	4.8	Assessment Rates	4.8 - Assessment Rates
	4.9	[Name of sub-vote]	
	4.10	[Name of sub-vote]	
	<b>Vote 5</b>	<b>Community Services</b>	
	5.1	Director & Administration	5.1 - Director & Administration
	5.2	Offices & Community Buildings	5.2 - Offices & Community Buildings
	5.3	Parks & Townlands, Cemeteries	5.3 - Parks & Townlands, Cemeteries
	5.4	Libraries	5.4 - Libraries
	5.7	Roads & Stormwater	5.7 - Roads & Stormwater
	5.8	Water	5.8 - Water
	5.9	Sewerage	5.9 - Sewerage
	5.10	Refuse	5.10 - Refuse
	<b>Vote 6</b>	<b>Local Economic Development</b>	
	6.1	Director: Economic Development & Planning	6.1 - Director: Economic Development & Planning
	6.2	Tourism	6.2 - Tourism
	6.3	Parking Services	6.3 - Parking Services
	6.4	[Name of sub-vote]	
	6.5	[Name of sub-vote]	
	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]	
	7.7	Environmental Management Services	7.7 - Environmental Management Services
	7.8	Electricity	7.8 - Electricity
	7.9	Solid Waste Planning	7.9 - Solid Waste Planning
	7.10	Municipal Properties	7.10 - Property Admin
	<b>Vote 8</b>	<b>Protection Services</b>	
	8.1	Director: Protection Services	8.1 - Director: Protection Services
	8.2	Traffic	8.2 - Traffic
	8.3	Law Enforcement	8.3 - Law Enforcement
	8.4	Licencing & Vehicle testing	8.4 - Licencing & Vehicle testing
	8.5	Fire Brigade	8.5 - Fire Brigade
	8.6	Parking Services	8.6 - Parking Services

<b>WC032 Overstrand - Contact Information</b>	
<b>A. GENERAL INFORMATION</b>	
<b>Municipality</b>	WC032 Overstrand
<b>Grade</b>	3 <small>1 Grade in terms of the Remuneration of Public Office Bearers Act.</small>
<b>Province</b>	WC WESTERN CAPE
<b>Web Address</b>	www.overstrand.gov.za
<b>e-mail Address</b>	bking@overstrand.gov.za
<b>B. CONTACT INFORMATION</b>	
<b>Postal address:</b>	
P.O. Box	P.O. BOX 20
City / Town	HERMANUS
Postal Code	7200
<b>Street address</b>	
Building	MUNICIPAL OFFICE
Street No. & Name	MAGNOLIA STREET
City / Town	HERMANUS
Postal Code	7200
<b>General Contacts</b>	
Telephone number	028 313 8000
Fax number	028 313 8128
<b>C. POLITICAL LEADERSHIP</b>	
<b>Speaker:</b>	
Name	ANTON COETSEE
Telephone number	028 3138018
Cell number	083 2835 237
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<b>Secretary/PA to the Speaker:</b>	
Name	RENE DU PLOOY
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Fax number	028 313 8067
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<b>Mayor/Executive Mayor:</b>	
Name	NICOLETTE BOTHA -GUTHRIE
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<b>Secretary/PA to the Mayor/Executive Mayor:</b>	
Name	ELIZE VERRIJ
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Fax number	028 3138067
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<b>Deputy Mayor/Executive Mayor:</b>	
Name	PIETER SCHOLTZ
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Fax number	028 3138067
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<b>Secretary/PA to the Deputy Mayor/Executive Mayor:</b>	
Name	RENE DU PLOOY
Telephone number	028 313 8002
Cell number	
Fax number	028 313 8067
E-mail address	maycomsec@overstrand.gov.za
<b>D. MANAGEMENT LEADERSHIP</b>	
<b>Municipal Manager:</b>	
Name	COENIE GROENEWALD
Telephone number	028 3138003
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Fax number	0865689726
E-mail address	cgroenewald@overstrand.gov.za
<b>Secretary/PA to the Municipal Manager:</b>	
Name	RENTIA PRETORIUS
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Cell number	
Fax number	0865689726
E-mail address	rpretorius@overstrand.gov.za
<b>Chief Financial Officer</b>	
Name	SANTIE REYNEKE-NAUDE
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Cell number	082 551 4499
Fax number	028 3138128
E-mail address	sreyneke@overstrand.gov.za
<b>Secretary/PA to the Chief Financial Officer</b>	
Name	RITA LE ROUX
Telephone number	028 313 8074
Cell number	
Fax number	028 313 8128
E-mail address	rleroux@overstrand.gov.za
<b>Official responsible for submitting financial information</b>	
Name	BERNARD KING
Telephone number	028 3138154
Cell number	
Fax number	028 313 8128
E-mail address	bking@overstrand.gov.za
<b>Official responsible for submitting financial information</b>	
Name	GEORGIA BUCCHIANERI
Telephone number	028 3138913
Cell number	
Fax number	028 313 8128
E-mail address	gbucchianeri@overstrand.gov.za
<b>Official responsible for submitting financial information</b>	
Name	VERONICA ALLEN
Telephone number	028 3138131
Cell number	
Fax number	028 313 8128
E-mail address	vallen@overstrand.gov.za

**WC032 Overstrand - Table A1 Budget Summary**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	129 591	109 838	117 235	127 921	127 921	127 921	149 690	159 127	166 656
Service charges	344 977	405 415	437 030	497 429	493 840	493 840	525 567	559 586	589 204
Investment revenue	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other own revenue	70 633	37 344	91 506	41 093	44 483	44 483	44 544	46 380	49 843
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
Employee costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Remuneration of councillors	4 840	6 717	7 084	7 577	7 978	7 978	8 516	9 069	9 702
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Finance charges	19 373	31 727	37 310	42 292	42 292	42 292	44 535	46 691	48 839
Materials and bulk purchases	159 923	181 251	157 458	171 947	171 645	171 645	186 739	203 201	216 790
Transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Other expenditure	141 337	182 396	172 397	208 825	212 733	212 733	198 308	237 536	258 409
<b>Total Expenditure</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>(35 911)</b>	<b>(145 043)</b>	<b>(51 909)</b>	<b>(81 518)</b>	<b>(85 026)</b>	<b>(85 026)</b>	<b>(83 736)</b>	<b>(98 441)</b>	<b>(103 591)</b>
Transfers recognised - capital	24 085	54 833	53 809	39 987	39 350	39 350	35 233	39 487	31 388
Contributions recognised - capital & contributed assets	21 561	8 603	5 289	3 583	2 270	2 270	1 000	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
Transfers recognised - capital	23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Public contributions & donations	4 966	14 300	5 067	3 583	2 083	2 083	-	-	-
Borrowing	86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Internally generated funds	38 418	20 178	17 345	10 425	14 939	14 939	10 014	1 675	4 830
<b>Total sources of capital funds</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Financial position</b>									
Total current assets	211 644	230 033	198 535	183 501	192 260	192 260	203 138	204 860	218 245
Total non current assets	3 144 498	3 209 100	3 298 669	3 188 259	3 322 212	3 322 212	3 311 731	3 292 299	3 226 939
Total current liabilities	129 879	137 580	155 486	130 310	128 109	128 109	153 849	171 582	170 906
Total non current liabilities	344 496	452 301	483 973	527 115	527 115	527 115	549 267	572 772	593 655
Community wealth/Equity	2 881 767	2 849 252	2 857 746	2 714 336	2 859 249	2 859 249	2 811 753	2 752 806	2 680 622
<b>Cash flows</b>									
Net cash from (used) operating	66 499	98 981	75 915	71 124	92 664	92 664	75 266	73 943	31 272
Net cash from (used) investing	(111 146)	(151 774)	(146 949)	(115 209)	(125 609)	(125 609)	(98 785)	(91 765)	(47 387)
Net cash from (used) financing	85 027	109 489	28 482	36 973	33 204	33 204	27 163	22 787	19 553
<b>Cash/cash equivalents at the year end</b>	<b>70 004</b>	<b>126 699</b>	<b>84 147</b>	<b>84 406</b>	<b>84 406</b>	<b>84 406</b>	<b>88 050</b>	<b>93 014</b>	<b>96 452</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	71 265	132 391	95 744	100 786	100 786	100 786	110 257	120 839	129 960
Application of cash and investments	3 437	453	(1 315)	(9 124)	(23 994)	(23 994)	(23 705)	(6 795)	(17 662)
<b>Balance - surplus (shortfall)</b>	<b>67 829</b>	<b>131 938</b>	<b>97 059</b>	<b>109 910</b>	<b>124 780</b>	<b>124 780</b>	<b>133 962</b>	<b>127 634</b>	<b>147 621</b>
<b>Asset management</b>									
Asset register summary (WDV)	3 115 187	3 181 234	3 285 964	3 171 806	3 266 260	3 266 260	3 249 967	3 224 930	3 193 398
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Renewal of Existing Assets	-	-	4 147	39 166	48 657	48 657	-	-	-
Repairs and Maintenance	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
<b>Free services</b>									
Cost of Free Basic Services provided	29 547	28 649	31 514	36 815	39 766	39 766	42 637	44 347	46 143
Revenue cost of free services provided	58 418	49 083	37 295	52 536	67 253	67 253	69 579	72 045	74 658
<b>Households below minimum service level</b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	2	2	2	1	1	-
Refuse:	-	-	-	-	-	-	-	-	-

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

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	<b>215 943</b>	<b>167 928</b>	<b>231 849</b>	<b>193 558</b>	<b>194 804</b>	<b>194 804</b>	<b>231 075</b>	<b>253 526</b>	<b>267 382</b>
Executive and council	27 515	31 483	38 353	43 363	43 073	43 073	53 380	65 610	73 591
Budget and treasury office	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
Corporate services	44 803	8 700	56 303	2 277	2 959	2 959	8 034	8 055	5 328
<b>Community and public safety</b>	<b>66 038</b>	<b>23 195</b>	<b>41 938</b>	<b>57 725</b>	<b>59 071</b>	<b>59 071</b>	<b>35 988</b>	<b>53 804</b>	<b>64 234</b>
Community and social services	1 736	2 574	2 990	2 078	2 507	2 507	2 398	3 600	6 766
Sport and recreation	6 118	6 609	7 762	11 549	12 546	12 546	9 514	9 867	14 419
Public safety	9 337	10 048	12 541	12 393	12 343	12 343	13 184	13 093	14 079
Housing	48 848	3 965	18 645	31 705	31 675	31 675	10 892	27 243	28 969
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>14 932</b>	<b>12 963</b>	<b>18 567</b>	<b>25 383</b>	<b>29 769</b>	<b>29 769</b>	<b>13 837</b>	<b>7 721</b>	<b>9 314</b>
Planning and development	11 911	8 801	7 907	11 377	11 853	11 853	8 365	6 037	6 520
Road transport	2 691	3 863	10 595	13 938	17 608	17 608	5 397	1 600	2 700
Environmental protection	329	299	65	68	308	308	76	84	93
<b>Trading services</b>	<b>356 023</b>	<b>456 833</b>	<b>461 748</b>	<b>509 446</b>	<b>501 339</b>	<b>501 339</b>	<b>541 022</b>	<b>579 775</b>	<b>602 325</b>
Electricity	189 093	229 488	249 503	289 279	289 279	289 279	312 305	335 388	352 135
Water	76 312	108 189	96 579	99 562	94 062	94 062	96 872	106 070	111 585
Waste water management	53 541	79 550	68 756	67 584	64 927	64 927	72 155	77 967	75 459
Waste management	37 078	39 605	46 911	53 020	53 070	53 070	59 691	60 350	63 146
Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>110 149</b>	<b>190 332</b>	<b>205 256</b>	<b>120 523</b>	<b>120 584</b>	<b>120 584</b>	<b>126 949</b>	<b>146 621</b>	<b>150 550</b>
Executive and council	38 862	58 811	67 621	64 562	65 843	65 843	66 276	75 146	79 304
Budget and treasury office	46 383	48 679	51 351	24 726	26 688	26 688	25 539	33 250	30 904
Corporate services	24 905	82 842	86 284	31 236	28 053	28 053	35 134	38 225	40 342
<b>Community and public safety</b>	<b>83 864</b>	<b>124 992</b>	<b>83 226</b>	<b>122 599</b>	<b>123 182</b>	<b>123 182</b>	<b>114 489</b>	<b>132 786</b>	<b>151 719</b>
Community and social services	25 861	24 079	26 064	30 554	31 128	31 128	32 137	33 840	36 083
Sport and recreation	17 449	15 378	16 070	21 105	20 931	20 931	23 042	24 979	26 929
Public safety	32 874	31 241	36 834	44 185	44 771	44 771	49 934	53 484	57 062
Housing	7 681	54 294	4 258	26 754	26 352	26 352	9 375	20 483	31 644
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>111 966</b>	<b>116 245</b>	<b>112 994</b>	<b>135 645</b>	<b>132 471</b>	<b>132 471</b>	<b>139 791</b>	<b>148 212</b>	<b>154 339</b>
Planning and development	21 743	35 519	36 263	31 326	32 719	32 719	37 498	38 304	40 801
Road transport	83 509	75 715	71 107	96 482	91 710	91 710	95 184	101 235	104 258
Environmental protection	6 714	5 011	5 624	7 837	8 042	8 042	7 110	8 672	9 280
<b>Trading services</b>	<b>337 222</b>	<b>310 956</b>	<b>345 437</b>	<b>445 293</b>	<b>452 153</b>	<b>452 153</b>	<b>488 197</b>	<b>526 162</b>	<b>558 850</b>
Electricity	171 365	177 473	198 902	244 304	242 679	242 679	272 285	275 899	295 013
Water	71 266	53 445	60 489	92 079	95 281	95 281	93 357	114 724	119 367
Waste water management	43 147	42 466	45 945	60 149	64 341	64 341	66 910	75 498	79 013
Waste management	51 445	37 573	40 102	48 760	49 851	49 851	55 645	60 041	65 458
Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue - Standard</b>									
<b>Municipal governance and administration</b>	<b>215 943</b>	<b>167 928</b>	<b>231 849</b>	<b>193 558</b>	<b>194 804</b>	<b>194 804</b>	<b>231 075</b>	<b>253 526</b>	<b>267 382</b>
Executive and council	27 515	31 483	38 353	43 363	43 073	43 073	53 380	65 610	73 591
Mayor and Council	27 515	31 483	38 353	43 363	43 073	43 073	53 380	65 610	73 591
Municipal Manager									
Budget and treasury office	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
Corporate services	44 803	8 700	56 303	2 277	2 959	2 959	8 034	8 055	5 328
Human Resources	890	1 217	1 158	863	863	863	908	959	959
Information Technology		45	150		350	350			
Property Services	42 804	6 290	53 722		383	383			
Other Admin	1 109	1 148	1 273	1 414	1 363	1 363	7 126	7 096	4 369
<b>Community and public safety</b>	<b>66 038</b>	<b>23 195</b>	<b>41 938</b>	<b>57 725</b>	<b>59 071</b>	<b>59 071</b>	<b>35 988</b>	<b>53 804</b>	<b>64 234</b>
Community and social services	1 736	2 574	2 990	2 078	2 507	2 507	2 398	3 600	6 766
Libraries and Archives	151	230	129	122	334	334	114	114	114
Museums & Art Galleries etc									
Community halls and Facilities	1 435	2 153	2 692	1 793	2 011	2 011	2 099	3 283	6 511
Cemeteries & Crematoriums	150	191	169	163	163	163	185	203	142
Child Care									
Aged Care									
Other Community									
Other Social									
Sport and recreation	6 118	6 609	7 762	11 549	12 546	12 546	9 514	9 867	14 419
Public safety	9 337	10 048	12 541	12 393	12 343	12 343	13 184	13 093	14 079
Police	101	119	115	108	108	108	42	42	42
Fire	141	228	307	150	150	150	250	250	250
Civil Defence									
Street Lighting									
Other	9 095	9 701	12 119	12 135	12 085	12 085	12 892	12 801	13 787
Housing	48 848	3 965	18 645	31 705	31 675	31 675	10 892	27 243	28 969
Health									
Clinics									
Ambulance									
Other									
<b>Economic and environmental services</b>	<b>14 932</b>	<b>12 963</b>	<b>18 567</b>	<b>25 383</b>	<b>29 769</b>	<b>29 769</b>	<b>13 839</b>	<b>7 721</b>	<b>9 314</b>
Planning and development	11 911	8 801	7 907	11 377	11 853	11 853	8 365	6 037	6 520
Economic Development/Planning	8 043	4 558	4 150	7 714	8 189	8 189	3 968	1 200	1 200
Town Planning/Building enforcement	3 868	4 243	3 757	3 663	3 663	3 663	4 397	4 837	5 320
Licensing & Regulation									
Road transport	2 691	3 863	10 595	13 938	17 608	17 608	5 397	1 600	2 700
Roads	2 691	3 863	10 595	13 938	17 608	17 608	5 397	1 600	2 700
Public Buses									
Parking Garages									
Vehicle Licensing and Testing									
Other									
Environmental protection	329	299	65	68	308	308	76	84	93
Pollution Control									
Biodiversity & Landscape	329	299	65	68	308	308	76	84	93
Other									
<b>Trading services</b>	<b>356 023</b>	<b>456 833</b>	<b>461 748</b>	<b>509 446</b>	<b>501 339</b>	<b>501 339</b>	<b>541 022</b>	<b>579 775</b>	<b>602 325</b>
Electricity	189 093	229 488	249 503	289 279	289 279	289 279	312 305	335 388	352 135
Electricity Distribution	189 093	229 488	249 503	289 279	289 279	289 279	312 305	335 388	352 135
Electricity Generation									
Water	76 312	108 189	96 579	99 562	94 062	94 062	96 872	106 070	111 585
Water Distribution	76 312	108 189	96 579	99 562	94 062	94 062	96 872	106 070	111 585
Water Storage									
Waste water management	53 541	79 550	68 756	67 584	64 927	64 927	72 155	77 967	75 459
Sewerage	50 769	78 665	64 291	67 584	64 927	64 927	71 055	68 597	72 359
Storm Water Management	2 772	885	4 465	0	0	0	1 100	9 370	3 100
Public Toilets									
Waste management	37 078	39 605	46 911	53 020	53 070	53 070	59 691	60 350	63 146
Solid Waste	37 078	39 605	46 911	53 020	53 070	53 070	59 691	60 350	63 146
<b>Other</b>									
Air Transport									
Abattoirs									
Tourism									
Forestry									
Markets									
<b>Total Revenue - Standard</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>

<b>Expenditure - Standard</b>									
<b>Municipal governance and administration</b>	<b>110 149</b>	<b>190 332</b>	<b>205 256</b>	<b>120 523</b>	<b>120 584</b>	<b>120 584</b>	<b>126 949</b>	<b>146 621</b>	<b>150 550</b>
Executive and council	38 862	58 811	67 621	64 562	65 843	65 843	66 276	75 146	79 304
<i>Mayor and Council</i>	37 983	55 939	64 378	64 021	65 325	65 325	65 689	74 553	78 656
<i>Municipal Manager</i>	879	2 872	3 243	541	518	518	587	593	648
Budget and treasury office	46 383	48 679	51 351	24 726	26 688	26 688	25 539	33 250	30 904
Corporate services	24 905	82 842	86 284	31 236	28 053	28 053	35 134	38 225	40 342
<i>Human Resources</i>	3 188	8 288	8 333	1 790	1 636	1 636	3 708	4 430	4 750
<i>Information Technology</i>	3 540	12 282	10 698	2 839	1 042	1 042	4 725	4 993	5 103
<i>Property Services</i>	6 405	16 066	17 069	6 173	6 472	6 472	6 484	6 534	6 587
<i>Other Admin</i>	11 771	46 206	50 183	20 434	18 903	18 903	20 217	22 268	23 903
<b>Community and public safety</b>	<b>83 864</b>	<b>124 992</b>	<b>83 226</b>	<b>122 599</b>	<b>123 182</b>	<b>123 182</b>	<b>114 489</b>	<b>132 786</b>	<b>151 719</b>
Community and social services	25 861	24 079	26 064	30 554	31 128	31 128	32 137	33 840	36 083
<i>Libraries and Archives</i>	4 949	4 257	4 619	6 138	6 190	6 190	6 616	7 689	8 190
<i>Museums &amp; Art Galleries etc</i>					-	-			
<i>Community halls and Facilities</i>	20 455	19 538	21 120	23 998	24 522	24 522	25 102	25 703	27 413
<i>Cemeteries &amp; Crematoriums</i>	456	284	325	419	416	416	419	448	479
<i>Child Care</i>									
<i>Aged Care</i>									
<i>Other Community</i>									
<i>Other Social</i>									
Sport and recreation	17 449	15 378	16 070	21 105	20 931	20 931	23 042	24 979	26 929
Public safety	32 874	31 241	36 834	44 185	44 771	44 771	49 934	53 484	57 062
<i>Police</i>	9 867	9 438	10 668	12 942	13 952	13 952	14 553	15 553	16 603
<i>Fire</i>	8 158	8 441	9 619	10 620	11 212	11 212	12 723	13 698	14 568
<i>Civil Defence</i>					-	-			
<i>Street Lighting</i>					-	-			
<i>Other</i>	14 849	13 361	16 547	20 623	19 607	19 607	22 658	24 232	25 891
Housing	7 681	54 294	4 258	26 754	26 352	26 352	9 375	20 483	31 644
Health	-	-	-	-	-	-	-	-	-
<i>Clinics</i>									
<i>Ambulance</i>									
<i>Other</i>									
<b>Economic and environmental services</b>	<b>111 966</b>	<b>116 245</b>	<b>112 994</b>	<b>135 645</b>	<b>132 471</b>	<b>132 471</b>	<b>139 791</b>	<b>148 212</b>	<b>154 339</b>
Planning and development	21 743	35 519	36 263	31 326	32 719	32 719	37 498	38 304	40 801
<i>Economic Development/Planning</i>	8 518	22 139	22 752	13 850	15 939	15 939	18 380	19 198	20 563
<i>Town Planning/Building enforcement</i>	13 224	13 380	13 511	17 476	16 780	16 780	19 118	19 107	20 238
<i>Licensing &amp; Regulation</i>									
Road transport	83 509	75 715	71 107	96 482	91 710	91 710	95 184	101 235	104 258
<i>Roads</i>	83 509	75 715	71 107	96 482	91 710	91 710	95 184	101 235	104 258
<i>Public Buses</i>									
<i>Parking Garages</i>									
<i>Vehicle Licensing and Testing</i>									
<i>Other</i>									
Environmental protection	6 714	5 011	5 624	7 837	8 042	8 042	7 110	8 672	9 280
<i>Pollution Control</i>									
<i>Biodiversity &amp; Landscape</i>	6 714	5 011	5 624	7 837	8 042	8 042	7 110	8 672	9 280
<i>Other</i>									
<b>Trading services</b>	<b>337 222</b>	<b>310 956</b>	<b>345 437</b>	<b>445 293</b>	<b>452 153</b>	<b>452 153</b>	<b>488 197</b>	<b>526 162</b>	<b>558 850</b>
Electricity	171 365	177 473	198 902	244 304	242 679	242 679	272 285	275 899	295 013
<i>Electricity Distribution</i>	171 365	177 473	198 902	244 304	242 679	242 679	272 285	275 899	295 013
<i>Electricity Generation</i>									
Water	71 266	53 445	60 489	92 079	95 281	95 281	93 357	114 724	119 367
<i>Water Distribution</i>	71 266	53 445	60 489	92 079	95 281	95 281	93 357	114 724	119 367
<i>Water Storage</i>									
Waste water management	43 147	42 466	45 945	60 149	64 341	64 341	66 910	75 498	79 013
<i>Sewerage</i>	38 624	38 378	41 545	54 041	57 977	57 977	57 963	58 204	60 858
<i>Storm Water Management</i>	4 523	4 088	4 400	6 108	5 953	5 953	8 552	15 202	15 950
<i>Public Toilets</i>					411	411	395	2 093	2 205
Waste management	51 445	37 573	40 102	48 760	49 851	49 851	55 645	60 041	65 458
<i>Solid Waste</i>	51 445	37 573	40 102	48 760	49 851	49 851	55 645	60 041	65 458
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Air Transport</i>									
<i>Abattoirs</i>									
<i>Tourism</i>									
<i>Forestry</i>									
<i>Markets</i>									
<b>Total Expenditure - Standard</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 1 - Council	27 515	31 483	38 353	42 395	42 995	42 995	53 339	65 569	73 550
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	892	1 264	1 476	1 216	1 216	1 216	910	961	962
Vote 4 - Finance	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
Vote 5 - Community Services	227 608	245 501	253 342	280 926	277 784	277 784	264 083	293 832	307 451
Vote 6 - Local Economic Development	7 520	2 817	3 750	5 214	6 431	6 431	2 968	1 200	1 200
Vote 7 - Infrastructure & Planning	236 438	242 061	307 447	295 950	295 442	295 442	317 779	340 309	357 549
Vote 8 - Protection Services	9 337	10 048	12 541	12 493	12 343	12 343	13 184	13 093	14 079
<b>Total Revenue by Vote</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Council	31 350	55 945	64 385	56 809	62 399	62 399	62 928	67 152	71 111
Vote 2 - Municipal Manager	879	2 872	3 243	1 949	1 520	1 520	1 014	1 041	1 120
Vote 3 - Management Services	10 899	32 796	30 872	11 031	8 495	8 495	14 798	16 424	17 460
Vote 4 - Finance	46 383	48 679	51 351	24 726	26 688	26 688	25 539	33 250	30 904
Vote 5 - Community Services	297 638	332 230	297 734	389 757	388 865	388 865	385 850	446 618	479 319
Vote 6 - Local Economic Development	3 068	5 845	7 716	8 303	10 397	10 397	11 199	10 756	11 385
Vote 7 - Infrastructure & Planning	220 110	232 916	254 779	287 299	285 253	285 253	318 707	325 628	347 695
Vote 8 - Protection Services	32 874	31 241	36 834	44 185	44 771	44 771	49 390	52 911	56 464
<b>Total Expenditure by Vote</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue by Vote</b>									
<b>Vote 1 - Council</b>	27 515	31 483	38 353	42 395	42 995	42 995	53 339	65 569	73 550
1.1 - Council General	27 515	31 483	38 353	42 395	42 995	42 995	53 339	65 569	73 550
1.2 - Mayor's Office									
1.3 - Pensioners & Continued Members									
<b>Vote 2 - Municipal Manager</b>	-	-	-	-	-	-	-	-	-
2.1 - Municipal Manager									
2.2 - Internal Audit									
<b>Vote 3 - Management Services</b>	892	1 264	1 476	1 216	1 216	1 216	910	961	962
3.1 - Director: Management Services	-	-	166						
3.2 - Communication	-	-	-						
3.3 - Legal Services	-	-	-						
3.4 - Strategic Services	-	-	-						
3.5 - Human Resources	890	1 217	1 158	863	863	863	908	959	960
3.6 - Info & Communication Technology	-	45	150	350	350	350			
3.7 - Council Support Services	2	2	3	3	3	3	2	2	2
3.8 - Social Development	-	-	-						
3.9 - Risk Management									
3.10 - Municipal Court									
<b>Vote 4 - Finance</b>	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
4.1 - Director: Finance	-	-	-						
4.2 - Deputy Director: Finance	-	1 250	1 250	1 300	2 100	2 100	1 450	1 500	1 700
4.3 - Accounting Services	4 705	6 881	8 047	7 718	7 771	7 771	6 166	6 210	6 255
4.4 - Expenditure & Asset Management	(71)	19	18	20	20	20	21	22	24
4.5 - Revenue	6 334	6 908	7 445	7 580	7 580	7 580	8 365	8 841	9 465
4.6 - Supply Chain Management	172	78	138	110	110	110	110	110	110
4.7 - Data Control	-	-	22						
4.8 - Assessment Rates	132 486	112 609	120 274	131 191	131 191	131 191	153 549	163 179	170 910
<b>Vote 5 - Community Services</b>	227 608	245 501	253 342	280 926	277 784	277 784	264 083	293 832	307 451
5.1 - Director & Administration	839	1 146	1 105	984	934	934	5 525	6 469	3 673
5.2 - Offices & Community Buildings	585	556	891	644	862	862	1 803	1 844	4 927
5.3 - Parks & Townlands, Cemeteries	1 446	1 787	1 970	1 816	1 816	1 816	2 121	2 308	2 458
5.4 - Libraries	151	230	129	122	334	334	114	114	114
5.5 - Sport & Recreation	6 118	6 609	7 762	11 549	12 546	12 546	9 514	9 867	14 419
5.6 - Housing	48 848	3 965	18 645	31 705	31 675	31 675	10 892	27 243	28 969
5.7 - Roads & Stormwater	5 464	4 748	15 060	13 938	17 609	17 609	6 498	10 970	5 800
5.8 - Water	76 312	108 189	96 579	99 562	94 062	94 062	96 872	106 070	111 585
5.9 - Sewerage	50 769	78 665	64 291	67 584	64 927	64 927	71 055	68 597	72 359
5.10 - Refuse	37 078	39 605	46 911	53 020	53 020	53 020	59 691	60 350	63 146
<b>Vote 6 - Local Economic Development</b>	7 520	2 817	3 750	5 214	6 431	6 431	2 968	1 200	1 200
6.1 - Director: Economic Development & Planning	7 520	2 817	3 750	5 214	5 207	5 207	1 768		
6.2 - Tourism	-	-	-						
6.3 - Parking Services	-	-	-		1 224	1 224	1 200	1 200	1 200
<b>Vote 7 - Infrastructure &amp; Planning</b>	236 438	242 061	307 447	295 950	295 442	295 442	317 779	340 309	357 549
7.1 - Director: Infrastructure & Planning	-	-	-	2 500	1 000	1 000			
7.2 - Deputy Director: Engineering Planning	339	1 741	400	440	759	759	1 000		
7.3 - Engineering Services	-	-	-						
7.4 - Town Planning & Property Administration	749	758	794	680	680	680	803	884	972
7.5 - Geographical Info System (GIS)	-	-	-						
7.6 - Building Control Services	3 119	3 486	2 963	2 983	2 983	2 983	3 594	3 953	4 349
7.7 - Environmental Management Services	329	299	65	68	308	308	76	84	93
7.8 - Electricity	189 093	229 488	249 503	289 279	289 279	289 279	312 305	335 388	352 135
7.9 - Solid Waste Planning	6	-	-		50	50			
7.10 - Property Admin	42 804	6 290	53 722		383	383			
<b>Vote 8 - Protection Services</b>	9 337	10 048	12 541	12 493	12 343	12 343	13 184	13 093	14 079
8.1 - Director: Protection Services	-	-	50	100	100	100			
8.2 - Traffic	9 095	9 701	10 957	10 535	11 985	11 985	12 892	12 801	13 787
8.3 - Law Enforcement	101	119	115	108	108	108	42	42	42
8.4 - Licencing & Vehicle testing	-	-	-						
8.5 - Fire Brigade	141	228	307	150	150	150	250	250	250
8.6 - Parking Services	-	-	1 112	1 600	0	0			
<b>Total Revenue by Vote</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>

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

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Expenditure by Vote</b>									
<b>Vote 1 - Council</b>	<b>31 350</b>	<b>55 945</b>	<b>64 385</b>	<b>56 809</b>	<b>62 399</b>	<b>62 399</b>	<b>62 928</b>	<b>67 152</b>	<b>71 111</b>
1.1 - Council General	31 258	54 911	63 356	56 815	62 289	62 289	62 555	66 734	70 661
1.2 - Mayor's Office	86	1 028	1 022	(14)	102	102	365	409	441
1.3 - Pensioners & Continued Members	6	6	7	8	8	8	8	9	10
<b>Vote 2 - Municipal Manager</b>	<b>879</b>	<b>2 872</b>	<b>3 243</b>	<b>1 949</b>	<b>1 520</b>	<b>1 520</b>	<b>1 014</b>	<b>1 041</b>	<b>1 120</b>
2.1 - Municipal Manager	605	1 897	1 834	541	518	518	587	593	648
2.2 - Internal Audit	274	974	1 409	1 408	1 003	1 003	427	448	472
<b>Vote 3 - Management Services</b>	<b>10 899</b>	<b>32 796</b>	<b>30 872</b>	<b>11 031</b>	<b>8 495</b>	<b>8 495</b>	<b>14 798</b>	<b>16 424</b>	<b>17 460</b>
3.1 - Director: Management Services	1 104	5 081	4 440	1 919	973	973	459	1 031	1 184
3.2 - Communication	871	2 218	2 280	1 194	832	832	1 171	1 233	1 333
3.3 - Legal Services	232	840	1 358	888	987	987	1 063	633	717
3.4 - Strategic Services	1 053	1 699	1 084	109	302	302	396	420	455
3.5 - Human Resources	3 188	8 288	8 333	1 790	1 636	1 636	3 708	4 430	4 750
3.6 - Info & Communication Technology	3 540	12 282	10 698	2 839	1 042	1 042	4 725	4 993	5 103
3.7 - Council Support Services	910	2 387	2 679	1 100	1 090	1 090	1 034	1 114	1 219
3.8 - Social Development	-	-	-	1 192	939	939	1 154	1 426	1 502
3.9 - Risk Management	-	-	-	-	167	167	544	572	598
3.10 - Municipal Court	-	-	-	-	526	526	544	572	598
<b>Vote 4 - Finance</b>	<b>46 383</b>	<b>48 679</b>	<b>51 351</b>	<b>24 726</b>	<b>26 688</b>	<b>26 688</b>	<b>25 539</b>	<b>33 250</b>	<b>30 904</b>
4.1 - Director: Finance	933	1 515	1 715	674	665	665	606	673	729
4.2 - Deputy Director: Finance	-	2 005	4 385	3 427	5 480	5 480	3 219	3 351	3 657
4.3 - Accounting Services	4 534	6 205	3 561	(507)	299	299	1 514	1 569	1 687
4.4 - Expenditure & Asset Management	2 148	6 951	7 654	3 558	2 858	2 858	2 085	3 211	3 329
4.5 - Revenue	1 998	19 209	20 837	8 457	8 202	8 202	7 314	8 016	8 852
4.6 - Supply Chain Management	3 032	5 924	7 233	2 643	2 834	2 834	2 799	2 966	3 139
4.7 - Data Control	322	356	518	362	363	363	241	247	276
4.8 - Assessment Rates	33 417	6 514	5 449	6 113	5 986	5 986	7 761	13 217	9 235
<b>Vote 5 - Community Services</b>	<b>297 638</b>	<b>332 230</b>	<b>297 734</b>	<b>389 757</b>	<b>388 865</b>	<b>388 865</b>	<b>385 850</b>	<b>446 618</b>	<b>479 319</b>
5.1 - Director & Administration	14 487	33 974	38 336	20 052	14 291	14 291	16 069	22 082	23 232
5.2 - Offices & Community Buildings	6 042	5 879	6 529	4 333	5 788	5 788	4 821	4 074	4 318
5.3 - Parks & Townlands, Cemeteries	15 356	13 943	14 915	19 862	19 869	19 869	21 360	22 788	24 310
5.4 - Libraries	4 949	4 257	4 619	6 138	6 190	6 190	6 616	7 689	8 190
5.5 - Sport & Recreation	17 449	15 378	16 070	21 105	20 931	20 931	23 042	24 979	26 929
5.6 - Housing	7 681	54 294	4 258	26 754	26 352	26 352	9 375	20 483	31 644
5.7 - Roads & Stormwater	88 032	79 802	75 507	102 590	97 331	97 331	102 741	115 339	119 038
5.8 - Water	71 266	53 445	60 489	92 079	95 281	95 281	93 357	114 724	119 367
5.9 - Sewerage	38 624	38 378	41 545	54 041	58 389	58 389	58 357	60 297	63 063
5.10 - Refuse	33 753	32 880	35 466	42 803	44 445	44 445	50 111	54 164	59 228
<b>Vote 6 - Local Economic Development</b>	<b>3 068</b>	<b>5 845</b>	<b>7 716</b>	<b>8 303</b>	<b>10 397</b>	<b>10 397</b>	<b>11 199</b>	<b>10 756</b>	<b>11 385</b>
6.1 - Director: Economic Development & Planning	3 068	5 845	4 714	4 617	4 991	4 991	4 865	3 678	3 909
6.2 - Tourism	-	-	3 002	3 686	3 654	3 654	3 753	4 324	4 536
6.3 - Parking Services	-	-	-	-	1 752	1 752	2 581	2 754	2 940
<b>Vote 7 - Infrastructure &amp; Planning</b>	<b>220 110</b>	<b>232 916</b>	<b>254 779</b>	<b>287 299</b>	<b>285 253</b>	<b>285 253</b>	<b>318 707</b>	<b>325 628</b>	<b>347 695</b>
7.1 - Director: Infrastructure & Planning	526	2 137	2 781	717	428	428	1 228	1 355	1 442
7.2 - Deputy Director: Engineering Planning	2 906	11 223	9 124	2 636	2 903	2 903	4 419	4 574	4 866
7.3 - Engineering Services	212	1 894	2 003	1 581	1 600	1 600	1 580	1 679	1 750
7.4 - Town Planning & Property Administration	8 663	9 268	9 484	12 050	11 698	11 698	13 071	13 458	14 438
7.5 - Geographical Info System (GIS)	1 066	1 040	1 128	610	610	610	692	742	795
7.6 - Building Control Services	4 561	4 113	4 027	5 431	5 082	5 082	5 310	5 740	6 125
7.7 - Environmental Management Services	6 714	5 011	5 624	7 837	8 042	8 042	7 110	8 672	9 280
7.8 - Electricity	171 365	177 473	198 902	244 306	243 011	243 011	273 280	276 997	296 183
7.9 - Solid Waste Planning	17 691	4 693	4 636	5 957	5 406	5 406	5 535	5 877	6 230
7.10 - Property Admin	6 405	16 066	17 069	6 173	6 472	6 472	6 484	6 534	6 587
<b>Vote 8 - Protection Services</b>	<b>32 874</b>	<b>31 241</b>	<b>36 834</b>	<b>44 185</b>	<b>44 771</b>	<b>44 771</b>	<b>49 390</b>	<b>52 911</b>	<b>56 464</b>
8.1 - Director: Protection Services	1 258	1 336	1 516	1 309	807	807	1 609	1 721	1 840
8.2 - Traffic	13 002	11 806	13 427	17 018	18 448	18 448	20 180	21 599	23 089
8.3 - Law Enforcement	9 867	9 438	10 668	12 942	13 952	13 952	14 553	15 553	16 603
8.4 - Licencing & Vehicle testing	589	219	178	355	352	352	324	341	363
8.5 - Fire Brigade	8 158	8 441	9 619	10 620	11 212	11 212	12 723	13 698	14 568
8.6 - Parking Services	-	-	1 426	1 941	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	128 737	108 913	116 321	126 921	126 921	126 921	148 640	158 025	165 498
Property rates - penalties & collection charges	853	925	914	1 000	1 000	1 000	1 050	1 103	1 158
Service charges - electricity revenue	183 552	224 950	247 521	284 936	284 936	284 936	310 085	333 146	349 869
Service charges - water revenue	74 099	83 755	85 498	98 642	93 142	93 142	95 897	99 943	105 503
Service charges - sanitation revenue	50 381	57 212	57 223	60 917	62 827	62 827	63 455	66 997	70 759
Service charges - refuse revenue	36 945	39 498	46 788	52 934	52 934	52 934	56 130	59 500	63 074
Service charges - other									
Rental of facilities and equipment	6 532	6 743	7 208	8 551	8 551	8 551	7 966	8 739	9 615
Interest earned - external investments	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Interest earned - outstanding debtors	2 463	2 331	2 199	2 204	2 204	2 204	2 288	2 234	2 322
Dividends received					-	-	-	-	-
Fines	5 469	5 278	6 644	6 079	7 529	7 529	7 965	7 378	7 817
Licences and permits	1 711	1 786	1 968	2 046	2 046	2 046	2 229	2 447	2 686
Agency services	1 790	1 912	2 025	2 250	2 255	2 255	2 480	2 727	3 000
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other revenue	39 497	17 375	71 461	19 963	21 516	21 516	21 617	22 855	24 404
Gains on disposal of PPE	13 171	1 920			383	383			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
<b>Expenditure By Type</b>									
Employee related costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Remuneration of councillors	4 840	6 717	7 084	7 577	7 978	7 978	8 516	9 069	9 702
Debt impairment	4 806	28	934						
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Finance charges	19 373	31 727	37 310	42 292	42 292	42 292	44 535	46 691	48 839
Bulk purchases	101 683	126 669	145 022	156 893	156 893	156 893	169 444	183 000	197 640
Other materials	58 239	54 582	12 437	15 055	14 752	14 752	17 295	20 201	19 151
Contracted services	20 253	24 079	67 601	74 909	76 844	76 844	80 439	95 248	100 837
Transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Other expenditure	116 278	158 290	102 107	133 917	135 889	135 889	117 869	142 288	157 571
Loss on disposal of PPE			1 756						
<b>Total Expenditure</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>(35 911)</b>	<b>(145 043)</b>	<b>(51 909)</b>	<b>(81 518)</b>	<b>(85 026)</b>	<b>(85 026)</b>	<b>(83 736)</b>	<b>(98 441)</b>	<b>(103 591)</b>
Transfers recognised - capital	24 085	54 833	53 809	39 987	39 350	39 350	35 233	39 487	31 388
Contributions recognised - capital	21 561	8 603	5 289	3 583	1 083	1 083	1 000	-	-
Contributed assets					1 187	1 187			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 748	928	1 274	1 439	1 869	1 869	850	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	90 266	119 308	110 111	68 764	83 280	83 280	71 638	66 662	58 718
Vote 6 - Local Economic Development	6 973	-	945	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	55 111	42 394	31 434	39 694	41 333	41 333	20 485	19 500	22 500
Vote 8 - Protection Services	19	645	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Total Capital Expenditure - Vote</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>28 713</b>	<b>24 047</b>	<b>7 154</b>	<b>9 977</b>	<b>11 301</b>	<b>11 301</b>	<b>16 034</b>	<b>2 675</b>	<b>8 830</b>
Executive and council									
Budget and treasury office									
Corporate services	28 713	24 047	7 154	9 977	11 301	11 301	16 034	2 675	8 830
<b>Community and public safety</b>	<b>8 880</b>	<b>3 319</b>	<b>7 268</b>	<b>16 405</b>	<b>20 498</b>	<b>20 498</b>	<b>17 238</b>	<b>18 839</b>	<b>13 800</b>
Community and social services		327	4 666		3 652	3 652	3 890		
Sport and recreation	1 743	1 531	2 601	5 225	5 696	5 696	3 039	2 939	6 800
Public safety	19	645	-	-	-	-	-	-	-
Housing	7 118	817	-	11 180	11 150	11 150	10 309	15 900	7 000
Health									
<b>Economic and environmental services</b>	<b>27 896</b>	<b>8 340</b>	<b>25 552</b>	<b>17 870</b>	<b>16 228</b>	<b>16 228</b>	<b>5 400</b>	<b>4 900</b>	<b>4 000</b>
Planning and development	6 973	2 864	945						
Road transport	20 923	5 477	24 607	17 870	16 228	16 228	5 400	4 900	4 000
Environmental protection									
<b>Trading services</b>	<b>88 628</b>	<b>127 569</b>	<b>103 790</b>	<b>65 644</b>	<b>78 455</b>	<b>78 455</b>	<b>54 300</b>	<b>59 748</b>	<b>54 588</b>
Electricity	32 411	30 061	26 768	37 194	39 229	39 229	17 000	18 500	18 500
Water	34 053	57 384	50 766	15 900	23 832	23 832	13 800	26 594	26 488
Waste water management	20 304	39 927	20 728	11 150	12 353	12 353	13 300	14 654	9 600
Waste management	1 859	196	5 528	1 400	3 041	3 041	10 200		
<b>Other</b>									
<b>Total Capital Expenditure - Standard</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Funded by:</b>									
National Government	17 443	40 212	36 911	22 355	22 105	22 105	22 674	23 587	24 388
Provincial Government	6 348	14 621	16 898	13 673	13 742	13 742	12 559	15 900	7 000
District Municipality					-	-			
Other transfers and grants					187	187	1 000		
<b>Transfers recognised - capital</b>	<b>23 791</b>	<b>54 833</b>	<b>53 809</b>	<b>36 028</b>	<b>36 034</b>	<b>36 034</b>	<b>36 233</b>	<b>39 487</b>	<b>31 388</b>
Public contributions & donations	4 966	14 300	5 067	3 583	2 083	2 083			
Borrowing	86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Internally generated funds	38 418	20 178	17 345	10 425	14 939	14 939	10 014	1 675	4 830
<b>Total Capital Funding</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

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

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure - Municipal Vote</b>									
<b>Multi-year expenditure appropriation</b>									
<b>Vote 1 - Council</b>	-	-	-	-	-	-	-	-	-
1.1 - Council General									
1.2 - Mayor's Office									
1.3 - Pensioners & Continued Members									
<b>Vote 2 - Municipal Manager</b>	-	-	-	-	-	-	-	-	-
2.1 - Municipal Manager									
2.2 - Internal Audit									
<b>Vote 3 - Management Services</b>	1 748	928	1 274	1 439	1 869	1 869	850	-	-
3.1 - Director: Management Services									
3.2 - Communication									
3.3 - Legal Services									
3.4 - Strategic Services									
3.5 - Human Resources									
3.6 - Info & Communication Technology	1 748	928	1 274	1 439	1 869	1 869	850	-	-
3.7 - Council Support Services									
3.8 - Social Development									
3.9 - Risk Management									
3.10 - Municipal Court									
<b>Vote 4 - Finance</b>	-	-	-	-	-	-	-	-	-
4.1 - Director: Finance									
4.2 - Deputy Director: Finance									
4.3 - Accounting Services									
4.4 - Expenditure & Asset Management									
4.5 - Revenue									
4.6 - Supply Chain Management									
4.7 - Data Control									
4.8 - Assessment Rates									
<b>Vote 5 - Community Services</b>	90 266	119 308	110 111	68 764	83 280	83 280	71 638	66 662	58 718
5.1 - Director & Administration	4 265	10 786	5 880	6 038	10 980	10 980	15 589	1 675	4 830
5.2 - Offices & Community Buildings									
5.3 - Parks & Townlands, Cemeteries									
5.4 - Libraries									
5.5 - Sport & Recreation	1 743	5 538	2 601	5 225	5 696	5 696	3 039	2 939	6 800
5.6 - Housing	7 118	-	-	11 180	11 150	11 150	10 309	15 900	7 000
5.7 - Roads & Stormwater	26 085	12 754	30 715	17 870	16 428	16 428	6 200	6 900	5 000
5.8 - Water	34 053	57 384	50 766	15 900	23 832	23 832	13 800	26 594	26 488
5.9 - Sewerage	15 142	32 650	14 621	11 150	12 153	12 153	12 500	12 654	8 600
5.10 - Refuse	1 859	196	5 528	1 400	3 041	3 041	10 200	-	-
<b>Vote 6 - Local Economic Development</b>	6 973	-	945	-	-	-	-	-	-
6.1 - Director: Economic Development & Planning	6 973	-	945						
6.2 - Tourism									
6.3 - Parking Services									
<b>Vote 7 - Infrastructure &amp; Planning</b>	55 111	42 394	31 434	39 694	41 333	41 333	20 485	19 500	22 500
7.1 - Director: Infrastructure & Planning									
7.2 - Deputy Director: Engineering Planning									
7.3 - Engineering Services									
7.4 - Town Planning & Property Administration									
7.5 - Geographical Info System (GIS)									
7.6 - Building Control Services									
7.7 - Environmental Management Services									
7.8 - Electricity	32 411	30 061	26 768	37 194	39 229	39 229	17 000	18 500	18 500
7.9 - Solid Waste Planning									
7.10 - Property Admin	22 700	12 332	4 666	2 500	2 104	2 104	3 485	1 000	4 000
<b>Vote 8 - Protection Services</b>	19	645	-	-	-	-	-	-	-
8.1 - Director: Protection Services	19	645	-						
8.2 - Traffic									
8.3 - Law Enforcement									
8.4 - Licencing & Vehicle testing									
8.5 - Fire Brigade									
8.6 - Parking Services									
<b>Capital multi-year expenditure sub-total</b>	154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218
<b>Total Capital Expenditure</b>	154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218

**WC032 Overstrand - Table A6 Budgeted Financial Position**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	20 004	51 699	29 106	84 406	84 406	84 406	88 050	93 014	96 452
Call investment deposits	50 000	75 000	55 042	-	-	-	-	-	-
Consumer debtors	44 422	50 361	49 080	50 826	50 826	50 826	52 591	53 446	53 828
Other debtors	45 628	36 501	46 353	40 769	45 386	45 386	50 390	45 802	54 847
Current portion of long-term receivables	24	25	17	14	14	14	14	12	10
Inventory	51 567	16 446	18 937	7 486	11 628	11 628	12 092	12 585	13 108
<b>Total current assets</b>	<b>211 644</b>	<b>230 033</b>	<b>198 535</b>	<b>183 501</b>	<b>192 260</b>	<b>192 260</b>	<b>203 138</b>	<b>204 860</b>	<b>218 245</b>
<b>Non current assets</b>									
Long-term receivables	147	126	84	73	73	73	57	45	33
Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Investment property	87 989	104 673	175 866	87 289	175 866	175 866	175 866	175 866	175 866
Investment in Associate									
Property, plant and equipment	3 024 361	3 073 014	3 105 649	3 080 474	3 085 945	3 085 945	3 069 175	3 044 510	3 013 351
Agricultural									
Biological									
Intangible	2 838	3 547	4 449	4 043	4 449	4 449	4 926	4 553	4 181
Other non-current assets	27 902	22 049	1 025	-	39 500	39 500	39 500	39 500	-
<b>Total non current assets</b>	<b>3 144 498</b>	<b>3 209 100</b>	<b>3 298 669</b>	<b>3 188 259</b>	<b>3 322 212</b>	<b>3 322 212</b>	<b>3 311 731</b>	<b>3 292 299</b>	<b>3 226 939</b>
<b>TOTAL ASSETS</b>	<b>3 356 142</b>	<b>3 439 132</b>	<b>3 497 204</b>	<b>3 371 760</b>	<b>3 514 472</b>	<b>3 514 472</b>	<b>3 514 869</b>	<b>3 497 159</b>	<b>3 445 184</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft									
Borrowing	14 218	16 798	18 241	20 623	20 623	20 623	25 105	28 542	31 528
Consumer deposits	18 363	31 206	34 932	38 618	38 618	38 618	41 321	44 214	47 309
Trade and other payables	90 828	67 728	74 643	64 237	62 036	62 036	55 831	64 870	55 956
Provisions	6 471	21 847	27 670	6 831	6 831	6 831	31 592	33 956	36 113
<b>Total current liabilities</b>	<b>129 879</b>	<b>137 580</b>	<b>155 486</b>	<b>130 310</b>	<b>128 109</b>	<b>128 109</b>	<b>153 849</b>	<b>171 582</b>	<b>170 906</b>
<b>Non current liabilities</b>									
Borrowing	247 081	341 204	364 654	391 789	391 789	391 789	411 766	428 224	441 696
Provisions	97 414	111 097	119 319	135 325	135 325	135 325	137 501	144 548	151 960
<b>Total non current liabilities</b>	<b>344 496</b>	<b>452 301</b>	<b>483 973</b>	<b>527 115</b>	<b>527 115</b>	<b>527 115</b>	<b>549 267</b>	<b>572 772</b>	<b>593 655</b>
<b>TOTAL LIABILITIES</b>	<b>474 375</b>	<b>589 880</b>	<b>639 459</b>	<b>657 425</b>	<b>655 224</b>	<b>655 224</b>	<b>703 116</b>	<b>744 353</b>	<b>764 562</b>
<b>NET ASSETS</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	2 564 679	2 847 332	2 855 854	2 397 233	2 857 322	2 857 322	2 809 819	2 750 865	2 678 662
Reserves	317 089	1 920	1 891	317 103	1 927	1 927	1 934	1 941	1 960
Minorities' interests									
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>

**WC032 Overstrand - Table A7 Budgeted Cash Flows**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	522 926	577 470	591 940	652 431	708 215	708 215	710 750	766 599	793 973
Government - operating	64 071	37 750	44 908	68 984	70 101	70 101	61 974	84 037	99 909
Government - capital	26 431	54 833	53 809	42 971	41 620	41 620	33 983	39 487	31 388
Interest	6 168	9 211	9 752	9 918	9 222	9 222	8 454	8 443	8 577
Dividends									
<b>Payments</b>									
Suppliers and employees	(510 106)	(520 159)	(551 464)	(622 122)	(654 985)	(654 985)	(653 990)	(733 868)	(807 028)
Finance charges	(19 373)	(31 669)	(37 174)	(42 292)	(42 292)	(42 292)	(44 535)	(46 691)	(48 839)
Transfers and Grants	(23 620)	(28 454)	(35 856)	(38 766)	(39 217)	(39 217)	(41 370)	(44 065)	(46 708)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>66 499</b>	<b>98 981</b>	<b>75 915</b>	<b>71 124</b>	<b>92 664</b>	<b>92 664</b>	<b>75 266</b>	<b>73 943</b>	<b>31 272</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	23 447	13 722	1 725	-	4 617	4 617	-	-	-
Decrease (Increase) in non-current debtors	17 137	2 189	-	-	1 025	1 025	-	-	39 500
Decrease (increase) other non-current receivables	29	20	50	48	14	14	15	14	14
Decrease (increase) in non-current investments	(1 262)	(4 430)	(4 960)	(5 359)	(4 783)	(4 783)	(5 827)	(5 618)	(5 683)
<b>Payments</b>									
Capital assets	(150 497)	(163 275)	(143 764)	(109 897)	(126 482)	(126 482)	(92 972)	(86 162)	(81 218)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(111 146)</b>	<b>(151 774)</b>	<b>(146 949)</b>	<b>(115 209)</b>	<b>(125 609)</b>	<b>(125 609)</b>	<b>(98 785)</b>	<b>(91 765)</b>	<b>(47 387)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	940	(389)	-	-	-	5 520	(1 176)	(1 323)
Borrowing long term/refinancing	90 000	110 000	38 700	51 300	51 300	51 300	40 000	45 000	45 000
Increase (decrease) in consumer deposits	4 469	12 844	3 726	3 704	3 686	3 686	2 703	2 893	3 095
<b>Payments</b>									
Repayment of borrowing	(9 442)	(14 295)	(13 554)	(18 032)	(21 783)	(21 783)	(21 061)	(23 929)	(27 220)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>85 027</b>	<b>109 489</b>	<b>28 482</b>	<b>36 973</b>	<b>33 204</b>	<b>33 204</b>	<b>27 163</b>	<b>22 787</b>	<b>19 553</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>40 380</b>	<b>56 696</b>	<b>(42 552)</b>	<b>(7 112)</b>	<b>259</b>	<b>259</b>	<b>3 644</b>	<b>4 964</b>	<b>3 437</b>
Cash/cash equivalents at the year begin:	29 623	70 004	126 699	91 518	84 147	84 147	84 406	88 050	93 014
Cash/cash equivalents at the year end:	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Other current investments > 90 days	0	0	-	-	-	-	-	-	-
Non current assets - Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
<b>Cash and investments available:</b>	<b>71 265</b>	<b>132 391</b>	<b>95 744</b>	<b>100 786</b>	<b>100 786</b>	<b>100 786</b>	<b>110 257</b>	<b>120 839</b>	<b>129 960</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	9 955	4 555	7 783	-	-	-	-	-	-
Unspent borrowing	-	18 255	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(7 780)	(28 049)	(20 695)	(25 504)	(40 374)	(40 374)	(45 912)	(34 619)	(51 170)
Other provisions									
Long term investments committed	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>3 437</b>	<b>453</b>	<b>(1 315)</b>	<b>(9 124)</b>	<b>(23 994)</b>	<b>(23 994)</b>	<b>(23 705)</b>	<b>(6 795)</b>	<b>(17 662)</b>
<b>Surplus(shortfall)</b>	<b>67 829</b>	<b>131 938</b>	<b>97 059</b>	<b>109 910</b>	<b>124 780</b>	<b>124 780</b>	<b>133 962</b>	<b>127 634</b>	<b>147 621</b>

WC032 Overstrand - Table A9 Asset Management

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	154 117	163 275	139 617	70 731	77 825	77 825	92 972	86 162	81 218
Infrastructure - Road transport	20 923	12 754	15 578	9 160	9 360	9 360	6 200	6 900	5 000
Infrastructure - Electricity	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Infrastructure - Water	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Infrastructure - Sanitation	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Infrastructure - Other	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Infrastructure	104 389	133 045	108 252	50 904	55 858	55 858	59 700	64 648	58 588
Community	17 814	6 183	20 997	13 189	13 609	13 609	20 722	19 839	17 800
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	31 796	23 118	9 038	6 638	8 358	8 358	12 550	1 675	4 830
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	118	928	1 330	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	-	-	4 147	39 166	48 657	48 657	-	-	-
Infrastructure - Road transport	-	-	131	8 710	7 069	7 069	-	-	-
Infrastructure - Electricity	-	-	-	13 300	13 344	13 344	-	-	-
Infrastructure - Water	-	-	-	8 600	15 440	15 440	-	-	-
Infrastructure - Sanitation	-	-	-	2 000	2 974	2 974	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	131	32 610	38 826	38 826	-	-	-
Community	-	-	756	5 716	8 992	8 992	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	3 260	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	839	839	839	-	-	-
<b>Total Capital Expenditure</b>	20 923	12 754	15 709	17 870	16 428	16 428	6 200	6 900	5 000
Infrastructure - Road transport	20 923	12 754	15 709	17 870	16 428	16 428	6 200	6 900	5 000
Infrastructure - Electricity	32 411	30 061	22 203	37 194	39 229	39 229	17 000	18 500	18 500
Infrastructure - Water	34 053	57 384	48 634	15 900	23 832	23 832	13 800	26 594	26 488
Infrastructure - Sanitation	15 142	32 650	16 478	11 150	12 153	12 153	12 500	12 654	8 600
Infrastructure - Other	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Infrastructure	104 389	133 045	108 383	83 514	94 684	94 684	59 700	64 648	58 588
Community	17 814	6 183	21 753	18 905	22 602	22 602	20 722	19 839	17 800
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	31 796	23 118	12 298	6 638	8 358	8 358	12 550	1 675	4 830
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	118	928	1 330	839	839	839	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	969 647	946 061	946 309	809 135	931 864	931 864	906 551	881 740	854 553
Infrastructure - Electricity	601 522	600 736	608 753	632 360	626 333	626 333	620 545	616 022	611 097
Infrastructure - Water	378 195	419 500	454 017	478 605	460 425	460 425	453 857	459 080	463 823
Infrastructure - Sanitation	358 175	379 653	380 883	375 354	378 909	378 909	376 342	373 752	366 863
Infrastructure - Other	39 146	37 051	39 059	129 996	50 193	50 193	70 579	83 872	91 210
Infrastructure	2 346 686	2 383 001	2 429 021	2 425 450	2 447 724	2 447 724	2 427 874	2 414 466	2 387 546
Community	80 184	81 364	78 567	115 505	83 092	83 092	85 009	82 935	84 723
Heritage assets	76 995	108 552	99 322	76 995	99 322	99 322	99 322	99 322	99 322
Investment properties	87 989	104 673	175 866	87 289	175 866	175 866	175 866	175 866	175 866
Other assets	520 495	500 097	498 740	462 523	455 806	455 806	456 970	447 787	441 759
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2 838	3 547	4 449	4 043	4 449	4 449	4 926	4 553	4 181
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>3 115 187</b>	<b>3 181 234</b>	<b>3 285 964</b>	<b>3 171 806</b>	<b>3 266 260</b>	<b>3 266 260</b>	<b>3 249 967</b>	<b>3 224 930</b>	<b>3 193 398</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
<b>Repairs and Maintenance by Asset Class</b>	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
Infrastructure - Road transport	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
Infrastructure - Electricity	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
Infrastructure - Water	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
Infrastructure - Sanitation	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
Infrastructure - Other	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
Infrastructure	38 271	43 120	87 048	135 022	131 381	131 381	136 837	156 116	162 973
Community	3 574	6 012	5 408	8 252	8 749	8 749	9 298	10 114	11 373
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	199	270	-	-	-	-	-	-	-
Other assets	16 195	15 443	21 958	20 086	14 666	14 666	15 963	21 086	21 989
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>165 016</b>	<b>168 886</b>	<b>219 694</b>	<b>267 170</b>	<b>256 865</b>	<b>256 865</b>	<b>271 363</b>	<b>298 514</b>	<b>309 085</b>
<i>Renewal of Existing Assets as % of total capex</i>	0,0%	0,0%	2,9%	35,6%	38,5%	38,5%	0,0%	0,0%	0,0%
<i>Renewal of Existing Assets as % of deprcn"</i>	0,0%	0,0%	3,9%	37,7%	47,7%	47,7%	0,0%	0,0%	0,0%
<i>R&amp;M as a % of PPE</i>	1,9%	2,1%	3,7%	5,3%	5,0%	5,0%	5,3%	6,2%	6,5%
<i>Renewal and R&amp;M as a % of PPE</i>	2,0%	2,0%	4,0%	6,0%	6,0%	6,0%	5,0%	6,0%	6,0%

WC032 Overstrand - Table A10 Basic service delivery measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	26 632	26 813	27 833	27 400	27 957	27 957	28 100	28 300	28 600
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)	3 671	3 449	3 776	3 400	3 406	3 406	3 350	3 300	3 250
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>30 303</b>	<b>30 262</b>	<b>31 609</b>	<b>30 800</b>	<b>31 363</b>	<b>31 363</b>	<b>31 450</b>	<b>31 600</b>	<b>31 850</b>
<b>Sanitation/sewage:</b>									
Flush toilet (connected to sewerage)	18 679	19 082	20 354	19 620	19 975	19 975	20 030	20 125	20 290
Flush toilet (with septic tank)	11 624	11 180	11 255	11 180	11 388	11 388	11 420	11 475	11 560
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>30 303</b>	<b>30 262</b>	<b>31 609</b>	<b>30 800</b>	<b>31 363</b>	<b>31 363</b>	<b>31 450</b>	<b>31 600</b>	<b>31 850</b>
<b>Energy:</b>									
Electricity (at least min.service level)	12 500	10 500	9 500	9 000	9 000	9 000	8 700	8 400	8 000
Electricity - prepaid (min.service level)	12 300	14 700	16 100	16 900	16 900	16 900	17 700	18 500	19 300
<i>Minimum Service Level and Above sub-total</i>	24 800	25 200	25 600	25 900	25 900	25 900	26 400	26 900	27 300
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)				1 870	1 600	1 600	1 000	500	
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	–	–	–	1 870	1 600	1 600	1 000	500	–
<b>Total number of households</b>	<b>24 800</b>	<b>25 200</b>	<b>25 600</b>	<b>27 770</b>	<b>27 500</b>	<b>27 500</b>	<b>27 400</b>	<b>27 400</b>	<b>27 300</b>
<b>Refuse:</b>									
Removed at least once a week	31 357	31 373	31 739	31 800	31 800	31 800	32 691	33 671	34 681
<i>Minimum Service Level and Above sub-total</i>	31 357	31 373	31 739	31 800	31 800	31 800	32 691	33 671	34 681
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>31 357</b>	<b>31 373</b>	<b>31 739</b>	<b>31 800</b>	<b>31 800</b>	<b>31 800</b>	<b>32 691</b>	<b>33 671</b>	<b>34 681</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	29 640	29 763	27 752	37 921	6 552	6 552	6 700	6 800	6 900
Sanitation (free minimum level service)	5 300	5 800	6 423	6 320	6 552	6 552	6 700	6 800	6 900
Electricity/other energy (50kwh per household per month)	2 700	3 700	4 100	4 350	4 350	4 350	4 785	5 260	5 790
Refuse (removed at least once a week)	5 300	5 800	6 423	6 320	6 552	6 552	6 700	6 800	6 900
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	5 058	5 463	6 009	7 286	7 286	7 286	7 723	8 186	8 677
Sanitation (free sanitation service)	7 356	4 422	4 864	6 538	6 538	6 538	6 930	7 346	7 787
Electricity/other energy (50kwh per household per month)	11 085	12 233	13 456	14 336	17 287	17 287	18 809	19 090	19 371
Refuse (removed once a week)	6 048	6 531	7 185	8 655	8 655	8 655	9 174	9 725	10 308
<b>Total cost of FBS provided (minimum social package)</b>	<b>29 547</b>	<b>28 649</b>	<b>31 514</b>	<b>36 815</b>	<b>39 766</b>	<b>39 766</b>	<b>42 637</b>	<b>44 347</b>	<b>46 143</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	50 000	50 000	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)	4,2	4,2	4,2	4,2	4,2	4,2	4,2	4,2	4,2
Sanitation (Rand per household per month)	47	51	54	58	58	58	61	65	69
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	210	210	210	210	210	210	210	210	210
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	1 621	1 735	1 837	1 965	1 965	1 965	1 965	1 965	1 965
Property rates (other exemptions, reductions and rebates)				26 522	26 522	26 522	26 522	26 522	26 522
Water	5 058	5 463	7 149	6 826	7 816	7 816	8 285	8 782	9 309
Sanitation	7 356	7 945	5 540	6 538	6 057	6 057	6 420	6 806	7 214
Electricity/other energy	11 085	12 233	13 670	2 030	14 945	14 945	15 842	16 792	17 800
Refuse	6 048	6 531	9 099	8 655	9 948	9 948	10 545	11 178	11 848
Municipal Housing - rental rebates	27 250	15 176	–	–	–	–	–	–	–
Housing - top structure subsidies									
Other									
<b>Total revenue cost of free services provided (total social package)</b>	<b>58 418</b>	<b>49 083</b>	<b>37 295</b>	<b>52 536</b>	<b>67 253</b>	<b>67 253</b>	<b>69 579</b>	<b>72 045</b>	<b>74 658</b>

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	130 606	138 437	148 599	160 431	160 431	160 431	184 330	195 857	205 600
less Revenue Foregone	1 868	29 525	32 278	33 509	33 509	33 509	35 690	37 832	40 102
<b>Net Property Rates</b>	<b>128 737</b>	<b>108 913</b>	<b>116 321</b>	<b>126 921</b>	<b>126 921</b>	<b>126 921</b>	<b>148 640</b>	<b>158 025</b>	<b>165 498</b>
<b>Service charges - electricity revenue</b>									
Total Service charges - electricity revenue	183 552	224 950	247 521	295 786	295 786	295 786	323 104	347 205	365 053
less Revenue Foregone				10 850	10 850	10 850	13 018	14 060	15 184
<b>Net Service charges - electricity revenue</b>	<b>183 552</b>	<b>224 950</b>	<b>247 521</b>	<b>284 936</b>	<b>284 936</b>	<b>284 936</b>	<b>310 085</b>	<b>333 146</b>	<b>349 869</b>
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	74 099	83 755	85 498	102 465	96 965	96 965	101 149	105 510	111 404
less Revenue Foregone				3 823	3 823	3 823	5 252	5 567	5 901
<b>Net Service charges - water revenue</b>	<b>74 099</b>	<b>83 755</b>	<b>85 498</b>	<b>98 642</b>	<b>93 142</b>	<b>93 142</b>	<b>95 897</b>	<b>99 943</b>	<b>105 503</b>
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	50 381	57 212	57 223	61 010	62 921	62 921	63 554	67 102	70 870
less Revenue Foregone				93	93	93	99	105	111
<b>Net Service charges - sanitation revenue</b>	<b>50 381</b>	<b>57 212</b>	<b>57 223</b>	<b>60 917</b>	<b>62 827</b>	<b>62 827</b>	<b>63 455</b>	<b>66 997</b>	<b>70 759</b>
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	36 945	39 498	46 788	52 974	53 421	53 421	56 549	59 944	63 544
Total landfill revenue					–	–			
less Revenue Foregone				40	487	487	419	444	470
<b>Net Service charges - refuse revenue</b>	<b>36 945</b>	<b>39 498</b>	<b>46 788</b>	<b>52 934</b>	<b>52 934</b>	<b>52 934</b>	<b>56 130</b>	<b>59 500</b>	<b>63 074</b>
<b>Other Revenue by source</b>									
Building plan fees	2 800	3 252	2 880	2 800	2 950	2 950	3 300	3 630	3 993
Collection charges	1 705	2 071	2 542	2 500	2 550	2 550	2 805	3 086	3 390
Developers contributions	3 250	1 719	2 615	1 730	2 000	2 000	1 995	2 075	2 160
Central improvement district	3 601	3 663	3 918	4 362	4 234	4 234	4 869	5 112	5 368
Sundry income	2 819	599	2 522	481	480	480	669	711	757
Townplanning fees	709	756	793	680	680	680	803	883	972
Admission fees	598	661	707	650	700	700	770	847	932
Valuation and clearance certificates	389	335	388	535	535	535	504	553	607
Fair value adjustments	22 426	–	49 649						
Roadworthy certificates	457	453	463	500	525	525	578	635	699
SETA claims	464	1 046	1 058	800	800	800	848	899	899
Reconnection fees/ Other Income	279	2 819	3 926	4 926	6 061	6 061	4 477	4 425	4 629
<b>Total 'Other' Revenue</b>	<b>39 497</b>	<b>17 375</b>	<b>71 461</b>	<b>19 963</b>	<b>21 516</b>	<b>21 516</b>	<b>21 617</b>	<b>22 855</b>	<b>24 404</b>
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	121 116	131 998	151 906	153 802	165 331	165 331	185 637	201 306	215 161
Pension and UIF Contributions	21 976	25 219	26 372	28 009	27 758	27 758	29 294	31 148	33 222
Medical Aid Contributions	7 007	7 521	8 176	11 396	11 355	11 355	11 191	12 384	13 197
Overtime	10 506	12 030	12 423	11 483	11 146	11 146	13 897	14 870	15 911
Performance Bonus	–	–	–	12 011	–	–	–	–	–
Motor Vehicle Allowance	7 877	8 299	9 178	11 152	10 870	10 870	11 481	11 711	11 981
Cellphone Allowance	–	–	–	1 513	1 513	1 513	1 638	1 699	1 792
Housing Allowances	968	1 025	1 046	951	951	951	1 006	972	972
Other benefits and allowances	8 442	9 693	11 182	9 183	9 118	9 118	11 118	11 633	12 427
Payments in lieu of leave	2 056	1 327	2 138	900	2 246	2 246	2 350	2 491	2 640
Long service awards	535	759	690	813	831	831	1 206	1 217	1 613
Post-retirement benefit obligations	6 850	10 068	8 415	9 630	11 335	11 335	11 875	12 588	13 343
<b>sub-total</b>	<b>187 333</b>	<b>207 938</b>	<b>231 527</b>	<b>250 842</b>	<b>252 454</b>	<b>252 454</b>	<b>280 694</b>	<b>302 019</b>	<b>322 259</b>
<b>Less: Employees costs capitalised to PPE</b>									
<b>Total Employee related costs</b>	<b>187 333</b>	<b>207 938</b>	<b>231 527</b>	<b>250 842</b>	<b>252 454</b>	<b>252 454</b>	<b>280 694</b>	<b>302 019</b>	<b>322 259</b>
<b>Contributions recognised - capital</b>									
Public contribution - non cash - assets	7 368	4 471	4 387						
DWA ACIP project	–	1 302	–				1 000		
Government contribution - non cash - assets	–	–	180						
KM CSIR	12 776	395	–						
Spaces for sport	127	156	200						
Eskom Solar Rebate/ Stony Point Eco Centre etc	1 290	2 280	522	3 583	1 083	1 083			
<b>Total Contributions recognised - capital</b>	<b>21 561</b>	<b>8 603</b>	<b>5 289</b>	<b>3 583</b>	<b>1 083</b>	<b>1 083</b>	<b>1 000</b>	<b>–</b>	<b>–</b>
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	103 347	100 930	96 076	103 810	102 070	102 070	109 265	111 199	112 750
Lease amortisation									
Capital asset impairment	3 431	3 111	9 204						
Depreciation resulting from revaluation of PPE									
<b>Total Depreciation &amp; asset impairment</b>	<b>106 777</b>	<b>104 041</b>	<b>105 280</b>	<b>103 810</b>	<b>102 070</b>	<b>102 070</b>	<b>109 265</b>	<b>111 199</b>	<b>112 750</b>

<b>Bulk purchases</b>									
Electricity Bulk Purchases	101 683	126 669	145 022	156 893	156 893	156 893	169 444	183 000	197 640
Water Bulk Purchases									
<b>Total bulk purchases</b>	<b>101 683</b>	<b>126 669</b>	<b>145 022</b>	<b>156 893</b>	<b>156 893</b>	<b>156 893</b>	<b>169 444</b>	<b>183 000</b>	<b>197 640</b>
<b>Transfers and grants</b>									
Cash transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	<b>23 620</b>	<b>28 454</b>	<b>35 856</b>	<b>38 766</b>	<b>39 217</b>	<b>39 217</b>	<b>41 370</b>	<b>44 065</b>	<b>46 708</b>
<b>Contracted services</b>									
Specialist services	8 259								
Other contractors	11 994								
Ward projects		5 247	5 679	5 625	1 832	1 832	1 311	5 200	5 200
Vehicle maintenance		4 732	4 918	5 902	5 914	5 914	6 198	7 456	8 350
Maintenance contractors		41	45 384	52 248	52 954	52 954	55 483	63 625	66 462
Contracted services		14 059	11 620	11 134	16 144	16 144	17 447	18 967	20 825
<b>sub-total</b>	<b>20 253</b>	<b>24 079</b>	<b>67 601</b>	<b>74 909</b>	<b>76 844</b>	<b>76 844</b>	<b>80 439</b>	<b>95 248</b>	<b>100 837</b>
<b>Allocations to organs of state:</b>									
Electricity									
Water									
Sanitation									
Other									
<b>Total contracted services</b>	<b>20 253</b>	<b>24 079</b>	<b>67 601</b>	<b>74 909</b>	<b>76 844</b>	<b>76 844</b>	<b>80 439</b>	<b>95 248</b>	<b>100 837</b>
<b>Other Expenditure By Type</b>									
Collection costs									
Contributions to 'other' provisions	14 947	3 601	3 246	3 403	3 409	3 409	3 010	3 191	3 382
Consultant fees	-	10 766	9 367	13 789	12 856	12 856	12 858	13 196	13 572
Audit fees	2 732	2 501	2 869	3 400	4 050	4 050	3 604	3 821	4 050
General expenses	40 266	22 505	16 374	19 520	21 492	21 492	20 763	27 801	24 553
Conditional receipts expenses	4 029	54 612	4 133	22 979	24 346	24 346	4 424	13 465	24 307
Property valuation charges	901	2 418	1 030	900	900	900	1 100	1 120	1 230
Water catchment, research and testing/Mun Serv	1 822	5 648	5 295	4 640	4 519	4 519	4 260	4 515	4 779
Fuel and oil	6 887	9 042	9 903	11 249	11 237	11 237	12 506	14 170	15 871
Chemicals	6 659	6 411	8 488	8 690	10 072	10 072	9 664	10 637	11 284
Legal fees	606	2 766	1 649	2 000	1 940	1 940	1 400	1 590	1 685
Telephone and fax	4 789	3 912	2 934	3 171	3 171	3 171	3 342	3 523	3 713
Tourism development	3 081	2 824	2 732	1 513	2 815	2 815	2 618	2 775	2 941
Security services	3 417	3 435	3 759	4 056	4 814	4 814	4 325	4 620	4 902
Solid waste dumping fees	3 392	1 375	-	-	-	-	-	-	-
Solid waste haulage	2 255	4 345	6 318	6 609	7 090	7 090	8 217	9 403	10 669
Hermanus public protection	3 152	3 603	3 921	4 362	4 373	4 373	5 029	5 331	5 651
Training	2 397	2 748	2 363	2 400	1 950	1 950	2 300	2 877	3 050
Electricity	2 146	2 575	3 248	3 746	4 246	4 246	4 672	4 710	5 143
Commission paid	2 956	3 416	4 014	3 954	1 030	1 030	1 250	1 405	1 582
Advertising	1 153	1 366	1 511	1 713	1 926	1 926	1 623	1 765	1 876
Management of informal settlements	1 462	1 475	1 513	2 264	1 563	1 563	1 869	1 981	2 100
Insurance	1 725	1 651	2 145	3 000	2 569	2 569	3 050	3 360	3 528
Printing and stationery	1 775	1 868	1 875	2 212	2 186	2 186	2 309	2 457	2 599
Solid waste chipping	1 946	2 369	2 151	1 260	2 128	2 128	2 809	3 234	3 696
Special projects	1 786	1 059	1 270	3 088	1 209	1 209	868	1 342	1 408
<b>Total 'Other' Expenditure</b>	<b>116 278</b>	<b>158 290</b>	<b>102 107</b>	<b>133 917</b>	<b>135 889</b>	<b>135 889</b>	<b>117 869</b>	<b>142 288</b>	<b>157 571</b>

<b>by Expenditure Item</b>									
Employee related costs	13 978	15 563	27 460	37 260	35 728	35 728	40 369	43 349	46 548
Other materials	4 600	5 188	9 153	45 751	12 854	12 854	12 890	14 918	15 382
Contracted Services	11 065	12 320	21 740	76 766	29 992	29 992	30 077	34 808	35 891
Other Expenditure	28 596	31 774	56 061	3 582	76 221	76 221	78 761	94 241	98 513
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>

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

Description	Vote 1 - Council	Vote 2 - Municipal Manager	Vote 3 - Management Services	Vote 4 - Finance	Vote 5 - Community Services	Vote 6 - Local Economic Development	Vote 7 - Infrastructure & Planning	Vote 8 - Protection Services	0	0	0	0	0	0	Vote 15 - [NAME OF VOTE 15]	Total
<b>R thousand</b>																
<b>Revenue By Source</b>																
Property rates				148 640												148 640
Property rates - penalties & collection charges				1 050												1 050
Service charges - electricity revenue							310 085									310 085
Service charges - water revenue					95 897											95 897
Service charges - sanitation revenue					63 455											63 455
Service charges - refuse revenue					56 130											56 130
Service charges - other																-
Rental of facilities and equipment					7 941		25									7 966
Interest earned - external investments				6 166												6 166
Interest earned - outstanding debtors				2 288												2 288
Dividends received																-
Fines					75			7 890								7 965
Licences and permits					440			1 789								2 229
Agency services					5			2 475								2 480
Other revenue	384		911	10 067	3 357	1 200	4 669	1 030								21 617
Transfers recognised - operational	52 955			1 450	5 801	1 768										61 974
Gains on disposal of PPE																-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>53 339</b>	<b>-</b>	<b>911</b>	<b>169 661</b>	<b>233 100</b>	<b>2 968</b>	<b>314 779</b>	<b>13 184</b>	<b>-</b>	<b>787 941</b>						
<b>Expenditure By Type</b>																
Employee related costs	14 225	3 784	19 144	35 383	117 703	5 260	56 115	29 081								280 694
Remuneration of councillors	8 516															8 516
Debt impairment																-
Depreciation & asset impairment	22	19	1 790	280	47 753	128	58 344	929								109 265
Finance charges				126	26 767		17 641									44 535
Bulk purchases							169 444									169 444
Other materials		3	641	35	7 534	28	8 740	313								17 295
Contracted services		39	6 013	6 939	33 800	44	27 312	6 292								80 439
Transfers and grants	41 370															41 370
Other expenditure	6 830	579	14 043	21 572	44 620	5 496	16 733	7 996								117 869
Loss on disposal of PPE																-
<b>Total Expenditure</b>	<b>70 962</b>	<b>4 424</b>	<b>41 631</b>	<b>64 335</b>	<b>278 178</b>	<b>10 956</b>	<b>354 330</b>	<b>44 611</b>	<b>-</b>	<b>869 426</b>						
<b>Surplus/(Deficit)</b>	<b>(17 623)</b>	<b>(4 424)</b>	<b>(40 721)</b>	<b>105 326</b>	<b>(45 078)</b>	<b>(7 988)</b>	<b>(39 551)</b>	<b>(31 428)</b>	<b>-</b>	<b>(81 486)</b>						
Transfers recognised - capital					30 983		2 000									32 983
Contributions recognised - capital							1 000									1 000
Contributed assets																-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 623)</b>	<b>(4 424)</b>	<b>(40 721)</b>	<b>105 326</b>	<b>(14 095)</b>	<b>(7 988)</b>	<b>(36 551)</b>	<b>(31 428)</b>	<b>-</b>	<b>(47 503)</b>						

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Call investment deposits</b>									
Call deposits < 90 days	50 000	75 000	55 042	-	-	-	-	-	-
Other current investments > 90 days									
<b>Total Call investment deposits</b>	<b>50 000</b>	<b>75 000</b>	<b>55 042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consumer debtors</b>									
Consumer debtors	64 654	68 475	65 996	67 826	67 826	67 826	69 091	69 446	69 328
Less: Provision for debt impairment	(20 232)	(18 114)	(16 916)	(17 000)	(17 000)	(17 000)	(16 500)	(16 000)	(15 500)
<b>Total Consumer debtors</b>	<b>44 422</b>	<b>50 361</b>	<b>49 080</b>	<b>50 826</b>	<b>50 826</b>	<b>50 826</b>	<b>52 591</b>	<b>53 446</b>	<b>53 828</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year	23 549	20 232	18 114	22 000	22 000	22 000	17 000	16 500	16 000
Contributions to the provision	4 806	(190)	594	-	-	-	-	-	-
Bad debts written off	(8 123)	(1 928)	(1 792)	(5 000)	(5 000)	(5 000)	(500)	(500)	(500)
<b>Balance at end of year</b>	<b>20 232</b>	<b>18 114</b>	<b>16 916</b>	<b>17 000</b>	<b>17 000</b>	<b>17 000</b>	<b>16 500</b>	<b>16 000</b>	<b>15 500</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/valuation (excl. finance leases)	5 580 459	5 709 629	5 832 165	5 963 038	5 966 768	5 966 768	6 058 891	6 145 053	6 226 271
Leases recognised as PPE	-	1 208	1 379	1 208	1 208	1 208	1 208	1 208	1 208
Less: Accumulated depreciation	2 556 098	2 637 823	2 727 895	2 883 771	2 882 031	2 882 031	2 990 924	3 101 751	3 214 128
<b>Total Property, plant and equipment (PPE)</b>	<b>3 024 361</b>	<b>3 073 014</b>	<b>3 105 649</b>	<b>3 080 474</b>	<b>3 085 945</b>	<b>3 085 945</b>	<b>3 069 175</b>	<b>3 044 510</b>	<b>3 013 351</b>
<b>LIABILITIES</b>									
<b>Current liabilities - Borrowing</b>									
Short term loans (other than bank overdraft)	-	374	485	197	197	197	1 176	1 323	1 505
Current portion of long-term liabilities	14 218	16 424	17 756	20 426	20 426	20 426	23 929	27 220	30 023
<b>Total Current liabilities - Borrowing</b>	<b>14 218</b>	<b>16 798</b>	<b>18 241</b>	<b>20 623</b>	<b>20 623</b>	<b>20 623</b>	<b>25 105</b>	<b>28 542</b>	<b>31 528</b>
<b>Trade and other payables</b>									
Trade and other creditors	80 873	63 172	66 860	64 237	62 036	62 036	55 831	64 870	55 956
Unspent conditional transfers	9 955	4 555	7 783	-	-	-	-	-	-
VAT									
<b>Total Trade and other payables</b>	<b>90 828</b>	<b>67 728</b>	<b>74 643</b>	<b>64 237</b>	<b>62 036</b>	<b>62 036</b>	<b>55 831</b>	<b>64 870</b>	<b>55 956</b>
<b>Non current liabilities - Borrowing</b>									
Borrowing	247 081	340 581	364 394	391 789	391 789	391 789	407 225	425 005	439 982
Finance leases (including PPP asset element)		623	260	-	-	-	4 541	3 219	1 713
<b>Total Non current liabilities - Borrowing</b>	<b>247 081</b>	<b>341 204</b>	<b>364 654</b>	<b>391 789</b>	<b>391 789</b>	<b>391 789</b>	<b>411 766</b>	<b>428 224</b>	<b>441 696</b>
<b>Provisions - non-current</b>									
Retirement benefits	61 660	71 562	79 887	89 131	89 131	89 131	92 875	97 704	102 785
List other major provision items									
Refuse landfill site rehabilitation	29 342	32 057	31 933	38 086	38 086	38 086	36 617	38 521	40 525
Other	6 413	7 478	7 498	8 108	8 108	8 108	8 008	8 322	8 650
<b>Total Provisions - non-current</b>	<b>97 414</b>	<b>111 097</b>	<b>119 319</b>	<b>135 325</b>	<b>135 325</b>	<b>135 325</b>	<b>137 501</b>	<b>144 548</b>	<b>151 960</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated Surplus/(Deficit)</b>									
Accumulated Surplus/(Deficit) - opening balance	2 537 046	2 564 679	2 490 973	2 435 180	2 884 213	2 884 213	2 857 322	2 809 819	2 750 865
GRAP adjustments	17 898	364 261	356 359	-	-	-	-	-	-
Restated balance	2 554 944	2 928 940	2 847 332	2 435 180	2 884 213	2 884 213	2 857 322	2 809 819	2 750 865
Surplus/(Deficit)	9 735	(81 607)	7 189	(37 947)	(43 407)	(43 407)	(47 503)	(58 954)	(72 203)
Appropriations to Reserves									
Transfers from Reserves	-	-	1 333	-	-	-	-	-	-
Depreciation offsets									
Other adjustments					16 515	16 515			
<b>Accumulated Surplus/(Deficit)</b>	<b>2 564 679</b>	<b>2 847 332</b>	<b>2 855 854</b>	<b>2 397 233</b>	<b>2 857 322</b>	<b>2 857 322</b>	<b>2 809 819</b>	<b>2 750 865</b>	<b>2 678 662</b>
<b>Reserves</b>									
Housing Development Fund	1 913	1 920	1 891	1 927	1 927	1 927	1 934	1 941	1 960
Capital replacement									
Self-insurance									
Other reserves									
Revaluation	315 176	-	-	315 176	-	-			
<b>Total Reserves</b>	<b>317 089</b>	<b>1 920</b>	<b>1 891</b>	<b>317 103</b>	<b>1 927</b>	<b>1 927</b>	<b>1 934</b>	<b>1 941</b>	<b>1 960</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>

**Total capital expenditure includes expenditure on nationally significant priorities:**

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

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
The provision of democratic, accountable and ethical governance	Corporate Governance	1	281 846	187 130	271 986	258 008	157 589	157 589	183 297	193 973	203 347
The provision and maintenance of municipal services	Basic Service Delivery	2	356 023	456 833	461 748	509 446	533 310	533 310	558 054	593 550	621 902
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				883	42 995	42 995	53 339	65 569	73 550
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	9 666	10 346	12 606	12 561	12 651	12 651	13 260	13 177	14 172
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	5 402	6 609	7 762	5 214	38 439	38 439	13 974	28 557	30 283
<b>Allocations to other priorities</b>											
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>

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

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
The provision of democratic, accountable and ethical governance	Corporate Governance	1	248 943	379 939	342 949	143 629	84 637	84 637	93 327	108 954	110 936
The provision and maintenance of municipal services	Basic Service Delivery	2	337 222	310 956	345 437	568 491	584 662	584 662	627 783	675 164	714 347
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				50 423	62 399	62 399	62 928	67 152	71 111
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	39 588	36 252	42 458	52 022	52 813	52 813	57 044	62 155	66 343
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	17 449	15 378	16 070	9 495	43 878	43 878	28 345	40 355	52 721
<b>Allocations to other priorities</b>											
<b>Total Expenditure</b>			<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>

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

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
The provision of democratic, accountable and ethical governance	Corporate Governance	1	38 678	29 523	37 373	9 977	11 301	11 301	16 034	2 675	8 830
The provision and maintenance of municipal services	Basic Service Delivery	2	100 154	127 569	103 790	72 258	94 684	94 684	54 300	59 748	54 588
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				9 792	9 348	9 348	17 238	18 839	13 800
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	296	645	-						
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	14 990	5 538	2 601	17 870	11 150	11 150	5 400	4 900	4 000
<b>Allocations to other priorities</b>											
<b>Total Capital Expenditure</b>			<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

WC032 Overstrand - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Council</b>										
<b>Council and Municipal Manager</b>										
<b>Council</b>										
Annual performance reporting	Annual report and oversight	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Approval of Adjustment Budget	Approval of adjustment	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Effective functioning of committee system	No of sec 79 committee	4	5	4	4	4	4	4	4	4
Approval of Main Budget	Approval of Main Budget	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
<b>Mayor</b>										
Approval of SDBIP before	Approval of SDBIP before	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
<b>Spreaker</b>										
Effective functioning of council	Number of ordinary Council	9	8	9	9	9	9	9	9	9
<b>Municipal Manager</b>										
Functional Internal Audit Unit	Reviewed and approved risk	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Functional performance audit committee	No of meetings of the corruption policy by the end	4	4	4	4	4	4	4	4	4
Improved good governance	Individual performance	90,0%	90,0%	90,0%	90,0%	90,0%	90,0%	90,0%	90,0%	90,0%
Institutional performance management system in place	No of performance	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Institutional Performance management system in place	No of compliance findings in	8	7	7	7	7	7	7	7	7
Municipality complyin g with all relevant legislation	No compliance findings in	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Management Services</b>										
<b>Director: Management Services</b>										
<b>Human Resources</b>										
Creation of effective capacity	% Vacancy level as % of	90,0%	93,68%	90,00%	90,0%	90,0%	90,00%	90,0%	90,0%	90,0%
Reaching of employment equity targets	% of Targets reached per	100,0%	100,0%	10,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Targeted skills development	The percentage of budget	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
Effective labour relations	No of meetings of the LLF	9	8	9	9	9	9	9	9	9
Effective and up to date HR policies	Revision of all HR policies	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
<b>Strategic Services</b>										
Reviewed IDP	IDP reviewed by 31 May	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
<b>Finance</b>										
<b>Director: Finance</b>										
<b>Asset Management</b>										
Asset management	17 & 102 (measured in terms	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
<b>Director Finance</b>										
Clean audit	raised by AG in the previous	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Improvement in conditional grant spending - operational (MIG, MSIG, ESIG, etc)	operational grants spent	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Preparation of financial statements	submitted by the end of	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Updated municipal register for the provision of free basic	the 10th of every month	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Improvement in conditional grant spending - operational (MIG, ESIG, MSIG, etc)	operational grants spent	98,0%	100,0%	100,0%	98,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Improvement in conditional grant spending - capital	grants spent (MIG)	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
<b>SCM</b>										
Effective SCM system	awarded within the validity	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
<b>Revenue</b>										
Improved revenue collection	days)	90,0%	99,3%	98,1%	90,0%	90,0%	90,0%	90,0%	90,0%	90,0%
<b>Community Services</b>										
<b>Director: Community Services</b>										
<b>Director: Community Services</b>										
Effective functioning of ward committees	No of ward committee	8	13	13	13	13	13	13	13	13
Maintenance of grave yards	grave yards spent	98,0%	96,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of halls and facilities	halls and facilities spent	98,0%	98,0%	94,8%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of recreational areas	recreational areas spent	98,0%	97,7%	90,5%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Number of municipal settlements formalised	settlements formalised	2	2							
Maintenance of municipal roads	municipal roads spent		98,2%	91,3%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of municipal roads (Reseal)	resealed according to	98,0%	98,0%							
Provision of sport facilities	facilities in terms of the	93,0%	98,0%							
Maintenance of refuse removal services	plan executed	98,0%	103,2%	100,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of refuse removal services	refuse removal spent	98,0%	103,2%	99,8%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of sanitation services	plan executed	98,0%	98,3%	99,8%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of sanitation services	sanitation spent	98,0%	99,8%	97,9%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Quality of waste water discharge	permit conditions and	60,0%	88,6%	86,0%	90,0%	90,0%	90,0%	90,0%	90,0%	90,0%
Maintenance of water assets	water spent	98,0%	100,6%	97,1%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of water services	plan executed	98,0%	95,37%	97,02%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
New water connections	No of new water connections	410	410	188		100				
Replacement of existing water meters	No of meters replaced	200	200	60						
<b>Director: LED</b>										
<b>LED</b>										
Employment through job creation schemes	No of temporary jobs created	154	204	609	500	500	500	500	500	500
Completed and aligned LED strategy	end of March	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Employment through job creation initiatives that ponder employment for locals	No of jobs created	50	204	23	20	20	20	20	20	20
Enhancement of economic development	Value of contracts assigned to emerging contractors	R 19 000 000	R4,185,237,16	R 561 335,28	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000
Improved skills development	No of workshops organised	4	11	9	10	10	10	10	10	10
Tourism related projects/initiatives	enterprises/projects	4	4							
<b>Infrastructure &amp; Planning</b>										
<b>Director: Infrastructure and Planning</b>										
<b>Sub-function 1 - (name)</b>										
Effective capital spending	electricity capital projects	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Maintenance of electricity assets	electricity spent	98,0%	58,25%		98,0%					
New electricity connections	connections		482	122						
Service standards	service standards	410	21898	21998	21898	21998	21998	21998	21998	21998
Percentage electricity losses	municipality	10,0%	7,1%	6,9%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%
end of March 2011	end of March 2011	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Effective capital spending	municipal roads capital	98,0%	98,0%	102,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Effective capital spending	management capital projects	98,0%	98,0%	77,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
standard waste	standard waste	26000	30334	31739	26000					

WC032 Overstrand - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Borrowing Management</b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4,5%	6,2%	6,8%	7,3%	7,7%	7,7%	7,5%	7,4%	7,5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5,2%	8,2%	7,8%	8,9%	9,5%	9,5%	9,0%	9,2%	9,4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	71,8%	117,8%	45,1%	73,0%	58,1%	58,1%	80,2%	93,9%	87,7%
<b>Safety of Capital</b>										
Gearing	Long Term Borrowing/ Funds & Reserves	77,9%	17772,6%	19278,6%	123,6%	20333,9%	20333,9%	21294,4%	22066,8%	22535,6%
<b>Liquidity</b>										
Current Ratio	Current assets/current liabilities	1,6	1,7	1,3	1,4	1,5	1,5	1,3	1,2	1,3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,6	1,7	1,3	1,4	1,5	1,5	1,3	1,2	1,3
Liquidity Ratio	Monetary Assets/Current Liabilities	0,5	0,9	0,5	0,6	0,7	0,7	0,6	0,5	0,6
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing %		101,5%	105,3%	91,7%	97,9%	106,5%	98,7%	98,7%	100,2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98,3%	104,9%	91,7%	97,9%	106,4%	106,4%	98,7%	100,2%	98,5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14,9%	14,6%	13,7%	12,3%	13,0%	13,0%	13,1%	11,6%	11,9%
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%	0,0%	0,0%
<b>Creditors Management</b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	99,0%	99,8%	100,0%	95,0%	95,0%	95,0%	95,0%	95,0%	95,0%
Creditors to Cash and Investments		115,5%	49,9%	79,5%	76,1%	73,5%	73,5%	63,4%	69,7%	58,0%
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	19028627	16012859	15831477	17200000	16033400	15654000	15896000	16142000	16354000
	Total Cost of Losses (Rand '000)	6 159	6 513	7 101	8 015	8 826	8 610	9 127	9 674	10 255
	% Volume (units purchased and generated less units sold)/units purchased and generated	8,37%	7,12%	6,91%	6,90%	6,85%	6,70%	6,67%	6,64%	6,60%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	1860248	1428898	1 444 853	1 500 000	1 465 550	1 465 550	1 476 200	1 528 020	1 581 540
	Total Cost of Losses (Rand '000)	3 101	2 892	1842	3 279	3500	2785	3085	3514	4001
	% Volume (units purchased and generated less units sold)/units purchased and generated	24,24%	20,36%	20,01%	20,40%	20,20%	20,89%	20,23%	20,14%	20,04%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30,8%	34,8%	33,3%	33,8%	34,0%	34,0%	35,7%	35,3%	35,3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31,6%	35,9%	34,3%	34,8%	35,0%	35,0%	36,8%	36,4%	36,4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9,6%	10,9%	16,5%	22,0%	20,8%	20,8%	20,6%	21,9%	21,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20,8%	22,7%	20,5%	19,7%	19,4%	19,4%	19,6%	18,5%	17,7%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23,4	24,0	23,4	21,7	21,7	21,7	22,4	21,5	22,7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	18,7%	16,6%	17,0%	14,5%	15,3%	15,3%	15,1%	13,6%	14,2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2,0	3,1	1,8	1,7	1,6	1,6	1,6	1,5	1,5

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

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population			55	75	84	95	80		88			
Females aged 5 - 14			3	6	5	6	5		6			
Males aged 5 - 14			3	6	5	6	5		6			
Females aged 15 - 34			6	12	14	9	13		14			
Males aged 15 - 34			6	11	14	9	14		15			
Unemployment			5	8	5		4		5			
<b>Monthly household income (no. of households)</b>												
No income	1, 12			3 758	9 837		7 113		10 759			
R1 - R1 600				3 844	4 545		4 334		4 657			
R1 601 - R3 200				1 317	3 085		2 048		3 427			
R3 201 - R6 400				669	1 600		1 406		1 679			
R6 401 - R12 800				746	2 826		1 133		3 395			
R12 801 - R25 600				192	10 211		748		15 218			
R25 601 - R51 200				253	7 606		266		12 350			
R52 201 - R102 400				30	338		77		438			
R102 401 - R204 800					124		25		163			
R204 801 - R409 600					36		19		42			
R409 601 - R819 200												
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13	#households earning less than R1600 based on		7 602	14 382		11 447,00		15 416,00			
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area		Stats SA		74 546	84 253		80 432		88 285			
Number of poor people in municipal area		Stats SA		21 953	21 063		20 108		22 071			
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
<b>Housing statistics</b>												
Formal	3							31 739				
Informal								3 406				
<b>Total number of households</b>												
Dwellings provided by municipality	4						3 682	3 421	35 145	-	-	-
Dwellings provided by province/s							410	393		183		
Dwellings provided by private sector	5						30					
<b>Total new housing dwellings</b>												
							440	393		183		

WC032 Overstrand Supporting Table SA10 Funding measurement

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	18(1)b	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Cash + investments at the yr end less applications - R'000	18(1)b	67 829	131 938	97 059	109 910	124 780	124 780	133 962	127 634	147 621
Cash year end/monthly employee/supplier payments	18(1)b	2,0	3,1	1,8	1,7	1,6	1,6	1,6	1,5	1,5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	9 735	(81 607)	7 189	(37 947)	(43 407)	(43 407)	(47 503)	(58 954)	(72 203)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	2,6%	1,6%	6,8%	(6,6%)	(6,0%)	2,6%	0,4%	(0,8%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	98,3%	104,9%	91,7%	97,9%	106,4%	106,4%	98,7%	100,2%	98,5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	1,0%	0,0%	0,2%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital payments % of capital expenditure	18(1)c;19	97,7%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	69,1%	101,4%	43,0%	69,4%	56,7%	56,7%	70,5%	96,4%	90,3%
Grants % of Govt. legislated/gazetted allocations	18(1)a							0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(3,5%)	9,9%	(4,0%)	5,0%	0,0%	7,0%	(3,6%)	9,5%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(14,3%)	(33,7%)	(12,6%)	0,0%	0,0%	(21,6%)	(21,3%)	(26,5%)
R&M % of Property Plant & Equipment	20(1)(vi)	1,9%	2,1%	3,7%	5,3%	5,0%	5,0%	5,3%	6,2%	6,5%
Asset renewal % of capital budget	20(1)(vi)	0,0%	0,0%	2,9%	35,6%	38,5%	38,5%	0,0%	0,0%	0,0%
% incr Service charges - refuse revenue	18(1)a		6,9%	18,5%	13,1%	0,0%	0,0%	6,0%	6,0%	6,0%
% incr in Service charges - other	18(1)a		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total billable revenue	18(1)a	481 100	521 995	561 474	633 901	630 312	630 312	683 223	727 452	765 475
Service charges		474 568	515 252	554 266	625 350	621 761	621 761	675 256	718 713	755 860
Property rates		129 591	109 838	117 235	127 921	127 921	127 921	149 690	159 127	166 656
Service charges - electricity revenue		183 552	224 950	247 521	284 936	284 936	284 936	310 085	333 146	349 869
Service charges - water revenue		74 099	83 755	85 498	98 642	93 142	93 142	95 897	99 943	105 503
Service charges - sanitation revenue		50 381	57 212	57 223	60 917	62 827	62 827	63 455	66 997	70 759
Service charges - refuse removal		36 945	39 498	46 788	52 934	52 934	52 934	56 130	59 500	63 074
Rental of facilities and equipment		6 532	6 743	7 208	8 551	8 551	8 551	7 966	8 739	9 615
Capital expenditure excluding capital grant funding		130 326	108 442	89 956	73 869	90 448	90 448	56 739	46 675	49 830
Cash receipts from ratepayers	18(1)a	522 926	577 470	591 940	652 431	708 215	708 215	710 750	766 599	793 973
Ratepayer & Other revenue	18(1)a	532 030	550 677	645 772	666 443	665 861	665 861	719 801	765 092	805 703
Change in consumer debtors (current and non-current)		16 090	(3 207)	8 520	(3 852)	765	765	11 371	(3 748)	9 413
Operating and Capital Grant Revenue	18(1)a	82 470	92 838	95 489	108 371	109 451	109 451	94 957	123 524	131 297
Capital expenditure - total	20(1)(vi)	154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218
Capital expenditure - renewal	20(1)(vi)	-	-	4 147	39 166	48 657	48 657	-	-	-
<b>Total Operating Revenue</b>		<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
<b>Total Operating Expenditure</b>		<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Operating Performance Surplus/(Deficit)</b>		<b>(35 911)</b>	<b>(145 043)</b>	<b>(51 909)</b>	<b>(81 518)</b>	<b>(85 026)</b>	<b>(85 026)</b>	<b>(83 736)</b>	<b>(98 441)</b>	<b>(103 591)</b>
<b>Revenue</b>										
% Increase in Total Operating Revenue			(1,6%)	16,3%	6,8%	0,1%	0,0%	5,7%	8,9%	6,6%
% Increase in Property Rates Revenue			(15,4%)	6,8%	9,1%	0,0%	0,0%	17,1%	6,3%	4,7%
% Increase in Electricity Revenue			22,6%	10,0%	15,1%	0,0%	0,0%	8,8%	7,4%	5,0%
% Increase in Property Rates & Services Charges			8,6%	7,6%	12,8%	(0,6%)	0,0%	8,6%	6,4%	5,2%
<b>Expenditure</b>										
% Increase in Total Operating Expenditure			15,4%	0,6%	10,3%	0,5%	0,0%	5,0%	9,7%	6,5%
% Increase in Employee Costs			11,0%	11,3%	8,3%	0,6%	0,0%	11,2%	7,6%	6,7%
% Increase in Electricity Bulk Purchases			24,6%	14,5%	8,2%	0,0%	0,0%	8,0%	8,0%	8,0%
R&M % of PPE		1,9%	2,1%	3,7%	5,3%	5,0%	5,0%	5,3%	6,2%	6,5%
Asset Renewal and R&M as a % of PPE		2,0%	2,0%	4,0%	6,0%	6,0%	6,0%	5,0%	6,0%	6,0%
Debt Impairment % of Total Billable Revenue		1,0%	0,0%	0,2%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Capital Revenue</b>										
Internally Funded & Other (R'000)		43 383	34 478	22 412	14 008	17 022	17 022	10 014	1 675	4 830
Borrowing (R'000)		86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Grant Funding and Other (R'000)		23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Internally Generated funds % of Non Grant Funding		33,3%	31,8%	24,9%	19,0%	18,8%	18,8%	17,6%	3,6%	9,7%
Borrowing % of Non Grant Funding		66,7%	68,2%	75,1%	81,0%	81,2%	81,2%	82,4%	96,4%	90,3%
Grant Funding % of Total Funding		15,4%	33,6%	37,4%	32,8%	28,5%	28,5%	39,0%	45,8%	38,6%
<b>Capital Expenditure</b>										
Total Capital Programme (R'000)		154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218
Asset Renewal		-	-	4 147	39 166	48 657	48 657	-	-	-
Asset Renewal % of Total Capital Expenditure		0,0%	0,0%	2,9%	35,6%	38,5%	38,5%	0,0%	0,0%	0,0%
<b>Cash</b>										
Cash Receipts % of Rate Payer & Other		98,3%	104,9%	91,7%	97,9%	106,4%	106,4%	98,7%	100,2%	98,5%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0
<b>Borrowing</b>										
Capital Charges to Operating		4,5%	6,2%	6,8%	7,3%	7,7%	7,7%	7,5%	7,4%	7,5%
Borrowing Receipts % of Capital Expenditure		69,1%	101,4%	43,0%	69,4%	56,7%	56,7%	70,5%	96,4%	90,3%
<b>Reserves</b>										
Surplus/(Deficit)		67 829	131 938	97 059	109 910	124 780	124 780	133 962	127 634	147 621
<b>Free Services</b>										
Free Basic Services as a % of Equitable Share		109,8%	92,0%	87,2%	87,8%	94,8%	94,8%	82,0%	69,1%	64,1%
Free Services as a % of Operating Revenue (excl operational transfers)		10,6%	8,8%	5,7%	7,8%	10,0%	10,0%	9,6%	9,3%	9,2%
<b>High Level Outcome of Funding Compliance</b>										
Total Operating Revenue		607 290	597 482	695 005	742 541	743 363	743 363	785 691	855 339	911 867
Total Operating Expenditure		643 201	742 525	746 914	824 059	828 389	828 389	869 426	953 780	1 015 458
Surplus/(Deficit) Budgeted Operating Statement		(35 911)	(145 043)	(51 909)	(81 518)	(85 026)	(85 026)	(83 736)	(98 441)	(103 591)
Surplus/(Deficit) Considering Reserves and Cash Backing		31 917	(13 105)	45 150	28 392	39 753	39 753	50 227	29 193	44 030
<b>MTREF Funded (1) / Unfunded (0)</b>		1	0	1	1	1	1	1	1	1
<b>MTREF Funded ✓ / Unfunded ✗</b>		✓	✗	✓	✓	✓	✓	✓	✓	✓

**WC032 Overstrand - Supporting Table SA11 Property rates summary**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Valuation:</b>									
Date of valuation:	02/07/2007	02/07/2007	02/07/2011	02/07/2011	02/07/2011	02/07/2011			
Financial year valuation used	<b>2008/2009</b>	<b>2008/2009</b>	<b>2012/2013</b>				<b>2012/2013</b>		
Municipal by-laws s6 in place? (Y/N)	Yes	Yes							
Municipal/assistant valuer appointed? (Y/N)	Yes	Yes							
Municipal partnership s38 used? (Y/N)	No	No							
No. of assistant valuers (FTE)	2	2	2	2	2	2	2	2	2
No. of data collectors (FTE)	6	6	6	6	6	6	12	12	6
No. of internal valuers (FTE)	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	4	4	4	3	3	3	3	3	3
No. of additional valuers (FTE)	-	-	-	-	-	-	1	1	-
Valuation appeal board established? (Y/N)	Yes	Yes							
Implementation time of new valuation roll (mths)	36		36	24			12		
No. of properties	40 839	40 907	40 801	41 025	41 025	41 025	41 230	41 436	41 643
No. of sectional title values	2 396	2 396	2 383	2 623	2 623	2 623	2 636	2 649	2 663
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	3	1	2	3	3	3	2	2	2
No. of valuation roll amendments	4	2	3	3	3	3	2	2	2
No. of objections by rate payers	40	24	830	103	103	103	100	1 200	100
No. of appeals by rate payers	2	1	53	5	5	5	10	120	10
No. of successful objections	2	5		24	24	24	20	200	20
No. of successful objections > 10%	2	-	137	14	14	14	10	100	10
Supplementary valuation	4 069	3 323	4 998	4 233	7 548	7 548	4 487	4 756	5 042
Public service infrastructure value (Rm)	38	38	40	40	40	40	43	45	48
Municipality owned property value (Rm)	701	701	694	694	694	694	736	780	827
<b>Valuation reductions:</b>									
Valuation reductions-public infrastructure (Rm)	41	41	40	40	40	40	43	45	48
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	535	458	453	453	453	453	480	509	540
Valuation reductions-public worship (Rm)	211	211	209	209	209	209	222	235	249
Valuation reductions-other (Rm)	2 329	2 067	2 046	2 046	2 046	2 046	2 169	2 299	2 437
<b>Total valuation reductions:</b>	<b>3 116</b>	<b>2 776</b>	<b>2 749</b>	<b>2 749</b>	<b>2 749</b>	<b>2 749</b>	<b>2 913</b>	<b>3 088</b>	<b>3 274</b>
Total value used for rating (Rm)	39 151	39 491	39 152	39 152	39 152	39 152	41 501	43 991	46 630
Total land value (Rm)	22 148	22 148	21 360	21 360	21 360	21 360	22 642	<b>24 000</b>	<b>25 440</b>
Total value of improvements (Rm)	20 119	20 119	20 540	20 540	20 540	20 540	21 772	23 079	24 463
Total market value (Rm)	42 267	42 267	41 900	41 900	41 900	41 900	44 414	47 079	49 904
<b>Rating:</b>									
Residential rate used to determine rate for other categories? (Y/N)									
Differential rates used? (Y/N)									
Limit on annual rate increase (s20)? (Y/N)									
Special rating area used? (Y/N)									
Phasing-in properties s21 (number)									
Rates policy accompanying budget? (Y/N)									
Fixed amount minimum value (R'000)									
Non-residential prescribed ratio s19? (%)									
<b>Rate revenue:</b>									
Rate revenue budget (R'000)	105 492	112 600	120 278	126 818	126 818	126 818	148 520	158 025	165 259
Rate revenue expected to collect (R'000)	105 492	112 600	120 278	126 818	126 818	126 818	148 520	158 025	165 259
Expected cash collection rate (%)	86,8%	87,6%	99,9%	99,0%	99,0%	99,0%	100,0%	100,0%	100,0%
Special rating areas (R'000)	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)	-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)	142	205	319	331	331	331	245	260	275
Rebates, exemptions - bona fide farm. (R'000)	1 182	634	1 653	1 712	1 712	1 712	1 267	1 343	1 424
Rebates, exemptions - other (R'000)	2 974	2 190	3 708	3 839	3 839	3 839	2 843	3 013	3 194
Phase-in reductions/discouts (R'000)									
<b>Total rebates, exemptns, reductns, discs (R'000)</b>	<b>4</b>	<b>3</b>	<b>5 680</b>	<b>5 882</b>	<b>5 882</b>	<b>5 882</b>	<b>4 355</b>	<b>4 616</b>	<b>4 893</b>

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

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2013/14</b>																
<b>Valuation:</b>																
No. of properties	36 750	-	1 591	315	186	1 656	204	-	-	-	-	-	114	-	125	-
No. of sectional title property values	2 243	-	379	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	total of 2 up to date		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	Total: 4233315100		-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
No. of objections by rate-payers	87	-	1	-	-	-	15	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	3	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	3	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
No. of successful objections	15	-	1	-	-	-	11	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	2	-	1	-	-	-	11	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	100 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Frequency of valuation (select)	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)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	40	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209	-
Valuation reductions-other (Rm)	2 046	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total valuation reductions:</b>																
Total value used for rating (Rm)	34 324	-	3 631	871	316	-	-	-	-	-	-	-	9	-	-	-
Total land value (Rm)	18 291	-	1 550	534	152	527	27	-	-	-	-	-	197	-	82	-
Total value of improvements (Rm)	17 565	-	2 081	337	172	168	13	-	-	-	-	-	72	-	132	-
Total market value (Rm)	<b>35 856</b>	-	<b>3 631</b>	<b>871</b>	<b>325</b>	<b>694</b>	<b>40</b>	-	-	-	-	-	<b>269</b>	-	<b>214</b>	-
<b>Rating:</b>																
Average rate	0,003600		0,005450	0,000900	0,005450				0,003600	0,005450						
Rate revenue budget (R'000)	91 896		18 416	221	16 285											
Rate revenue expected to collect (R'000)	91 896		18 416	221	16 285											
Expected cash collection rate (%)	100,0%		100,0%	100,0%	100,0%											
Special rating areas (R'000)																
Rebates, exemptions - indigent (R'000)																
Rebates, exemptions - pensioners (R'000)	331															
Rebates, exemptions - bona fide farm. (R'000)				1 712												
Rebates, exemptions - other (R'000)				3 839												
Phase-in reductions/discounts (R'000)																
<b>Total rebates, exemptns, reductns, discs (R'000)</b>																

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

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Budget Year 2014/15</b>																
<b>Valuation:</b>																
No. of properties																
No. of sectional title property values	36 750	-	1 591	315	186	1 656	204	-	-	-	-	-	114	-	125	-
No. of unreasonably difficult properties s7(2)	2 243	-	379	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	2 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	Total R4656646610															
No. of objections by rate-payers	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
No. of appeals by rate-payers	150 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	20 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	20 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	40 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	10 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	100 total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Frequency of valuation (select)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Method of valuation used (select)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Base of valuation (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Phasing-in properties s21 (number)	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.
Combination of rating types used? (Y/N)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	43	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	480	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222	-
Valuation reductions-other (Rm)	2 169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total valuation reductions:</b>																
Total value used for rating (Rm)	36 383	-	3 849	923	335	-	-	-	-	-	-	-	10	-	-	-
Total land value (Rm)	19 388	-	1 643	566	161	558	29	-	-	-	-	-	209	-	87	-
Total value of improvements (Rm)	18 619	-	2 206	357	183	178	14	-	-	-	-	-	76	-	140	-
Total market value (Rm)	<b>38 007</b>	-	<b>3 849</b>	<b>923</b>	<b>344</b>	<b>736</b>	<b>43</b>	-	-	-	-	-	<b>285</b>	-	<b>227</b>	-
<b>Rating:</b>																
Average rate	0,004140		0,006270	0,001035	0,006270				0,004140	0,006270					0,004140	
Rate revenue budget (R '000)	107 622		21 567	0	19 072				-	-					-	
Rate revenue expected to collect (R'000)	107 622		21 567	0	19 072				-	-					-	
Expected cash collection rate (%)	100,0%		100,0%	100,0%	100,0%				-	-					-	
Special rating areas (R'000)	-		-	-	-				-	-					-	
Rebates, exemptions - indigent (R'000)	-		-	-	-				-	-					-	
Rebates, exemptions - pensioners (R'000)	245															
Rebates, exemptions - bona fide farm. (R'000)				1 267												
Rebates, exemptions - other (R'000)				2 843												
Phase-in reductions/discounts (R'000)																
<b>Total rebates, exemptns, reductns, discs (R'000)</b>																

WC032 Overstrand - Supporting Table SA13a Service Tariffs by category

Description	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Property rates (rate in the Rand)</b>								
Residential properties		89 567 294	94 852 280	100 066 700	91 896 000	107 622 000	174 223 000	119 752 000
Residential properties - vacant land								
Formal/informal settlements								
Small holdings								
Farm properties - used		131 338	186 487	287 327	221 000	259 000	419 000	288 000
Farm properties - not used								
Industrial properties								
Business and commercial properties		15 792 982	17 562 116	19 923 518	18 416 000	21 567 000	34 914 000	23 998 000
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties					16 285 000	19 072 000	30 874 000	21 221 000
Municipal properties								
Public service infrastructure								
Privately owned towns serviced by the owner								
State trust land								
Restitution and redistribution properties								
Protected areas								
National monuments properties								
<b>Exemptions, reductions and rebates (Rands)</b>								
<b>Residential properties</b>								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
Indigent rebate or exemption		35 000	35 000	100 000	100 000	100 000	100 000	100 000
Pensioners/social grants rebate or exemption		50 000	50 000	100 000	100 000	100 000	100 000	100 000
Temporary relief rebate or exemption		20-40%	30-100%	30-100%	30-100%	30-100%	30-100%	30-100%
Bona fide farmers rebate or exemption								
<b>Other rebates or exemptions</b>								
		90%	85%	75%	75%	75%	75%	75%
<b>Water tariffs</b>								
<b>Domestic</b>								
Basic charge/fee (Rands/month)		81	88	93	96	102	111	118
Service point - vacant land (Rands/month)		81	88	93	96	102	111	118
Water usage - flat rate tariff (c/kl)								
Water usage - life line tariff	Consumption - Households				307	325	345	365
Water usage - Block 1 (c/kl)	0 - 6 kl per kl				811	1 005	1 065	1 129
Water usage - Block 2 (c/kl)	7 - 20kl per kl	648	702	746	1 316	1 631	1 729	1 833
Water usage - Block 3 (c/kl)	21 - 30 kl per kl	648	702	1 200	2 026	2 512	2 663	2 822
Water usage - Block 4 (c/kl)	31 - 60 kl per kl	1 620	1 755	1 860	2 632	3 263	3 459	3 666
Other	> 60 kl	2 160	2 369	2 518	3 509	4 351	4 612	4 889
<b>Waste water tariffs</b>								
<b>Domestic</b>								
Basic charge/fee (Rands/month)		70	76	81	86	91	96	102
Service point - vacant land (Rands/month)		149	161	123	130	109	116	122
Waste water - flat rate tariff (c/kl)		750	811	877	965	1 026	1 088	1 153
Volumetric charge - Block 1 (c/kl)	Basic charge - pumps	47	51	54	58	61	65	69
Volumetric charge - Block 2 (c/kl)	Service per pump	325	351	373	396	419	444	471
Volumetric charge - Block 3 (c/kl)	(fill in structure)							
Volumetric charge - Block 4 (c/kl)	(fill in structure)							
<b>Other</b>								
<b>Electricity tariffs</b>								
<b>Domestic</b>								
Basic charge/fee (Rands/month)		142	152	158	193	204	216	229
Service point - vacant land (Rands/month)		142	152	158	193	204	216	229
FBE	Qualify for indigent (describe structure)							
Life-line tariff - meter	<30 Amp	1 066	720	795	795	886	939	996
Life-line tariff - prepaid								
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)	Credit meter							
Meter - IBT Block 1 (c/kwh)	0 - 350 kWh	694	720	861	886	959	1 017	1 078
Meter - IBT Block 2 (c/kwh)	351 - 600 kWh	694	980	1 133	1 201	1 300	1 378	1 461
Meter - IBT Block 3 (c/kwh)	> 600 kWh	694	1 140	1 328	1 448	1 567	1 661	1 761
Meter - IBT Block 4 (c/kwh)	(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)	Prepaid meter							
Prepaid - IBT Block 1 (c/kwh)	0 - 350 kWh	694	720	795	819	886	939	996
Prepaid - IBT Block 2 (c/kwh)	351 - 600 kWh	694	980	1 068	1 132	1 225	1 299	1 376
Prepaid - IBT Block 3 (c/kwh)	> 600 kWh	694	1 140	1 277	1 392	1 506	1 596	1 692
Prepaid - IBT Block 4 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
<b>Other</b>								
<b>Waste management tariffs</b>								
<b>Domestic</b>								
Street cleaning charge								
Basic charge/fee		77	83	113	123	130	138	146
80l bin - once a week								
250l bin - once a week		272	284	113	123	130	138	146

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

Description	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Exemptions, reductions and rebates (Rands)</b>								
<i>[Insert lines as applicable]</i>	RESIDENTIAL	0,00310	0,00326	0,00360	0,00360	0,00414	0,00438	0,00465
	BUSINESS & COMMERCIAL	0,00440	0,00476	0,00545	0,00545	0,00626	0,00664	0,00700
	FARM PROPERTIES	0,00310	0,00326	0,00090	0,00090	0,00103	0,00109	0,00116
<b>Water tariffs</b>								
<i>[Insert blocks as applicable]</i>	Basic charge/fixed fee				96	102	108	115
	Service point - vacant land				96	102	108	115
	0 - 6 kl	-	-	-	307	325	345	365
	7 - 18 kl	648	702	746	811	1 005	1 065	1 129
	19 - 30 kl	648	702	1 200	1 316	1 631	1 729	1 833
	31 - 45 kl	1 620	1 755	1 860	2 026	2 512	2 663	2 822
	46 - 60 kl	1 620	1 755	1 860	2 632	3 263	3 459	3 666
	> 60 kl	2 160	2 369	2 518	3 509	4 351	4 612	4 889
	(fill in thresholds)							
	(fill in thresholds)							
<b>Waste water tariffs</b>								
<i>[Insert blocks as applicable]</i>	Basic charge per month	70	76	80	86	91	97	102
	Basic charge - vacant land	149	161	122	130	109	116	122
	Flat rate per kl	750	811	877	965	1 026	1 088	1 153
	Basic charge - pumps	47	51	54	58	61	65	69
	Service per pump	325	351	372	396	419	445	471
	(fill in structure)							
	(fill in structure)							
	(fill in structure)							
	(fill in structure)							
<b>Electricity tariffs</b>								
<i>[Insert blocks as applicable]</i>	Basic charge - monthly	142	152	158	193	204	216	229
	Basic charge - vacant land	142	152	158	193	204	216	229
	Flat rate - Lifeline	1 066	720	795	795	886	939	996
	Credit meter							
	0 - 350 kWh	694	720	861	861	959	1 017	1 078
	351 - 600 kWh	694	980	1 133	1 190	1 300	1 378	1 461
	> 600 kWh	694	1 140	1 328	1 435	1 567	1 661	1 761
	Prepaid meter							
	0 - 350 kWh	694	720	795	795	886	939	996
	351 - 600 kWh	694	980	1 068	1 121	1 225	1 299	1 376
	> 600 kWh	694	1 140	1 277	1 379	1 506	1 596	1 692
	(fill in thresholds)							
	(fill in thresholds)							

WC032 Overstrand - Supporting Table SA14 Household bills

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Property rates	134,33	141,26	151,25	156,00	156,00	156,00	15,0%	179,40	190,16	201,57
Electricity: Basic levy	142,11	151,75	157,89	192,98	192,98	192,98	6,0%	204,56	216,83	229,84
Electricity: Consumption	694,90	953,00	1 056,28	1 126,62	1 126,62	1 126,62	8,0%	1 219,00	1 292,14	1 369,67
Water: Basic levy	80,70	87,72	92,98	96,49	96,49	96,49	6,0%	102,28	108,42	114,92
Water: Consumption	160,05	168,48	224,44	273,66	273,66	273,66	-	273,66	290,08	307,48
Sanitation	242,50	245,92	264,87	288,62	288,62	288,62	6,0%	305,94	324,29	343,75
Refuse removal	76,75	83,33	113,16	122,81	122,81	122,81	6,0%	130,18	137,99	146,27
Other										
<b>sub-total</b>	<b>1 531,34</b>	<b>1 831,46</b>	<b>2 060,87</b>	<b>2 257,18</b>	<b>2 257,18</b>	<b>2 257,18</b>	<b>7,0%</b>	<b>2 415,02</b>	<b>2 559,92</b>	<b>2 713,51</b>
VAT on Services	195,58	236,63	267,35	294,17	294,17	294,17		312,99	331,77	351,67
<b>Total large household bill:</b>	<b>1 726,92</b>	<b>2 068,09</b>	<b>2 328,22</b>	<b>2 551,35</b>	<b>2 551,35</b>	<b>2 551,35</b>	<b>6,9%</b>	<b>2 728,00</b>	<b>2 891,68</b>	<b>3 065,18</b>
<b>% increase/-decrease</b>		<b>19,8%</b>	<b>12,6%</b>	<b>9,6%</b>	-	-		<b>6,9%</b>	<b>6,0%</b>	<b>6,0%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Property rates	93,00	97,80	104,70	108,00	108,00	108,00	15,0%	124,20	131,65	139,55
Electricity: Basic levy	142,11	151,75	157,89	192,98	192,98	192,98	6,0%	204,56	216,83	229,84
Electricity: Consumption	347,45	399,00	438,62	456,59	456,59	456,59	8,0%	494,01	523,65	555,07
Water: Basic levy	80,70	87,72	92,98	96,49	96,49	96,49	6,0%	102,28	108,42	114,92
Water: Consumption	123,65	133,38	164,44	207,86	207,86	207,86	6,0%	220,35	233,57	247,59
Sanitation	216,25	231,74	234,17	254,84	254,84	254,84	6,0%	270,13	286,34	303,52
Refuse removal	76,75	83,33	113,16	122,81	122,81	122,81	6,0%	130,18	137,99	146,27
Other										
<b>sub-total</b>	<b>1 079,91</b>	<b>1 184,72</b>	<b>1 305,96</b>	<b>1 439,57</b>	<b>1 439,57</b>	<b>1 439,57</b>	<b>7,4%</b>	<b>1 545,71</b>	<b>1 638,45</b>	<b>1 736,76</b>
VAT on Services	138,17	152,17	168,18	186,42	186,42	186,42		199,01	210,95	223,61
<b>Total small household bill:</b>	<b>1 218,08</b>	<b>1 336,88</b>	<b>1 474,14</b>	<b>1 625,99</b>	<b>1 625,99</b>	<b>1 625,99</b>	<b>7,3%</b>	<b>1 744,72</b>	<b>1 849,40</b>	<b>1 960,37</b>
<b>% increase/-decrease</b>		<b>9,8%</b>	<b>10,3%</b>	<b>10,3%</b>	-	-		<b>7,3%</b>	<b>6,0%</b>	<b>6,0%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates	51,67	54,33	58,16	60,00	60,00	60,00	15,0%	69,00	73,14	77,53
Electricity: Basic levy	142,11	151,75	157,89	192,98	192,98	192,98	6,0%	204,56	216,83	229,84
Electricity: Consumption	208,47	252,00	278,39	286,75	286,75	286,75	8,0%	310,24	328,85	348,59
Water: Basic levy	80,70	87,72	92,98	96,49	96,49	96,49	6,0%	102,28	108,42	114,92
Water: Consumption	91,25	98,28	104,44	142,06	142,06	142,06	6,0%	150,60	159,64	169,21
Sanitation	190,00	204,15	203,48	221,07	221,07	221,07	6,0%	234,33	248,39	263,30
Refuse removal	76,75	83,33	113,16	122,81	122,81	122,81	6,0%	130,18	137,99	146,27
Other	(424,05)	(468,47)	(521,33)	(598,16)	(598,16)	(598,16)	(6,0%)	(635,06)	(673,16)	(713,55)
<b>sub-total</b>	<b>416,90</b>	<b>463,09</b>	<b>487,17</b>	<b>524,00</b>	<b>524,00</b>	<b>524,00</b>	<b>8,0%</b>	<b>566,13</b>	<b>600,10</b>	<b>636,11</b>
VAT on Services	51,13	57,23	60,06	64,96	64,96	64,96		69,60	73,77	78,20
<b>Total small household bill:</b>	<b>468,03</b>	<b>520,32</b>	<b>547,23</b>	<b>588,96</b>	<b>588,96</b>	<b>588,96</b>	<b>7,9%</b>	<b>635,73</b>	<b>673,88</b>	<b>714,31</b>
<b>% increase/-decrease</b>		<b>11,2%</b>	<b>5,2%</b>	<b>7,6%</b>	-	-		<b>7,9%</b>	<b>6,0%</b>	<b>6,0%</b>

WC032 Overstrand - Supporting Table SA15 Investment particulars by type

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	50 000	75 000	55 042						
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Repurchase Agreements - Banks									
Municipal Bonds									
<b>Consolidated total:</b>	<b>51 262</b>	<b>80 691</b>	<b>66 638</b>	<b>16 379</b>	<b>16 379</b>	<b>16 379</b>	<b>22 207</b>	<b>27 825</b>	<b>33 508</b>

WC032 Overstrand - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 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	Yrs/Months												
<b>Parent municipality</b>													
LIBERTY 15934476	15 YEARS	POLICY	YES	VARIABLE				01/09/2025	6 383	298		1 500	8 181
LIBERTY 21196964	14 YEARS	POLICY	YES	VARIABLE				01/09/2025	9 186	252		3 100	12 538
MOMENTUM 3853776	15 YEARS	POLICY	YES	VARIABLE				01/07/2026	1 079	48		360	1 488
													-
													-
													-
<b>TOTAL INVESTMENTS AND INTEREST</b>									<b>16 649</b>		<b>-</b>	<b>4 960</b>	<b>22 207</b>

**WC032 Overstrand - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)	247 081	250 581	274 394	291 789	291 789	291 789	307 225	325 005	339 982
Long-Term Loans (non-annuity)		90 000	90 000	100 000	100 000	100 000	100 000	100 000	100 000
Local registered stock									
Instalment Credit							4 541	3 219	1 713
Financial Leases		623	260						
<b>Total Borrowing</b>	<b>247 081</b>	<b>341 204</b>	<b>364 654</b>	<b>391 789</b>	<b>391 789</b>	<b>391 789</b>	<b>411 766</b>	<b>428 224</b>	<b>441 696</b>

Unspent Borrowing - Categorised by type									
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)		18 255							
Long-Term Loans (non-annuity)									
<b>Total Unspent Borrowing</b>	<b>-</b>	<b>18 255</b>	<b>-</b>						

**WC032 Overstrand - Supporting Table SA18 Transfers and grant receipts**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>28 670</b>	<b>33 973</b>	<b>39 528</b>	<b>44 783</b>	<b>45 383</b>	<b>45 383</b>	<b>56 173</b>	<b>66 665</b>	<b>74 746</b>
Local Government Equitable Share	26 920	31 156	36 146	41 949	41 949	41 949	52 021	64 199	72 027
Finance Management	1 000	1 250	1 250	700	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement	750	790	800	890	890	890	934	966	1 019
EPWP Incentive		777	1 332	1 244	1 244	1 244	1 768		
Other transfers/grants [insert description]									
<b>Provincial Government:</b>	<b>27 236</b>	<b>783</b>	<b>2 727</b>	<b>23 601</b>	<b>24 718</b>	<b>24 718</b>	<b>3 551</b>	<b>17 372</b>	<b>25 163</b>
Housing	26 488		1 659	20 045	19 845	19 845		10 702	21 264
Emergency Housing Programme (EHP)					200	200	220	242	266
Provincial Library Grant	608	640	704	805	805	805	3 182	6 373	3 575
Financial Management Support Grant					800	800			
Greenest Municipality					50	50			
Community Development Worker Grant	100	78	81		49	49	52	55	58
Main Road Subsidy	40	65	65	2 651	2 651	2 651	97		
Sport & Recreation Grant				100	100	100			
Housing consumer education/ Thusong Service Cent	-		218		218	218			
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>	<b>17 120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>883</b>	<b>883</b>	<b>-</b>	<b>-</b>	<b>-</b>
ACIP	15 770								
Prov Govt. Nelson Mandela Commemoration					100	100			
Prov Govt. ICT Projects for Libraries					25	25			
Table Mountain Fund					240	240			
Public Contr. KCIH					200	200			
Public Contr. Duitse Friedrich Naumann					319	319			
Mobility Strategy/National lotto/DWAF/etc	1 350	-							
<b>Total Operating Transfers and Grants</b>	<b>73 026</b>	<b>34 756</b>	<b>42 255</b>	<b>68 384</b>	<b>70 985</b>	<b>70 985</b>	<b>59 724</b>	<b>84 037</b>	<b>99 909</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>23 784</b>	<b>54 183</b>	<b>37 839</b>	<b>26 325</b>	<b>25 718</b>	<b>25 718</b>	<b>22 674</b>	<b>23 587</b>	<b>24 388</b>
Municipal Infrastructure Grant (MIG)	9 209	13 971	16 947	18 755	18 755	18 755	20 674	21 587	22 388
Public Transport and Systems			1 500						
Regional Bulk Infrastructure		36 212	15 174						
Neighbourhood Development Partnership	10 936	2 000	2 418	3 970	3 963	3 963			
Finance Management					600				
INEP/FMG/MSIG	3 639	2 000	1 800	3 000	3 000	3 000	2 000	2 000	2 000
<b>Provincial Government:</b>	<b>6 348</b>	<b>6 605</b>	<b>18 693</b>	<b>6 671</b>	<b>6 671</b>	<b>6 671</b>	<b>12 559</b>	<b>15 900</b>	<b>7 000</b>
Housing/ABS/CDW/Library	6 348	6 605	18 693	5 689	5 689	5 689	10 309	15 900	7 000
Sport & Recreation Grant							100		
Provincial Library Grant							2 150		
Pronicial Transport Infrastructure Grant				982	982	982			
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>	<b>1 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
Mobility strategy (pound)/ Walkways	1 000								
DWA ACIP							1 000		
Eskom Rebate/National Lotto									
<b>Total Capital Transfers and Grants</b>	<b>31 132</b>	<b>60 787</b>	<b>56 532</b>	<b>32 996</b>	<b>32 389</b>	<b>32 389</b>	<b>36 233</b>	<b>39 487</b>	<b>31 388</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>104 158</b>	<b>95 543</b>	<b>98 787</b>	<b>101 380</b>	<b>103 374</b>	<b>103 374</b>	<b>95 957</b>	<b>123 524</b>	<b>131 297</b>

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>1 750</b>	<b>2 817</b>	<b>2 810</b>	<b>3 434</b>	<b>3 084</b>	<b>3 084</b>	<b>4 152</b>	<b>2 466</b>	<b>2 719</b>
Local Government Equitable Share									
Finance Management		1 250	698	1 300	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement	1 000	790	780	890	540	540	934	966	1 019
EPWP Incentive	750	777	1 332	1 244	1 244	1 244	1 768		
Other transfers/grants [insert description]									
<b>Provincial Government:</b>	<b>29 707</b>	<b>4 032</b>	<b>2 722</b>	<b>23 601</b>	<b>25 271</b>	<b>25 271</b>	<b>3 575</b>	<b>17 372</b>	<b>25 163</b>
Housing	28 845	3 186	1 659	20 045	19 845	19 845		10 702	21 264
Emergency Housing Programme (EHP)					200	200	220	242	266
Provincial Library Grant	608	640	691	805	795	795	3 182	6 373	3 575
Financial Management Support Grant					800	800			
Greenest Municipality					50	50			
Community Development Worker Grant	100	78	70		49	49	52	55	58
Main Road Subsidy	40	65	65	2 651	3 314	3 314	121		
Sport & Recreation Grant				100					
Housing consumer education/ Thusong Service Cen	114	63	237		218	218			
<b>District Municipality:</b> [insert description]	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>14 187</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>
ACIP	13 250								
Prov Govt. Nelson Mandela Commemoration					100	100			
Public Contr. KCIH					200	200			
Mobility Strategy/National lotto/DWAF/etc	937	-	2						
<b>Total operating expenditure of Transfers and Grants:</b>	<b>45 644</b>	<b>6 849</b>	<b>5 534</b>	<b>27 035</b>	<b>28 655</b>	<b>28 655</b>	<b>7 727</b>	<b>19 838</b>	<b>27 882</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>17 243</b>	<b>54 183</b>	<b>36 911</b>	<b>25 725</b>	<b>22 105</b>	<b>22 105</b>	<b>22 674</b>	<b>23 587</b>	<b>24 388</b>
Municipal Infrastructure Grant (MIG)	6 631	13 971	16 947	18 755	18 755	18 755	20 674	21 587	22 388
Public Transport and Systems									
Regional Bulk Infrastructure		36 212	15 174						
Neighbourhood Development Partnership	6 973	2 000	2 418	3 970					
Municipal Systems Improvement					350	350			
Finance Management									
INEP/FMG/MSIG	3 639	2 000	2 372	3 000	3 000	3 000	2 000	2 000	2 000
<b>Provincial Government:</b>	<b>6 837</b>	<b>-</b>	<b>16 675</b>	<b>13 662</b>	<b>13 742</b>	<b>13 742</b>	<b>12 559</b>	<b>15 900</b>	<b>7 000</b>
Housing/ABS/CDW/Library	6 837	-	16 675	11 180	11 150	11 150	10 309	15 900	7 000
Sport & Recreation Grant					100	100	100		
Provincial Library Grant					10	10	2 150		
Mobility strategy (pound)/ Walkways	19	650	223	2 482	2 482	2 482			
<b>District Municipality:</b> [insert description]	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>24 080</b>	<b>54 183</b>	<b>53 586</b>	<b>39 387</b>	<b>35 847</b>	<b>35 847</b>	<b>35 233</b>	<b>39 487</b>	<b>31 388</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>69 724</b>	<b>61 032</b>	<b>59 120</b>	<b>66 422</b>	<b>64 502</b>	<b>64 502</b>	<b>42 960</b>	<b>59 325</b>	<b>59 270</b>

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	28 670	33 973	38 956	44 783	45 383	45 383	56 173	66 665	74 746
<b>Conditions met - transferred to revenue</b>	<b>28 670</b>	<b>33 973</b>	<b>38 956</b>	<b>44 783</b>	<b>45 383</b>	<b>45 383</b>	<b>56 173</b>	<b>66 665</b>	<b>74 746</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	205	129	66	-	-	-	-	-	-
Current year receipts	29 639	3 969	2 705	23 601	24 718	24 718	3 551	17 372	25 163
<b>Conditions met - transferred to revenue</b>	<b>29 714</b>	<b>4 032</b>	<b>2 724</b>	<b>23 601</b>	<b>24 718</b>	<b>24 718</b>	<b>3 551</b>	<b>17 372</b>	<b>25 163</b>
Conditions still to be met - transferred to liabilities	129	66	47	-	-	-	-	-	-
<b>District Municipality:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>58 384</b>	<b>38 005</b>	<b>41 680</b>	<b>68 384</b>	<b>70 101</b>	<b>70 101</b>	<b>59 724</b>	<b>84 037</b>	<b>99 909</b>
<b>Total operating transfers and grants - CTBM</b>	<b>129</b>	<b>66</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	14 575	40 212	19 964	26 325	25 718	25 718	22 674	23 587	24 388
<b>Conditions met - transferred to revenue</b>	<b>10 612</b>	<b>40 212</b>	<b>19 964</b>	<b>22 365</b>	<b>29 363</b>	<b>29 363</b>	<b>22 674</b>	<b>23 587</b>	<b>24 388</b>
Conditions still to be met - transferred to liabilities	3 963	-	-	3 960	(3 645)	(3 645)	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	981	3 750	6 991	-	-	-	-	-
Current year receipts	14 160	17 390	37 162	6 671	6 671	6 671	12 559	15 900	7 000
<b>Conditions met - transferred to revenue</b>	<b>13 179</b>	<b>14 621</b>	<b>33 845</b>	<b>13 662</b>	<b>6 671</b>	<b>6 671</b>	<b>12 559</b>	<b>15 900</b>	<b>7 000</b>
Conditions still to be met - transferred to liabilities	981	3 750	7 067	-	-	-	-	-	-
<b>District Municipality:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	1 000	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>23 791</b>	<b>54 833</b>	<b>53 809</b>	<b>36 028</b>	<b>36 034</b>	<b>36 034</b>	<b>36 233</b>	<b>39 487</b>	<b>31 388</b>
<b>Total capital transfers and grants - CTBM</b>	<b>4 944</b>	<b>3 750</b>	<b>7 067</b>	<b>3 960</b>	<b>(3 645)</b>	<b>(3 645)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>82 176</b>	<b>92 838</b>	<b>95 489</b>	<b>104 412</b>	<b>106 135</b>	<b>106 135</b>	<b>95 957</b>	<b>123 524</b>	<b>131 297</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>5 073</b>	<b>3 816</b>	<b>7 114</b>	<b>3 960</b>	<b>(3 645)</b>	<b>(3 645)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Cash Transfers to other municipalities</b> <i>Insert description</i>									
<b>Total Cash Transfers To Municipalities:</b>	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b> <i>Insert description</i>									
<b>Total Cash Transfers To Entities/Ems'</b>	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b> <i>Insert description</i>									
<b>Total Cash Transfers To Other Organs Of State:</b>	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b> <i>Grant-in-aid</i>	82	370	398		451	451	278	507	538
<i>Other</i>	-	-	-						
<b>Total Cash Transfers To Organisations</b>	82	370	398	-	451	451	278	507	538
<b>Cash Transfers to Groups of Individuals</b> <i>Indigent grant</i>	23 538	28 084	35 458	38 766	38 766	38 766	41 092	43 557	46 171
<b>Total Cash Transfers To Groups Of Individuals:</b>	23 538	28 084	35 458	38 766	38 766	38 766	41 092	43 557	46 171
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
<b>Non-Cash Transfers to other municipalities</b> <i>Insert description</i>									
<b>Total Non-Cash Transfers To Municipalities:</b>	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b> <i>Insert description</i>									
<b>Total Non-Cash Transfers To Entities/Ems'</b>	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b> <i>Insert description</i>									
<b>Total Non-Cash Transfers To Other Organs Of State:</b>	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b> <i>Insert description</i>									
<b>Total Non-Cash Grants To Organisations</b>	-	-	-	-	-	-	-	-	-
<b>Groups of Individuals</b> <i>Insert description</i>									
<b>Total Non-Cash Grants To Groups Of Individuals:</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708

**WC032 Overstrand - Supporting Table SA22 Summary councillor and staff benefits**

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	4 840	6 717	7 084	7 197	7 456	7 456	7 968	8 658	9 265
Pension and UIF Contributions									
Medical Aid Contributions									
Motor Vehicle Allowance									
Cellphone Allowance				380	522	522	548	411	438
Housing Allowances									
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>4 840</b>	<b>6 717</b>	<b>7 084</b>	<b>7 577</b>	<b>7 978</b>	<b>7 978</b>	<b>8 516</b>	<b>9 069</b>	<b>9 702</b>
<b>% increase</b>		<b>38,8%</b>	<b>5,5%</b>	<b>7,0%</b>	<b>5,3%</b>	<b>-</b>	<b>6,7%</b>	<b>6,5%</b>	<b>7,0%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	7 194	7 082	8 185	8 657	8 647	8 647	9 253	9 900	10 594
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance	126	128	139	146	146	146	163	173	183
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Municipality</b>	<b>7 320</b>	<b>7 210</b>	<b>8 324</b>	<b>8 803</b>	<b>8 793</b>	<b>8 793</b>	<b>9 416</b>	<b>10 073</b>	<b>10 777</b>
<b>% increase</b>		<b>(1,5%)</b>	<b>15,5%</b>	<b>5,7%</b>	<b>(0,1%)</b>	<b>-</b>	<b>7,1%</b>	<b>7,0%</b>	<b>7,0%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	106 593	116 931	132 897	146 098	156 684	156 684	176 384	191 406	204 567
Pension and UIF Contributions	26 519	21 014	23 993	27 080	27 758	27 758	29 294	31 148	33 222
Medical Aid Contributions	7 007	7 354	8 176	11 179	11 355	11 355	11 191	12 384	13 197
Overtime	10 485	12 030	12 423	12 233	11 146	11 146	13 897	14 870	15 911
Performance Bonus	8 028	9 483	10 823	12 011					
Motor Vehicle Allowance	7 026	8 240	9 178	10 714	10 870	10 870	11 481	11 711	11 981
Cellphone Allowance		725	1 924	1 356	1 367	1 367	1 475	1 526	1 609
Housing Allowances	968	1 023	1 046	945	951	951	1 006	972	972
Other benefits and allowances	13 387	10 461	11 256	9 082	9 118	9 118	11 118	11 633	12 427
Payments in lieu of leave				900	2 246	2 246	2 350	2 491	2 640
Long service awards			690	813	831	831	1 206	1 217	1 613
Post-retirement benefit obligations		13 467	10 795	9 630	11 335	11 335	11 875	12 588	13 343
<b>Sub Total - Other Municipal Staff</b>	<b>180 013</b>	<b>200 729</b>	<b>223 203</b>	<b>242 039</b>	<b>243 661</b>	<b>243 661</b>	<b>271 278</b>	<b>291 946</b>	<b>311 482</b>
<b>% increase</b>		<b>11,5%</b>	<b>11,2%</b>	<b>8,4%</b>	<b>0,7%</b>	<b>-</b>	<b>11,3%</b>	<b>7,6%</b>	<b>6,7%</b>
<b>Total Parent Municipality</b>	<b>192 173</b>	<b>214 656</b>	<b>238 611</b>	<b>258 419</b>	<b>260 431</b>	<b>260 431</b>	<b>289 209</b>	<b>311 088</b>	<b>331 961</b>
		<b>11,7%</b>	<b>11,2%</b>	<b>8,3%</b>	<b>0,8%</b>	<b>-</b>	<b>11,1%</b>	<b>7,6%</b>	<b>6,7%</b>

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

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<b>Councillors</b>							
Speaker	1	579 418		21 912			601 330
Chief Whip							-
Executive Mayor	1	724 246		21 912			746 158
Deputy Executive Mayor	1	579 418		21 912			601 330
Executive Committee	4	2 172 836		87 648			2 260 484
Total for all other councillors	18	3 911 814		394 416			4 306 230
<b>Total Councillors</b>	<b>25</b>	<b>7 967 732</b>	<b>-</b>	<b>547 800</b>			<b>8 515 532</b>
<b>Senior Managers of the Municipality</b>							
Municipal Manager (MM)	1	1 667 002		23 311			1 690 313
Chief Finance Officer	1	1 535 287		23 311			1 558 598
Management Services	1	1 152 104		23 311			1 175 415
Community Services	1	1 273 068		23 311			1 296 379
Infrastructure & Planning	1	1 539 190		23 311			1 562 501
LED	1	1 061 990		23 311			1 085 301
Protection Services	1	1 024 141		23 311			1 047 452
<b>Total Senior Managers of the Municipality</b>	<b>7</b>	<b>9 252 782</b>	<b>-</b>	<b>163 177</b>	<b>-</b>		<b>9 415 959</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>32</b>	<b>17 220 514</b>	<b>-</b>	<b>710 977</b>	<b>-</b>		<b>17 931 491</b>

**WC032 Overstrand - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	25	7		25	7		25	7	
Board Members of municipal entities									
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	7	7		7	7		7	7	
Other Managers	56	50		57	49		57	49	
Professionals	53	51	–	53	52	–	54	52	–
<i>Finance</i>	22	21		22	21		22	21	
<i>Spatial/town planning</i>	8	7		8	8		9	8	
<i>Information Technology</i>									
<i>Roads</i>	8	8		8	8		8	8	
<i>Electricity</i>	5	5		5	5		5	5	
<i>Water</i>	4	4		4	4		4	4	
<i>Sanitation</i>	3	3		3	3		3	3	
<i>Refuse</i>	3	3		3	3		3	3	
<i>Other</i>									
Technicians	213	184	–	213	203	–	213	203	–
<i>Finance</i>									
<i>Spatial/town planning</i>	6	6		6	6		6	6	
<i>Information Technology</i>	3	3		3	3		3	3	
<i>Roads</i>	3	2		3	2		3	2	
<i>Electricity</i>	22	17		22	18		22	18	
<i>Water</i>	4	2		4	2		4	2	
<i>Sanitation</i>	6	3		6	4		6	4	
<i>Refuse</i>	3	3		3	3		3	3	
<i>Other</i>	166	148		166	165		166	165	
Clerks (Clerical and administrative)	187	176		189	177		189	177	
Service and sales workers	54	52		54	51		54	51	
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	42	26		42	23		42	23	
Elementary Occupations	487	471		487	474		487	474	
<b>TOTAL PERSONNEL NUMBERS</b>	<b>1 124</b>	<b>1 024</b>	<b>–</b>	<b>1 127</b>	<b>1 043</b>	<b>–</b>	<b>1 128</b>	<b>1 043</b>	<b>–</b>
% increase				0,3%	1,9%	–	0,1%	–	–
<b>Total municipal employees headcount</b>	<b>1 099</b>	<b>1 031</b>		<b>1 102</b>	<b>1 036</b>		<b>1 102</b>	<b>1 036</b>	
Finance personnel headcount	126	117		126	116		126	11	
Human Resources personnel headcount	17	15		19	18		19	18	

**WC032 Overstrand - Supporting Table SA25 Budgeted monthly revenue and expenditure**

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Revenue By Source</b>															
Property rates	14 269	12 174	12 159	12 263	12 164	12 263	12 211	12 307	12 223	12 428	12 173	12 006	148 640	158 025	165 498
Property rates - penalties & collection charges	81	99	93	79	80	78	78	79	78	76	73	155	1 050	1 103	1 158
Service charges - electricity revenue	30 670	29 815	27 877	25 232	24 179	24 160	21 249	18 683	24 652	26 355	27 433	29 782	310 085	333 146	349 869
Service charges - water revenue	6 589	5 524	6 593	6 613	8 606	9 583	11 699	9 198	9 063	8 593	6 703	7 131	95 897	99 943	105 503
Service charges - sanitation revenue	4 432	4 370	4 758	4 609	5 073	5 705	7 064	5 544	5 838	5 072	5 039	5 952	63 455	66 997	70 759
Service charges - refuse revenue	4 742	4 660	4 714	4 736	4 748	4 737	4 521	4 697	4 701	4 711	4 685	4 480	56 130	59 500	63 074
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	667	494	445	514	1 052	923	667	473	665	343	277	1 446	7 966	8 739	9 615
Interest earned - external investments	562	521	577	610	581	586	466	540	425	543	605	152	6 166	6 210	6 255
Interest earned - outstanding debtors	193	213	196	197	177	188	191	197	191	191	188	166	2 288	2 234	2 322
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	498	431	588	498	415	930	623	991	636	873	607	876	7 965	7 378	7 817
Licences and permits	185	205	143	168	160	145	217	205	165	196	203	238	2 229	2 447	2 686
Agency services	174	164	142	205	212	181	228	172	170	198	200	433	2 480	2 727	3 000
Transfers recognised - operational	13 386	112	239	91	243	17 444	344	2 233	8 542	8 055	849	8 186	59 724	84 037	99 909
Other revenue	1 679	1 202	1 406	2 458	2 108	1 850	1 453	1 248	1 582	1 868	1 727	3 035	21 617	22 855	24 404
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>78 126</b>	<b>59 983</b>	<b>59 931</b>	<b>58 272</b>	<b>59 798</b>	<b>78 772</b>	<b>61 012</b>	<b>56 568</b>	<b>68 931</b>	<b>69 502</b>	<b>60 760</b>	<b>74 038</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
<b>Expenditure By Type</b>															
Employee related costs	18 644	19 624	19 996	19 446	30 484	29 524	23 313	24 613	21 744	25 434	20 170	27 700	280 694	302 019	322 259
Remuneration of councillors	709	709	709	709	709	709	709	709	709	709	709	717	8 516	9 069	9 702
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	9 591	9 591	9 591	9 591	9 591	9 591	9 521	9 521	9 583	9 583	9 583	3 928	109 265	111 199	112 750
Finance charges	141	-	-	4 907	-	9 478	-	-	121	8 128	-	21 760	44 535	46 691	48 839
Bulk purchases	2 709	20 776	21 093	9 127	10 994	18 036	13 741	12 741	15 160	18 121	13 346	13 599	169 444	183 000	197 640
Other materials	1 512	1 961	1 108	1 474	1 706	1 557	1 059	1 059	942	1 044	1 480	2 393	17 295	20 201	19 151
Contracted services	829	5 309	3 140	5 613	4 605	3 937	4 823	6 823	8 075	18 059	10 840	8 386	80 439	95 248	100 837
Transfers and grants	3 443	3 522	3 505	3 406	3 331	3 690	1 388	2 914	2 934	2 923	8 927	8 927	41 370	44 065	46 708
Other expenditure	5 968	8 542	9 156	10 456	12 240	10 117	18 537	9 683	6 465	9 681	7 778	9 247	117 869	142 288	157 571
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>43 547</b>	<b>70 035</b>	<b>68 299</b>	<b>64 729</b>	<b>73 660</b>	<b>86 640</b>	<b>73 091</b>	<b>66 537</b>	<b>65 713</b>	<b>93 693</b>	<b>66 828</b>	<b>96 655</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(10 052)</b>	<b>(8 368)</b>	<b>(6 457)</b>	<b>(13 863)</b>	<b>(7 868)</b>	<b>(12 079)</b>	<b>(9 969)</b>	<b>3 218</b>	<b>(24 192)</b>	<b>(6 068)</b>	<b>(22 618)</b>	<b>(83 736)</b>	<b>(98 441)</b>	<b>(103 591)</b>
Transfers recognised - capital	-	2 024	1 533	3 009	4 632	7 264	3 553	472	1 671	4 683	2 084	4 305	35 233	39 487	31 388
Contributions recognised - capital	-	-	-	-	-	500	-	-	-	-	-	500	1 000	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Revenue by Vote</b>															
Vote 1 - Council	18 713	27	22	399	45	15 394	27	25	13 377	4 946	29	333	53 339	65 569	73 550
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	115	46	8	212	65	9	113	39	36	111	60	96	910	961	962
Vote 4 - Finance	18 026	15 549	15 705	15 844	15 531	15 551	15 601	7 380	12 747	13 212	13 251	11 263	169 661	179 861	188 464
Vote 5 - Community Services	14 878	24 080	19 067	17 660	7 846	24 652	23 583	19 806	21 074	26 037	22 343	43 057	264 083	293 832	307 451
Vote 6 - Local Economic Development	24	318	218	340	34	524	121	65	80	500	250	494	2 968	1 200	1 200
Vote 7 - Infrastructure & Planning	25 528	21 259	25 861	25 867	39 959	29 633	23 892	28 334	22 157	27 988	25 737	21 564	317 779	340 309	357 549
Vote 8 - Protection Services	842	726	584	959	950	772	1 227	1 390	1 131	1 391	1 174	2 037	13 184	13 093	14 079
<b>Total Revenue by Vote</b>	<b>78 126</b>	<b>62 006</b>	<b>61 464</b>	<b>61 282</b>	<b>64 430</b>	<b>86 536</b>	<b>64 565</b>	<b>57 040</b>	<b>70 602</b>	<b>74 185</b>	<b>62 844</b>	<b>78 843</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Council	4 345	4 454	4 424	4 681	5 462	5 967	4 465	3 104	4 589	5 387	4 010	12 041	62 928	67 152	71 111
Vote 2 - Municipal Manager	48	25	49	88	62	129	132	74	55	163	67	123	1 014	1 041	1 120
Vote 3 - Management Services	1 357	1 479	1 468	755	951	1 515	803	1 074	1 373	202	918	2 904	14 798	16 424	17 460
Vote 4 - Finance	2 862	1 404	3 678	3 655	3 193	3 012	2 253	1 795	856	1 340	1 273	218	25 539	33 250	30 904
Vote 5 - Community Services	10 879	29 000	22 858	27 872	34 665	49 467	36 975	35 596	23 471	45 143	34 896	35 028	385 850	446 618	479 319
Vote 6 - Local Economic Development	382	798	622	502	649	519	687	662	1 729	763	1 115	2 770	11 199	10 756	11 385
Vote 7 - Infrastructure & Planning	21 282	29 714	31 803	23 400	24 372	22 883	23 248	20 270	29 726	35 362	20 978	35 670	318 707	325 628	347 695
Vote 8 - Protection Services	2 391	3 161	3 396	3 775	4 307	3 148	4 529	3 961	3 915	5 334	3 571	7 902	49 390	52 911	56 464
<b>Total Expenditure by Vote</b>	<b>43 547</b>	<b>70 035</b>	<b>68 299</b>	<b>64 729</b>	<b>73 660</b>	<b>86 640</b>	<b>73 091</b>	<b>66 537</b>	<b>65 713</b>	<b>93 693</b>	<b>66 828</b>	<b>96 655</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Taxation												-	-	-	-
Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Revenue - Standard</b>															
<i>Governance and administration</i>	<b>37 247</b>	<b>15 889</b>	<b>16 109</b>	<b>17 212</b>	<b>16 411</b>	<b>26 031</b>	<b>16 398</b>	<b>7 900</b>	<b>24 378</b>	<b>19 016</b>	<b>13 824</b>	<b>20 660</b>	<b>231 075</b>	<b>253 526</b>	<b>267 382</b>
Executive and council	18 697	31	25	404	45	10 053	29	60	11 240	4 943	30	7 824	53 380	65 610	73 591
Budget and treasury office	18 026	15 549	15 705	15 844	15 531	15 551	15 601	7 380	12 747	13 212	13 251	11 263	169 661	179 861	188 464
Corporate services	523	309	379	965	835	427	768	459	391	862	543	1 572	8 034	8 055	5 328
<i>Community and public safety</i>	<b>2 480</b>	<b>1 628</b>	<b>1 280</b>	<b>2 855</b>	<b>2 142</b>	<b>3 196</b>	<b>2 574</b>	<b>3 621</b>	<b>3 080</b>	<b>3 046</b>	<b>3 162</b>	<b>6 925</b>	<b>35 988</b>	<b>53 804</b>	<b>64 234</b>
Community and social services	222	218	173	184	165	150	138	70	336	195	401	147	2 398	3 600	6 766
Sport and recreation	261	295	283	353	801	781	553	871	344	505	480	3 987	9 514	9 867	14 419
Public safety	842	726	584	959	950	772	1 227	1 390	1 131	1 391	1 174	2 037	13 184	13 093	14 079
Housing	1 155	390	240	1 359	226	1 492	656	1 290	1 269	954	1 107	754	10 892	27 243	28 969
Health												-	-	-	-
<i>Economic and environmental services</i>	<b>255</b>	<b>1 008</b>	<b>871</b>	<b>1 341</b>	<b>277</b>	<b>1 508</b>	<b>510</b>	<b>1 064</b>	<b>706</b>	<b>1 335</b>	<b>1 408</b>	<b>3 555</b>	<b>13 839</b>	<b>7 721</b>	<b>9 314</b>
Planning and development	238	664	510	764	252	1 224	376	291	489	694	466	2 397	8 365	6 037	6 520
Road transport	9	339	356	572	20	265	125	754	217	641	942	1 158	5 397	1 600	2 700
Environmental protection	8	5	5	5	5	18	9	19	0	0	0	(0)	76	84	93
<i>Trading services</i>	<b>38 144</b>	<b>43 480</b>	<b>43 204</b>	<b>39 873</b>	<b>45 600</b>	<b>55 801</b>	<b>45 084</b>	<b>44 456</b>	<b>42 437</b>	<b>50 788</b>	<b>44 450</b>	<b>47 704</b>	<b>541 022</b>	<b>579 775</b>	<b>602 325</b>
Electricity	22 182	26 237	26 107	19 702	21 841	31 589	22 079	30 979	23 531	32 157	27 581	28 320	312 305	335 388	352 135
Water	6 682	7 836	7 300	9 255	12 549	11 531	11 712	1 075	8 100	7 721	6 691	6 420	96 872	106 070	111 585
Waste water management	4 837	5 053	5 383	6 478	6 575	8 191	7 075	8 009	6 413	6 496	5 801	1 844	72 155	77 967	75 459
Waste management	4 443	4 354	4 415	4 437	4 635	4 490	4 218	4 393	4 394	4 414	4 377	11 120	59 691	60 350	63 146
<i>Other</i>													-	-	-
<b>Total Revenue - Standard</b>	<b>78 126</b>	<b>62 006</b>	<b>61 464</b>	<b>61 282</b>	<b>64 430</b>	<b>86 536</b>	<b>64 565</b>	<b>57 040</b>	<b>70 602</b>	<b>74 185</b>	<b>62 844</b>	<b>78 843</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure - Standard</b>															
<i>Governance and administration</i>	<b>7 515</b>	<b>8 246</b>	<b>9 530</b>	<b>10 444</b>	<b>11 968</b>	<b>15 526</b>	<b>7 725</b>	<b>7 262</b>	<b>7 466</b>	<b>17 457</b>	<b>8 622</b>	<b>15 188</b>	<b>126 949</b>	<b>146 621</b>	<b>150 550</b>
Executive and council	4 281	4 597	4 683	4 922	6 078	11 179	4 869	3 509	5 351	6 324	4 914	5 569	66 276	75 146	79 304
Budget and treasury office	2 862	1 404	3 678	3 655	3 193	3 012	2 253	1 795	856	1 340	1 273	218	25 539	33 250	30 904
Corporate services	372	2 244	1 170	1 867	2 698	1 336	603	1 958	1 259	9 793	2 435	9 400	35 134	38 225	40 342
<i>Community and public safety</i>	<b>5 864</b>	<b>7 391</b>	<b>7 517</b>	<b>8 373</b>	<b>10 189</b>	<b>8 012</b>	<b>8 232</b>	<b>11 373</b>	<b>7 974</b>	<b>17 085</b>	<b>7 617</b>	<b>14 861</b>	<b>114 489</b>	<b>132 786</b>	<b>151 719</b>
Community and social services	2 093	2 481	2 417	2 646	3 686	2 508	1 254	5 366	2 273	2 718	2 417	2 277	32 137	33 840	36 083
Sport and recreation	1 297	1 608	1 612	1 768	2 008	2 245	2 348	1 852	1 683	1 902	1 519	3 199	23 042	24 979	26 929
Public safety	2 391	3 161	3 396	3 775	4 307	3 148	4 529	3 961	3 915	5 334	3 571	8 446	49 934	53 484	57 062
Housing	83	141	91	183	188	111	101	193	103	7 131	110	939	9 375	20 483	31 644
Health													-	-	-
<i>Economic and environmental services</i>	<b>7 334</b>	<b>8 575</b>	<b>9 635</b>	<b>10 746</b>	<b>11 284</b>	<b>10 778</b>	<b>11 787</b>	<b>9 835</b>	<b>15 925</b>	<b>17 457</b>	<b>15 676</b>	<b>10 760</b>	<b>139 791</b>	<b>148 212</b>	<b>154 339</b>
Planning and development	1 574	2 340	3 037	2 540	3 917	2 765	2 165	2 763	8 636	3 052	2 889	1 819	37 498	38 304	40 801
Road transport	5 422	5 893	6 217	7 857	6 632	7 503	9 153	6 586	6 778	14 009	12 169	6 966	95 184	101 235	104 258
Environmental protection	339	342	381	349	735	510	469	486	510	396	619	1 975	7 110	8 672	9 280
<i>Trading services</i>	<b>22 834</b>	<b>45 823</b>	<b>41 616</b>	<b>35 166</b>	<b>40 219</b>	<b>52 323</b>	<b>45 346</b>	<b>38 067</b>	<b>34 348</b>	<b>41 694</b>	<b>34 913</b>	<b>55 847</b>	<b>488 197</b>	<b>526 162</b>	<b>558 850</b>
Electricity	11 755	32 073	27 478	18 396	22 447	31 452	30 739	23 865	20 201	22 152	19 887	11 841	272 285	275 899	295 013
Water	4 615	5 482	5 597	7 790	6 741	9 251	6 461	6 035	6 033	9 032	5 818	20 502	93 357	114 724	119 367
Waste water management	3 717	4 404	4 414	5 026	5 509	7 264	3 201	4 436	3 934	5 166	4 901	14 938	66 910	75 498	79 013
Waste management	2 746	3 863	4 128	3 955	5 522	4 356	4 945	3 732	4 180	5 345	4 307	8 567	55 645	60 041	65 458
<i>Other</i>													-	-	-
<b>Total Expenditure - Standard</b>	<b>43 547</b>	<b>70 035</b>	<b>68 299</b>	<b>64 729</b>	<b>73 660</b>	<b>86 640</b>	<b>73 091</b>	<b>66 537</b>	<b>65 713</b>	<b>93 693</b>	<b>66 828</b>	<b>96 655</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Share of surplus/ (deficit) of associate													-	-	-
<b>Surplus/(Deficit)</b>	<b>34 579</b>	<b>(8 029)</b>	<b>(6 835)</b>	<b>(3 448)</b>	<b>(9 230)</b>	<b>(103)</b>	<b>(8 525)</b>	<b>(9 497)</b>	<b>4 889</b>	<b>(19 508)</b>	<b>(3 983)</b>	<b>(17 812)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Multi-year expenditure to be appropriated</b>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services			100		750							-	850	-	-
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services	6 550	7 200	6 800	7 400	3 099	3 980	3 750	4 774	4 280	4 905	2 700	16 200	71 638	66 662	58 718
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning	1 074	339	161	593	536	3 518	3 854	1 712	2 014	2 838	1 473	2 374	20 485	19 500	22 500
Vote 8 - Protection Services												-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7 624</b>	<b>7 539</b>	<b>7 061</b>	<b>7 993</b>	<b>4 385</b>	<b>7 498</b>	<b>7 604</b>	<b>6 486</b>	<b>6 294</b>	<b>7 743</b>	<b>4 173</b>	<b>18 574</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services												-	-	-	-
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services												-	-	-	-
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning												-	-	-	-
Vote 8 - Protection Services												-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>7 624</b>	<b>7 539</b>	<b>7 061</b>	<b>7 993</b>	<b>4 385</b>	<b>7 498</b>	<b>7 604</b>	<b>6 486</b>	<b>6 294</b>	<b>7 743</b>	<b>4 173</b>	<b>18 574</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

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

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	330	140	250	1 150	1 000	2 650	100	285	900	300	900	8 030	16 034	2 675	8 830
Executive and council												-	-	-	-
Budget and treasury office												-	-	-	-
Corporate services	330	140	250	1 150	1 000	2 650	100	285	900	300	900	8 030	16 034	2 675	8 830
<b>Community and public safety</b>	3 800	3 750	2 200	2 750	49	1 080	450	674	1 080	355	-	1 050	17 238	18 839	13 800
Community and social services		500	200	750		355	450	200	1 080	355		-	3 890	-	-
Sport and recreation	500	500	500	500								1 039	3 039	2 939	6 800
Public safety												-	-	-	-
Housing	3 300	2 750	1 500	1 500	49	725		474				11	10 309	15 900	7 000
Health												-	-	-	-
<b>Economic and environmental services</b>	1 000	1 200	1 550	1 350	-	-	-	-	-	150	-	150	5 400	4 900	4 000
Planning and development												-	-	-	-
Road transport	1 000	1 200	1 550	1 350						150		150	5 400	4 900	4 000
Environmental protection												-	-	-	-
<b>Trading services</b>	2 594	2 449	3 061	3 743	3 336	5 768	7 054	5 527	4 914	6 938	3 773	5 144	54 300	59 748	54 588
Electricity	844	199	11	443	286	2 868	3 754	1 427	1 714	2 538	1 073	1 844	17 000	18 500	18 500
Water	1 000	1 100	1 200	1 200	800	600	1 300	1 300	1 300	1 400	1 400	1 200	13 800	26 594	26 488
Waste water management	650	1 050	1 450	1 600	1 350	1 000	500	1 200	1 400	1 500	800	800	13 300	14 654	9 600
Waste management	100	100	400	500	900	1 300	1 500	1 600	500	1 500	500	1 300	10 200	-	-
<b>Other</b>												-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>7 724</b>	<b>7 539</b>	<b>7 061</b>	<b>8 993</b>	<b>4 385</b>	<b>9 498</b>	<b>7 604</b>	<b>6 486</b>	<b>6 893</b>	<b>7 743</b>	<b>4 673</b>	<b>14 374</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Funded by:</b>															
National Government	2 724	2 000				5 000	3 500	2 000	2 000	4 000	1 450	-	22 674	23 587	24 388
Provincial Government			789			1 250	4 104	2 500	1 550	650	790	926	12 559	15 900	7 000

WC032 Overstrand - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Receipts By Source</b>													1			
Property rates	14 235	12 142	12 127	12 229	12 132	12 231	12 180	12 272	12 192	12 396	12 141	11 977	148 254	157 839	165 416	
Property rates - penalties & collection charges	81	99	93	79	80	78	78	79	78	76	73	155	1 050	1 103	1 158	
Service charges - electricity revenue	30 596	29 738	27 804	25 163	24 115	24 098	21 194	18 629	24 589	26 288	27 362	29 710	309 285	332 754	349 694	
Service charges - water revenue	6 573	5 509	6 576	6 595	8 584	9 559	11 669	9 171	9 040	8 571	6 686	7 114	95 648	99 825	105 450	
Service charges - sanitation revenue	4 421	4 359	4 745	4 596	5 060	5 691	7 046	5 528	5 823	5 059	5 025	5 937	63 290	66 918	70 723	
Service charges - refuse revenue	4 731	4 648	4 702	4 723	4 735	4 724	4 509	4 683	4 689	4 699	4 672	4 469	55 984	59 430	63 042	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	665	493	444	513	1 049	921	666	472	663	342	276	1 442	7 946	8 729	9 610	
Interest earned - external investments	562	521	577	610	581	586	466	540	425	543	605	152	6 166	6 210	6 255	
Interest earned - outstanding debtors	193	213	196	197	177	188	191	197	191	191	188	166	2 288	2 234	2 322	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	498	431	588	498	415	930	623	991	636	873	607	876	7 965	7 378	7 817	
Licences and permits	185	205	143	168	160	145	217	205	165	196	203	238	2 229	2 447	2 686	
Agency services	174	164	142	205	212	181	228	172	170	198	200	433	2 480	2 727	3 000	
Transfer receipts - operational	13 386	112	239	91	243	17 444	344	2 233	8 542	8 055	849	8 186	59 724	84 037	99 909	
Other revenue	1 262	786	990	2 042	1 692	1 433	1 037	832	1 165	1 452	1 310	2 618	16 619	27 450	15 379	
<b>Cash Receipts by Source</b>	<b>77 562</b>	<b>59 419</b>	<b>59 367</b>	<b>57 709</b>	<b>59 234</b>	<b>78 208</b>	<b>60 448</b>	<b>56 005</b>	<b>68 367</b>	<b>68 938</b>	<b>60 196</b>	<b>73 474</b>	<b>778 928</b>	<b>859 079</b>	<b>902 459</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	-	2 024	1 533	3 009	4 632	7 264	3 553	472	1 671	4 683	2 084	4 305	35 233	39 487	31 388	
Contributions recognised - capital & Contributed assets	-	-	-	-	-	500	-	-	-	-	-	500	1 000	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	6 482	(83)	(84)	(85)	(86)	(86)	(87)	(88)	(89)	(273)	5 520	(1 176)	(1 323)	
Borrowing long term/refinancing	-	-	-	-	-	-	40 000	-	-	-	-	-	40 000	45 000	45 000	
Increase (decrease) in consumer deposits	225	225	225	225	225	225	225	225	225	225	225	225	2 703	2 893	3 095	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39 500	
Decrease (increase) other non-current receivables	1	1	1	1	1	1	1	1	1	1	1	1	15	14	14	
Decrease (increase) in non-current investments	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(5 827)	(5 618)	(5 683)	
<b>Total Cash Receipts by Source</b>	<b>77 303</b>	<b>61 184</b>	<b>67 123</b>	<b>60 376</b>	<b>63 524</b>	<b>85 629</b>	<b>103 657</b>	<b>56 131</b>	<b>69 692</b>	<b>73 274</b>	<b>61 932</b>	<b>77 747</b>	<b>857 573</b>	<b>939 679</b>	<b>1 014 450</b>	
<b>Cash Payments by Type</b>																
Employee related costs	18 325	19 305	19 677	19 127	30 165	29 205	22 994	24 294	21 425	25 114	19 850	27 381	276 860	297 074	317 056	
Remuneration of councillors	709	709	709	709	709	709	709	709	709	709	709	717	8 516	9 069	9 702	
Finance charges	141	-	-	4 907	-	9 478	-	-	121	8 128	-	21 760	44 535	46 691	48 839	
Bulk purchases - Electricity	2 709	20 776	21 093	9 127	10 994	18 036	13 741	12 741	15 160	18 121	13 346	13 599	169 444	183 000	197 640	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	1 512	1 961	1 108	1 474	1 706	1 557	1 059	1 059	942	1 044	1 480	2 393	17 295	20 201	19 151	
Contracted services	829	5 309	3 140	5 613	4 605	3 937	4 823	6 823	8 075	18 059	10 840	8 386	80 439	95 248	100 837	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	3 443	3 522	3 505	3 406	3 331	3 690	1 388	1 388	2 914	2 934	2 923	8 927	41 370	44 065	46 708	
Other expenditure	4 598	7 173	7 787	9 086	10 870	8 748	17 167	8 314	5 096	8 311	6 408	7 877	101 436	129 276	162 641	
<b>Cash Payments by Type</b>	<b>32 267</b>	<b>58 755</b>	<b>57 019</b>	<b>53 449</b>	<b>62 380</b>	<b>75 359</b>	<b>61 880</b>	<b>55 327</b>	<b>54 441</b>	<b>82 422</b>	<b>55 556</b>	<b>91 039</b>	<b>739 895</b>	<b>824 624</b>	<b>902 576</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	7 724	7 539	7 061	8 993	4 385	9 498	7 604	6 486	6 893	7 743	4 673	14 374	92 972	86 162	81 218	
Repayment of borrowing	998	-	57	4 408	965	3 588	1 002	-	61	4 698	1 033	4 252	21 061	23 929	27 220	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Payments by Type</b>	<b>40 988</b>	<b>66 294</b>	<b>64 137</b>	<b>66 849</b>	<b>67 730</b>	<b>88 445</b>	<b>70 487</b>	<b>61 813</b>	<b>61 396</b>	<b>94 863</b>	<b>61 263</b>	<b>109 665</b>	<b>853 929</b>	<b>934 715</b>	<b>1 011 013</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 315</b>	<b>(5 110)</b>	<b>2 987</b>	<b>(6 473)</b>	<b>(4 207)</b>	<b>(2 816)</b>	<b>33 171</b>	<b>(5 682)</b>	<b>8 296</b>	<b>(21 589)</b>	<b>669</b>	<b>(31 918)</b>	<b>3 644</b>	<b>4 964</b>	<b>3 437</b>	
Cash/cash equivalents at the month/year begin:	84 406	120 721	115 611	118 598	112 124	107 918	105 102	138 273	132 591	140 887	119 298	119 968	84 406	88 050	93 014	
Cash/cash equivalents at the month/year end:	120 721	115 611	118 598	112 124	107 918	105 102	138 273	132 591	140 887	119 298	119 968	88 050	88 050	93 014	96 452	

**WC032 Overstrand - Supporting Table SA32 List of external mechanisms**

External mechanism  Name of organisation	Yrs/ Mths	Period of agreement 1.  Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.  R thousand
Outsourcing of sub function solid waste : Overstrand Mun	Mths	107	Outsourcing of sub function solid waste	30 October 2022	126 345
Outsourcing of sub function solid waste : Overstrand Mun	Mths	96	Outsourcing of sub function solid waste	01 May 2017	18 651
<p>Note: Overstrand make use of contractual agreements to support the implementation of core function, but the definition of outsourcing do not apply to the other contracts entered into, due to ownership that is kept within the organisation</p>					

WC032 Overstrand - Supporting Table SA33 Contracts having future budgetary implications

Description	Preceding Years	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Total Contract Value
	Total	Original Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Estimate							
<b>Parent Municipality:</b>													
<b>Revenue Obligation By Contract</b>													
<i>Contract 1: SC1127/2011 Leasing for the operation of illuminated street signs in the Overstrand Municipality area. Term of contract 01/07/2012 until 31/05/2022</i>		185	194	204	214	224	236	247	260	273	263		2 298
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
<b>Total Operating Revenue Implication</b>	-	185	194	204	214	224	236	247	260	273	263	-	2 298
<b>Expenditure Obligation By Contract</b>													
<i>Contract 1: SC8679/2010 Operation of the mechanised material recovery facility at the Hermanus solid waste transfer station. Term of contract 01/12/2013 until 30/10/2022</i>		730	1 130	1 216	1 309	1 409	1 519	1 639	1 770	1 912			12 634
<i>Contract 2: SC879/2010 Operation of the Gansbaai landfill and public drop offs in greater Gansbaai and Starford. Term of contract 01/05/2010 until 01/05/2017</i>		3 555	3 388	2 949	3 323	3 697	1 738						18 650
<i>Contract 3 etc</i>													-
<b>Total Operating Expenditure Implication</b>	-	4 285	4 518	4 165	4 631	5 107	3 258	1 639	1 770	1 912	-	-	31 284
<b>Capital Expenditure Obligation By Contract</b>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
<b>Total Capital Expenditure Implication</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Parent Expenditure Implication</b>	-	4 285	4 518	4 165	4 631	5 107	3 258	1 639	1 770	1 912	-	-	31 284

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>104 389</b>	<b>133 045</b>	<b>108 252</b>	<b>50 904</b>	<b>55 858</b>	<b>55 858</b>	<b>59 700</b>	<b>64 648</b>	<b>58 588</b>
Infrastructure - Road transport	20 923	12 754	15 578	9 160	9 360	9 360	6 200	6 900	5 000
Roads, Pavements & Bridges	15 761	5 477	10 720	9 160	9 160	9 160	5 400	4 900	4 000
Storm water	5 162	7 278	4 858		200	200	800	2 000	1 000
Infrastructure - Electricity	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Generation									
Transmission & Reticulation	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Street Lighting									
Infrastructure - Water	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Dams & Reservoirs									
Water purification	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Reticulation									
Infrastructure - Sanitation	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Reticulation									
Sewerage purification	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Infrastructure - Other	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Waste Management	1 859	196	5 359	1 400	3 041	3 041	10 200		
Transportation									
Gas									
Other									
<b>Community</b>	<b>17 814</b>	<b>6 183</b>	<b>20 997</b>	<b>13 189</b>	<b>13 609</b>	<b>13 609</b>	<b>20 722</b>	<b>19 839</b>	<b>17 800</b>
Parks & gardens			2 156						
Sportsfields & stadia	1 743	5 538	1 964	5 000	5 471	5 471	3 039	2 939	6 800
Swimming pools									
Community halls									
Libraries			3						
Recreational facilities									
Fire, safety & emergency									
Security and policing	19	645	223						
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing	7 118		16 651	5 689	3 366	3 366	10 309	15 900	7 000
Other	8 934		-	2 500	4 772	4 772	7 374	1 000	4 000
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings									
Other									
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development									
Other									
<b>Other assets</b>	<b>31 796</b>	<b>23 118</b>	<b>9 038</b>	<b>6 638</b>	<b>8 358</b>	<b>8 358</b>	<b>12 550</b>	<b>1 675</b>	<b>4 830</b>
General vehicles	2 847	6 800		4 695	4 695	4 695	10 525	1 000	4 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	1 629	3 838		600	1 030	1 030	850		
Furniture and other office equipment	3 202	148		1 343	2 633	2 633	1 175	675	830
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	24 118	12 332							
Other Land									
Surplus Assets - (Investment or Inventory)			9 038						
Other									
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Intangibles</b>	<b>118</b>	<b>928</b>	<b>1 330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming	118	928	1 330						
Other (list sub-class)									
<b>Total Capital Expenditure on new assets</b>	<b>154 117</b>	<b>163 275</b>	<b>139 617</b>	<b>70 731</b>	<b>77 825</b>	<b>77 825</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Refuse									
Fire									
Conservancy									
Ambulances									

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	131	32 610	38 826	38 826	-	-	-
Infrastructure - Road transport	-	-	131	8 710	7 069	7 069	-	-	-
Roads, Pavements & Bridges				8 710	7 069	7 069			
Storm water			131						
Infrastructure - Electricity	-	-	-	13 300	13 344	13 344	-	-	-
Generation									
Transmission & Reticulation				13 300	13 344	13 344			
Street Lighting									
Infrastructure - Water	-	-	-	8 600	15 440	15 440	-	-	-
Dams & Reservoirs				200	200	200			
Water purification									
Reticulation				8 400	15 240	15 240			
Infrastructure - Sanitation	-	-	-	2 000	2 974	2 974	-	-	-
Reticulation									
Sewerage purification				2 000	2 974	2 974			
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
<b>Community</b>	-	-	756	5 716	8 992	8 992	-	-	-
Parks & gardens									
Sportsfields & stadia				225	225	225			
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries			756						
Social rental housing				5 491	7 784	7 784			
Other					984	984			
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Buildings									
Other									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Housing development									
Other									
<b>Other assets</b>	-	-	3 260	-	-	-	-	-	-
General vehicles			3 260						
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
List sub-class									
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
List sub-class									
<b>Intangibles</b>	-	-	-	839	839	839	-	-	-
Computers - software & programming				839	839	839			
Other (list sub-class)									
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-	4 147	39 166	48 657	48 657	-	-	-
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
<b>Renewal of Existing Assets as % of total capex</b>	0,0%	0,0%	2,9%	35,6%	38,5%	38,5%	0,0%	0,0%	0,0%
<b>Renewal of Existing Assets as % of deprecn"</b>	0,0%	0,0%	3,9%	37,7%	47,7%	47,7%	0,0%	0,0%	0,0%

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>38 271</b>	<b>43 120</b>	<b>87 048</b>	<b>135 022</b>	<b>131 381</b>	<b>131 381</b>	<b>136 837</b>	<b>156 116</b>	<b>162 973</b>
Infrastructure - Road transport	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
<i>Roads, Pavements &amp; Bridges</i>	25 391	25 231	39 790	58 578	60 122	60 122	62 250	68 195	71 362
<i>Storm water</i>	588	611	2 446	3 907	3 694	3 694	6 312	6 704	7 130
Infrastructure - Electricity	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Generation</i>									
<i>Transmission &amp; Reticulation</i>	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Street Lighting</i>									
Infrastructure - Water	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
<i>Dams &amp; Reservoirs</i>	3 568	52	80						
<i>Water purification</i>		1 709	1 963						
<i>Reticulation</i>		5 132	19 459	28 574	27 464	27 464	26 794	36 728	36 961
Infrastructure - Sanitation	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
<i>Reticulation</i>	3 564	3 687	6 623						
<i>Sewerage purification</i>		882	1 085	14 662	16 443	16 443	14 153	18 398	19 663
Infrastructure - Other	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<i>Waste Management</i>	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>									
<b>Community</b>	<b>3 574</b>	<b>6 012</b>	<b>5 408</b>	<b>8 252</b>	<b>8 749</b>	<b>8 749</b>	<b>9 298</b>	<b>10 114</b>	<b>11 373</b>
Parks & gardens	993	1 410	1 503	2 568	2 602	2 602	2 819	3 010	3 233
Sportsfields & stadia	399	456	956	1 034	959	959	1 023	1 152	1 221
Swimming pools	312	228	289	303	224	224	302	331	347
Community halls	1 017	734	916	904	1 128	1 128	906	906	975
Libraries	110	180	161	221	235	235	171	197	213
Recreational facilities									
Fire, safety & emergency	641	538	848	841	975	975	1 185	1 291	1 407
Security and policing		524	546	638	630	630	781	859	945
Buses				-					
Clinics				-					
Museums & Art Galleries				-					
Cemeteries	103	37	62	55	51	51	53	57	62
Social rental housing				317	317	317	335	346	350
Other		1 905	125	1 372	1 627	1 627	1 724	1 965	2 622
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings									
Other									
<b>Investment properties</b>	<b>199</b>	<b>270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development	199	270							
Other									
<b>Other assets</b>	<b>16 195</b>	<b>15 443</b>	<b>21 958</b>	<b>20 086</b>	<b>14 666</b>	<b>14 666</b>	<b>15 963</b>	<b>21 086</b>	<b>21 989</b>
General vehicles	4 600	4 682	5 399						
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	4 215	4 309	5 035	5 852	4 737	4 737	6 157	6 490	6 826
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	1 449	1 023	1 368	1 173	1 133	1 133	1 214	1 299	1 376
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	5 931	5 429	10 156	13 061	8 795	8 795	8 591	13 296	13 787
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>List sub-class</i>									
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>List sub-class</i>									
<b>Intangibles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming									
Other ( <i>list sub-class</i> )									
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Refuse									
Fire									
Conservancy									
Ambulances									
<b>R&amp;M as a % of PPE</b>	<b>1,9%</b>	<b>2,1%</b>	<b>3,7%</b>	<b>5,3%</b>	<b>5,0%</b>	<b>5,0%</b>	<b>5,3%</b>	<b>6,2%</b>	<b>6,5%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>9,1%</b>	<b>8,7%</b>	<b>15,3%</b>	<b>19,8%</b>	<b>18,7%</b>	<b>18,7%</b>	<b>18,6%</b>	<b>19,6%</b>	<b>19,3%</b>

**WC032 Overstrand - Supporting Table SA34d Depreciation by asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>89 270</b>	<b>87 037</b>	<b>81 024</b>	<b>90 494</b>	<b>86 361</b>	<b>86 361</b>	<b>93 344</b>	<b>94 954</b>	<b>96 507</b>
Infrastructure - Road transport	36 975	36 340	29 902	37 311	30 673	30 673	31 514	31 709	32 187
Roads, Pavements & Bridges	34 887	34 105	27 879	37 311	28 652	28 652	29 493	29 688	30 135
Storm water	2 088	2 235	2 023		2 021	2 021	2 021	2 021	2 051
Infrastructure - Electricity	18 645	18 441	18 751	22 284	20 880	20 880	22 789	23 022	23 425
Generation									
Transmission & Reticulation	18 645	18 441	18 751	22 284	20 880	20 880	22 789	23 022	23 425
Street Lighting									
Infrastructure - Water	16 932	16 029	16 106	14 546	17 424	17 424	20 368	21 371	21 745
Dams & Reservoirs	16 932	16 029	16 106	14 546	17 424	17 424	20 368	21 371	21 745
Water purification									
Reticulation									
Infrastructure - Sanitation	13 808	13 422	13 391	12 696	14 127	14 127	15 067	15 245	15 489
Reticulation	13 808	13 422	13 391	12 696	14 127	14 127	15 067	15 245	15 489
Sewerage purification									
Infrastructure - Other	2 909	2 804	2 874	3 657	3 257	3 257	3 607	3 607	3 661
Waste Management	2 189	2 168	2 256	3 657	3 257	3 257	3 607	3 607	3 661
Transportation									
Gas									
Other	720	637	618						
<b>Community</b>	<b>4 707</b>	<b>4 359</b>	<b>4 651</b>	<b>4 696</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities	4 707	4 359	4 651	4 696	4 822	4 822	4 822	4 822	4 822
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings									
Other									
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development									
Other									
<b>Other assets</b>	<b>12 663</b>	<b>12 427</b>	<b>19 233</b>	<b>8 402</b>	<b>10 216</b>	<b>10 216</b>	<b>10 216</b>	<b>10 539</b>	<b>10 538</b>
General vehicles	2 330	2 077	2 360	1 864	2 360	2 360	2 360	2 683	2 682
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	1 145	1 334	1 948	838	1 948	1 948	1 948	1 948	1 948
Furniture and other office equipment	275	244	254	344	254	254	254	254	254
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	5 482	5 660	5 467	5 356	5 654	5 654	5 654	5 654	5 654
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	3 431	3 111	9 204						
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Intangibles</b>	<b>137</b>	<b>219</b>	<b>373</b>	<b>218</b>	<b>671</b>	<b>671</b>	<b>883</b>	<b>884</b>	<b>883</b>
Computers - software & programming	137	219	373	218	671	671	883	884	883
Other (list sub-class)									
<b>Total Depreciation</b>	<b>106 777</b>	<b>104 041</b>	<b>105 280</b>	<b>103 810</b>	<b>102 070</b>	<b>102 070</b>	<b>109 265</b>	<b>111 199</b>	<b>112 750</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Refuse									
Fire									
Conservancy									
Ambulances									

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

Vote Description	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>R thousand</b>							
<b>Capital expenditure</b>							
Vote 1 - Council	-	-	-				
Vote 2 - Municipal Manager	-	-	-				
Vote 3 - Management Services	850	-	-				
Vote 4 - Finance	-	-	-				
Vote 5 - Community Services	71 638	66 662	58 718	62 241	65 976	69 934	74 130
Vote 6 - Local Economic Development	-	-	-				
Vote 7 - Infrastructure & Planning	20 485	19 500	22 500	23 850	25 281	26 798	28 406
Vote 8 - Protection Services	-	-	-				
<b>Total Capital Expenditure</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>	<b>86 091</b>	<b>91 257</b>	<b>96 732</b>	<b>102 536</b>

WC032 Overstrand - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information		
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal	
<b>Parent municipality:</b>																
<i>List all capital projects grouped by Municipal Vote</i>																
<b>300 - INFORMATION &amp; COMMUNICATION TECHNOLOGY</b>																
Additional Disc Storage for DR Site (Onrus)	Additional Disc Storage for DR Site (Onrus)		1	Yes	Other	Computers - hardware/equipment	34°24'45.16S / 19°10'21.22E		1 274	1 869						
RF Network: Hawston Mast	RF Network: Hawston Mast		1	Yes	Other	Computers - hardware/equipment	34°23'52.01S / 19°06'38.72E					100			Overstrand	New
RF Network: Gansbaai Region Mast	RF Network: Gansbaai Region Mast		1	Yes	Other	Computers - hardware/equipment	34°36'31.10S / 19°20'16.30E					250			Overstrand	New
RF Network: Kleinmond Regional Mast	RF Network: Kleinmond Regional Mast		1	Yes	Other	Computers - hardware/equipment	34°20'10.99S / 19°00'46.72E					250			Overstrand	New
<b>300 - Property Services</b>																
Extension of Thusong Centre	Extension of Thusong Centre		1	Yes	Infrastructure - Other	Other	19°08'03"E34°23'29"S		5 611	2 104			1 000	4 000	Ward 08	New
Building of additional court for municipal matters	Building of additional court for municipal matters		1	Yes	Infrastructure - Other	Other	19° 14' 18" E en 34° 25' 03" S					200			Overstrand	New
Equipment for additional court	Equipment for additional court		1	Yes	Infrastructure - Other	Other	19° 14' 18" E en 34° 25' 03" S					250			Overstrand	New
MIG PMU Building	MIG PMU Building		1	Yes	Infrastructure - Other	Other	19°12'25"E34°24'28"S					1 035			Ward 03	New
Kleinmond Library upgrade	Kleinmond Library upgrade		1	Yes	Infrastructure - Other	Other	19° 01' 54 E 34° 20' 25" S					2 000			Ward 09	New
<b>400 - WARD SPECIFIC PROJECTS</b>																
Ward Specific Projects - Kleinmond	Ward Specific Projects - Kleinmond		3	Yes	Community	Other	19° 01' 54 E 34° 20' 25" S			3 652		500			Ward 09,10	New
Ward Specific Projects - Hermanus	Ward Specific Projects - Hermanus		3	Yes	Community	Other	19°12'25"E34°24'28"S					2 455			Ward 03,04,05,06,07,08	New
Ward Specific Projects - Gansbaai	Ward Specific Projects - Gansbaai		3	Yes	Community	Other	19.349477 -34.607311					935			Ward 01,02,11	New
<b>500 - SPORT &amp; RECREATION</b>																
Overhills:Kleinmond Soccer Field	Overhills:Kleinmond Soccer Field		3	Yes	Other	Sportsfields & stadia	19°00'21"E34°20'08"S		2 601	5 696		2 939	939		Ward 09	New
Turf Soccerfield	Turf Soccerfield		3	Yes	Other	Sportsfields & stadia	19°13'01"E34°25'56"S						2 000	2 800	Ward 12	New
Overstrand sport facilities development project	Overstrand sport facilities development project		3	Yes	Other	Sportsfields & stadia	34° 22' 58." S 19°07'37.00" E					100			Overstrand	New
Sport Facilities	Sport Facilities		3	Yes	Other	Sportsfields & stadia	Overstrand wide							4 000	Overstrand	New
<b>700 - HOUSING</b>																
Gansbaai project- 155 SITES	Gansbaai project- 155 SITES		3	Yes	Infrastructure - Other	Social rental housing	34.593704 19.345044			11 150		2 511			Ward 02	New
Hermanus Swartdamweg Institutional -320 SITES	Hermanus Swartdamweg Institutional -320 SITES		3	Yes	Infrastructure - Other	Social rental housing	34.422824 19.218703					6 774			Ward 03	New
Zwelihle Garden site -77 SITES	Zwelihle Garden site -77 SITES		3	Yes	Infrastructure - Other	Social rental housing	34.429752 19.209423						1 400		Ward 06	New
Zwelihle Mandela Square -180 SITES	Zwelihle Mandela Square -180 SITES		3	Yes	Infrastructure - Other	Social rental housing	34.428927 19.209706						2 600		Ward 06	New
Zwelihle project -Transit camp/Asizani	Zwelihle project -Transit camp/Asizani		3	Yes	Infrastructure - Other	Social rental housing	34.426228 19.216456							2 000	Ward 06	New
Mount Pleasant IRDP	Mount Pleasant IRDP		3	Yes	Infrastructure - Other	Social rental housing	34.414663 19.214140					474	4 100		Ward 04	New
Kleinmond Overhills	Kleinmond Overhills		3	Yes	Infrastructure - Other	Social rental housing	34.336437 19.006527					250	600		Ward 10	New
Stanford IRDP	Stanford IRDP		3	Yes	Infrastructure - Other	Social rental housing	34.445860 19.448758					300	400		Ward 11	New
Hawston project - IRDP	Hawston project - IRDP		3	Yes	Infrastructure - Other	Social rental housing	34.387826 19.138307							2 000	Ward 08	New
<b>1000 - ROADS</b>																
Upgrade and rehabilitate roads	Upgrade and rehabilitate roads		5	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'42"E34°25'20"S		24 607	16 228		4 650			Ward 12	New
Upgrade of Landa Road (Mandela Square)	Upgrade of Landa Road (Mandela Square)		5	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'37"E34°25'36"S					450			Ward 05	New
Rehabilitation of existing Pave Road (LIC)	Rehabilitation of existing Pave Road (LIC)		5	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19° 12'46"E34°25'48"S					-	1 400	2 000	Ward 06	New
Rehabilitate roads and upgrade stormwater	Rehabilitate roads and upgrade stormwater		5	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19° 12'59"E34°25'20"S					300	3 500	1 500	Ward 04	New
Rehabilitate roads - Angelier Street	Rehabilitate roads - Angelier Street		5	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'47"E34°25'07"S					-	-	500	Ward 04	New
<b>1200 - ELECTRICITY</b>																
Franskraal,Kleinbaai & Birkenhead: MV/LV and Minibus upgrade	Franskraal,Kleinbaai & Birkenhead: MV/LV and Minibus upgrade		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	19.349477 -34.607311			26 768	39 229	4 900	2 600		Ward 01	New
Gansbaai: Minibus and MV/LV upgrade	Gansbaai: Minibus and MV/LV upgrade		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	19.351879 -34.585351					1 000	2 700	4 000	Ward 02	New
Blompark: Low Voltage upgrade	Blompark: Low Voltage upgrade		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	19.348154 -34.594590					1 400	1 000		Ward 02	New
Stanford: MV upgrade	Stanford: MV upgrade		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	19.459117 -34.436799					600	1 200		Ward 11	New
Electrification of low cost housing areas (INEP)	Electrification of low cost housing areas (INEP)		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25' 38.87"S 19°13' 09.52"E					2 000	2 000	2 000	Ward 03	New
Hermanus: LV Upgrade/Replacement	Hermanus: LV Upgrade/Replacement		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25' 03.44"S 19°12' 47.88"E					2 100	6 000	4 000	Ward 03	New
Kleinmond: MV & LV network upgrade	Kleinmond: MV & LV network upgrade		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°20' 33.67"S 19°01' 19.94"E					2 500	2 000	3 000	Ward 09	New
Sandbaai: MV and LV Upgrade/Replacement	Sandbaai: MV and LV Upgrade/Replacement		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25' 09.58"S 19°11' 53.80"E							500	Ward 07	New
Hermanus: Main Str to Royal 2nd supply feeder	Hermanus: Main Str to Royal 2nd supply feeder		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25' 08.54"S 19°14' 16.34"E					1 500			Ward 03	New
Hawston: LV Upgrade/Replacement	Hawston: LV Upgrade/Replacement		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°23' 27.10"S 19°08' 10.12"E					1 000	1 000	2 000	Ward 08	New
Hawston: See View feeder upgrade	Hawston: See View feeder upgrade		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°23' 25.03"S 19°08' 13.19"E							300	Ward 08	New
Sandbaai-Mount Pleasant overhead line replacement	Sandbaai-Mount Pleasant overhead line replacement		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25' 52.21"S 19°12' 41.66"E							300	Ward 04	New
Zwelihle to Beach overhead line replacement	Zwelihle to Beach overhead line replacement		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25' 57.30"S 19°12' 50.73"E							400	Ward 05	New
Meer en See underground cable replacement	Meer en See underground cable replacement		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°21' 58.22"S 19°06' 31.59"E							600	Ward 08	New
Mount Pleasant Bundle replacement	Mount Pleasant Bundle replacement		2	Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25' 03.44"S 19°12' 47.88"E							1 400	Ward 04	New
<b>1300 - WATER</b>																
Replacement of Overstrand water pipes	Replacement of Overstrand water pipes		2	Yes	Infrastructure - Water	Reticulation	Overstrand wide			50 766	23 832				Overstrand	New
Upgrading of "Die Oog" pump station building	Upgrading of "Die Oog" pump station building		2	Yes	Infrastructure - Water	Reticulation	19.27.221154 -34.27.111652					13 800	12 500	11 000	Overstrand	New
New Bulk Water Reservoir -Sandbaai	New Bulk Water Reservoir -Sandbaai		2	Yes	Infrastructure - Water	Dams & Reservoirs	S34°25.210' / E19°12.063'							5 500	Ward 07	New
Upgrading of Franskraal-Kleinbaai -Gansbaai Pipelines	Upgrading of Franskraal-Kleinbaai -Gansbaai Pipelines		2	Yes	Infrastructure - Water	Reticulation	S34°36.417' / E19°23.650'						7 000	2 500	Ward 01	New
Upgrading of Gateway, Camphill and Volmoed Well Fields	Upgrading of Gateway, Camphill and Volmoed Well Fields		2	Yes	Infrastructure - Water	Reticulation	S34°24.512' / E19°12.474'							2 000	Ward 03	New

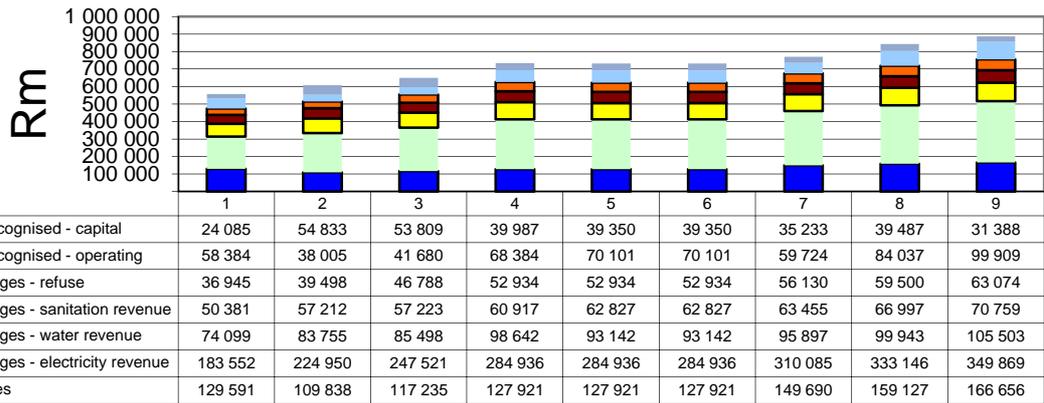
Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information			
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal		
																R thousand	
Refurbish Buffels River Dam Bridge and Tower & Palmiet River Weir	Refurbish Buffels River Dam Bridge and Tower & Palmiet River Weir		2	Yes	Infrastructure - Water	Dams & Reservoirs	S34°19.96' / E18°50.26'							2 000	Ward 09	New	
New 1 Ml/s Reservoir OHW.B31	New 1 Ml/s Reservoir OHW.B31		2	Yes	Infrastructure - Water	Dams & Reservoirs	19°12'43"E34°24'46"S							2 800	Ward 04	New	
200 mm Ø Bulk watermain OHW8.1	200 mm Ø Bulk watermain OHW8.1		2	Yes	Infrastructure - Water	Reticulation	19°12'41"E34°21'50"S							1 000	Ward 04	New	
250 mm Ø Bulk watermain OHW.B14	250 mm Ø Bulk watermain OHW.B14		2	Yes	Infrastructure - Water	Reticulation	19°12'24"E34°24'35"S							520	Ward 04	New	
160 mm Ø Link watermain OHW8.3	160 mm Ø Link watermain OHW8.3		2	Yes	Infrastructure - Water	Reticulation	19°12'56"E34°25'07"S							284	Ward 04	New	
160 mm Ø link watermain OHW9.9	160 mm Ø link watermain OHW9.9		2	Yes	Infrastructure - Water	Reticulation	19°12'40"E34°25'47"S							490	Ward 05	New	
160 mm Ø link watermain OHW9.10	160 mm Ø link watermain OHW9.10		2	Yes	Infrastructure - Water	Reticulation	19°12'39"E34°25'49"S							-	200	Ward 12	New
Hawston: Bulk water	Hawston: Bulk water		2	Yes	Infrastructure - Water	Reticulation	19°08'29"E34°23'24"S								2 000	Ward 08	New
Hawston: Bulk water upgrade for housing project	Hawston: Bulk water upgrade for housing project		2	Yes	Infrastructure - Water	Reticulation	19°08'30"E34°23'23"S								1 000	Ward 08	New
New 500 mm -Water pipe line	New 500 mm -Water pipe line		2	Yes	Infrastructure - Water	Reticulation	19°08'28"E34°23'24"S								1 788	Ward 08	New
1400 - SEWERAGE																	
Upgrading of pumpstations	Upgrading of pumpstations		2	Yes	Infrastructure - Sanitation	Other	19°12'51"E 34°25'56"S	14 621	12 153						2 000	Overstrand	New
Stanford - Sewer network extension	Stanford - Sewer network extension		2	Yes	Infrastructure - Sanitation	Other	S34°43.75' / E19°455.90'			2 000	2 000			-	Ward 11	New	
Kleinmond - Sewer network extension	Kleinmond - Sewer network extension		2	Yes	Infrastructure - Sanitation	Other	S34°20.44' / E19°1.91'				2 000	2 000		2 000	Ward 09	New	
Gansbaai - CBD Sewer network extension	Gansbaai - CBD Sewer network extension		2	Yes	Infrastructure - Sanitation	Other	S34°35.377' / E19°21.087'					3 000	3 000		Ward 09	New	
Hermanus - Fernkloof Sewer Network Extension	Hermanus - Fernkloof Sewer Network Extension		2	Yes	Infrastructure - Sanitation	Other	S34°24.800' / E19°17.279'								-	Ward 03	New
Bulk Rising Main to WWTW Replace	Bulk Rising Main to WWTW Replace		2	Yes	Infrastructure - Sanitation	Other	S34°20.44' / E19°1.91'								-	Ward 09	New
Upgrading of Kidbrooke Pipeline	Upgrading of Kidbrooke Pipeline		2	Yes	Infrastructure - Sanitation	Other	S34°24.810' / E19°10.001'			2 900						Ward 13	New
WWTW Upgrade - Stanford	WWTW Upgrade - Stanford		2	Yes	Infrastructure - Sanitation	Sewerage purification	S34°26.518' / E19°26.929'								1 000	Ward 11	New
Eluxolweni - New bulk sewerage for housing project	Eluxolweni - New bulk sewerage for housing project		2	Yes	Infrastructure - Sanitation	Other	19°29'31"E34°39'02"S			7 600	784				-	Ward 11	New
Upgrade existing sewerage pumpstation OHS19.2	Upgrade existing sewerage pumpstation OHS19.2		2	Yes	Infrastructure - Sanitation	Other	19°12'33"E34°25'46"S				750				-	Ward 05	New
Bulk Sewerage rising main 355 mm Ø OHS19.1	Bulk Sewerage rising main 355 mm Ø OHS19.1		2	Yes	Infrastructure - Sanitation	Other	19°12'36"E34°25'36"S				1 620				-	Ward 05	New
Bulk Sewerage main 200 mm Ø OHS13.3	Bulk Sewerage main 200 mm Ø OHS13.3		2	Yes	Infrastructure - Sanitation	Other	19°12'40"E34°25'52"S					1 000			-	Ward 12	New
Bulk Sewerage Outfall Line 525 mm Ø OHS13.2	Bulk Sewerage Outfall Line 525 mm Ø OHS13.2		2	Yes	Infrastructure - Sanitation	Other	19°12'45"E34°25'26"S					-	1 500	600	Ward 12	New	
1400- STORMWATER																	
Provision of stormwater system	Provision of stormwater system		2	Yes	Other	Storm water	19°21'28"E34°35'27"S	6 107	200					1 000		Ward 01	New
Upgrade Stromwater - Internal & External	Upgrade Stromwater - Internal & External		2	Yes	Other	Storm water	19°12'48"E34°25'32"S				800	1 000	1 000			Ward 05	New
Implementation of Storm Water Master Plan - (2)	Implementation of Storm Water Master Plan - (2)		2	Yes	Other	Storm water	19°12'35"S34°25'22"S									Ward 05	New
1500- WASTE MANAGEMENT																	
Karwyderskraal : New Waste Cell	Karwyderskraal : New Waste Cell		2	Yes	Other	Waste Management	S34 20 08.6 ; E19 09 43.6	5 528	3 041			10 200				Overstrand	New
300 - VEHICLES	300 - VEHICLES		1	Yes	Other	Other	Overstrand wide	3 868	4 695	10 525	1 000	4 000				Overstrand	New
300 - MINOR ASSETS	300 - MINOR ASSETS		1	Yes	Other	Furniture and other office equipment	Overstrand wide	2 013	2 633	1 025	675	830				Overstrand	New
Minor Assets: Library Grant	Minor Assets: Library Grant		1	Yes	Other	Furniture and other office equipment	Overstrand wide			150						Overstrand	New
<b>Total Capital expenditure</b>										<b>143 764</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>			

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

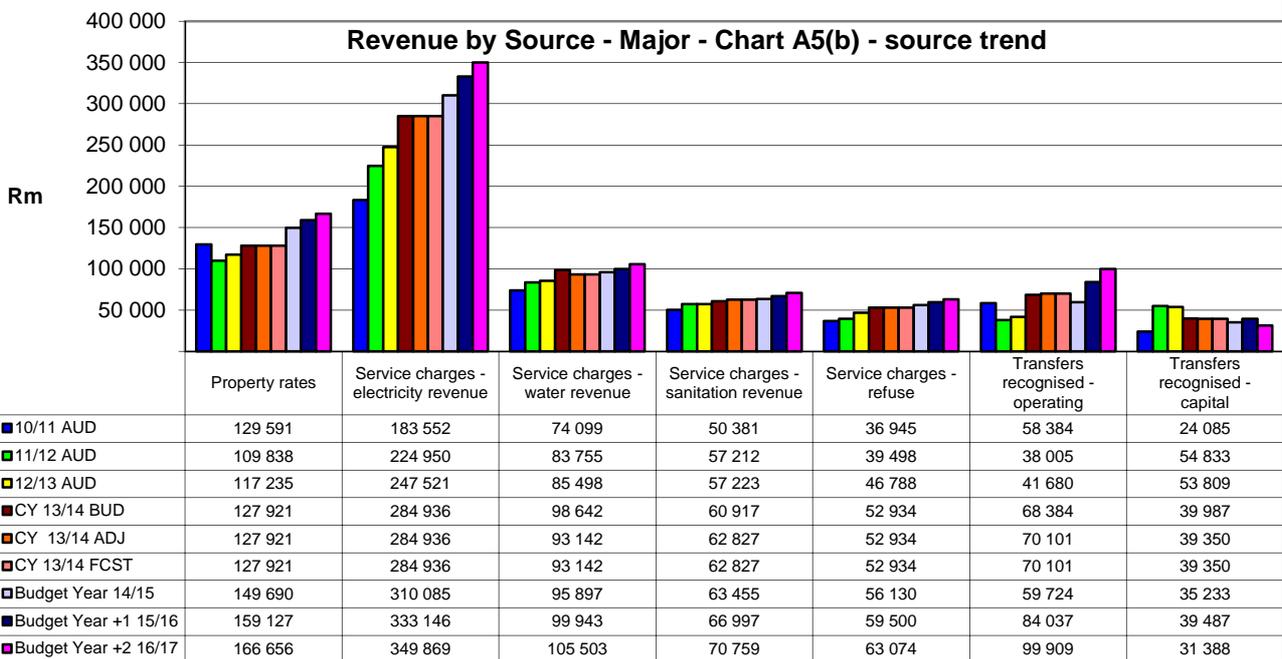
Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
							Original Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand							Year				
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>											
			<i>Examples</i>	<i>Examples</i>							
300 - INFORMATION & COMMUNICATION TECHNOLOGY											
UPGRADE OF TWO WAY RADIO NETWORK TO TWO WAY RADIO NETWORK TO A DIGITAL NETWORK			Other	Computers - hardware/equipment		2011-2012					
300 - PROPERTY SERVICES											
SANTA / RED CROSS PARKING	SANTA / RED CROSS PARKING		Infrastructure - Other	Other		2011-2012					
400 - COMMUNITY BUILDINGS											
EXTENSION OF COMMUNITY HALL	EXTENSION OF COMMUNITY HALL		Community	Community halls		2011-2012					
500 - SPORT & RECREATION											
BOARDWALK - KLEINBAAI SLIPWAY	BOARDWALK - KLEINBAAI SLIPWAY		Community	Other		2011-2012					
SPORTSGROUND - MOUNT PLEASANT	SPORTSGROUND - MOUNT PLEASANT		Other	Sportsfields & stadia		2011-2012					
HAWSTON SPORTSGROUND - UPGRADE NETION	SPORTSGROUND - UPGRADE NETBALL COURTS		Other	Sportsfields & stadia		2011-2012					
SPORTSGROUND - ZWELIHLE	SPORTSGROUND - ZWELIHLE		Other	Sportsfields & stadia		2011-2012					
HAWSTON SPORTSGROUND - UPGRADE RUSTON	SPORTSGROUND - UPGRADE RUGBY FIELD		Other	Sportsfields & stadia		2011-2012					
900 - LOCAL ECONOMIC DEVELOPMENT											
LOCAL ECONOMIC DEVELOPMENT PROJECT	LOCAL ECONOMIC DEVELOPMENT PROJECTS		Other	Other		2011-2012					
1000 - ROADS											
TARRING OF STREETS	TARRING OF STREETS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING OF STREETS	TARRING OF STREETS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
KERB CHANNELLING & PAVEMENTS (VOELKERB CHANNELLING & PAVEMENTS (VOELKLIP)			Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALKS - REVITILISATION OF CBD	SIDEWALKS - REVITILISATION OF CBD		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
WESTDENE TARRING	WESTDENE TARRING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALKS	SIDEWALKS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALK - TAMBO SQUARE	SIDEWALK - TAMBO SQUARE		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
WALDORF RAISED CROSSING	WALDORF RAISED CROSSING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SANDBAAI TARRING	SANDBAAI TARRING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING/STORM WATER - MOUNTAIN VIEW	.RING/STORM WATER - MOUNTAIN VIEW AVENUE		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING SIDEWALKS - KERK STREET	TARRING SIDEWALKS - KERK STREET		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALKS	SIDEWALKS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING OF ROADS - PROBLEMATIC STORM	ROADS - PROBLEMATIC STORM WATER DAMAGE AREA		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
WALKWAY EXTENSION - HANGKLIIP RD	TOWKWAY EXTENSION - HANGKLIIP RD TOWARDS R44		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
ATLANTIC AVENUE GABIONS	ATLANTIC AVENUE GABIONS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
EXTENSION OF PAVED PARKING - COMMUNENSION OF PAVED PARKING - COMMUNITY HALL			Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
PAVEMENT & REPLACEMENT STORM WATER	REPLACEMENT STORM WATER CHANNEL IN SHEARWAT		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING OF ROADS - BOUNDARY ROAD	TARRING OF ROADS - BOUNDARY ROAD		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
UPGRADING/REPLACEMENT OF PEDESTRIAN	PLACEMENT OF PEDESTRIAN BRIDGE - KLEINMOND LAC		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
1200 - ELECTRICITY											
SWARTDAM RD. ELECTRIFICATION -HOUSINTDAM RD. ELECTRIFICATION -HOUSING PROJECT			Infrastructure - Electricity	Transmission & Reticulation		2011-2012					
1400 - STORM WATER											
IMPLEMENTATION OF STORM WATER MASTLEMENTATION OF STORM WATER MASTER PLAN			Other	Storm water		2011-2012					
BETTY'S BAY-SWATER(OTTER CLOSE	BETTY'S BAY-SWATER(OTTER CLOSE		Other	Storm water		2011-2012					
STORM WATER AT HIGH SCHOOL	STORM WATER AT HIGH SCHOOL		Other	Storm water		2011-2012					
EASTCLIFF - MOSSELRIVIER 57, STORM WATER	WATASTCLIFF - MOSSELRIVIER 57, STORM WATER		Other	Storm water		2011-2012					
STORM WATER - ZWELIHLE	STORM WATER - ZWELIHLE		Other	Storm water		2011-2012					
STORM WATER - LONG STREET	STORM WATER - LONG STREET		Other	Storm water		2011-2012					
DUKE ROAD 17A - STORM WATER	DUKE ROAD 17A - STORM WATER		Other	Storm water		2011-2012					
1500 - WASTE MANAGEMENT											
HERMANUS MRF CONCRETE SLAB	HERMANUS MRF CONCRETE SLAB		Other	Waste Management		2011-2012					
HERMANUS TRANSFER STATION STAFF FAC	MANUS TRANSFER STATION STAFF FACILITIES		Other	Waste Management		2011-2012					
BETTY'S BAY DROP OFF OFFICE	BETTY'S BAY DROP OFF OFFICE		Other	Waste Management		2011-2012					

OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2014/2015 DRAFT BUDGET

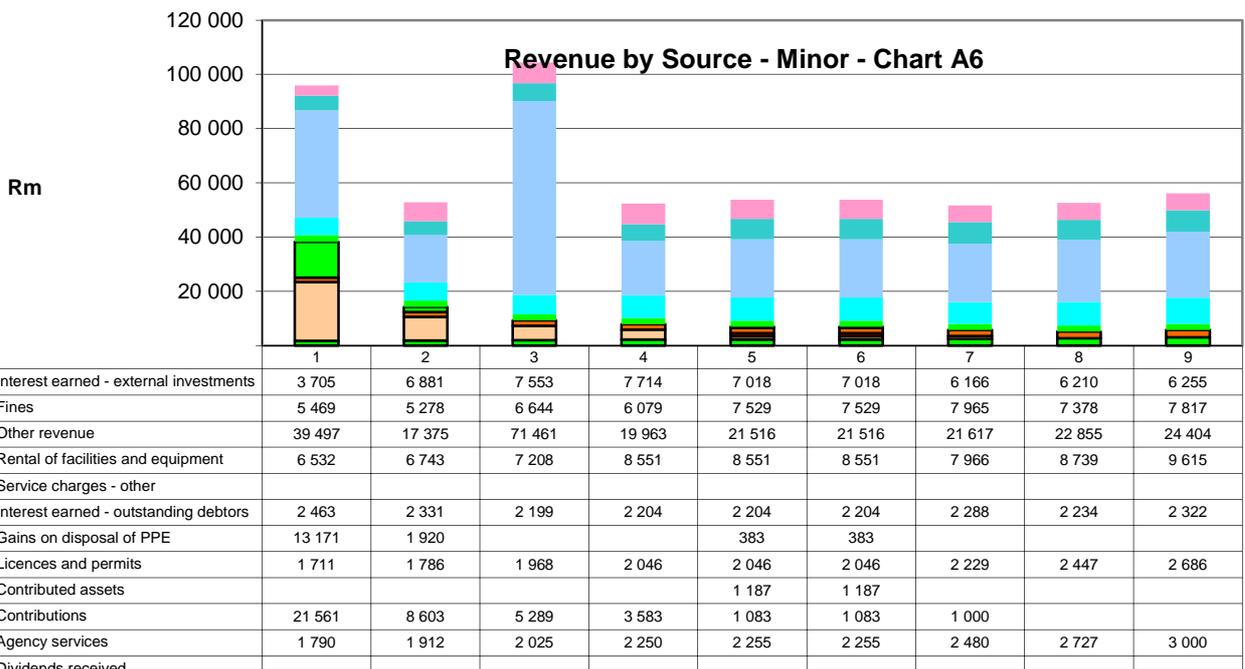
Revenue by Source - Major - Chart A5(a)



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

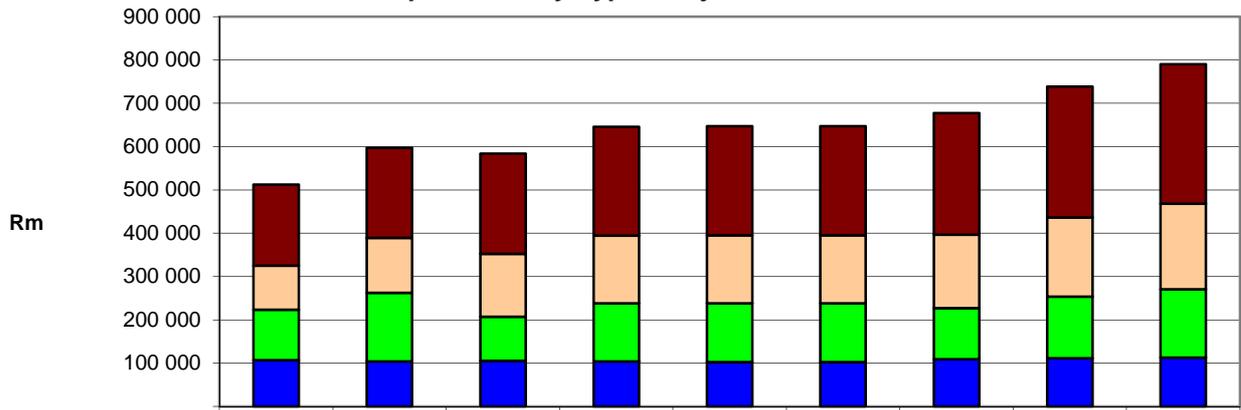


Revenue by Source - Minor - Chart A6



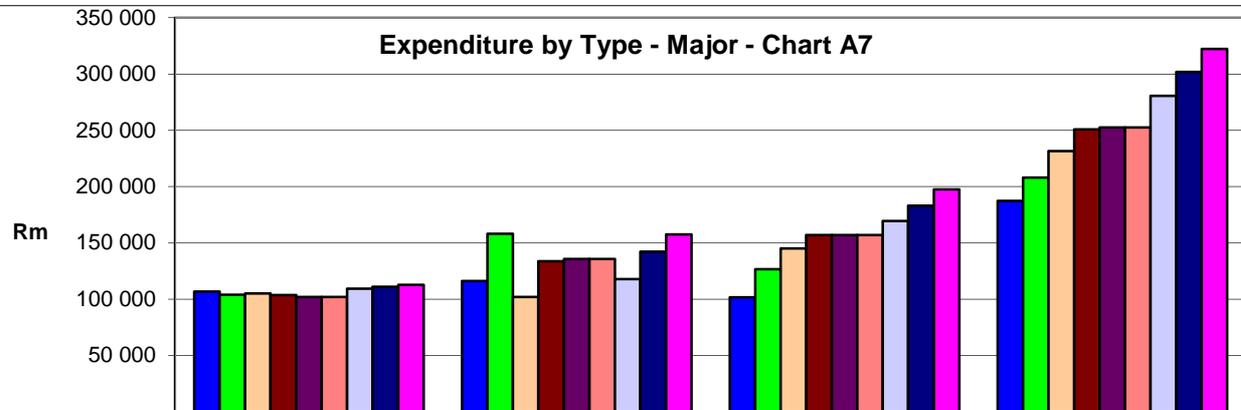
OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2014/2015 DRAFT BUDGET

Expenditure by Type - Major - Chart A7



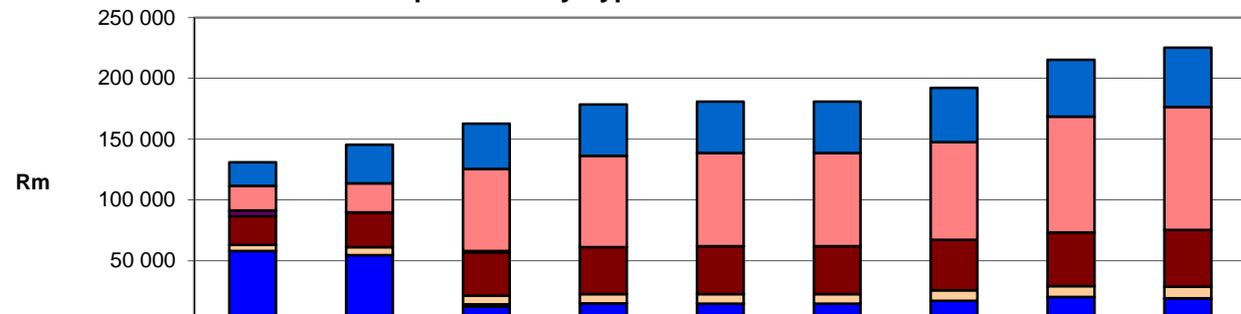
	10/11 AUD	11/12 AUD	12/13 AUD	CY 13/14 BUD	CY 13/14 ADJ	CY 13/14 FCST	Budget Year 14/15	Budget Year +1 15/16	Budget Year +2 16/17
Employee related costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Bulk purchases	101 683	126 669	145 022	156 893	156 893	156 893	169 444	183 000	197 640
Other expenditure	116 278	158 290	102 107	133 917	135 889	135 889	117 869	142 288	157 571
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750

Expenditure by Type - Major - Chart A7



	Depreciation & asset impairment	Other expenditure	Bulk purchases	Employee related costs
10/11 AUD	106 777	116 278	101 683	187 333
11/12 AUD	104 041	158 290	126 669	207 938
12/13 AUD	105 280	102 107	145 022	231 527
CY 13/14 BUD	103 810	133 917	156 893	250 842
CY 13/14 ADJ	102 070	135 889	156 893	252 454
CY 13/14 FCST	102 070	135 889	156 893	252 454
Budget Year 14/15	109 265	117 869	169 444	280 694
Budget Year +1 15/16	111 199	142 288	183 000	302 019
Budget Year +2 16/17	112 750	157 571	197 640	322 259

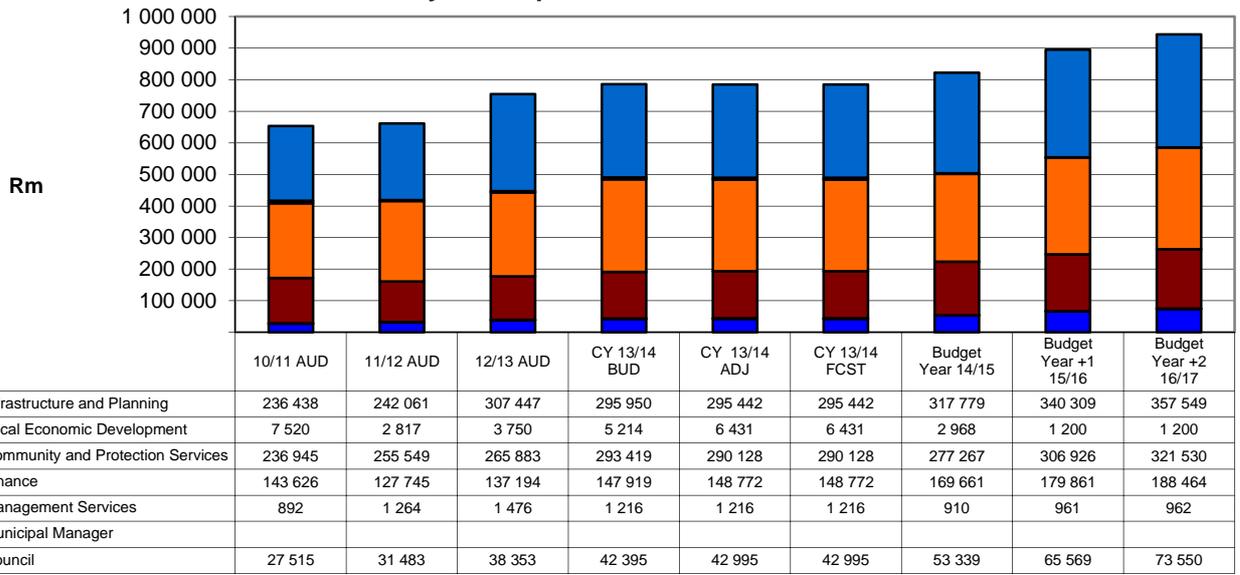
Expenditure by Type - Minor - Chart A7



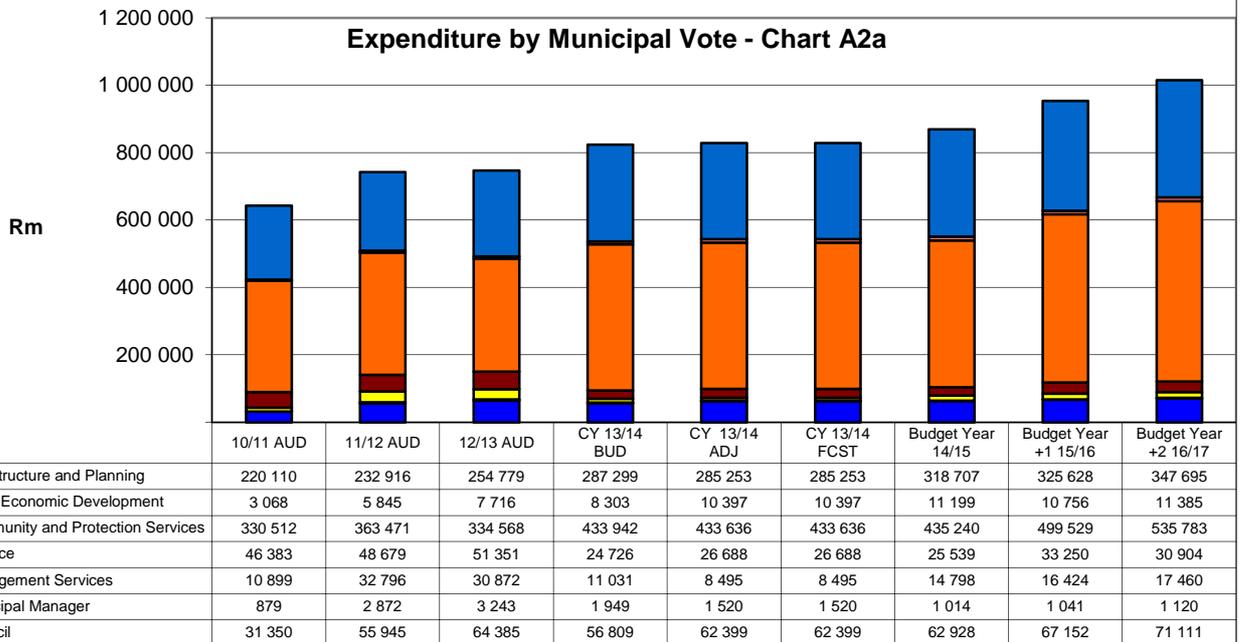
	10/11 AUD	11/12 AUD	12/13 AUD	CY 13/14 BUD	CY 13/14 ADJ	CY 13/14 FCST	Budget Year 14/15	Budget Year +1 15/16	Budget Year +2 16/17
Finance charges	19 373	31 727	37 310	42 292	42 292	42 292	44 535	46 691	48 839
Contracted services	20 253	24 079	67 601	74 909	76 844	76 844	80 439	95 248	100 837
Debt impairment	4 806	28	934						
Grants and subsidies	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Remuneration of councillors	4 840	6 717	7 084	7 577	7 978	7 978	8 516	9 069	9 702
Loss on disposal of PPE			1 756						
Other materials	58 239	54 582	12 437	15 055	14 752	14 752	17 295	20 201	19 151

OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2014/2015 DRAFT BUDGET

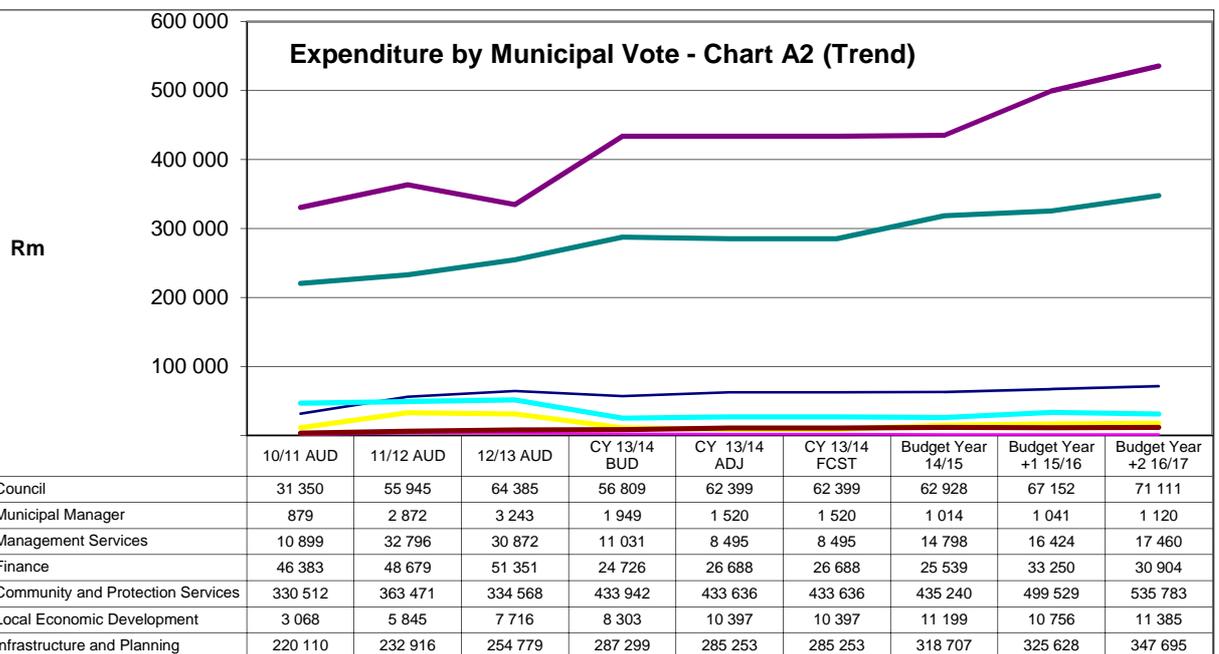
Revenue by Municipal Vote classification - Chart A1



Expenditure by Municipal Vote - Chart A2a

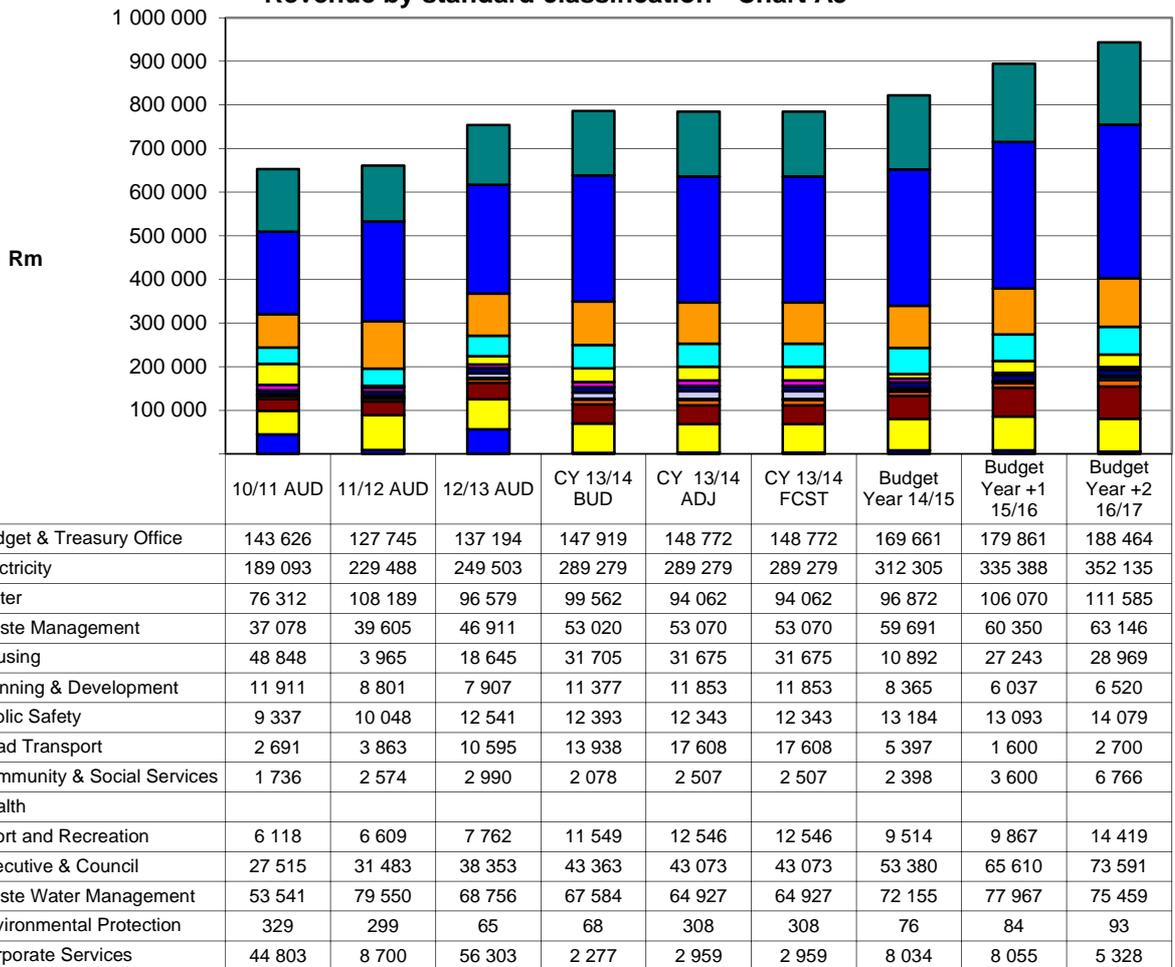


Expenditure by Municipal Vote - Chart A2 (Trend)

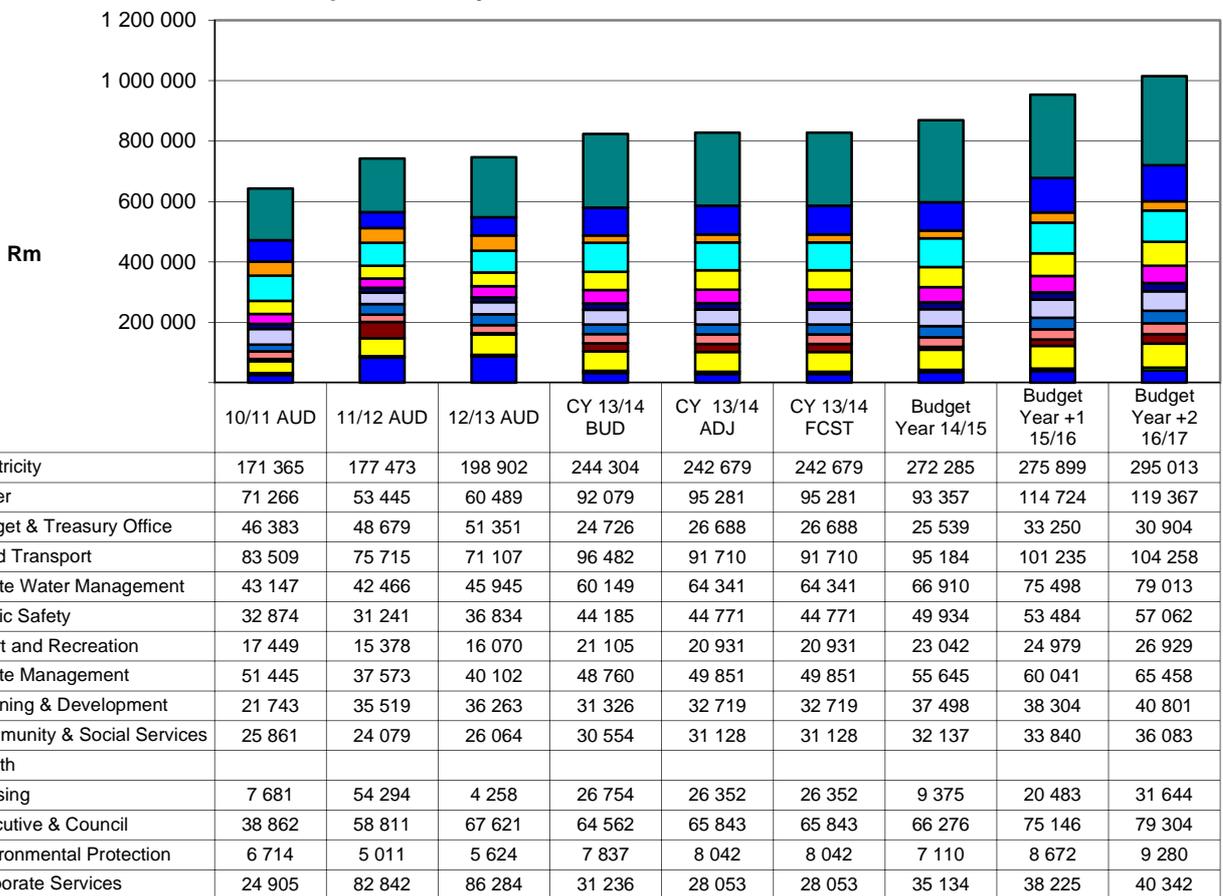


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2014/2015 DRAFT BUDGET

Revenue by standard classification - Chart A3

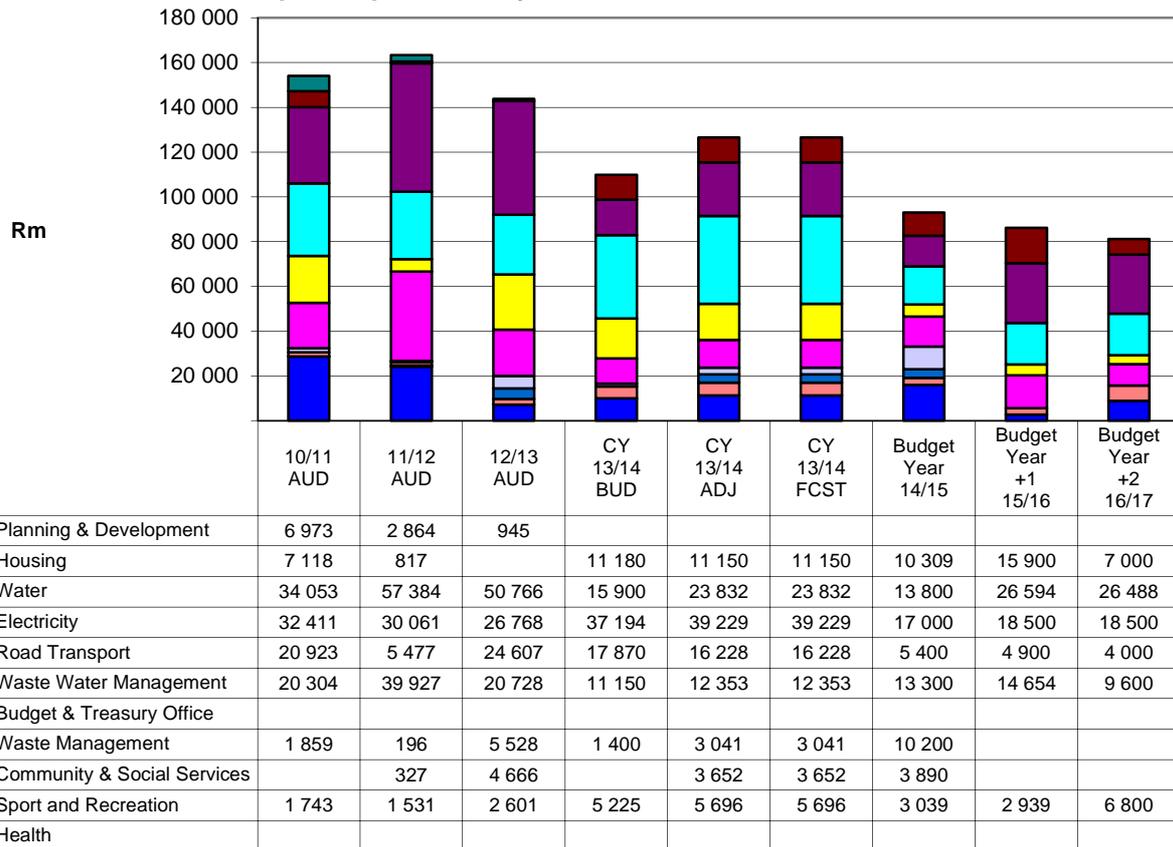


Expenditure by standard classification - Chart A4

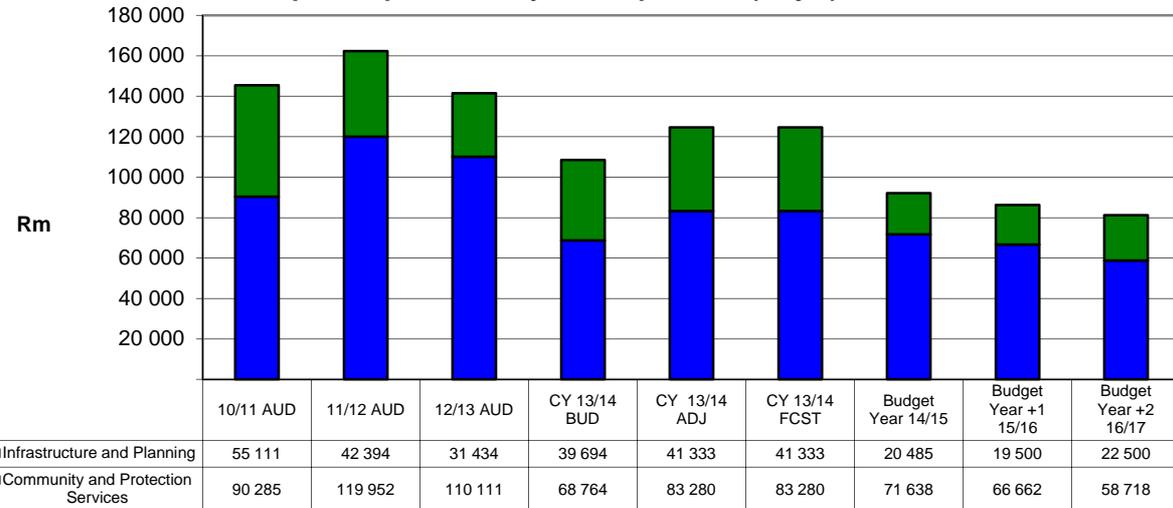


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

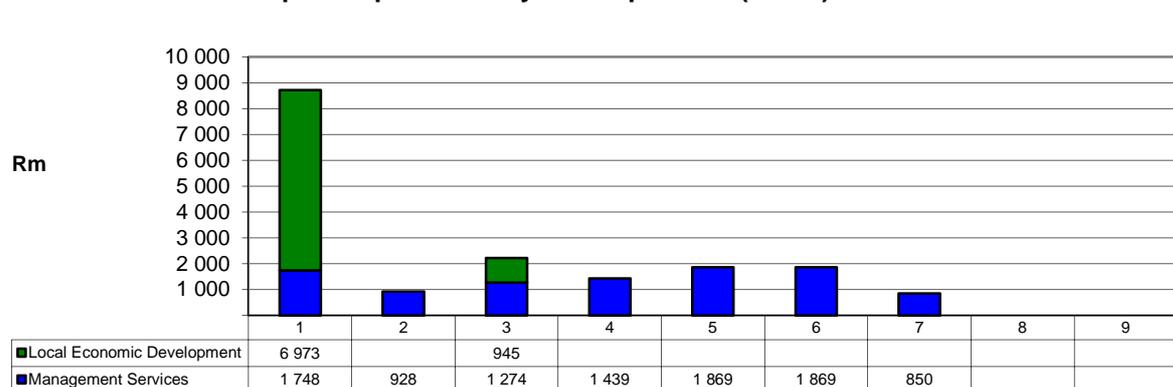
Capital expenditure by Standard Classification - Chart A11



Capital expenditure by Municipal Vote (Major) - Chart A9

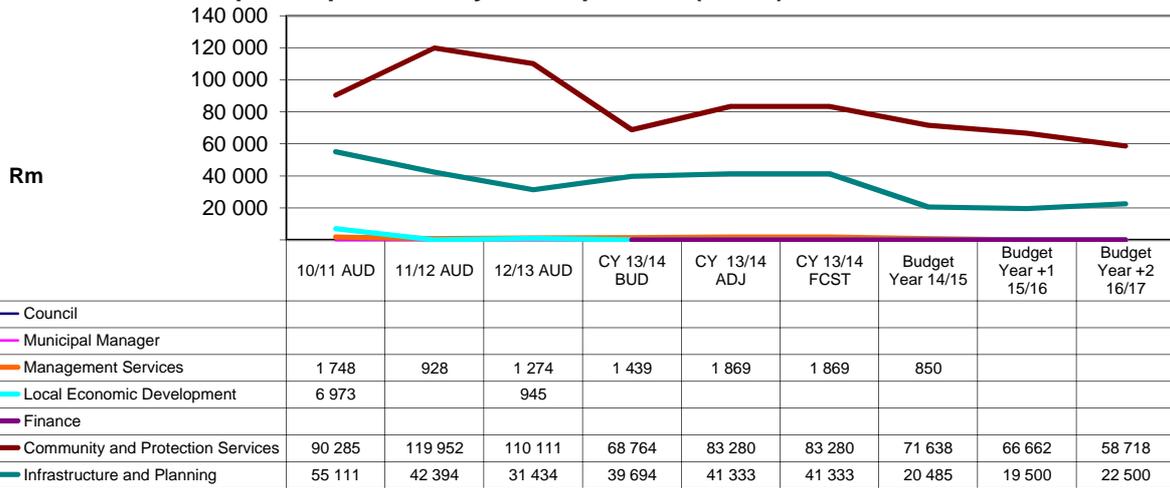


Capital expenditure by Municipal Vote (Minor) - Chart A10

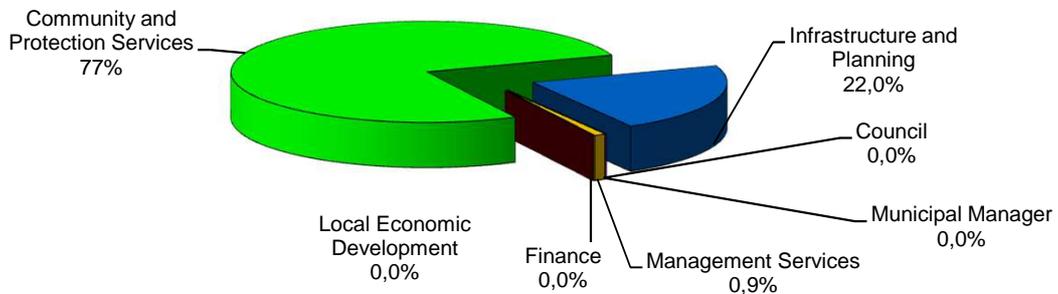


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

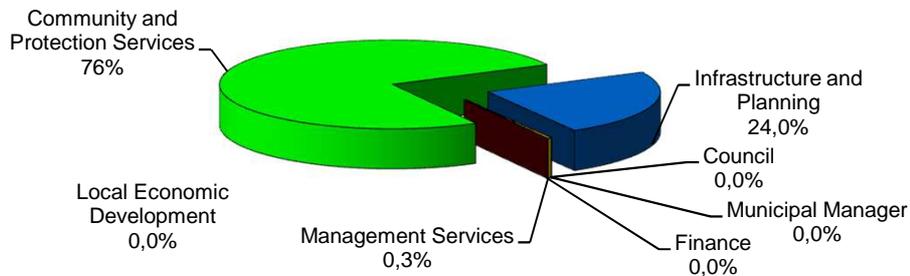
Capital expenditure by Municipal Vote (Trend) - Chart A12



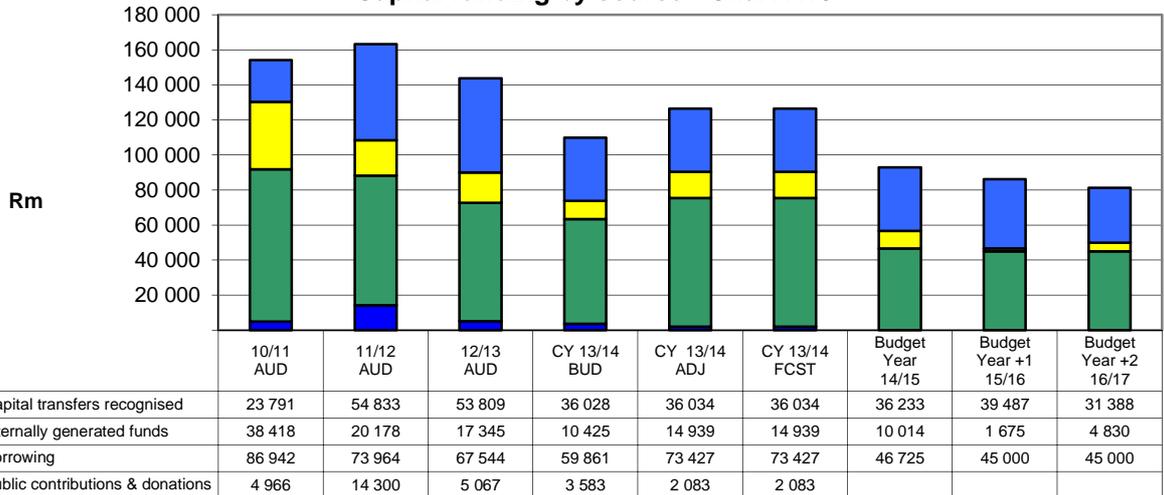
2014/15 Budget Year  
Capital expenditure program per vote



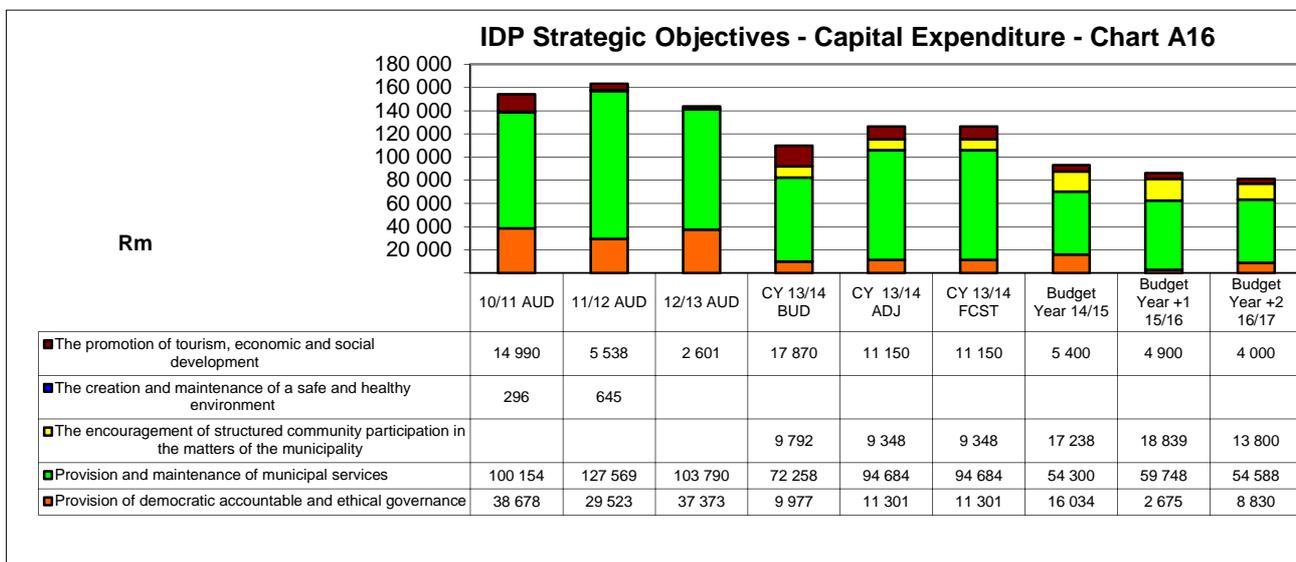
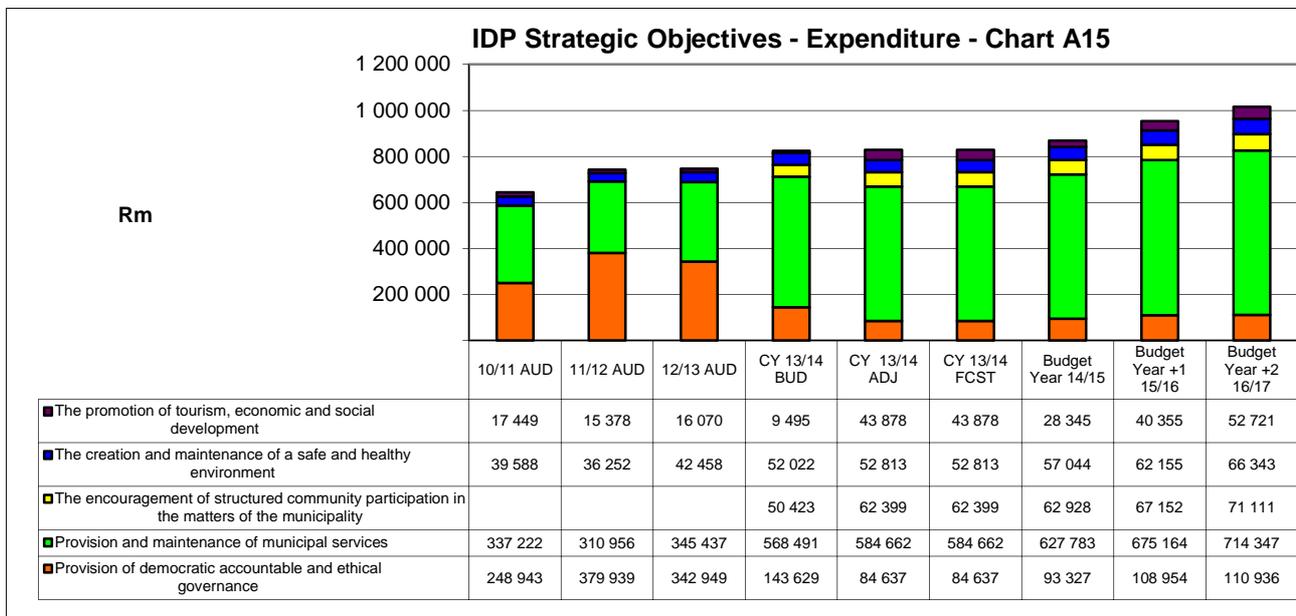
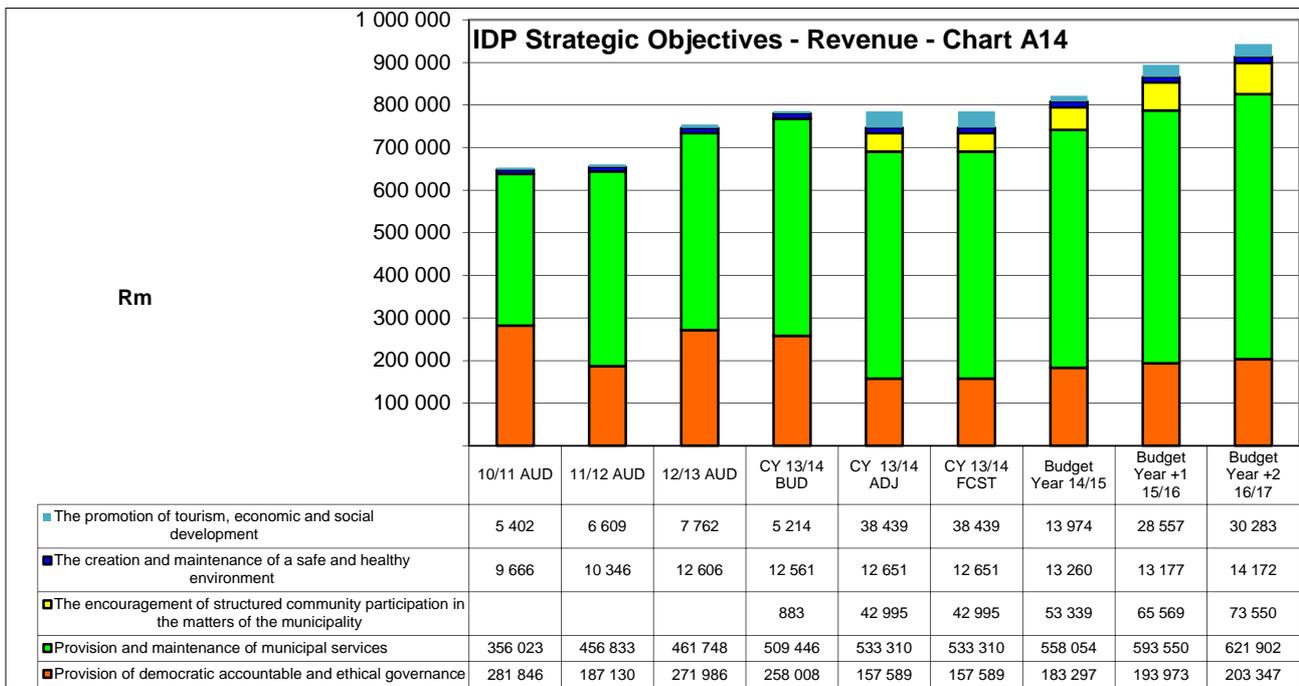
2014/15 MTREF (3 year total)  
Capital expenditure program per vote



Capital funding by source - Chart A13

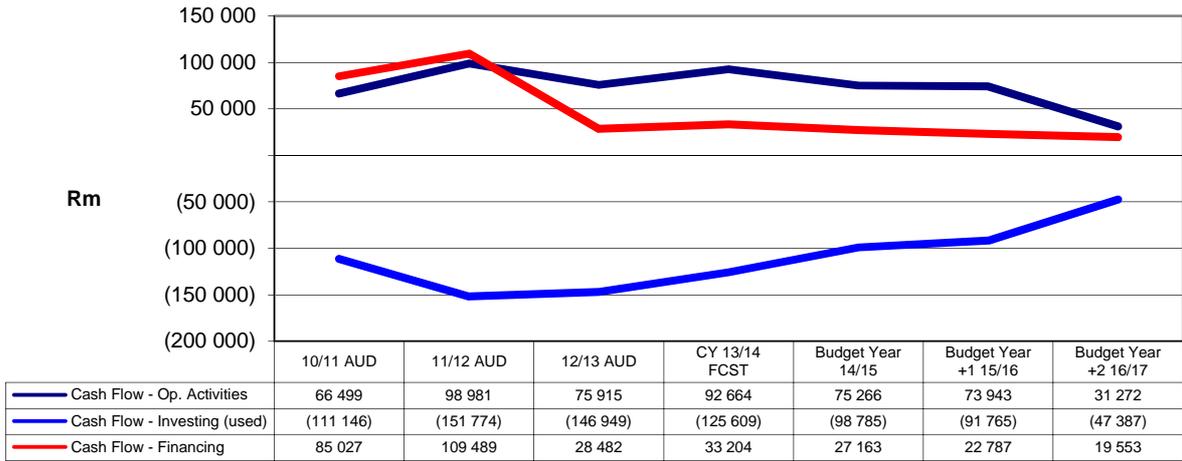


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

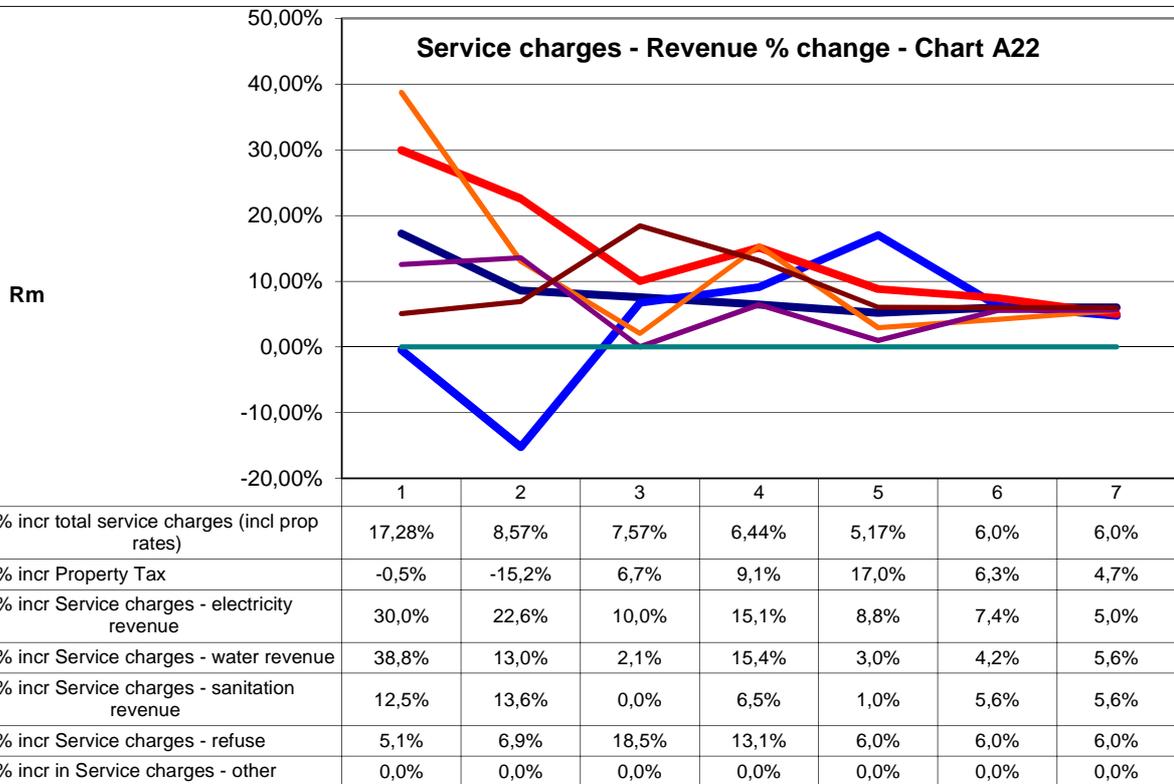


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

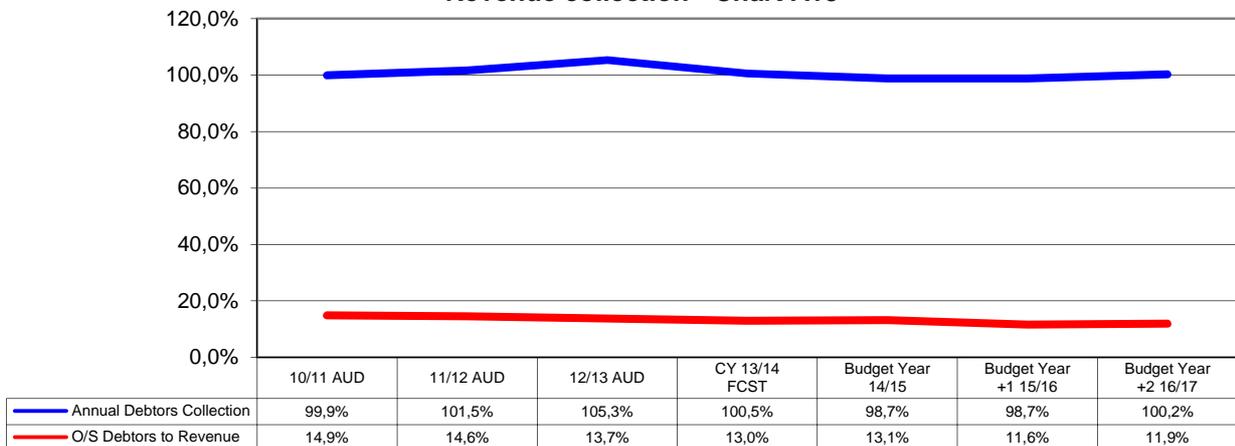
IDP Strategic Objectives - Revenue - Chart A14



Service charges - Revenue % change - Chart A22

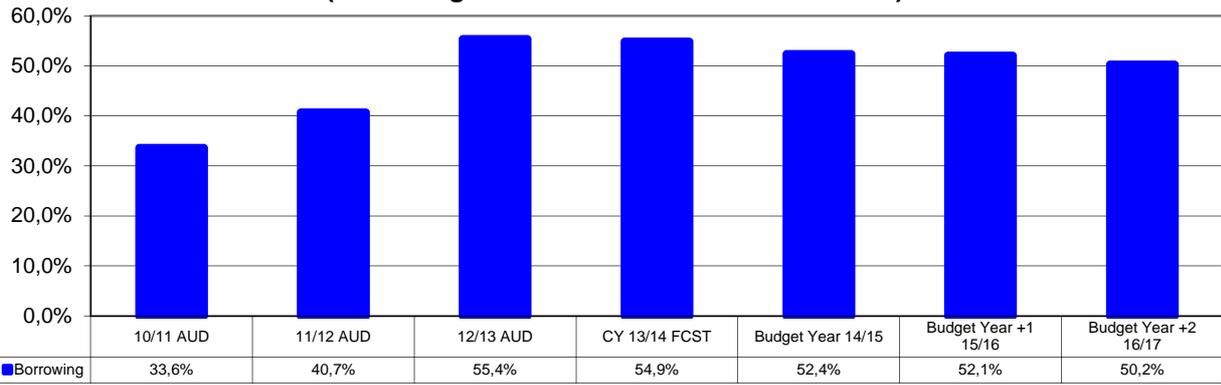


Revenue collection - Chart A18

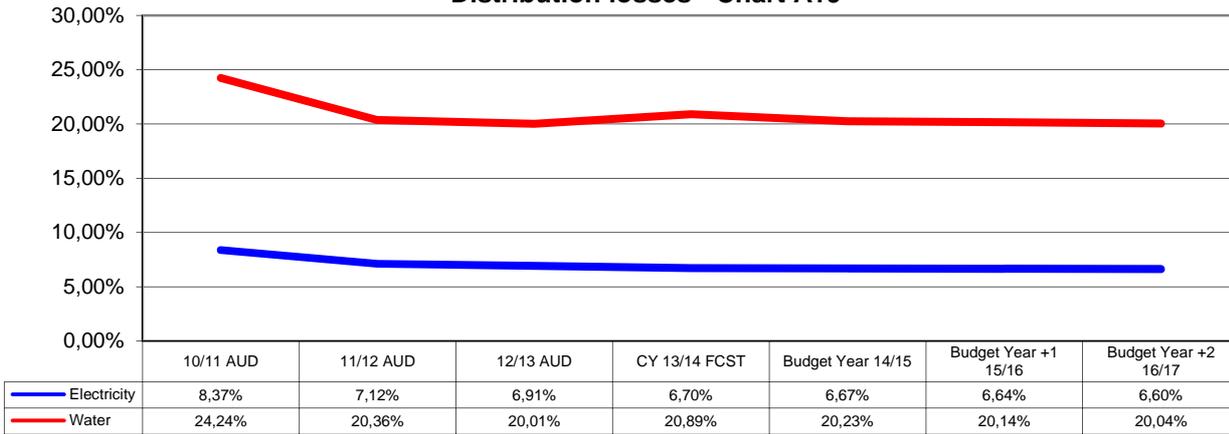


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

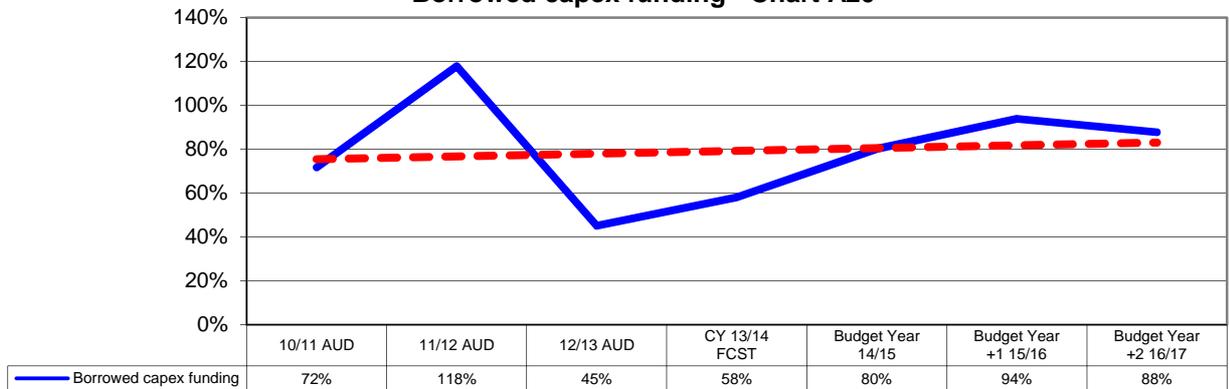
Debt (borrowing as a % of total revenue collection) - Chart A17



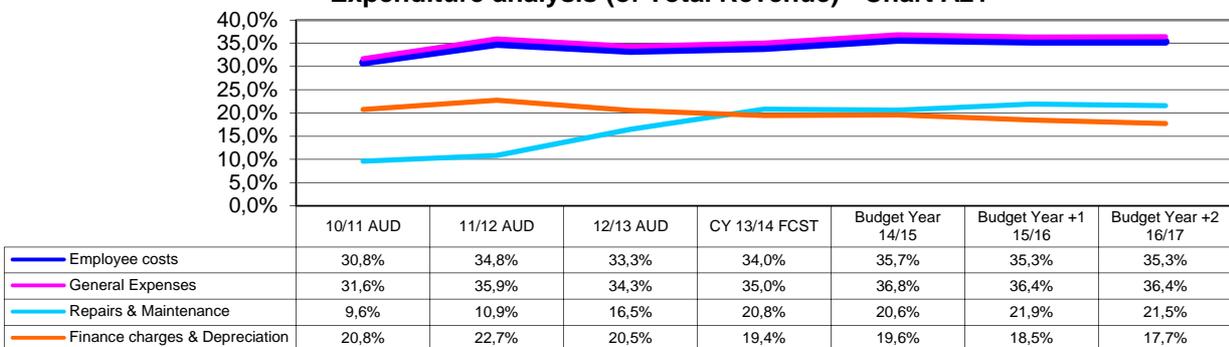
Distribution losses - Chart A19



Borrowed capex funding - Chart A20



Expenditure analysis (of Total Revenue) - Chart A21



# **ANNEXURE B**

## **RATES AND TARIFFS**

**OVERSTRAND MUNICIPALITY**

**RATES TARIFFS 2014/15**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>RATES</b>	<b>YEAR OF GENERAL VALUATION: 02 JULY 2011</b>					1,15
<b>RATE1*</b>	Commercial Land with Improvements	0,00627	0,00627	0,00545	0,00545	15,00%
<b>RATE2*</b>	Residential Land with Improvements <i>* See attached schedule of Exemptions and Rebates applicable</i>	0,00414	0,00414	0,00360	0,00360	15,00%
<b>RATE3</b>	Municipal Properties: Investment Properties	Applicable tariff for Commercial or Residential				
<b>RATE4</b>	Municipal Properties: Property, Plant and Equipment	0,00000	0,00000	0,00000	0,00000	
<b>RATE5</b>	Improvement District Surcharge (HPP) on total rates payable on approved Improvement District	0,10000	0,10000	0,10000	0,10000	0,00%
<b>RATE6</b>	Building Clause	Equals to tariff for rates on property				
<b>RATE7</b>	Farm/Agriculture (Bona-fide)	0,00104	0,00104	0,00090	0,00090	15,00%
<b>RATE8</b>	Undeveloped erven	0,00566	0,00566	0,00566	0,00566	0,00%
<b>PLEASE NOTE: VAT IS LEVIED AT A RATE OF 0% ON ASSESSMENT RATES</b>						

## OVERSTRAND MUNICIPALITY

(Attachments to the Rates Tariff Schedule)

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
BUS	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	No exemptions. Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the <u>difference between Bus and Res. rate</u> : 1 -2 X lettable room: 100% 3 X lettable rooms: 75% 4 X lettable rooms: 50% 5 X lettable rooms: 25%
BUSO	General Tax: Tourism and recreational resorts outside of the municipal service areas	Hotels, Guest Houses, Cottages, Caravan parks and Holiday Resorts, Chalets	50% rebate on the tax applicable on commercial property in urban areas.
RES	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes, small holdings not used for bona fide farming purposes	The first R15 000.00 of the rateable value of all residential properties is exempted from property tax. A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued and an additional rebate of 20% of the levy calculated on such properties, is granted. Rebate to qualifying property owners as indicated under "Other Rebate"
RESO	General Tax: Residential properties outside of the municipal service area	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes	50% of the tax applicable on residential property in urban areas. Rebate to qualifying property owners as indicated under "Other Rebate"
FARMS	General Tax: Farming Properties	Smallholdings used for bona fide farming purposes outside municipal service area	Agricultural purpose in relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
FARMS	Conservation land	Privately owned properties whether designated or used for conservation purposes.	Not rateable in terms of section 17(1)(e) of the act.

<p>REBU2 REBU3 REBU4</p>	<p>Other Rebates</p>	<p>Single residential properties, Group Housing, Retirement Villages, Flats, Sectional Schemes</p>	<ul style="list-style-type: none"> <li>- Property must be occupied permanently;</li> <li>- The applicant must be the registered owner;</li> <li>- Only one residential unit allowed on the property</li> <li>- Applicant may not be the registered owner of more than one property</li> </ul> <ul style="list-style-type: none"> <li>• A rebate of 100% to approved applicants, in terms of the Rating Property Rates Policy, who's household income may not exceed the amount of two times (2X) of state funded social pensions per month;</li> <li>• A rebate of 40% to approved applicants, in terms of the Rating Property Rates Policy, who are older than 60 with a total household income less than four times (4X) of state funded social pensions per month;</li> <li>• A rebate of 30% to approved applicants, in terms of the Rating Property Rates, who are older than 60 with a total household income of more than four times (4X) but less than eight times (8X) of state funded social pensions per month.</li> </ul>
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## EXEMPTIONS FROM PROPERTY RATES (Rates Policy)

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

**OVERSTRAND MUNICIPALITY**

**SUNDRY TARIFFS 2014/2015**

1,10

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>S1</b>	<b>BOAT LICENCE/PERMITS, LAUNCHING &amp; ENTRANCE FEE</b>					
<b>S1J</b>	<b>Kleinbaai Harbour:</b>					
S1J1	On site Parking pm	675,44	770,00	614,04	700,00	10,00%
S1J2A	Category B1: Shark-view operators/whale-watching (Incl on-site parking) pa	28 407,02	32 384,00	25 824,56	29 440,00	10,00%
S1J2B	Category B2: Shark-view operators/whale-watching (excl on-site parking) pm	2 171,06	2 475,00	1 973,68	2 250,00	10,00%
S1J2C	Category B2: Shark-view operators/whale-watching (excl on-site parking) pa	21 681,58	24 717,00	19 710,53	22 470,00	10,00%
S1J4A	Kelp Collectors/Fishing Farming pm	2 171,06	2 475,00	1 973,68	2 250,00	10,00%
S1J4B	Kelp Collectors/Fishing Farming pa	21 681,58	24 717,00	19 710,53	22 470,00	10,00%
S1J4C	Kelp Collectors/Fishing Farming per launch	144,74	165,00	131,58	150,00	10,00%
S1J5	Oversize vessel	tariff + 50%	vat on tariff + 50%	tariff + 50%	vat on tariff + 50%	
S1J6A	Nature Conservation	FREE	FREE	FREE	FREE	
S1J6B	Support Service per month	511,40	583,00	464,91	530,00	10,00%
S1J6C	Support Service per launch	67,54	77,00	61,40	70,00	10,00%
S1J7A	Sport/Commercial Fishing Overstrand consumers only pa	443,86	506,00	403,51	460,00	10,00%
S1J7B	Sport/Commercial Fishing non-consumers per launch	72,81	83,00	65,79	75,00	10,67%
S1J8A	Passenger Boats pm	1 085,97	1 238,00	986,84	1 125,00	10,04%
S1J8B	Passenger Boats per launch	106,14	121,00	96,49	110,00	10,00%
S1J9	Use of Tractor for boat-launching / month	183,34	209,00	166,67	190,00	10,00%
S1J10	Under-cover Stalls (Informal trading) / day	34,21	39,00	30,70	35,00	11,43%
S1J11	Formal Shop Rental / month	627,19	715,00	570,18	650,00	10,00%
S1J12	Informal Trader under cover rental / month	414,91	473,00	377,19	430,00	10,00%
<b>S1L</b>	<b>Kleinmond (08:00 - 16:00)</b>					
S1L1	Entrance fee per day (Western Cape December school holiday <b>plus</b> Easter Weekend)	28,95	33,00	26,32	30,00	9,99%
S1L2	Season Ticket (Western Cape December School Holiday <b>plus</b> Easter Weekend) (Motor Vehicles)	256,14	292,00	232,46	265,00	10,19%
<b>S2</b>	<b>BUILDING CONTROL</b>					
S2A1	Building Plan Fees up to 100 m <sup>2</sup> (R/m <sup>2</sup> )	21,05	24,00	19,30	22,00	9,07%
S2A2	Building Plan Fees from 101 m <sup>2</sup> to 200 sq m (R/m <sup>2</sup> )	25,44	29,00	23,68	27,00	7,43%
S2A3	Building Plan Fees from 201 m <sup>2</sup> to 300 sq m (R/m <sup>2</sup> )	29,83	34,00	28,07	32,00	6,25%
S2A4	Building Plan Fees greater than 300 m <sup>2</sup> (R/m <sup>2</sup> )	34,21	39,00	33,33	38,00	2,64%
S2A5	Building Plan fees - Building Sub Economic < 70 m <sup>2</sup>	307,02	350,00	280,70	320,00	9,38%
S2B	Alterations and Additions smaller than 30 m <sup>2</sup>	631,58	720,00	578,95	660,00	9,09%
S2C	Building Plan fees related to farm buildings (farm sheds, stables, etc) R/m <sup>2</sup>	14,48	16,50	13,16	15,00	10,00%
S2D1	Building Plan fees related to Industrial buildings R/m <sup>2</sup>	14,48	16,50	13,16	15,00	10,00%
S2D2	Building Plan Fees Related to Government Buildings (School etc) (R/m <sup>2</sup> )	14,48	16,50	13,16	15,00	10,00%
S2F1	Plan Scrutiny Fees - < 200 m <sup>2</sup>	377,19	430,00	342,11	390,00	10,26%
S2F2	> 200 m <sup>2</sup> (R/m <sup>2</sup> )	3,07	3,50	2,81	3,20	9,25%
S2G	Demolition application	377,19	430,00	342,11	390,00	10,26%
S2H	Inspection & Re-inspection fees and Inspections on queries, rates clearance etc.	219,30	250,00	192,98	220,00	13,64%
S2J1	Building Deposit - < 50m <sup>2</sup> or <b>less</b> or less than R150,000.00	660,00	no vat	600,00	no vat	10,00%
S2J2	Building Deposit - Recoverable 50m <sup>2</sup> to 200m <sup>2</sup> or more than R150,000.00	1 760,00	no vat	1 600,00	no vat	10,00%
S2J3	Building Deposit - Recoverable more than 200m <sup>2</sup>	4 840,00	no vat	4 400,00	no vat	10,00%
S2J4	Building Deposit - Sub economic Areas only (Not applicable to Additions)	No Deposit	no vat	No Deposit	no vat	

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
S2K	Administration / Viewing Fee	43,86	50,00	36,84	42,00	1,10
S2L	Minor Building Works	175,44	200,00	NEW	NEW	19,06%
S2L1	Heritage Investigation Minor Alterations (no additions)	350,88	400,00	324,56	370,00	8,11%
S2L2	Heritage Investigation add and alt smaller than 30m²	701,75	800,00	649,12	740,00	8,11%
S2L3	Heritage Investigation add and alt greater than 30m²	1 403,51	1 600,00	1 315,79	1 500,00	6,67%
<b>S3</b>	<b>BUILDING CONTROL: PLAN PRINTING FEES</b>					
S3A1	Per sheet - Size A0 (Private copy)	48,25	55,00	43,86	50,00	10,00%
S3A2	Size A1 (Private copy)	38,60	44,00	35,09	40,00	10,00%
S3A3	Size A2 (Private copy)	28,95	33,00	26,32	30,00	9,99%
S3A4	Per sheet - Size A0 (Official copy)	38,60	44,00	35,09	40,00	10,00%
S3A5	- Size A1 (Official copy)	28,95	33,00	26,32	30,00	9,99%
S3A6	- Size A2 (Official copy)	20,18	23,00	19,30	22,00	4,53%
S3B1	Per sheet - Size A0 (Private copy) Colour	250,88	286,00	228,07	260,00	10,00%
S3B2	Size A1 (Private copy) Colour	192,98	220,00	175,44	200,00	10,00%
S3B3	Size A2 (Private copy) Colour	131,58	150,00	114,04	130,00	15,39%
S3B4	Per sheet - Size A0 (Official copy) Colour	127,19	145,00	114,04	130,00	11,54%
S3B5	- Size A1 (Official copy) Colour	96,49	110,00	87,72	100,00	10,00%
S3B6	- Size A2 (Official copy) Colour	65,79	75,00	61,40	70,00	7,15%
<b>S15</b>	<b>CEMETERY</b>					
	<b>Residents (RES):</b>					
<b>S15A</b>	<b>Plot Cost (Fixed)</b>					
S15A1	All cemeteries - between 1.1 & 1.8 meter	474,56	541,00	412,28	470,00	15,11%
S15A2	All cemeteries - between 1.81 & 2.4 meter	736,84	840,00	561,40	640,00	31,25%
S15A3	Dubble grave next to each other	949,12	1 082,00	NEW	NEW	
S15A4	Children under 12years 1.5 meter	356,14	406,00	NEW	NEW	
S15A3	Garden of Remembrance Fees	173,68	198,00	157,90	180,00	10,00%
<b>S15B</b>	<b>Indication of grave</b>					
S15B1	New graves (include inspection before and after funeral)	453,51	517,00	412,28	470,00	10,00%
S15B2	Existing graves	144,74	165,00	131,58	150,00	10,00%
	<b>Non Residents:</b>					
<b>S15C</b>	<b>Plot Cost</b>					
S15C1	All Tariffs	Res Tariff X 5	Vat on Res Tariff X 5	Res Tariff X 5	Vat on Res Tariff X 5	
<b>S15D</b>	<b>Indication of grave</b>					
S15D1	All Tariffs	Res Tariff X 5	Vat on Res Tariff X 5	Res Tariff X 5	Vat on Res Tariff X 5	
<b>S18</b>	<b>COMMERCIAL FILMING/PHOTOGRAPHING</b>					
S18A1	Large per day or part thereof ≥ 50 people	10 228,07	11 660,00	9 298,25	10 600,00	10,00%
S18A2	Small per day or part thereof more than 10 but < 50 people	3 579,82	4 081,00	3 254,39	3 710,00	10,00%
S18A3	Small per day or part thereof ≤ 10 people	1 022,81	1 166,00	929,82	1 060,00	10,00%
	<b>Addition to Shoot</b>					
S18C	Animals (per animal per day or part of a day)	125,44	143,00	114,04	130,00	10,00%
S18D	Area required for production and catering (per m² per day or part of a day)	28,95	33,00	26,32	30,00	9,99%
S18E	Cancellation Fee (per application at full permit fee)	15% of Fee	15% of Fee	15% of Fee	15% of Fee	

**OVERSTRAND MUNICIPALITY**

**SUNDRY TARIFFS 2014/2015**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
S18G	Enviromental Control Officer: Fees per hour or part thereof	298,25	340,00	280,70	320,00	1,10
S18H	Vehicles off Public Roads per Parking Bay (per vehicle per day/part of a day)	105,26	120,00	96,49	110,00	6,25%
<b>S20</b>	<b>CREDIT CONTROL AND DEBT COLLECTION</b>					9,09%
S20A1	Admin fee on arrear accounts Notices	289,47	330,00	263,16	300,00	10,00%
S20A2	Admin fee on 24 hour Notices - Bulk users	289,48	330,00	263,16	300,00	10,00%
S20B	Admin fee on arrear accounts Disconnection and Reconnection Fee	482,46	550,00	438,60	500,00	10,00%
<b>S22</b>	<b>DOG TAX</b>					
S22A	Licence per dog	57,89	66,00	52,63	60,00	10,00%
S22B	Social pensioner and registered indigent clients on application	FREE	no vat applicable	FREE	no vat applicable	
<b>S23</b>	<b>FIRE SERVICES &amp; DISASTER MANAGEMENT</b>					
S23A	Plot Clearing	Actual Cost + R877.20 admin. Fee	(Actual Cost + Vat) + R1 000,00	Actual Cost + R877.20 admin. Fee	(Actual Cost + Vat) + R1 000,00	0,00%
S23B	Re-inspection Fee under By-law	115,79	132,00	105,26	120,00	10,00%
<b>S23C</b>	<b>Extinghuising of Fires</b>					
S23C1	Extinguishing of structural fires per hour or part thereof per incident	1315,79	1500,00	NEW	NEW	
S23C2	Extinguishing of structural fires - indigent households	FREE	no vat applicable	NEW	NEW	
S23C3	Extinguishing of veld - and other fires per hour or part thereof	438,60	500,00	NEW	NEW	
S23C4	Assistance at motor vehcile accidents and rescues	FREE	no vat applicable	NEW	NEW	
<b>S23D</b>	<b>Standby at fire scene</b>					
S23D1	Per hour or part thereof for vehicle and fire fighters	438,60	500,00	NEW	NEW	
<b>S23E</b>	<b>Fire Prevention Inspections</b>					
S23E1	Tank installation - per tank	263,16	300,00	NEW	NEW	
S23E2	LP Gas - per installation 48Kg and more incl bulk tanks	263,16	300,00	NEW	NEW	
<b>S23F</b>	<b>Fire Safety</b>					
S23F1	1st and 2nd compliance inspection	FREE	no vat applicable	NEW	NEW	
S23F2	3rd and continuing compliance inspection	263,16	300,00	NEW	NEW	
<b>S23G</b>	<b>Events</b>					
S23G1	Inspection of location and issuing of Population Certificate	175,44	200,00	NEW	NEW	
S23G2	Standby at event per event per day or part thereof for vehicle and fire fighters	877,19	1000,00	NEW	NEW	
<b>S23H</b>	<b>Burn Permits</b>					
S23H1	Burn Permit Inspection	219,30	250,00	NEW	NEW	
<b>S25</b>	<b>LAW ENFORCEMENT</b>					
<b>S25B</b>	<b>Business License</b>					
S25B1	Business Licence - permanent stand	559,65	638,00	508,77	580,00	10,00%
S25B2	Business Licence - not permanent stand	221,93	253,00	201,75	230,00	10,00%
S25B3	Re-inspection Fee	110,97	126,50	100,88	115,00	10,00%
S25B4	Duplicate Licence Fee	110,97	126,50	100,88	115,00	10,00%
<b>S25C</b>	<b>Impoundment of Hawkers Goods</b>					
S25C1	Per Impoundment	492,11	561,00	447,37	510,00	10,00%
S25C2	Removal of illegal structure per structure	2 026,32	2 310,00	1 842,11	2 100,00	10,00%
S25C3	Storage Fee per day	130,26	148,50	118,42	135,00	10,00%

**OVERSTRAND MUNICIPALITY**

**SUNDRY TARIFFS 2014/2015**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>S25D</b>	<b>Pound fee: Dogs and Cats</b>					1,10
S25D1	Impoundment of Dogs and Cats	53,07	60,50	48,25	55,00	10,00%
S25D2	Pound fee: from day 2 per day	33,77	38,50	30,70	35,00	10,00%
<b>S25E</b>	<b>Pound fee: Other Animals</b>					
S25E1	Impoundment fee per week per animal	530,71	605,00	482,46	550,00	10,00%
<b>S25F</b>	<b>Bylaw on Outdoor Advertising</b>					
S25F1	Impoundment of illegal Advertising/Agent boards (per board) - small <2400cm <sup>2</sup>	53,07	60,50	48,25	55,00	10,00%
S25F2	Impoundment of illegal Advertising/Agent boards (per board) - large >2400cm <sup>2</sup>	530,71	605,00	482,46	550,00	10,00%
<b>S28</b>	<b>LIBRARY</b>					
S28A1	Copies: A3 / Page	3,07	3,50	2,81	3,20	9,25%
S28A2	Copies: A3 / Page - <b>Education Purposes ONLY Black &amp; White</b>	2,63	3,00	NEW	NEW	
S28A3	Copies: A3 page Colour	6,58	7,50	6,14	7,00	7,17%
S28A4	Copies: A3 / Page - <b>Education Purposes ONLY Colour</b>	5,26	6,00	NEW	NEW	
S28A5	Copies: A4/Page	2,41	2,75	2,19	2,50	10,00%
S28A6	Copies: A4 / Page - <b>Education Purposes ONLY Black &amp; White</b>	1,32	1,50	1,32	1,50	0,00%
S28A7	Copies: A4 page Colour	4,83	5,50	4,39	5,00	9,91%
S28A8	Copies: A4 / Page - <b>Education Purposes ONLY Colour</b>	2,63	3,00	NEW	NEW	
S28B1	Deposit to person/s <b>non-residents Fiction &amp; Non-Fiction</b>	297,00	no vat	270,00	no vat	10,00%
S28C1	Fax per page - excluding 0865/6 numbers	3,38	3,85	3,77	4,30	-10,34%
S28C2	Fax per page - 0865/6 numbers	5,79	6,60	5,61	6,40	3,21%
S28D1	Lost Cards: Laminated (R/card)	17,54	20,00	14,04	16,00	24,97%
S28D2	Laminated Cost A3	4,39	5,00	NEW	NEW	
S28D3	Laminated Cost A4	2,19	2,50	NEW	NEW	
S28E1	Penalty per book per week	1,00	no vat	1,00	no vat	0,00%
S28E2	Penalty per record/CD per week	1,00	no vat	1,00	no vat	0,00%
S28E3	Penalty per video per day	2,00	no vat	2,00	no vat	0,00%
S28F1	Scanning of Document - Black & White	14,91	17,00	14,04	16,00	6,23%
S28F2	Scanning of Document - Colour	16,67	19,00	15,79	18,00	5,57%
S28G1	Special Requests - Hold per Book	2,63	3,00	2,63	3,00	-0,06%
S28G2	Special Requests - ILL per Book	4,39	5,00	4,39	5,00	0,09%
S28H1	Subscriptions/ reader - Adults (Non residents)	115,79	132,00	105,26	120,00	10,00%
S28H2	Subscriptions/ reader - Children (Non residents)	72,81	83,00	65,79	75,00	10,67%
S28H3	Subscriptions/ reader - Family max 5 (Non residents)	279,83	319,00	254,39	290,00	10,00%
S28J	Use of Internet Per 30 minutes subject to Telkom Price Increases	12,28	14,00	11,40	13,00	7,72%
S28K	Visitor's fee - Handling charge / item	9,65	11,00	8,77	10,00	10,00%
S28L1	Hire of Library Hall per day - Fundraising event	109,65	125,00	NEW	NEW	
S28L2	Hire of Library Hall per day - NON- Fundraising event	19,30	22,00	NEW	NEW	
<b>S30</b>	<b>STONY POINT</b>					
S30A1	Visitors fee Stony Point Nature Reserve per day (persons 13 years and older)	13,16	15,00	8,77	10,00	50,06%
S30A2	Visitors fee Soney Point Nature Reserve per day (children from 6 - 12 years)	8,77	10,00	NEW	NEW	
S30A3	Visitors fee Stony Point Nature Reserve per day (children under 6 years)	no charge	no charge	no charge	no charge	
S30A4	Visitors fee Stony Point Nature Reserve - Permit, financial year, per person	96,49	110,00	87,72	100,00	10,00%

**OVERSTRAND MUNICIPALITY**

**SUNDRY TARIFFS 2014/2015**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>S32</b>	<b>PARKING FEE</b>					
	<b>Beaches: Grotto &amp; Kleinmond (08:00 - 16:00)</b>					
S32A	Bus Drop off (more than 14 seats)	105,26	120,00	96,49	110,00	9,09%
S32B	Parking Buses: Municipal Parking Area per day	166,67	190,00	149,12	170,00	11,77%
S32C	Per vehicle per day or part of a day - (Western Cape December School Holiday)	13,16	15,00	8,77	10,00	50,06%
S32D	Residents permit per year (only 2 per owner of erven)	52,63	60,00	35,09	40,00	49,99%
S32E	Season Ticket (Western Cape December School Holiday) (per Motor Vehicle)	115,79	132,00	105,26	120,00	10,00%
	<b>Metered parking (excluding public holidays)</b>					
S32P	Parking Monthly Permit per vehicle	385,97	440,00	350,88	400,00	10,00%
S32Q	Per Quarter Hour or part of it - Monday to Friday 08:30 - 16:00	0,96	1,00	0,88	1,00	0,00%
S32R	Per Half Hour or part of it - Monday to Friday 08:30 - 16:00	2,63	3,00	1,75	2,00	49,91%
S32S	Per Hour Normal (Monday to Friday : 08:30 - 16:00)	4,39	5,00	3,51	4,00	25,12%
S32T	Per Hour Saturday (08:30 - 13:00)	4,39	5,00	3,51	4,00	25,12%
<b>S33</b>	<b>OPERATIONAL COST</b>					
S33A	Application fee for Installation of Street Signage (brown direction boards)	cost + 15%	applicable vat	cost + 15%	applicable vat	
<b>S34</b>	<b>PROPERTY ADMINISTRATION</b>					
S34A	Application for Encroachment (Asset Management Policy (Par. 53.1; 53.2; 53.3, 53.4, 53.5)	1 929,83	2 200,00	1 754,39	2 000,00	10,00%
S34B1	Application for purchase / lease of Municipal Property (excluding Sport Facilities/Stalls)	1 929,83	2 200,00	1 754,39	2 000,00	10,00%
S34B2	Application for purchase / lease of Municipal Property - registered Social Care Institutions / Organisations	438,60	500,00	438,60	500,00	0,00%
	<b>Encroachment Fee:</b>					
S34C	Veranda, Balcony, Sign, Signboards or similar structure (per annum) (Par. 53.1)	333,33	380,00	302,63	345,00	10,14%
S34D	Road Reserves and public thoroughfares (per annum) (Par 53.2)	333,33	380,00	302,63	345,00	10,14%
S34E	Garden areas onto Commonage & Public Open Spaces or Conservation areas (per annum) (Par. 53.3)	333,33	380,00	302,63	345,00	10,14%
S34F	Enclosure or exclusive use or portions of the commonage or public open spaces for gardening purposes (per m <sup>2</sup> per month) (Par 53.4)	9,65	11,00	8,77	10,00	10,00%
S34G	Use of Municipal land for outdoor seating adjoining a Restaurant (per m <sup>2</sup> per month) (Par 53.5)	21,93	25,00	21,93	25,00	0,00%
S34G1	Temporary use (< 12 months) of Municipal land for general purposes (per m <sup>2</sup> per month)	21,93	25,00	21,93	25,00	0,00%
<b>S34H</b>	<b>Radio Mast</b>					
S34H1	Equipment on Mast - per month per mast	1 466,66	1 672,00	1 333,33	1 520,00	10,00%
S34H2	Space in building per m <sup>2</sup> - per month	385,97	440,00	350,88	400,00	10,00%
S34H3	Space outside the building per m <sup>2</sup> - per month	192,98	220,00	175,44	200,00	10,00%
S34H4	Land for installation of a new mast per m <sup>2</sup> - per month	48,25	55,00	43,86	50,00	10,00%
	<b>Memorial Benches</b>					
S34J	Memorial Benches (Installation)	2 412,28	2 750,00	2 192,98	2 500,00	10,00%
S34K	Memorial Benches (per Annum)	192,98	220,00	175,44	200,00	10,00%
<b>S36</b>	<b>PROPERTY INFORMATION</b>					
S36A1	Clearance Certificate (R/certificate) - <b>ELECTRONIC</b>	72,81	83,00	65,79	75,00	10,67%
S36A2	Clearance Certificate (R/certificate) - <b>MANUAL</b>	221,93	253,00	201,75	230,00	10,00%
S36B1	Deeds office registrations with sales information (R/100 erven or part)	96,49	110,00	87,72	100,00	10,00%

1,10

**OVERSTRAND MUNICIPALITY**

**SUNDRY TARIFFS 2014/2015**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
S36B2	Deeds office registrations with sales information (R/erf)	24,56	28,00	21,93	25,00	1,10
S36C	Extract from the Valuation Roll (R/page)	7,90	9,00	7,02	8,00	11,99%
S36F	Revaluation fee	1 379,83	1 573,00	1 254,39	1 430,00	12,46%
S36G1	Valuation Certificate (R/certificate) - <b>ELECTRONIC</b>	34,21	39,00	30,70	35,00	10,00%
S36G2	Valuation Certificate (R/certificate) - <b>MANUAL</b>	115,79	132,00	105,26	120,00	11,43%
S36H	Access of valuation roll Information on CD	289,47	330,00	289,47	330,00	10,00%
<b>S40</b>	<b>RENTAL: COMMUNITY HALLS</b>					0,00%
S40.1	All events hosted where the municipal council or administration is the official host	free of charge	free of charge	free of charge	free of charge	
S40.2	Day tariff for all approved festivals per day	723,68	825,00	657,90	750,00	10,00%
S40.3	Elections by the Electoral Commission	as per IEC policy	applicable vat	as per IEC policy	applicable vat	
<b>S40A</b>	<b>Auditorium &amp; Banqueting Hall</b>					
S40A1	Deposit for all functions (refundable)	1 540,00	no vat	1 400,00	no vat	10,00%
S40A2	Hire of Auditorium and Banqueting Hall per Hour or part of a hour	463,16	528,00	421,05	480,00	10,00%
S40A3	Hire of Auditorium per Hour or part of a hour	231,58	264,00	210,53	240,00	10,00%
S40A4	Hire of Banqueting Hall per Hour or part of a hour	347,37	396,00	315,79	360,00	10,00%
	<i>Note: Hiring of Kitchen (Banqueting Hall &amp; Auditorium) used for the serving of food only is included in the hiring fee mentioned above as this facility forms an integral part of the building and cannot be separated there from.</i>					
S40A6	Piano per event	Actual Tuning Cost + R275.44 admin. Fee	Actual Tuning Cost + R314.00	Actual Tuning Cost + R250.00 admin. Fee	Actual Tuning Cost + R285.00	10,18%
S40A7	Sound OR Ligthing Equipment per event (each item) per hour	72,81	83,00	65,79	75,00	10,67%
S40A8	Where use is made of the crockery and other facilities i.e. stove, fridge	482,46	550,00	438,60	500,00	10,00%
S40A9	After Midnight	tariff X 2	applicable vat	tariff X 2	applicable vat	
S40A10	Fund raising event: Local CBO's and NGO's per hour per venue	212,28	242,00	192,98	220,00	10,00%
S40A11	Non-fundraising event: Local CBO's and NGO's per hour per venue	144,74	165,00	131,58	150,00	10,00%
S40A12	Preparation for event - per hour / per event dependent on hourly or per event tariff applied	96,49	110,00	87,72	100,00	
S40A13	Meetings: Government departments (private meetings), NGO's and CBO's from outside the municipal area, per hour (Banquet hall)	212,28	242,00	192,98	220,00	10,00%
S40A14	Meetings: Local CBO's & NGO's per hour (Banquet hall only)	19,30	22,00	17,54	20,00	10,00%
<b>S40C</b>	<b>Barracks - Kleinmond</b>					
S40C1	Hire per room per month	31,58	36,00	28,07	32,00	12,50%
<b>S40E</b>	<b>Baardskeerdersbos / Betty's Bay / Blompark / Buffelsjags /Eluxolweni / Gansbaai Tourism / Kleinmond Youth Centre / Kleinmond Club House / Masakane / Moffat Hall / Mooiuitsig / Overhills / Pringle Bay / Proteadorp / Stanford / Stanford Committee Room / Zwelihle</b>					
S40E1	Deposit: (refundable) Fundraising	0,00	no vat	190,00	no vat	-100,00%
S40E2	Deposit: (refundable) Funeral Tea	0,00	no vat	75,00	no vat	-100,00%
S40E3	Deposit: (refundable) Non Fundraising	0,00	no vat	130,00	no vat	-100,00%
S40E4	Fundraising: (Karaoke) Per daytime or evening	212,28	242,00	192,98	220,00	10,00%
S40E5	Funeral Tea (three hours)	86,85	99,00	78,95	90,00	10,00%
S40E6	Government Imbizos - Per daytime or evening	1 485,97	1 694,00	1 350,88	1 540,00	10,00%
S40E8	Meetings: Local CBO's and NGO's per hour	19,30	22,00	17,54	20,00	10,00%
S40E9	Non-fundraising (parties) Per daytime or evening	106,14	121,00	96,49	110,00	10,00%
S40E10	Use of Kitchen - Fundraising events per <b>event</b>	192,98	220,00	175,44	200,00	10,00%

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
S40E11	Use of Kitchen - Non Fundraising <i>Daytime = 07:00 - 17:00 // Evening = 18:00 - 24:00</i>	No charge	no vat	No charge	no vat	1,10
<b>S40J</b>	<b><u>Kleinmond Hall &amp; Hawston Multi Purpose Centre</u></b>					
S40J1	Deposit: (refundable) Funeral Teas, Church Services, Government Imbizos & Meetings.	400,00	no vat	380,00	no vat	5,26%
S40J2	Deposit: Hawston Multi Purpose Centre	1 000,00	no vat	1 000,00	no vat	0,00%
S40J3	Fundraising: Karaoke, Disco, competitions, etc. per daytime or evening	482,46	550,00	438,60	500,00	10,00%
S40J4	Funeral Tea (three hours)	86,85	99,00	78,95	90,00	10,00%
S40J5	Government Imbizos (per day)	1 485,97	1 694,00	1 350,88	1 540,00	10,00%
S40J6	Meetings: Government Departments (private meetings) & CBO's outside Municipal area per hour	212,28	242,00	192,98	220,00	10,00%
S40J7	Meetings: Local CBO's, NGO's per hour (only large groups > 30)	19,30	22,00	17,54	20,00	10,00%
S40J8	Non-fundraising: Parties, weddings, indoor sports, etc. per hour	96,49	110,00	87,72	100,00	10,00%
S40J9	Sound OR Ligthning Equipment per event (each item) per hour	72,81	83,00	65,79	75,00	10,67%
S40J10	Use of kitchen (per event per day)	231,58	264,00	210,53	240,00	10,00%
S40J11	Use of kitchen (per event per day) - Welfare, churches, non-profit organizations	231,58	264,00	210,53	240,00	10,00%
<b>S43</b>	<b><u>RENTAL: HAWKERS' STALLS, OPEN SPACES &amp; BEACHES</u></b>					
<b>S43A</b>	<b><u>CBD</u></b>					
S43A1	All open stalls per day (demarcated area)(excluding Western Cape December Holiday plus Easter Weekend)	19,29	22,00	17,54	20,00	10,00%
S43A2	Open Stalls per day (Western Cape December Holiday plus Easter Weekend)	28,95	33,00	26,32	30,00	9,99%
<b>S43B</b>	<b><u>Outside the CBD</u></b>					
S43B1	Open Stalls Rental - Western Cape December Holiday plus Easter Weekend / pm	65,79	75,00	59,65	68,00	10,29%
S43B2	Open Stalls Rental - excluding Western Cape December Holiday plus Easter Weekend / pm	28,07	32,00	25,44	29,00	10,34%
<b>S43D</b>	<b><u>Public Open Space</u></b>					
S43D1	Car Park - Private Car Sales per day (demarcated areas)	26,32	30,00	23,68	27,00	11,15%
S43D2	Funfair, Circus etc per day	627,19	715,00	570,18	650,00	10,00%
S43D3	Welfare, churches, non-profit organizations	no charge	no vat	no charge	no vat	
S43D4	Sport Events per day	2 846,49	3 245,00	2 587,72	2 950,00	10,00%
<b>S43F</b>	<b><u>Beaches</u></b>					
S43F1	Beach Rentals - per day (Private functions)	916,66	1 045,00	833,33	950,00	10,00%
<b>S46</b>	<b><u>RENTAL: OFFICE</u></b>					
S46A	Rental per m <sup>2</sup> / pm	86,85	99,00	78,95	90,00	10,00%
S46B	Local Municipal Council Functions	no charge	no vat	no charge	no vat	
<b>S48</b>	<b><u>RENTAL: SPORT FACILITIES</u></b>					
<b>S48A</b>	<b><u>Spaces for Sport - Gansbaai</u></b>					
S48A1	Club House - per hour (private events)	121,05	138,00	109,65	125,00	10,40%
S48A2	Club House - Sport events (Overstrand Teams)	no charge	no vat	no charge	no vat	
S48A3	Club House - Sport Event - per hour	60,53	69,00	55,26	63,00	9,53%
S48A4	Sport grounds - Non Overstrand per event	1 192,98	1 360,00	1 084,21	1 236,00	10,03%
S48A6	Sport grounds - Functions/Events (excluding departmental events)	657,90	750,00	597,37	681,00	10,13%
S48A7	Gym fees per month	61,40	70,00	55,26	63,00	11,11%
<b>S48B</b>	<b><u>Deposit</u></b>					
S48B1	Sport fields	645,00	no vat	585,00	no vat	10,26%

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
S48B2	Clubhouse	380,00	no vat	350,00	no vat	1,10
<b>S50</b>	<b>SCHUSS HOUSES KLEINMOND</b>					8,57%
S50A	Rent per month	714,03	814,00	649,12	740,00	10,00%
<b>S55</b>	<b>SUNDRY</b>					
S55A	Access to Information as per Act (2 of 2000) - Tariffs	As Stipulated in the Act				
S55B1	Administration Cost - RD ACB	50,88	58,00	45,61	52,00	11,55%
S55B2	Administration Cost - RD cheques ,Post Dated Cheques	actual cost + R34.21	actual cost + R39.00	actual cost + R30.70	actual cost + R35.00	11,43%
S55B3	Administration Cost - Trace of Direct Deposit	70,18	80,00	63,16	72,00	11,11%
S55C	Copies of Council Agendas and Minutes per annum	993,86	1 133,00	903,51	1 030,00	10,00%
S55D1	Copies: A3 page	3,07	3,50	3,07	3,50	0,00%
S55D2	Copies: A3 page Colour	6,58	7,50	6,14	7,00	7,17%
S55D3	Copies: A4 page	2,41	2,75	2,19	2,50	10,00%
S55D4	Copies: A4 page Colour	4,83	5,50	4,39	5,00	9,91%
S55E	Foreign Bank Cost	actual cost	actual vat	actual cost	actual vat	
S55F1	Fax per page - excluding 0865/6 numbers	3,38	3,85	3,07	3,50	10,00%
S55F2	Fax per page - 0865/6 numbers	5,79	6,60	5,26	6,00	10,00%
S55G1	Interest on accounts in arrear	prime + 4%	no vat	prime + 4%	no vat	
S55G2	Placard / Poster Deposit for Elections	3 300,00	no vat	3 000,00	no vat	10,00%
S55G4	Placard / Poster Deposit for Political Parties	3 300,00	no vat	3 000,00	no vat	10,00%
S55H	Placard / Poster each	11,58	13,20	10,53	12,00	10,00%
S55I	Duplicate Account	5,79	6,60	5,26	6,00	10,00%
S55J	Section 62 of local Government: Systems Act: appeal deposit (refundable if appeal is upheld)	2 332,00	no vat	2 120,00	no vat	10,00%
S55K1A	Tender objection deposit (refundable if appeal is upheld)	2 332,00	no vat	2 120,00	no vat	10,00%
S55K1B	Tender objection deposit (partially upheld - refundable)	1 166,00	no vat	1 060,00	no vat	10,00%
S55K2	Tender documentation Administration Fee: (less than 20 pages)	23,16	26,40	21,05	24,00	10,00%
S55K3	Tender documentation Administration Fee: (more than 21 pages less than 50 pages)	125,44	143,00	114,04	130,00	10,00%
S55K4	Tender documentation Administration Fee: (more than 50 pages)	501,75	572,00	456,14	520,00	10,00%
S55L	Advertising Signs Auctioneers per 14days	357,02	407,00	324,56	370,00	10,00%
S55K1	Laminated Cost A3	4,39	5,00	NEW	NEW	
S55K2	Laminated Cost A4	2,19	2,50	NEW	NEW	
<b>S60</b>	<b>SWIMMING POOL</b>					
<b>S60A</b>	<b>Daily Tariffs</b>					
S60A1	Adults - per person per DAY or part of a day	7,02	8,00	6,14	7,00	14,33%
S60A2	Children (< 16years) per child per day or part of a day	No Charge	no vat	No Charge	no vat	
S60A4	Galas	72,81	83,00	65,79	75,00	10,67%
S60A5	Training sessions (Schools & Clubs) per season	115,79	132,00	105,26	120,00	10,00%
<b>S60B</b>	<b>Peak time Tariffs (Hourly tariffs) (Western Cape December Holiday plus Easter Weekend)</b>					
S60B1	Adults - per person per hour or part of a hour	0,88	1,00	0,88	1,00	0,00%
S60B2	Children (< 16years) per child per day or part of a day	No Charge	no vat	No Charge	no vat	
S60B4	Galas	72,81	83,00	65,79	75,00	10,67%
<b>S65</b>	<b>TOP MANAGEMENT CONSULTATIONS</b>					
S65A1	Consultation Fee (Top Management) per hour	675,44	770,00	614,04	700,00	10,00%

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
S65A2	Deposit: Consultation	7 700,00	no vat	7 000,00	no vat	1,10
<b>S72</b>	<b>TOWN PLANNING: APPLICATION FEES</b>					
S72A	Amendment of application and conditions	1 640,35	1 870,00	1 491,23	1 700,00	10,00%
S72B	Application for amendment of structure plan or SDF	1 929,83	2 200,00	1 754,39	2 000,00	10,00%
S72F	Removal of Title Deed Restrictions	2 508,77	2 860,00	2 280,70	2 600,00	10,00%
S72F1	Erven <b>smaller</b> than 300 m <sup>2</sup>	391,23	446,00	NEW	NEW	
S72F2	Erven <b>larger</b> than 300 m <sup>2</sup>	2 732,46	3 115,00	NEW	NEW	
<b>S72H</b>	<b>Subdivision (cumulative)</b>					
S72H1	up to 5 erven	3 763,16	4 290,00	3 421,05	3 900,00	10,00%
S72H2	6 to 10 erven	4 438,60	5 060,00	4 035,09	4 600,00	10,00%
S72H3	More than 10	6 271,93	7 150,00	5 701,75	6 500,00	10,00%
S72I1	Application for Consent Uses/Special Consent	1 929,83	2 200,00	1 754,39	2 000,00	10,00%
S72I1	Application for Consent Uses/Special Consent (Erven smaller than 300m <sup>2</sup> )	405,26	462,00	368,42	420,00	10,00%
S72J	<b>Application for Rezoning</b>					
S72J1	Erven <b>smaller</b> than 300 m <sup>2</sup>	405,26	462,00	368,42	420,00	10,00%
S72J2	Erven <b>between</b> and including 300 m <sup>2</sup> and 5000 m <sup>2</sup>	3 184,21	3 630,00	2 894,74	3 300,00	10,00%
S72J3	Erven <b>larger</b> than 5000 m <sup>2</sup>	4 438,60	5 060,00	4 035,09	4 600,00	10,00%
S72K	<b>Departure</b>					
S72K1A	Application for Departure (Land Use)	1 929,83	2 200,00	1 754,39	2 000,00	10,00%
S72K1B	Application for Departure (Erven smaller than 300m <sup>2</sup> )	337,72	385,00	307,02	350,00	10,00%
S72K2	<b>Application for Departure/Consent Use (Building Lines)</b>					
S72K2A	Erven <b>smaller</b> than 300 m <sup>2</sup>	405,26	462,00	368,42	420,00	10,00%
S72K2B	Erven <b>larger</b> than 300 m <sup>2</sup>	1 736,85	1 980,00	1 578,95	1 800,00	10,00%
S72L	Amendment of Approval / Conditions (Sec 4(7) of the Land Use Planning Ordinance, Ordinance 15 of 1985)	1 543,86	1 760,00	1 403,51	1 600,00	10,00%
S72M	Contravention Application (Sec 40 of the Land Use Planning Ordinance, Ordinance 15 of 1985)	1 929,83	2 200,00	1 754,39	2 000,00	10,00%
S72N	Extention of Time	511,40	583,00	464,91	530,00	10,00%
<b>S75</b>	<b>TOWN PLANNING: LAND USE PLANNING FEE</b>					
S75A1	Advertising Costs Government Gazette	2 701,75	3 080,00	2 456,14	2 800,00	10,00%
S75A2	Advertising Costs Local newspapers	2 701,75	3 080,00	2 456,14	2 800,00	10,00%
S75A3	Advertising Costs - Placing of Final Notice in the Government Gazette	1 754,39	2 000,00			
S75B	Regulations of Zoning schemes	318,42	363,00	289,47	330,00	10,00%
S75C	Spatial Development Framework	752,63	858,00	684,21	780,00	10,00%
S75D	Zoning Certificate	192,98	220,00	175,44	200,00	10,00%
S75E	Registered Letters - more than 10 letters, applicant to pay applicable tariffs according to the South African Post Office Rates	applicable rate	applicable vat	applicable rate	applicable vat	
S75F	CD - Planning Documents	318,42	363,00	NEW	NEW	
<b>S80</b>	<b>TRAFFIC</b>					
<b>S80J</b>	<b>Business &amp; Other functions</b>					
S80J1	Per officer per hour or part thereof - Mon - Sat	337,72	385,00	307,02	350,00	10,00%
S80J2	Per officer per hour or part thereof - Sundays and public Holidays	385,97	440,00	350,88	400,00	10,00%

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SUNDRY TARIFFS 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
S80J4	Administrative fee for provision of officers - per application	96,49	110,00	87,72	100,00	1,10
<b>S80K</b>	<b><u>Removal of Vehicles/Towing Fee</u></b>					
S80K1	Removal of Vehicles per vehicle	810,52	924,00	736,84	840,00	10,00%
S80K2	Storage Fees per day	221,93	253,00	201,75	230,00	10,00%
S80K3	Towing Charge	Cost plus 15%	applicable bat	Cost plus 15%	applicable bat	
S80K4	Wheel Clamping per vehicle	192,98	220,00	175,44	200,00	10,00%
<b>S80L</b>	<b><u>Traffic Cones</u></b>					
S80L1	Hire of Traffic Cones per Cone	48,25	55,00	43,86	50,00	10,00%
<b>S80P</b>	<b><u>Disabled Parking Token</u></b>					
S80P1	Disabled Parking Token per application	96,49	110,00	87,72	100,00	10,00%

**OVERSTRAND MUNICIPALITY**

**REFUSE (SOLID WASTE) 2014/15**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
		R	R	R	R	
<b>SAN1</b>	<b>REFUSE REMOVAL (1 removal per week of 4 bags or 1X240 Bin)</b>					
SAN1A	Residential (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	130,18	148,40	122,81	140,00	6,00%
SA1A2	Residential Indigent (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	130,18	148,40	122,81	140,00	6,00%
SAN1C	Commercial/Businesses (Hostels, Old Age Homes, Caravan Sites, Semi-permanent Resorts etc) (R/Month)	130,18	148,40	122,81	140,00	6,00%
SA1N1	Bulk Container 240L (Wheeley bin) (R/Month) 1 X per week (if available)	130,18	148,40	122,81	140,00	6,00%
SAN1N	Bulk Container 240L (Wheeley bin) (R/Month) 2 X per week (if available)	260,35	296,80	245,61	280,00	6,00%
SA1N3	Bulk Container 240L (Wheeley bin) (R/Month) 3 X per week CBD (if available)	390,53	445,20	368,42	420,00	6,00%
SA1N4	Bulk Container 240L (Wheeley bin) (R/Month) 4 X per week CBD (if available)	520,70	593,60	491,23	560,00	6,00%
SA1N2	Bulk Container 240L (Wheeley bin) (R/Month) 5 X per week CBD (if available)	650,88	742,00	614,04	700,00	6,00%
SAN1O	Camphill Route (R/Month) (If available)	1 022,80	1 166,00	964,91	1 100,00	6,00%
SAN1P	Additional Removals per week on <b>Saturday</b> per Bin (R/Month) Peak Time per removal	195,26	222,60	184,21	210,00	6,00%
SA1P1	Additional Removals on request Central Town (CBD) per bin (R/Month) (Sunday or Public Holidays) Peak Time per removal	260,35	296,80	245,61	280,00	6,00%
SA1Q1	Caravan Sites, Chalets, Semi-permanent & Resorts (R/Month) (Uilenskraalmond Vakansieoord; Franskraal Vakansieoord; Pearly Beach Camp, Micheal Fuchs Guesthouse) <b>NO REMOVAL (per unit/site)</b>	41,84	47,70	39,47	45,00	6,00%
SAN1R	Departmental Consumption (Municipal Consumption per removal site per month)	111,58	127,20	105,26	120,00	6,00%
SAN1U	Schools (R/Month)	130,18	148,40	122,81	140,00	6,00%
SAN1T	Removal outside service area (per removal per hour) (If available)	976,31	1 113,00	921,05	1 050,00	6,00%
SAN1V	Single Quarters & Transit Camps per unit	41,84	47,70	39,47	45,00	6,00%
SAN1W	Guesthouses, Bed & Breakfast (R/Month)	130,18	148,40	122,81	140,00	6,00%
<b>SAN2</b>	<b>SELF DUMPING TRANSFER STATIONS &amp; DUMPING SITES:</b>					
SA2B1	Vehicles >1 & up to 2 Ton per load	149,12	170,00	140,35	160,00	6,25%
SA2B2	Vehicles >2 & up to 3 Ton per load	223,68	255,00	210,53	240,00	6,25%
SA2B3	Vehicles >3 & up to 4 Ton per load	298,25	340,00	280,70	320,00	6,25%
SA2B4	Vehicles >4 & up to 5 Ton per load	371,93	424,00	350,88	400,00	6,00%
SA2B5	Vehicles >5 & up to 6 Ton per load (no admission to transfer station, only to dumping sites)	446,49	509,00	421,05	480,00	6,04%
SA2B6	Vehicles >6 & up to 7 Ton per load (no admission to transfer station, only to dumping sites)	521,05	594,00	491,23	560,00	6,07%

1,06

**OVERSTRAND MUNICIPALITY**

**REFUSE (SOLID WASTE) 2014/15**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SA2B7	Vehicles >7 & up to 8 Ton per load (no admission to transfer station, only to dumping sites)	585,97	668,00	552,63	630,00	1,06 6,03%
SA2B8	Vehicles >8 & up to 9 Ton per load (no admission to transfer station, only to dumping sites)	660,53	753,00	622,81	710,00	6,06%
SA2B9	Vehicles >9 & up to 10 Ton per load (no admission to transfer station, only to dumping sites)	735,09	838,00	692,98	790,00	6,08%
SA2B11	Vehicles >10 Ton per load (no admission to transfer station, only to dumping sites)	883,33	1 007,00	833,33	950,00	6,00%
<b>SAN4</b>	<b><u>BASIC FEE REFUSE SERVICE (Erven without approved building plans)</u></b>					
SAN4A	All registered erven without approved building plans (R/Month)	65,08	74,20	61,40	70,00	6,00%
<b>SAN5</b>	<b><u>SUNDRIES</u></b>					
SAN5A	Rental of Bulk Container per day (including disposal)	68,86	78,50	64,91	74,00	6,08%
SAN5B	Deposit - rental of bulk containers per 4 bins or less	530,00	no vat	500,00	no vat	6,00%
SAN5C	Asbestos Sheet - per unit	49,30	56,20	46,49	53,00	6,04%
SAN5D	Baboon Resistant 240L Wheeley bin with lock delivered to homes on programme	771,75	879,80	728,07	830,00	6,00%
<b>THE REFUSE REMOVAL TARIFF IS MADE UP AS FOLLOWS: REMOVAL 40%, DISPOSAL 10% AND A BASIC FEE OF 50%</b>						

**OVERSTRAND MUNICIPALITY**

**SEWER 2014/15**

Tariff Code	Detail	2014/2015		2013/2014			
		Exclude VAT	Include VAT	Exclude VAT	Include VAT		
<b>SE7A</b>	<b>SEWERAGE - SINGLE AND INTERMEDIATE RESIDENTIAL Conventional Sewers, small bore sewers and conservancy tanks)</b>	<b>(Dwelling house and Duplex flats,</b>					
SE7A1	0 - 35kl per kl (based on 70% of 50kl water usage) - per unit per month , Conservancy tank service included maximum of 2 (two) vacuum tanker services, only during office hours per month. For after hours service and more than 2 tank services, refer to tariff SE9B.	10,26	11,70	9,65	11,00	6,32%	
<b>SEWERAGE - REGISTERED INDIGENT HOUSEHOLDS</b>							
SE7A4	0 - 4.2 kl - <b>subsidised</b>	10,26	11,70	9,65	11,00	6,32%	
SE7A5	4.3 - 35kl per kl (based on 70% of 50kl water usage) - per unit per month , Conservancy tank service included maximum of 2 (two) vacuum tanker services, only during office hours per month. For after hours service and more than 2 tank services, refer to tariff SE9B.	10,26	11,70	9,65	11,00	6,32%	
<b>SE7B</b>	<b>SEWERAGE - GENERAL RESIDENTIAL (Blocks of flats and Residential Buildings)</b>						
SE7B1	0 - 45kl per kl (based on 90% of 50kl water usage) per unit per month	10,26	11,70	9,65	11,00	6,32%	
<b>SE7C</b>	<b>SEWERAGE - GUEST HOUSE; BED &amp; BREAKFAST ESTABLISHMENTS</b>						
SE7C1	per kl (based on 70% of water usage) per unit per month	10,26	11,70	9,65	11,00	6,32%	
<b>SE7D</b>	<b>CONSUMPTION - ALL OTHER (Including Commercial, Industrial, School, Sport, etc)</b>						
SE7D1	per kl (based on 90% of water usage) per unit per month - this percentage may be adjusted according to the Tariff Policy after investigation	10,26	11,70	9,65	11,00	6,32%	
<b>SE7E</b>	<b>CONSUMPTION - DEPARTMENTAL</b>						
SE7E1	0 - 35 kl per kl (based on 70% of 50kl water usage) per unit per month	10,26	11,70	9,65	11,00	6,32%	
<b>SE8</b>	<b>BASIC CHARGE</b>						
SE8A	Basic Monthly Charge Developed sites per erf/unit per month	91,14	103,90	85,97	98,00	6,02%	
SE8B	Basic Monthly Charge Undeveloped sites - can not connect to the network per erf/unit per month	61,40	70,00	57,90	66,00	6,05%	
SE8C	Basic Monthly Charge Undeveloped sites - can connect to the network per erf/unit per month	109,65	125,00	130,70	149,00	<b>-16,11%</b>	
SE8D	Basic Monthly Charge Developed sites - with a septic Tank per erf/unit per month	61,40	70,00	57,90	66,00	6,05%	
SE8E	Basic Monthly Charge - Low Cost Housing & Single Quarters per erf/unit per month	61,40	70,00	57,90	66,00	6,05%	
<b>Infrastructure</b>							
SE8F	Fixed Infrastructure Basic Charge per erf/unit per month	9,60	10,94	9,60	10,94	<b>0,00%</b>	
<b>SE9</b>	<b>SUNDRY CHARGES</b>						
SE9A	<b><u>Vacuum Tanker Service for users not paying tariffs SE7 above - PROVIDED ON REQUEST</u></b>						
SE9A1	Vacuum Tanker Service provided on request < 6kl (per 6kl or part thereof)	419,30	478,00	395,61	451,00	5,99%	
SE9A2	Vacuum Tanker Service provided on request < 5kl (per 5kl or part thereof)	419,30	478,00	395,61	451,00	5,99%	
SE9A4	Vacuum Tanker Service provided on request > 6kl (per 6kl or part thereof)	419,30	478,00	395,61	451,00	5,99%	
SE9A5	Call out fee for Tank Service request but no service due to another defect	419,30	478,00	395,61	451,00	5,99%	
SE9A6	More than 3 pipes an additional fee per pipe for users not paying tariff SE7 above	61,40	70,00	57,90	66,00	6,05%	
SE9BA	<b><u>After Hours Vacuum Tanker Service - PROVIDED ON REQUEST</u></b>						
SE9B1	After Hours - per request < 6kl (per 6kl or part thereof)	838,60	956,00	791,23	902,00	5,99%	

**OVERSTRAND MUNICIPALITY**

**SEWER 2014/15**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SE9B2	After Hours - per request > 6kl (per 6kl or part thereof)	838,60	956,00	791,23	902,00	1,06
SE9B3	After Hours - per request < 5kl (per 5kl or part thereof)	838,60	956,00	791,23	902,00	5,99%
SE9B2	After Hours Businesses with Public Toilets per removal	251,75	287,00	236,84	270,00	5,99%
SE9C	<b><u>Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST</u></b>					6,30%
SE9C1	Normal Applicable Tariff (SE9A1 or SE9A2 or SE9A4) plus additional per hour	251,75	287,00	236,84	270,00	6,30%
SE9C2	Normal Applicable Tariff (SE9A1 or SE9A2 or SE9A4)) plus additional per km	12,28	14,00	11,40	13,00	7,72%
	<b><u>After Hours for Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST</u></b>					
SE9C6	After Hours Applicable Tariff (SE9B1 or SE9B2 or SE9B3) plus additional per hour	251,75	287,00	236,84	270,00	6,30%
SE9C7	After Hours Applicable Tariff (SE9B1 or SE9B2 or SE9B3) plus additional per km	12,28	14,00	11,40	13,00	7,72%
SE9D	<b><u>Testing and Connection Fees</u></b>					
SE9D1	Testing of the septic and conservancy tanks per test	1 050,88	1 198,00	991,23	1 130,00	6,02%
SE9D2	Smallbore sewerage connection fee + tank test	4 824,56	5 500,00	3 118,42	3 555,00	54,71%
SE9D3	Sewer Connection	3 614,91	4 121,00	2 723,68	3 105,00	32,72%
SE9E	<b><u>Disposal</u></b>					
SE9E1	Charge per kl or part thereof	52,63	60,00	49,28	56,18	6,80%
<b>The cut off time for service delivery on the same day will be at 15:00. Any requests for tanker services after 15:00 will be charged at the after hour rate or will stand over until the next working day.</b>						
<b>SEW10</b>	<b>BULK SERVICES DEVELOPMENT FEES</b>					
	Development Contributions will be determined as set out in the Annexure in respect of Development Contribution Policy					

OVERSTRAND MUNICIPALITY

ELECTRICITY 2014/15

Tariff Code	Detail		2014/2015		2013/2014		
			Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>ED</b>	<b>ELECTRICITY CONSUMER DEPOSITS</b>						
ED2A1	Large Power User Group tariff E5 (excluding Kleinmond)	R	0,00	no vat	0,00	no vat	1,060
ED2B2	Large Power User Group tariff E5 Kleinmond 2 weeks highest average consumption	R	calculated	no vat	calculated	no vat	1,082
ED2C3	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	no vat	calculated	no vat	
ED3A	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity	R	4 166,00	no vat	3 850,00	no vat	8,21%
ED3B	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	no vat	calculated	no vat	
ED4A	Domestic Three Phase Credit Meter (Two Part Tariff) - Electricity	R	7 033,00	no vat	6 500,00	no vat	8,20%
ED4B	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	no vat	calculated	no vat	
ED5A	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity	R	8 224,00	no vat	7 600,00	no vat	8,21%
ED5B	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	no vat	calculated	no vat	
ED6A	Domestic & Commercial Single Phase P/Paid (Two Part Tariff) - Electricity	R	424,00	no vat	400,00	no vat	6,00%
ED7A	Domestic & Commercial Three Phase P/Paid (Two Part Tariff) - Electricity	R	1 304,00	no vat	1 230,00	no vat	6,02%
ED8	Deposit - Registered Indigent	R	138,00	no vat	130,00	no vat	6,15%
<b>EF</b>	<b>FIXED CHARGES</b>						
EF1	Infrastructure Charge per Meter per month	R	16,65	18,98	16,65	18,98	0,00%
<b>E1</b>	<b>SINGLE PHASE : DOMESTIC</b>						
<b>E1A</b>	<b>Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)</b>						
E1A1	Basic Monthly charge per meter	R	204,56	233,20	192,98	220,00	6,00%
	<b>kWH Unit cost</b>						
E1A2	IBT BLOCK 1 0 - 350 kWh	c	95,96	109,39	88,68	101,10	8,20%
E1A3	IBT BLOCK 2 351 - 600 kWh	c	130,01	148,22	120,16	136,98	8,20%
E1A4	IBT BLOCK 3 > 600 kWh	c	156,70	178,64	144,83	165,10	8,20%
<b>E1B</b>	<b>Two-Part Tariff: Pre-Paid up to 60 Amp (13.8 kVA BDMD) (Included Resorts)</b>						
E1B1	Basic Monthly charge per meter	R	204,56	233,20	192,98	220,00	6,00%
	<b>kWH Unit cost</b>						
E1B2	IBT BLOCK 1 0 - 350 kWh	c	88,64	101,05	81,93	93,40	8,20%
E1B3	IBT BLOCK 2 351 - 600 kWh	c	122,51	139,67	113,23	129,08	8,20%
E1B4	IBT BLOCK 3 > 600 kWh	c	150,62	171,71	139,20	158,69	8,20%
<b>E1C</b>	<b>SINGLE PHASE : COMMERCIAL</b>						
E1C1	Basic Monthly charge per meter	R	204,56	233,20	192,98	220,00	6,00%
E1C2	kWH Unit cost - Credit Meters	c	133,20	151,85	123,11	140,34	8,20%
E1C3	kWh Unit cost - Pre-paid meters	c	125,52	143,09	116,01	132,25	8,20%
<b>E1D</b>	<b>Life Line One part tariff (Pre-paid meters only) ≤ 30 Amp with Maximum consumption of 350 kWh with average measured over twelve month period. Only available to Informal dwellings</b>						
	<b>kWH Unit cost</b>						
E1D1	IBT BLOCK 1 0 - 350 kWh	c	87,90	100,21	81,93	93,40	7,29%
<b>E1E</b>	<b>One part tariff (Pre-paid meters only) Local Economic Development Projects</b>						
	<b>kWH Unit cost</b>						
E1E1	IBT BLOCK 1 0 - 350 kWh	c	151,86	173,12	140,35	160,00	8,20%
<b>E3</b>	<b>THREE PHASE: COMMERCIAL &amp; DOMESTIC</b>						

OVERSTRAND MUNICIPALITY

ELECTRICITY 2014/15

Tariff Code	Detail		2014/2015		2013/2014		
			Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>E3E</b>	<b>Two-Part Tariff: (up to 100A,Credit) (70 kVA BDMD) DOMESTIC</b>						
E3E1	Basic Monthly charge per meter	R	409,12	466,40	385,97	440,00	6,00%
	<b>kWh Unit cost</b>						
E3E2	IBT BLOCK 1 0 - 350 kWh	c	95,96	109,39	88,68	101,10	8,20%
E3E3	IBT BLOCK 2 351 - 600 kWh	c	130,01	148,22	120,16	136,98	8,20%
E3E4	IBT BLOCK 3 > 600 kWh	c	156,70	178,64	144,83	165,10	8,20%
<b>E3E</b>	<b>Two-Part Tariff: (up to 100A, Prepaid) (70 kVA BDMD) DOMESTIC</b>						
E3E5	Basic Monthly charge per meter	R	409,12	466,40	385,97	440,00	6,00%
	<b>kWh Unit cost</b>						
E3E6	IBT BLOCK 1 0 - 350 kWh	c	88,64	101,05	81,93	93,40	8,20%
E3E7	IBT BLOCK 2 351 - 600 kWh	c	122,51	139,67	113,23	129,08	8,20%
E3E8	IBT BLOCK 3 > 600 kWh	c	150,62	171,71	139,20	158,69	8,20%
<b>E3E</b>	<b>Two-Part Tariff: (up to 100A,Credit) (70 kVA BDMD) COMMERCIAL</b>						
E3E9	Basic Monthly charge per meter	R	409,12	466,40	385,97	440,00	6,00%
E3E10	<b>kWh Unit cost</b>	c	133,20	151,85	123,11	140,34	8,20%
<b>E3E</b>	<b>Two-Part Tariff: (up to 100A, Prepaid) (70 kVA BDMD) COMMERCIAL</b>						
E3E11	Basic Monthly charge per meter	R	409,12	466,40	385,97	440,00	6,00%
E3E12	<b>kWh Unit cost</b>	c	125,52	143,09	116,01	132,25	8,20%
<b>E3G</b>	<b>One-Part Tariff: (up to 100A,only prepaid) (70 kVA BDMD) Businesses, Flats, Sport grounds, Churches.(minimum of 800kWh average for twelve months)</b>						
E3G1	<b>kWh Unit cost</b>	c	166,29	189,57	153,69	175,21	8,20%
<b>E5</b>	<b>TIME OF USE TARIFF: Based on Eskom RURAFLEX - MUNIC LV OR HV</b>						
	<b>Service Charge (per month)</b>						
E5A1	≤ 100 kVA	R	600,63	684,72	566,63	645,96	6,00%
E5A2	> 100 kVA & ≤ 500 kVA	R	2 332,53	2 659,08	2 200,50	2 508,57	6,00%
E5A3	> 500 kVA & ≤ 1 MVA	R	6 036,04	6 881,09	5 694,38	6 491,59	6,00%
E5A4	> 1MVA	R	6 964,87	7 939,95	6 570,63	7 490,52	6,00%
	<b>Winter (June, July &amp; August)</b>						
E5A5	Peak kWh Unit Charge	c	394,93	450,22	365,00	416,10	8,20%
E5A6	Standard kWh Unit Charge	c	101,24	115,42	93,57	106,67	8,20%
E5A7	Off Peak kWh Unit Charge	c	53,26	60,71	49,22	56,11	8,20%
E5A8	Reactive Energy	c	6,33	7,22	5,85	6,67	8,20%
	<b>Summer (September to May)</b>						
E5A9	Peak kWh Unit Charge	c	108,77	124,00	100,53	114,60	8,20%
E5A10	Standard kWh Unit Charge	c	65,89	75,12	60,90	69,43	8,20%
E5A11	Off Peak kWh Unit Charge	c	45,53	51,90	42,08	47,97	8,20%
	<b>Sundry Charges</b>						
E5A12	Access Charge (R/kVA/m)	R	16,20	18,47	14,97	17,07	8,20%
E5A13	Reliability Service Charge	c	0,37	0,42	0,34	0,39	8,20%
E5A14	Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month	R	766,89	874,25	708,77	808,00	8,20%

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ELECTRICITY 2014/15

Tariff Code	Detail		2014/2015		2013/2014			
			Exclude VAT	Include VAT	Exclude VAT	Include VAT		
E6	<b>SUBSIDIZED TARIFFS: Grant to be shown separately</b>							1,060
E7	<b>PUBLIC LIGHTING</b>							1,082
E7A1	Streetlights (metered) per kWh	c	57,35	65,37	53,00	60,42	8,20%	
E7A2	Streetlights (consumption) (R per 100watt /per month)	R	20,12	22,93	18,59	21,20	8,20%	
E7A5	Illuminated street sign boards per month	R	20,12	22,93	18,59	21,20	8,20%	
E8	<b>CASUAL SUPPLIES</b>							
E8A1	Per connection includes disconnection excluding hire of kiosk	R	786,40	896,50	714,91	815,00	10,00%	
E8A2	Consumption per day/CB Ampere size (per amp) if not metered	R	5,64	6,43	5,12	5,84	10,00%	
E8A3	Hire of temporary distribution kiosk, per kiosk, per occasion	R	307,02	350,00	307,02	350,00	0,00%	
E8A4	Deposit (Usage will be subtracted)	R	1 060,00	no vat	1 000,00	no vat	6,00%	
E9	<b>AVAILABILITY CHARGES</b>							
E9A1	Availability charge per vacant plot per month	R	204,56	233,20	192,98	220,00	6,00%	
E9A2	Infrastructure per vacant plot per month	R	16,65	18,98	16,65	18,98	0,00%	
E10	<b>SUNDRY CHARGES</b>							
E10A1	Call-out Fee - (office hours)	R	492,11	561,00	447,37	510,00	10,00%	
E10A2	Call-out Fee - after hours (Weekdays & Saturdays)	R	742,98	847,00	675,44	770,00	10,00%	
E10A3	Call-out Fee - after hours (Sundays & Public Holidays )	R	984,21	1 122,00	894,74	1 020,00	10,00%	
E10A4	MV. Switching on Council's equipment ( office hours )	R	1 466,66	1 672,00	1 333,33	1 520,00	10,00%	
E10A5	MV. Switching on Council's equipment -after hours (Weekdays & Saturdays )	R	2 200,00	2 508,00	2 000,00	2 280,00	10,00%	
E10A6	MV. Switching on Council's equipment -after hours (Sundays & Public holidays )	R	2 933,34	3 344,00	2 666,67	3 040,00	10,00%	
E10A7	Contractor Inspection 2nd	R	492,11	561,00	447,37	510,00	10,00%	
E10A8	Contractor Inspection 3rd	R	742,98	847,00	675,44	770,00	10,00%	
E10A9	Change of Circuit Breaker - S/Phase(1/annum) contact Electricity Department for approval	R	414,91	473,00	377,19	430,00	10,00%	
E10A10	Change of Circuit Breaker - 3 Phase(1/annum) contact Electricity Department for approval	R	820,17	934,99	745,61	850,00	10,00%	
E10A11	Disconnection	R	241,23	275,00	219,30	250,00	10,00%	
E10A12	Reconnection	R	241,23	275,00	219,30	250,00	10,00%	
E10A13	Verification of a Meter Reading	R	241,23	275,00	219,30	250,00	10,00%	
E10A14	Administration fee - recalculation due to no meter access	R	125,44	143,00	114,04	130,00	10,00%	
E10A15	Test of Meter: 1 & 3 Phase (Conditionally Refundable)	R	443,86	506,00	403,51	460,00	10,00%	
E10A16	Test of Meter: All other Meters (Conditionally Refundable)	R	916,66	1 045,00	833,33	950,00	10,00%	
E10A17	Tariff change - change between one part and two-part	R	164,03	187,00	149,12	170,00	10,00%	
E10A18	Damage elect meter (based on meter cost + call out X 2 + 15%)	R	1 061,40	1 210,00	964,91	1 100,00	10,00%	
E10A19	Damage elect meter 3 phase (based on meter cost + call out X 2 + 15%)	R	1 669,29	1 903,00	1 517,54	1 730,00	10,00%	
E10A20	Damage of Bulk meter	R	8 539,48	9 735,00	7 763,16	8 850,00	10,00%	
E10A21	Change from Bulk to Time of Use (with existing bulk meter) + Deposit on request of user	R	492,11	561,00	447,37	510,00	10,00%	
E10A22	Change from Bulk to Time of Use (without existing bulk meter) + Deposit	R	8 539,48	9 735,00	7 763,16	8 850,00	10,00%	
E10A23	Commission of Bulk meter, supplied by customer (callout x 3)	R	1 485,97	1 694,00	1 350,88	1 540,00	10,00%	

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Tariff Code	Detail		2014/2015		2013/2014		
			Exclude VAT	Include VAT	Exclude VAT	Include VAT	
E10A24	Damage of HV Cable	R	cost + R27,500.00	Applicable Vat	cost + R25,000.00	Applicable Vat	1,060
E10A25	Damage of MV Cable	R	cost + R7,188.60	Applicable Vat	cost + R6,535.09	Applicable Vat	1,082
E10A26	Damage of LV Cable	R	cost + R2,894.74	Applicable Vat	cost + R2,631.58	Applicable Vat	10,00%
E10A27	Damage of Service Connection Cable	R	cost + R723.68	Applicable Vat	cost + R657.89	Applicable Vat	10,00%
E10A28	Working without Way leave	R	3 710,00	4 229,40	3 500,00	3 990,00	6,00%
E10A29	Refundable Wayleave <b>deposit</b> for HV cables	R	53 000,00	no vat	50 000,00	no vat	6,00%
E10A30	Refundable Way leave <b>deposit</b> for MV cables	R	13 250,00	no vat	12 500,00	no vat	6,00%
E10A31	Refundable Way leave <b>deposit</b> for LV cables	R	2 862,00	no vat	2 700,00	no vat	6,00%
E10A32	Cancellation Fee of requested service	R	15% of Service Value	no vat	15% of Service Value	no vat	
E10A33	Erection of Banners, signs & lights	R	1 100,00	1 254,00	1 000,00	1 140,00	10,00%
<b>E12</b>	<b>CONVERSION OF METERS</b>						
E12A1	Convert Credit Meter to P/P: SP (no cable work) (based on meter cost + call out X 2 +15%)	R	849,12	968,00	771,93	880,00	10,00%
E12A2	Convert Credit Meter to P/P: 3P (no cable work) (Based on meter cost + call out X 2 +15%)	R	3 087,72	3 520,00	2 807,02	3 200,00	10,00%
E12A3	Convert Credit Three Phase to Single Phase P/P meter	R	1 035,09	1 180,00	NEW	NEW	
E12A4	Convert Credit Three Phase to Single Phase Credit (Commercial only)	R	781,58	891,00	710,53	810,00	10,00%
E12A5	Convert P/P Single Phase to Three Phase PP (based on tariff E13A6) cost included cable to boundary	R	R7,931.58 + ext fee	Applicable Vat	R7,210.53 + ext fee	Applicable Vat	10,00%
E12A6	Convert P/P Three Phase to Single Phase PP (based on meter cost = call out x 2 = CB = 15%)	R	1 061,40	1 210,00	964,91	1 100,00	10,00%
E12A7	Removal of Meter		492,11	561,00	447,37	510,00	10,00%
E12A8	Repositioning of Meter (excl. cable)	R	492,11	561,00	447,37	510,00	10,00%
E12A9	Repositioning of Meter (incl. cable)	R	1 206,14	1 375,00	1 096,49	1 250,00	10,00%
<b>E13</b>	<b>SERVICE CONNECTIONS</b>						
E13A1	Builders connection (plus applicable service connection tariff)	R	636,85	726,00	578,95	660,00	10,00%
E13A2	Upgrade Service Connection up to 60 Amp (Network permitted) contact Electricity Department for approval	R	12 833,34	14 630,00	11 666,67	13 300,00	10,00%
E13A3	Other up grading per Amp	R	376,32	429,00	342,11	390,00	10,00%
E13A4	Single Phase (Credit - 60A) option for Commercial users only	R	4 293,86	4 895,00	3 903,51	4 450,00	10,00%
E13A6	Single Phase - (Pre-paid meters - 60A) applicable to Domestic users (Network Permitted)	R	4 293,86	4 895,00	3 903,51	4 450,00	10,00%
E13A7	Three Phase : (Credit - 60A) Plus Extension fee	R	R7,931.58 + ext fee	Applicable Vat	R7,210.53 + ext fee	Applicable Vat	10,00%
E13A8	Three Phase : (Pre-Paid - 60A) Plus Extension fee	R	R9,166.67 + ext fee	Applicable Vat	R8,333.33 + ext fee	Applicable Vat	10,00%
E13A9	Non Standard : Pre-paid 30 Amp Single phase	R	2 605,26	2 970,00	2 368,42	2 700,00	10,00%
E13A10	Single Phase (Credit 60A- Developer install cable to boundary) option for Commercial users only	R	1 206,14	1 375,00	1 096,49	1 250,00	10,00%
E13A11	Single Phase (Pre-Paid 60A-Developer install cable to boundary) applicable to Domestic users (Network permitted)	R	1 119,29	1 276,00	1 017,54	1 160,00	10,00%
E13A12	Three Phase (Credit 60A- Developer install cable to boundary)	R	R2,460.52 + ext fee	Applicable Vat	R2,236.84 + ext fee	Applicable Vat	10,00%
E13A13	Three Phase (Pre-Paid 60A-Developer install cable to boundary)	R	R2,460.52 + ext fee	Applicable Vat	R2,236.84 + ext fee	Applicable Vat	10,00%

OVERSTRAND MUNICIPALITY

ELECTRICITY 2014/15

Tariff Code	Detail		2014/2015		2013/2014		
			Exclude VAT	Include VAT	Exclude VAT	Include VAT	
E13A14	Any other none standard connections		cost + 15% admin	Applicable vat	cost + 15% admin	Applicable vat	1,060
<b>E14</b>	<b>REMEDIAL ACTION FEE (TAMPERING ) (Including damage or bypass of the DSM Hot Water Cylinder Control Unit</b>						
E14A1	1 st Offence	R	2 937,00	no vat	2 670,00	no vat	10,00%
E14A2	2 nd Offence	R	4 400,00	no vat	4 000,00	no vat	10,00%
E14A3	3 rd Offence		Cost of new Connection plus 50%	Applicable Vat	Cost of new Connection plus 50%	Applicable Vat	
E14A4	Unsafe / Illegal leads (per visit ) plus reconnection fee	R	1 315,79	1 500,00	NEW	NEW	
<b>E15</b>	<b>UPGRADING EXTENSION FEES</b>						
E15A1	Primary Cost p/kVA -include all HV Equipment UP to HV Substation or identified point of supply excluding Dist. TF	R	1 630,71	1 859,00	1 482,46	1 690,00	10,00%
E15A2	Primary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply excluding Dist. TF	R	2 875,44	3 158,80	2 614,04	2 980,00	10,00%
E15A3	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF (Domestic)	R	4 086,40	4 658,50	3 714,91	4 235,00	10,00%
E15A4	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF and Kiosk (Domestic)	R	5 133,34	5 852,00	4 666,67	5 320,00	10,00%
E15A5	Buying/Refund of spare capacity cost/kVA	R	50% of approved installation cost	Applicable VAT	50%	Applicable VAT	
E15A6	Investigation Fee	R	2 942,98	3 355,00	2 675,44	3 050,00	10,00%
E15A7	FACTOR OF 0,36 APPLICABLE ON DOMESTIC USERS : TARIFF : applicable on E15A3 AND E15A4 (Commercial /Business no factor apply)	R	Factor 0.36	Applicable VAT	Factor 0.36	Applicable VAT	
<b>E16</b>	<b>BULK SERVICES CONTRIBUTION LEVY (BICL)</b>						
E16A1	<b>Sub Division of existing erf</b>						
E16A1A	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = P/ERF PLUS STANDARD CONNECTION FEES	R	24 966,67	28 462,00	23 333,33	26 600,00	7,00%
E16A2	<b>New Developments</b>						
E16A2A	Standard fee per Singel Phase Domestic erf - infrastructure provide by developer (13.8 kVA xE15A2 x.36)	R	14 285,18	16 285,11	9 921,05	11 310,00	43,99%
E16A2B	Standard fee per Three Phase Domestic erf - infrastructure provide by developer (42kVA x E15A2x.36)	R	43 476,65	49 563,38	30 149,12	34 370,00	44,21%
E16A2C	MV/LV Bulk Supply with metering point cost / kVA= Tariff E15A2	R	2 797,37	3 189,00	2 614,04	2 980,00	7,01%
E16A2D	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	R	3 975,44	4 532,00	3 714,91	4 235,00	7,01%
<b>E17</b>	<b>WHEELING TARIFF</b>						
E17A1	Firm network situation (network will not be interrupted under normal operations)	c	17,37	19,80	15,79	18,00	10,00%
E17A2	Non-Firm network situation (Municipal networks may not always be available for transport of energy under normal operation per kWh)	c	10,61	12,10	9,65	11,00	10,00%

OVERSTRAND MUNICIPALITY

WATER 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
<b>WD</b>	<b>CONSUMER DEPOSITS</b>					1,06
WD1A	Domestic - Water	901,00	no vat	850,00	no vat	6,00%
WD1B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WD2A	Commercial - Water - Consumption < 40kl	2 067,00	no vat	1 950,00	no vat	6,00%
WE2B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WD3A	Commercial - Water - Consumption 40 - 100kl	7 722,00	no vat	7 285,00	no vat	6,00%
WD3B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WD4A	Commercial - Water - Consumption 100 kl +	12 137,00	no vat	11 450,00	no vat	6,00%
WD4B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WD5A	Domestic - Water RUE's	Applicable Rue's X WD1A	no vat	Applicable Rue's X WD1A	no vat	
WD5B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WD6	Indigent - registered	138,00	no vat	130,00	no vat	6,15%
<b>W1</b>	<b>BASIC CHARGE</b>					
W1A1	Basic Monthly Charge per erf/unit per month	102,28	116,60	96,49	110,00	6,00%
W1A3	Fixed Infrastructure Basic Charge per erf/unit per month	15,45	17,61	15,45	17,61	0,00%
	<i>See attachment for the amount of RUE's allocated to different household consumers</i>					
<b>W1B</b>	<b>CONSUMPTION - HOUSEHOLDS</b>					
	<b>Normal Tariff</b>					
W1B1	0 - 6 kl per kl	3,25	3,71	3,07	3,50	6,00%
W1B2	7 - 18 kl per kl	8,60	9,80	8,11	9,25	6,00%
W1B3	19 - 30 kl per kl	13,95	15,90	13,16	15,00	6,00%
W1B4	31 - 45 kl per kl	21,48	24,48	20,26	23,10	6,00%
W1B5	46 - 60 kl per kl	27,90	31,81	26,32	30,00	6,00%
W1B6	>60kl per kl	37,20	42,40	35,09	40,00	6,00%
	<b>Restriction Tariff (level 1 restrictions)</b>					
W1B7	0 - 6 kl per kl	4,23	4,82	3,99	4,55	6,00%
W1B8	7 - 18 kl per kl	11,18	12,74	10,54	12,02	6,00%
W1B9	19 - 30 kl per kl	18,13	20,67	17,11	19,50	6,00%
W1B10	31 - 45 kl per kl	27,92	31,83	26,34	30,03	6,00%
W1B11	46 - 60 kl per kl	36,27	41,35	34,22	39,01	6,00%
W1B12	>60kl per kl	48,35	55,12	45,62	52,00	6,00%
	<b>Restriction Tariff (level 2 restrictions)</b>					
W1B13	0 - 6 kl per kl	5,21	5,94	4,91	5,60	6,00%
W1B14	7 - 18 kl per kl	13,75	15,68	12,98	14,79	6,00%
W1B15	19 - 30 kl per kl	22,32	25,43	21,06	23,99	6,00%
W1B16	31 - 45 kl per kl	34,36	39,17	32,42	36,95	6,00%
W1B17	46 - 60 kl per kl	44,64	50,89	42,11	48,01	6,00%
W1B18	>60kl per kl	59,51	67,84	56,14	64,00	6,00%
	<b>Restriction Tariff (level 3 restrictions)</b>					

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WATER 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
W1B19	0 - 6 kl per kl	6,51	7,42	6,14	7,00	1,06
W1B20	7 - 18 kl per kl	17,19	19,60	16,22	18,49	6,00%
W1B21	>18 kl per kl	74,39	84,80	70,18	80,00	6,00%
<b>W1C</b>	<b>CONSUMPTION - ALL OTHER</b>					
	<b>Normal Tariff</b>					
W1C1	0 - 18 kl per kl	8,60	9,80	8,11	9,25	6,00%
W1C2	19 - 30 kl per kl	13,95	15,90	13,16	15,00	6,00%
W1C3	31 - 45 kl per kl	21,48	24,48	20,26	23,10	6,00%
W1C4	46 - 60 kl per kl	27,90	31,81	26,32	30,00	6,00%
W1C5	>60 kl per kl	37,20	42,40	35,09	40,00	6,00%
	<b>Restriction Tariff (level 1 restrictions)</b>					
W1C6	0 - 18 kl per kl	11,18	12,74	10,54	12,02	6,00%
W1C7	19 - 30 kl per kl	18,13	20,67	17,11	19,50	6,00%
W1C8	31 - 45 kl per kl	27,92	31,83	26,34	30,03	6,00%
W1C9	46 - 60 kl per kl	36,27	41,35	34,22	39,01	6,00%
W1C10	>60 kl per kl	48,35	55,12	45,62	52,00	6,00%
	<b>Restriction Tariff (level 2 restrictions)</b>					
W1C11	0 - 18 kl per kl	13,75	15,68	12,98	14,79	6,00%
W1C12	19 - 30 kl per kl	22,32	25,43	21,06	23,99	6,00%
W1C13	31 - 45 kl per kl	34,36	39,17	32,42	36,95	6,00%
W1C14	46 - 60 kl per kl	44,64	50,89	42,11	48,01	6,00%
W1C15	>60 kl per kl	59,51	67,84	56,14	64,00	6,00%
	<b>Restriction Tariff (level 3 restrictions)</b>					
W1C16	0 - 10 kl per kl	17,19	19,60	16,22	18,49	6,00%
W1C17	>10 kl per kl	74,39	84,80	70,18	80,00	6,00%
<b>W1D</b>	<b>OTHER CONSUMERS</b>					
W1D1	Departmental per Kl	13,95	15,90	13,16	15,00	6,00%
W1D2	Fire Hoses: Basic per Month	130,18	148,40	122,81	140,00	6,00%
W1D3	Bulk usage (Unconnected to networks) per Kl	11,16	12,72	10,53	12,00	6,00%
W1D4	Kid Brooke (Van Cauter 0 - 8000kl per year)	0,08	0,09	0,08	0,09	0,00%
W1D5	Onrus Small Holdings tariff 2 (Van Cauter)	0,08	0,09	0,08	0,09	0,00%
W1D6	Onrus Small Holdings tariff 4 (Per agreement)	1,05	1,13	0,99	1,13	0,00%
W1D7	Contractors water consumption - temporary connection	13,95	15,90	13,16	15,00	6,00%
<b>W1E</b>	<b>WET COMMERCIAL, SPORT, PARKS etc (must apply for this tariff)</b>					
	<b>Normal Tariff</b>					
W1E1	0 - 500kl per kl	13,95	15,90	13,16	15,00	6,00%
W1E2	501 - 1000kl per kl	20,92	23,85	19,74	22,50	6,00%
W1E3	>1000kl per kl	27,90	31,81	26,32	30,00	6,00%
	<b>Restriction Tariff (level 1 restrictions)</b>					
W1E4	0 - 300kl per kl	18,13	20,67	17,11	19,50	6,00%

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WATER 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
W1E5	301 - 700kl per kl	27,20	31,01	25,66	29,25	6,00%
W1E6	>700kl per kl	36,27	41,34	34,22	39,00	6,00%
	<b>Restriction Tariff (level 2 restrictions)</b>					
W1E7	0 - 250kl per kl	22,32	25,44	21,06	24,00	6,00%
W1E8	251 - 500kl per kl	33,48	38,16	31,58	36,00	6,00%
W1E9	>500kl per kl	44,64	50,88	42,11	48,00	6,00%
	<b>Restriction Tariff (level 3 restrictions)</b>					
W1E10	0 - 100kl per kl	27,90	31,81	26,32	30,00	6,00%
W1E11	>100 kl per kl	55,80	63,60	52,64	60,00	6,00%
<b>W1F</b>	<b>WET INDUSTRY (Marine etc. must apply for this tariff) (Average of 100kl per day over previous 365 days)</b>					
	<b>Normal Tariff</b>					
W1F1	0 - 5800kl per kl	13,03	14,85	11,27	12,85	15,62%
W1F2	> 5800kl per kl	27,90	31,81	26,32	30,00	6,00%
	<b>Restriction Tariff (level 1 restrictions)</b>					
W1F3	0 - 5800kl per kl	16,94	19,31	14,65	16,70	15,62%
W1F4	> 5800kl per kl	36,27	41,34	34,22	39,00	6,00%
	<b>Restriction Tariff (level 2 restrictions)</b>					
W1F5	0 - 5800kl per kl	20,85	23,77	18,03	20,56	15,62%
W1F6	> 5800kl per kl	44,64	50,88	42,11	48,00	6,00%
	<b>Restriction Tariff (level 3 restrictions)</b>					
W1F7	0 - 5 800kl per kl	26,06	29,71	22,54	25,70	15,62%
W1F8	>5 800 kl per kl	55,80	63,60	52,64	60,00	6,00%
<b>W2A</b>	<b>AVAILABILITY CHARGES</b>					
W2A1	Overstrand per month	102,28	116,60	96,49	110,00	6,00%
W2A2	Farms connected to water pipe line	102,28	116,60	96,49	110,00	6,00%
<b>W2J</b>	<b>REBATES (This can be granted by the Municipal Manager after application) refer to Policy # 6.8.1</b>					
W2J1	Kl above average - per kl	13,95	15,90	13,16	15,00	6,00%
<b>W3A</b>	<b>IRRIGATION WATER ("LEI WATER") &amp; RAW WATER</b>					
W3A1	Use and pump water (80-90 min) per annum Stanford	212,94	242,75	200,88	229,00	6,00%
W3A2	Pearly Beach Small Holdings: Basic	38,11	43,45	35,97	41,00	5,96%
W3A3	Pearly Beach Small Holdings: Consumption 0- 70 kl per kl	2,98	3,40	2,81	3,20	6,00%
W3A4	Pearly Beach Small Holdings: Consumption >70 kl per kl	6,97	7,95	6,58	7,50	6,00%
W3A5	Others	2,98	3,40	2,81	3,20	6,00%
W3A6	Farm 1/722 Stanford as per agreement 1.75% of raw water abstraction from municipal boreholes, maximum 8760 kl/a	0,00	0,00	0,00	0,00	0,00%
<b>W3B</b>	<b>IRRIGATION WATER - (TREATED EFFLUENT)</b>					
W3B2	Hermanus Golf Club per month	33 938,59	38 690,00	32 017,54	36 500,00	6,00%
W3B3	All other per kl	1,89	2,15	1,75	2,00	8,00%

OVERSTRAND MUNICIPALITY

WATER 2014/2015

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
W3B4	Schools, municipal sports grounds & project sport grounds as per agreement	no charge	no charge	no charge	no charge	1,06
W3B5	Curro Holdings - 250kl free per day as per deed of sale	1,89	2,15	1,75	2,00	8,00%
<b>W4</b>	<b>SUNDRY CHARGES</b>					
W4A1	Testing of a Meter (Call-out Fee incl)(Conditionally refundable)	657,90	750,00	530,70	605,00	23,97%
W4A2	Testing of a Meter (Ind/Bulk Meter)(Conditionally refundable) <i>*Minimum charge of R500</i>					
W4A3	Disconnection	297,54	339,20	280,70	320,00	6,00%
W4A4	Reconnection	297,54	339,20	280,70	320,00	6,00%
W4A5	Reconnection After Normal Working Hours	595,08	678,40	561,40	640,00	6,00%
W4A6	Administration fee - recalculation due to no meter access	116,23	132,50	109,65	125,00	6,00%
W4A7	Verification of a Meter Reading	162,72	185,50	153,51	175,00	6,00%
W4A8	Final and Special Readings	148,77	169,60	140,35	160,00	6,00%
W4A9	Call-out Fee - Normal Working Hours	297,54	339,20	280,70	320,00	6,00%
W4A10	Call-out Fee - After Hours	595,08	678,40	561,40	640,00	6,00%
W4A11	Registration of Borehole (Including inspection fee)	223,16	254,40	210,53	240,00	6,00%
W4A12	Repositioning of Meter (excl. pipe )	655,53	747,30	618,42	705,00	6,00%
W4A13	Convert to Water Flow Restrictor Meter	2 134,21	2 433,00	2 013,16	2 295,00	6,01%
W4A14	Temporary Connections - Deposit	5 618,00	no vat	5 300,00	no vat	6,00%
W4A15	Temporary Connection - Usage per kl	10,53	12,00	9,65	11,00	9,12%
W4A16	Damage of Water Meter	Actual cost plus 15%	Applicable vat	Actual cost plus 15%	Applicable vat	
W4A17	Damage of Watermain	Actual cost plus R2,268.40	Applicable vat	Actual cost plus R2,120.00	Applicable vat	7,00%
W4A18	Damage of Service Connection (including water meter)	Actual cost plus R567.10	Applicable vat	Actual cost plus R530.00	Applicable vat	7,00%
<b>W5</b>	<b>REMEDIAL ACTION FEE (TAMPERING)</b>					
W5A1	1st Offence	4 982,00	no vat	4 700,00	no vat	6,00%
W5A2	2nd Offence Total disconnection/removal of connection	Total disconnection		Total disconnection		
<b>W6</b>	<b>CONNECTION FEE</b>					
W6A1	20 mm Connection Conventional Meter	3 650,00	4 161,00	1 929,83	2 200,00	89,14%
W6A2	20 mm Connection Water Flow Restrictor Meter	4 335,09	4 942,00	NEW	NEW	
W6A3	Other Connections	Actual cost plus 15%	Applicable vat	Actual cost plus 15%	Applicable vat	
W6A4	Connections (Erf Boundary - by Developer)	949,12	1 082,00	894,74	1 020,00	6,08%
<b>W7</b>	<b>BULK SERVICES DEVELOPMENT FEES</b>					
	Development Contributions will be determined as set out in the Annexure in respect of Development Contribution Policy					

**OVERSTRAND MUNICIPALITY**

**ANNEXURE TO WATER TARIFFS**

**ALLOCATION OF RUE's TO CATEGORIES OF CONSUMERS – 2014/15**

<b>Clinics – Out patients</b>	<ul style="list-style-type: none"><li>□ 1 RUE</li></ul>
<b>Flats</b>	<ul style="list-style-type: none"><li>□ 1 RUE per unit</li></ul>
<b>Guest houses and B &amp; B's</b>	<ul style="list-style-type: none"><li>□ 1 RUE</li></ul>
<b>Household related consumers that do not fall in one of the above household consumer categories</b>	<ul style="list-style-type: none"><li>□ Upon application the Engineering &amp; Financial Departments will assess the validity within the tariff's structural framework.</li></ul>
<b>Old Age Homes, Hostels &amp; Boarding School</b>	<ul style="list-style-type: none"><li>□ 1 RUE per 7 Beds</li></ul>
<b>Retirement Villages, Hospital &amp; Hospice</b>	<ul style="list-style-type: none"><li>□ 1 RUE per 1 housing unit</li><li>□ 1 RUE per 4 Frail care units</li></ul>
<b>Single Residential erven</b>	<ul style="list-style-type: none"><li>□ 1 RUE</li></ul>
<b>Townhouse and group developments</b>	<ul style="list-style-type: none"><li>□ 1 RUE per unit</li></ul>

RUE = Residential Unit Equivalent

**OVERSTRAND MUNICIPALITY  
TARIFFS FOR RESORTS FOR THE 2014/15 FINANCIAL YEAR**

All tariffs include Value Added Tax (VAT) – Where applicable

A deposit of 50% of the total amount payable is applicable to secure the booking. On cancellation of the booking, an admin fee of 15% will be deducted from the deposit. On cancellation of the booking less than 14 days prior to the commencement of the holiday, the deposit **will not** be paid back.

PALMIET AND KLEINMOND CARAVAN PARKS				
SEASON	PERIOD	A Stands	B Stands	C Stands
		Per Day	Per Day	Per Day
<b>High Season</b>	1 December – 31 January & Easter Weekend	R330.00	R253.00	R231.00
<b>Low Season</b>	1 February – 30 November (Excluding Easter Weekend)	R182.00	R154.00	R143.00
<ul style="list-style-type: none"> <li>• Plus: All stands with the availability of electricity = R33.00 per stand per day.</li> <li>• The above tariffs include for up to four (4) persons and one vehicle with one trailer or caravan or small boat per day.</li> <li>• Additional persons up to a maximum of two (2)* = R47.00 per person per day.</li> <li>• Additional vehicle or small trailer or small boat to maximum of 2 units = R25.00 per unit per day.</li> <li>• Day visitors for campers up to a maximum of four (4)* = R47.00 per person per day and R35.00 for a vehicle.</li> <li><b>(*) Special arrangements must be made with the Camp Manager to allow day visitors</b></li> <li>• Children under two (2) years are free and children under twelve (12) years at half price.</li> <li>• Low Season: Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers (Pensioners to be defined as persons sixty (60) years and older) <ul style="list-style-type: none"> <li>❖ may get a discount of 50% on the stands;</li> <li>❖ Qualify for a reduced tariff of R2,211.00 for a period of 30 days.</li> </ul> </li> <li>• Gate Card / Key Deposit R120.00 per set (refundable).</li> <li>• Long Term rental R700.00 per month plus R160.00 per month for Electricity.</li> </ul>				

KLEINMOND : FRANK ROBB HUT	
Camping per person (max 10 persons) per day	R77.00

ONRUS CARAVAN PARK				
SEASON	PERIOD	A Stands	B Stands	C Stands
		Per Day	Per Day	Per Day
<b>High Season</b>	1 December – 31 January & Easter Weekend	R330.00	R253.00	R231.00
<b>Low Season</b>	1 February – 30 November (Excluding Easter Weekend)	R182.00	R154.00	R143.00
<ul style="list-style-type: none"> <li>• Plus: All stands with the availability of electricity = R33.00 per stand per day.</li> <li>• The above tariffs include for up to four (4) persons and 1 vehicle with one trailer or caravan or small boat per day.</li> <li>• Additional persons up to a maximum of two (2)* = R47.00 per person per day.</li> <li>• Additional vehicle or small trailer or small boat to maximum of two (2) units = R25.00 per unit per day.</li> <li>• Children under two (2) years are free and children under twelve (12) years at half price.</li> <li>• Daily Functions (pre-arrangement) = R121 per day</li> <li>• Long Term Rental = R 11,235.00 pa <b>plus the following:</b> <ul style="list-style-type: none"> <li>▪ Pergola with covering = R 94.00 pm (R1,128.00 pa)</li> <li>▪ Water tap = R 20.00 pm (R240.00 pa)</li> <li>▪ Structure for storing purposes = R 20.00 pm (R240.00 pa)</li> <li>▪ Permanent fireplace structure = R 20.00 pm (R240.00 pa)</li> <li>▪ Electricity per stand = R 68.00 pm (R816.00 pa)</li> </ul> </li> <li>• Low Season: Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers (Pensioners to be defined as persons sixty (60) years and older) <ul style="list-style-type: none"> <li>❖ may get a discount of 50% on the stands;</li> <li>❖ qualify for a reduced tariff of R2,211.00 for a period of 30 days</li> </ul> </li> <li>• Full 30 day Rental = R2,700.00</li> <li>• Gate Card / Key Deposit R120.00 per set (refundable).</li> </ul>				

**OVERSTRAND MUNICIPALITY  
TARIFFS FOR RESORTS FOR THE 2014/15 FINANCIAL YEAR**

GANSBAAI CARAVAN PARK				
SEASON	PERIOD	A Stands	B Stands	C Stands
		Per Day	Per Day	Per Day
<b>High Season</b>	1 December – 31 January & Easter Weekend	R220.00	R182.00	R154.00
<b>Low Season</b>	1 February – 30 November (Excluding Easter Weekend)	R165.00	R154.00	R143.00
<ul style="list-style-type: none"> <li>The above tariffs include for up to four (4) persons and one vehicle with one trailer or caravan or small boat.</li> <li>Additional persons up to a maximum of two (2)* = R47.00 per person per day.</li> <li>Additional vehicle or small trailer or small boat = R33.00 per unit per day.</li> <li>Day visitors for campers up to a maximum of four (4) = R35.00 per person per day.</li> <li>Children under two (2) years are free and children under twelve (12) years at half price.</li> <li>Long Term Rental = R 6,490.00 pa.</li> <li>Low Season: Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers may get a discount of 50% on the stands. (Pensioners to be defined as persons sixty (60) years and older).</li> </ul>				

HAWSTON DAY CAMPING SITE		
ITEM	Low Season 01 February – 30 November (Excluding Easter Weekend)	High Season 01 December – 31 January & Easter Weekend
	Per Day	Per Day
<b>Camping Sites</b>	R 83.00	R 154.00
<b>Picnic Fees : Per Vehicle (excluding buses &gt; 20 seats) + persons</b>	R 11.00	R 11.00
<b>: Per Bus &gt; 20 seats + persons</b>	R 132.00	R 132.00
<b>Adults (per person)</b>	R 11.00	R 11.00
<b>Children (per child &lt; 12)</b>	R 3.00	R 4.00
<ul style="list-style-type: none"> <li>The above tariffs include for up to six (6) persons and 1 vehicle with one trailer or caravan or small boat.</li> <li>Additional vehicle or small trailer or small boat = R33.00 per unit per day.</li> <li>Events – partial or whole day camp site, per day or portion of the day = R440.00 per day.</li> <li>Events – community based – partial or whole day camp site, per day or portion of the day = R110.00.</li> <li>Low Season: Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers may get a discount of 50% on the stands. (Pensioners to be defined as persons sixty (60) years and older).</li> </ul>		

**NOTE:**

**All tariffs include Value Added Tax (VAT) – Where applicable**

**OVERSTRAND MUNICIPALITY**  
**DEVELOPMENT CONTRIBUTION POLICY 2014/15**  
(Attachment to the Tariff Schedule)

1. The developer will be responsible for the payment of development contributions in accordance with the relevant legislation and as determined by Council. The calculation methodology as listed below will generally be used as a guideline to determine the development contributions. The Council may deviate from this guideline in accordance with the relevant legislation particularly where large developments with significant impact on services are being processed. The developer may be required by the council to provide bulk services in lieu or in part of the payment of development contributions. The Council may revise the Development Contribution Policy at any stage.
  
2. Gap Housing: Municipal land made available by the Municipality for the purposes of housing specific with reference to the GAP market for households with an income between R 3501 – R 18 000 per month.
  - Gap Housing 50% of Standard
  
3. Government Subsidised Housing: Low Cost Housing Projects funded by the Department of Human Settlements.
  - Government Subsidised Housing 0% Development Contribution
  
4. High Density Units: High and Medium density Residential Developments for example flats, town houses, retirement units, etc.
  - High Density Units up to 2 bed rooms (R/Unit) 50% of Standard
  - High Density Units more than 2 bed rooms (R/Unit) 75% of Standard
  
5. Second Dwellings
  - No development contribution will be applicable as long as the normal standard water, electricity and sewerage connections for single units are used. If upgraded connections are required, the normal development contributions listed in paragraph 6 below will be applicable.

6. Tariffs

6.1 Water: Standard Fee per equivalent unit R23,444.00

6.2 Electricity:

E16	Second Dwelling	R	VAT EXCL	VAT INCL
<b>E16A1</b>	<b>Sub Division of Existing Erf</b>			
E16A1A	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = P/ERF PLUS Standard Connection Fees	R	24,966.67	28,462.00
<b>E16A2</b>	<b>New Developments</b>			
E16A2A	Standard fee per Single Phase Domestic erf – Infrastructure provide by Developer (13.8 kVA xE15A2 x.36)	R	14,285.18	16,285.11
E16A2B	Standard fee per Three Phase Domestic erf – Infrastructure provide by Developer (42kVA x E15A2x.36)	R	43,476.65	49,563.38
E16A2C	MV/LV Bulk Supply with metering point cost / kVA= Tariff E15A2	R	2,797.37	3.189.00
E16A2D	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	R	3,975.44	4,532.00

6.3 Sewerage:

➤ SE5A Standard Fee per Equivalent Unit R18,816.00

**OVERSTRAND MUNICIPALITY**  
**DEVELOPMENT CONTRIBUTION POLICY 2014/15**  
 (Attachment to the Tariff Schedule)

- 6.4 Roads and Storm Water:  
 ➤ RDST1 Standard Fee per Equivalent Unit R6,132.00

- 6.5 Off-Grid Development/Units:  
 As per signed agreement as recommended by the  
 Director: Infrastructure and Planning and approval by the Municipal Manager.

**7. OFF-GRID DEVELOPMENT/UNITS:**

As per signed agreement as recommended by the Director: Infrastructure and Planning and approval by the Municipal Manager.

8. All above prices **INCLUDES** Value Added Tax (V.A.T.)

9. The following evaluation/investigation levies are payable over and above the bulk service levies:

WATER & SANITATION LEVIES EVALUATION FOR DEVELOPMENT APPLICATIONS

No. of equivalent units	Cost per water service	Cost per Sanitation service
1 - 4	No Charge	No Charge
5 - 10	R 6,370.00	R 6,752.00
11 - 25	R10,670.00	R 11,311.00
26 - 50	R 14,970.00	R 15,869.00
51 - 100	R 17,040.00	R 18,063.00
101 - 250	R 19,098.00	R 20,244.00
251 - 500	R 22,369.00	R 23,712.00
501 - 2000	R 25,125.00	R 26,633.00
2000 - 5000	R 30 110.00	R 31,917.00
> 5001	R 34,410.00	R 36,475.00

# **ANNEXURE C**

## **TARIFF BASKETS**

OVERSTRAND MUNICIPALITY

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL 2014/2015

	Valuation	R 3 500 000	Year		Increase/Decrease	
			2013/2014	2014/2015	Amount	%
<b>High Consumption with credit elect meter</b>						
Rates			828,00	952,20	124,20	15,00
Sewer	<b>SE7A1+SE8A</b>		423,72	450,24	26,52	6,26
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		122,81	130,18	7,37	6,00
Electricity Credit Meter	1500 kWh		2 107,23	2 275,75	168,52	8,00
Water	50 kl		805,65	854,08	48,43	6,01
VAT			490,16	525,27	35,12	7,16
<b>TOTAL</b>			<b>4 819,27</b>	<b>5 229,42</b>	<b>410,15</b>	<b>8,51</b>
<i>HPP if applicable</i>			82,80	95,22	12,42	15,00

	Valuation	R 3 500 000	Year		Increase/Decrease	
			2013/2014	2014/2015	Amount	%
<b>High Consumption with prepaid elect meter</b>						
Rates			828,00	952,20	124,20	15,00
Sewer	<b>SE7A1+SE8A</b>		423,72	450,24	26,52	6,26
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		122,81	130,18	7,37	6,00
Electricity Prepaid Meter	1500 kWh		2 015,61	2 176,66	161,05	7,99
Water	50 kl		805,65	854,08	48,43	6,01
VAT			477,33	511,40	34,07	7,14
<b>TOTAL</b>			<b>4 714,82</b>	<b>5 116,45</b>	<b>401,63</b>	<b>8,52</b>
<i>HPP if applicable</i>			82,80	95,22	12,42	15,00

	Valuation	R 2 500 000	Year		Increase/Decrease	
			2013/2014	2014/2015	Amount	%
<b>Medium Consumption with credit elect meter</b>						
Rates			588,00	676,20	88,20	15,00
Sewer	<b>SE7A1+SE8A</b>		254,85	270,69	15,85	6,22
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		122,81	130,18	7,37	6,00
Electricity Credit Meter	800 kWh		1 093,42	1 178,85	85,43	7,81
Water	25 kl		304,35	322,63	18,28	6,01
VAT			254,40	272,17	17,77	6,98
<b>TOTAL</b>			<b>2 659,52</b>	<b>2 892,41</b>	<b>232,89</b>	<b>8,76</b>
<i>HPP if applicable</i>			58,80	67,62	8,82	15,00

	Valuation	R 2 500 000	Year		Increase/Decrease	
			2013/2014	2014/2015	Amount	%
<b>Medium Consumption with prepaid elect meter</b>						
Rates			588,00	676,20	88,20	15,00
Sewer	<b>SE7A1+SE8A</b>		254,85	270,69	15,85	6,22
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		122,81	130,18	7,37	6,00
Electricity Prepaid Meter	800 kWh		1 041,21	1 122,32	81,11	7,79
Water	25 kl		304,35	322,63	18,28	6,01
VAT			247,09	264,25	17,16	6,95
<b>TOTAL</b>			<b>2 600,00</b>	<b>2 827,97</b>	<b>227,96</b>	<b>8,77</b>
<i>HPP if applicable</i>			58,80	67,62	8,82	15,00

OVERSTRAND MUNICIPALITY

**Low Consumption with credit meter**

Valuation		R 1 000 000	2013/2014	2014/2015	Amount	%
Rates			228,00	262,20	34,20	15,00
Sewer	<b>SE7A1+SE8A</b>		187,30	198,87	11,58	6,18
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		122,81	130,18	7,37	6,00
Electricity Credit Meter	600 kWh		803,76	865,45	61,69	7,67
Water	15 kl		187,90	199,18	11,28	6,00
VAT			188,09	200,95	12,87	6,84
<b>TOTAL</b>			1 759,55	1 898,53	138,98	<b>7,90</b>
<i>HPP if applicable</i>			22,80	26,22	3,42	15,00

**Low Consumption with prepaid elect meter**

Valuation		R 1 000 000	2013/2014	2014/2015	Amount	%
Rates			228,00	262,20	34,20	15,00
Sewer	<b>SE7A1+SE8A</b>		187,30	198,87	11,58	6,18
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		122,81	130,18	7,37	6,00
Electricity Prepaid Meter	350 kWh		479,74	514,80	35,06	7,31
Water	15 kl		187,90	199,18	11,28	6,00
VAT			142,72	151,86	9,14	6,40
<b>TOTAL</b>			1 390,16	1 498,79	108,63	<b>7,81</b>
<i>HPP if applicable</i>			22,80	26,22	3,42	15,00

**Sub-Economic Consumption**

Valuation		R 100 000	2013/2014	2014/2015	Amount	%
Rates			12,00	13,80	1,80	15,00
Sewer	<b>SE7A1</b>		27,02	28,73	1,71	6,32
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		0,00	0,00	0,00	0,00
Electricity Prepaid Meter	350 kWh		479,74	514,80	35,06	7,31
Water	10 kl		32,44	34,40	1,96	6,04
VAT			81,33	86,75	5,42	6,67
<b>TOTAL</b>			674,22	720,18	45,96	<b>6,82</b>

**Life-Line Consumption (ONE PART)**

Valuation		R 50 000	2013/2014	2014/2015	Amount	%
Rates			0,00	0,00	0,00	0,00
Sewer	<b>SE7A1</b>		13,51	14,36	0,85	6,32
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>		0,00	0,00	0,00	0,00
Electricity Pre-paid	300 kWh		245,79	263,70	17,91	7,29
Water	8 kl		16,22	17,20	0,98	6,04
VAT			44,41	47,17	2,76	6,22
<b>TOTAL</b>			361,63	384,14	22,51	<b>6,22</b>

**Conservancy Tanks**

**If tariff SE7 is not applicable**

		2013/2014	2014/2015	Amount	%
Smaller than 6kl		395,61	419,30	23,69	5,99
Greater than 6kl		395,61	419,30	23,69	5,99
Outside urban area Plus	per km	11,40	12,28	0,88	7,72
<b>Plus</b>	Per hour	236,84	251,75	14,91	6,30
<b>After hours</b>					
Smaller than 6kl		791,23	838,60	47,37	5,99
Greater than 6kl		791,23	838,60	47,37	5,99

OVERSTRAND MUNICIPALITY

**Sub-Economic Consumption**

		2013/2014	2014/2015	Amount	%
Valuation	R 50 000				
Rates		0,00	0,00	0,00	0,00
Sewer	<b>SE7A1</b>	0,00	0,00	0,00	0,00
Infrastructure Basic Charge	Water, Electricity & Sewer	41,70	41,70	0,00	0,00
Refuse	<b>1X Per Week</b>	0,00	0,00	0,00	0,00
Electricity Prepaid Meter	150 kWh	122,90	132,96	10,07	8,19
Water	6 kl	0,00	0,00	0,00	0,00
VAT		23,04	24,45	1,41	6,12
<b>TOTAL</b>		<b>187,64</b>	<b>199,11</b>	<b>11,47</b>	<b>6,12</b>

OVERSTRAND MUNICIPALITY

MONTHLY BASKET OF TARIFFS - BUSINESS 2014/2015

		Year		Increase/Decrease	
		2013/2014	2014/2015	Amount	%
<b>Business - Large (Time of Use)</b>					
Valuation	R 35 000 000				
Rates		15 895,83	18 287,50	2 391,67	15,05
Sewer	SE7D1+SE8A 30	6 574,20	6 981,84	407,64	6,20
Infrastructure Basic Charge Water, Electricity & Sewer		41,70	41,70	0,00	0,00
Refuse	Bins 2X Per Week 30	7 368,60	7 810,72	442,12	6,00
Electricity Credit Meter	108751 + 436kVA	74 470,98	80 530,05	6 059,07	8,14
Water	460 kl	15 135,09	16 045,18	910,09	6,01
VAT		14 502,68	15 597,33	1 094,65	7,55
<b>TOTAL</b>		<b>133 989,08</b>	<b>145 294,31</b>	<b>11 305,23</b>	<b>8,44</b>
<b>HPP if applicable</b>		<b>1 589,58</b>	<b>1 828,75</b>	<b>239,17</b>	<b>15,05</b>

		2013/2014	2014/2015	Amount	%
<b>Business - Medium (Three Phase)</b>					
Valuation	R 3 200 000				
Rates		1 453,33	1 672,00	218,67	15,05
Sewer	SE7D1+SE8A 1	433,37	460,50	27,13	6,26
Infrastructure Basic Charge Water, Electricity & Sewer		41,70	41,70	0,00	0,00
Refuse	1X Per Week 3	368,43	390,54	22,11	6,00
Electricity Credit Meter	7000 kWh	9 003,67	9 733,12	729,45	8,10
Water	40 kl	602,99	639,28	36,29	6,02
VAT		1 463,02	1 577,12	114,10	7,80
<b>TOTAL</b>		<b>13 366,52</b>	<b>14 514,25</b>	<b>1 147,74</b>	<b>8,59</b>
<b>HPP if applicable</b>		<b>145,33</b>	<b>167,20</b>	<b>21,87</b>	<b>15,05</b>

		2013/2014	2014/2015	Amount	%
<b>Business - Small (Three Phase)</b>					
Valuation	R 3 200 000				
Rates		1 453,33	1 672,00	218,67	15,05
Sewer	SE7D1+SE8A 1	433,37	460,50	27,13	6,26
Infrastructure Basic Charge Water, Electricity & Sewer		41,70	41,70	0,00	0,00
Refuse	1X Per Week 2	245,62	260,36	14,74	6,00
Electricity Credit Meter	4000 kWh	5 310,37	5 737,12	426,75	8,04
Water	40 kl	602,99	639,28	36,29	6,02
VAT		928,77	999,45	70,69	7,61
<b>TOTAL</b>		<b>9 016,15</b>	<b>9 810,41</b>	<b>794,26</b>	<b>8,81</b>
<b>HPP if applicable</b>		<b>145,33</b>	<b>167,20</b>	<b>21,87</b>	<b>15,05</b>

		2013/2014	2014/2015	Amount	%
<b>Business - Small (Three Phase)</b>					
Valuation	R 3 200 000				
Rates		1 453,33	1 672,00	218,67	15,05
Sewer	SE7D1+SE8A 1	433,37	460,50	27,13	6,26
Infrastructure Basic Charge Water, Electricity & Sewer		41,70	41,70	0,00	0,00
Refuse	1X Per Week 2	245,62	260,36	14,74	6,00
Electricity Credit Meter	1000 kWh	1 617,07	1 741,12	124,05	7,67
Water	40 kl	602,99	639,28	36,29	6,02
VAT		411,71	440,01	28,31	6,88
<b>TOTAL</b>		<b>4 805,79</b>	<b>5 254,97</b>	<b>449,18</b>	<b>9,35</b>
<b>HPP if applicable</b>		<b>145,33</b>	<b>167,20</b>	<b>21,87</b>	<b>15,05</b>

OVERSTRAND MUNICIPALITY

MONTHLY BASKET OF TARIFFS - VACANT ERVEN 2014/2015

			Year	Year	Increase/Decrease	
			2013/2014	2014/2015	Amount	%
<b>Residential Valuation High</b>						
	Valuation	R 780 000				
Rates			360,83	360,83	0,00	0,00
Sewer can connect	Availability		130,70	109,65	-21,05	-16,11
Refuse	Availability		61,40	65,08	3,68	5,99
Electricity	Availability		192,98	204,56	11,58	6,00
Water	Availability		96,49	102,28	5,79	6,00
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
VAT			73,26	73,26	0,00	0,00
<b>TOTAL</b>			<b>957,35</b>	<b>957,35</b>	<b>0,00</b>	<b>0,00</b>
<i>HPP if applicable</i>			<i>36,08</i>	<i>36,08</i>	<i>0,00</i>	<i>0,00</i>
<b>Residential Valuation Average</b>						
	Valuation	R 250 000				
Rates			110,84	110,84	0,00	0,00
Sewer can connect	Availability		130,70	109,65	-21,05	-16,11
Refuse	Availability		61,40	65,08	3,68	5,99
Electricity	Availability		192,98	204,56	11,58	6,00
Water	Availability		96,49	102,28	5,79	6,00
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
VAT			73,26	73,26	0,00	0,00
<b>TOTAL</b>			<b>707,37</b>	<b>707,37</b>	<b>0,00</b>	<b>0,00</b>
<i>HPP if applicable</i>			<i>11,08</i>	<i>11,08</i>	<i>0,00</i>	<i>0,00</i>
<b>Residential Valuation Lower</b>						
	Valuation	R 110 000				
Rates			44,81	44,81	0,00	0,00
Sewer can connect	Availability		130,70	109,65	-21,05	-16,11
Refuse	Availability		61,40	65,08	3,68	5,99
Electricity	Availability		192,98	204,56	11,58	6,00
Water	Availability		96,49	102,28	5,79	6,00
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
VAT			73,26	73,26	0,00	0,00
<b>TOTAL</b>			<b>641,34</b>	<b>641,34</b>	<b>0,00</b>	<b>0,00</b>
<b>Residential Valuation Low</b>						
	Valuation	R 15 000				
Rates			0,00	0,00	0,00	0,00
Sewer can connect	Availability		130,70	109,65	-21,05	-16,11
Refuse	Availability		61,40	65,08	3,68	5,99
Electricity	Availability		192,98	204,56	11,58	6,00
Water	Availability		96,49	102,28	5,79	6,00
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
VAT			73,26	73,26	0,00	0,00
<b>TOTAL</b>			<b>596,53</b>	<b>596,53</b>	<b>0,00</b>	<b>0,00</b>
<b>Commercial Valuation Average</b>						
	Valuation	R 250 000				
Rates			117,92	117,92	0,00	0,00
Sewer can connect	Availability		130,70	109,65	-21,05	-16,11
Refuse	Availability		61,40	65,08	3,68	5,99
Electricity	Availability		192,98	204,56	11,58	6,00
Water	Availability		96,49	102,28	5,79	6,00
Infrastructure Basic Charge Water, Electricity & Sewer			41,70	41,70	0,00	0,00
VAT			73,26	73,26	0,00	0,00
<b>TOTAL</b>			<b>714,44</b>	<b>714,44</b>	<b>0,00</b>	<b>0,00</b>
<i>HPP if applicable</i>			<i>11,79</i>	<i>11,79</i>	<i>0,00</i>	<i>0,00</i>

# **ANNEXURE D**

## **CAPITAL BUDGET AND WARD PROJECTS**

# DRAFT CAPITAL BUDGET 2014/15-2016/17 MTREF

Area	Local Area	Ward	Project Description	Project Manager	Funding Source	2014/15 BUDGET			2015/16 BUDGET			2016/17 BUDGET		
						COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL
<b>300 - INFORMATION &amp; COMMUNICATION TECHNOLOGY</b>						<b>850 000</b>		<b>850 000</b>						
Overstrand	Overstrand	Overstrand	Additional Disc Storage for DR Site (Onrus)	C Johnson	Surplus	100 000		100 000						
Overstrand	Overstrand	Overstrand	RF Network: Hawston Mast	C Johnson	Surplus	250 000		250 000						
Overstrand	Overstrand	Overstrand	RF Network: Gansbaai Region Mast	C Johnson	Surplus	250 000		250 000						
Overstrand	Overstrand	Overstrand	RF Network: Kleinmond Regional Mast	C Johnson	Surplus	250 000		250 000						
<b>300 - Property Services</b>						<b>450 000</b>	<b>3 034 583</b>	<b>3 484 583</b>	<b>1 000 000</b>	<b>1 000 000</b>		<b>4 000 000</b>	<b>4 000 000</b>	
Hermanus	Hawston	Ward 08	Extension of Thusong Centre	D Hendriks	MIG				1 000 000	1 000 000			4 000 000	4 000 000
Overstrand	Overstrand	Overstrand	Building of additional court for municipal matters	D Arrison	Surplus	200 000		200 000						
Overstrand	Overstrand	Overstrand	Equipment for additional court	D Arrison	Surplus	250 000		250 000						
Hermanus	Hermanus	Ward 03	MIG PMU Building	D Hendriks	MIG		1 034 583	1 034 583						
Kleinmond	Kleinmond	Ward 09	Kleinmond Library upgrade	R Williams	PROV-Lib.		2 000 000	2 000 000						
<b>400 - WARD SPECIFIC PROJECTS</b>						<b>3 889 500</b>	<b>0</b>	<b>3 889 500</b>						
Kleinmond	Kleinmond	Ward 09,10	Ward Specific Projects - Kleinmond	D Lakey	Surplus- WSP	499 500		499 500						
Hermanus	Hermanus	13,04,05,06,07,0	Ward Specific Projects - Hermanus	D Kearney	Surplus- WSP	2 455 000		2 455 000						
Gansbaai	Gansbaai	Ward 01,02,11	Ward Specific Projects - Gansbaai	F Myburgh	Surplus- WSP	935 000		935 000						
<b>500 - SPORT &amp; RECREATION</b>							<b>3 039 163</b>	<b>3 039 163</b>	<b>2 939 163</b>	<b>2 939 163</b>		<b>6 800 000</b>	<b>6 800 000</b>	
Kleinmond	Kleinmond	Ward 09	Overhills:Kleinmond Soccer Field	D Hendriks	MIG		2 939 163	2 939 163	939 163	939 163				
Hermanus	Zwelihle	Ward 12	Turf Soccerfield	D Hendriks	MIG				2 000 000	2 000 000		2 800 000	2 800 000	
Overstrand	Overstrand	Overstrand	Overstrand sport facilities development project	R Williams	PROV- S&R		100 000	100 000						
Overstrand	Overstrand	Overstrand	Sport Facilities	D Hendriks	MIG							4 000 000	4 000 000	
<b>700 - HOUSING</b>							<b>10 309 000</b>	<b>10 309 000</b>	<b>15 900 000</b>	<b>15 900 000</b>		<b>7 000 000</b>	<b>7 000 000</b>	
Gansbaai	Gansbaai	Ward 02	Gansbaai project- 155 SITES	B Louw	PROV-H	2 510 630		2 510 630						
Hermanus	Hermanus	Ward 03	Hermanus Swartdamweg Institutional -320 SITES	B Louw	PROV-H	6 774 362		6 774 362	6 800 000	6 800 000				
Hermanus	Zwelihle	Ward 06	Zwelihle Garden site -77 SITES	B Louw	PROV-H				1 400 000	1 400 000				
Hermanus	Zwelihle	Ward 06	Zwelihle Mandela Square -180 SITES	B Louw	PROV-H				2 600 000	2 600 000				
Hermanus	Zwelihle	Ward 06	Zwelihle project -Transit camp/Asizani	B Louw	PROV-H							2 000 000	2 000 000	
Hermanus	Mount Pleasant	Ward 04	Mount Pleasant IRDP	B Louw	PROV-H	474 008		474 008	4 100 000	4 100 000				
Kleinmond	Overhills	Ward 10	Kleinmond Overhills	B Louw	PROV-H	250 000		250 000	600 000	600 000		2 000 000	2 000 000	
Stanford	Stanford	Ward 11	Stanford IRDP	B Louw	PROV-H	300 000		300 000	400 000	400 000		1 000 000	1 000 000	
Hermanus	Hawston	Ward 08	Hawston project - IRDP	B Louw	PROV-H							2 000 000	2 000 000	
<b>1000 - ROADS</b>							<b>5 400 254</b>	<b>5 400 254</b>	<b>4 900 000</b>	<b>4 900 000</b>		<b>4 000 000</b>	<b>4 000 000</b>	
Hermanus	Zwelihle	Ward 12	Upgrade and rehabilitate roads	D Hendriks	MIG	4 650 254		4 650 254						
Hermanus	Zwelihle	Ward 05	Upgrade of Landa Road (Mandela Square)	D Hendriks	MIG	450 000		450 000						
Hermanus	Zwelihle	Ward 06	Rehabilitation of existing Pave Road (LIC)	D Hendriks	MIG				1 400 000	1 400 000		2 000 000	2 000 000	
Hermanus	Mount Pleasant	Ward 04	Rehabilitate roads and upgrade stormwater	D Hendriks	MIG	300 000		300 000	3 500 000	3 500 000		1 500 000	1 500 000	
Hermanus	Mount Pleasant	Ward 04	Rehabilitate roads - Angelier Street	D Hendriks	MIG							500 000	500 000	
Hermanus	Mount Pleasant	Ward 04	Provision of sidewalks	D Hendriks	MIG									
<b>1200 - ELECTRICITY</b>						<b>15 000 000</b>	<b>2 000 000</b>	<b>17 000 000</b>	<b>16 500 000</b>	<b>2 000 000</b>	<b>18 500 000</b>	<b>16 500 000</b>	<b>2 000 000</b>	<b>18 500 000</b>
Gansbaai	Franskraal	Ward 01	Franskraal,Kleinbaai & Birkenhead: MV/LV and Minisub upg	D Maree	EL5/6	4 900 000		4 900 000	2 600 000	2 600 000				
Gansbaai	Gansbaai	Ward 02	Gansbaai: Minisub and MV/LV upgrade	D Maree	EL5/6/7	1 000 000		1 000 000	2 700 000	2 700 000		4 000 000	4 000 000	
Gansbaai	Blompark	Ward 02	Blompark: Low Voltage upgrade	D Maree	EL5/6	1 400 000		1 400 000	1 000 000	1 000 000				
Stanford	Stanford	Ward 11	Stanford: MV upgrade	D Maree	EL5/6	600 000		600 000	1 200 000	1 200 000				
Hermanus	Hermanus	Ward 03	Electrification of low cost housing areas (INEP)	K d Plessis	INEP		2 000 000	2 000 000	2 000 000	2 000 000		2 000 000	2 000 000	
Hermanus	Hermanus	Ward 03	Hermanus: LV Upgrade/Replacement	K d Plessis	EL5/6/7	2 100 000		2 100 000	6 000 000	6 000 000		4 000 000	4 000 000	
Kleinmond	Kleinmond	Ward 09	Kleinmond: MV & LV network upgrade	K d Plessis	EL5/6/7	2 500 000		2 500 000	2 000 000	2 000 000		3 000 000	3 000 000	
Hermanus	Sandbaai	Ward 07	Sandbaai: MV and LV Upgrade/Replacement	K d Plessis	EL7							500 000	500 000	
Hermanus	Hermanus	Ward 03	Hermanus: Main Str to Royal 2nd supply feeder	K d Plessis	EL5	1 500 000		1 500 000						
Hermanus	Hawston	Ward 08	Hawston: LV Upgrade/Replacement	K d Plessis	EL5/6/7	1 000 000		1 000 000	1 000 000	1 000 000		2 000 000	2 000 000	
Hermanus	Hawston	Ward 08	Hawston: See View feeder upgrade	K d Plessis	EL7							300 000	300 000	
Hermanus	Mount Pleasant	Ward 04	Sandbaai-Mount Pleasant overhead line replacement	K d Plessis	EL7							300 000	300 000	
Hermanus	Zwelihle	Ward 05	Zwelihle to Beach overhead line replacement	K d Plessis	EL7							400 000	400 000	
Hermanus	Fisherhaven	Ward 08	Meer en See underground cable replacement	K d Plessis	EL7							600 000	600 000	
Hermanus	Mount Pleasant	Ward 04	Mount Pleasant Bundle replacement	K d Plessis	EL7							1 400 000	1 400 000	

# DRAFT CAPITAL BUDGET 2014/15-2016/17 MTREF

Area	Local Area	Ward	Project Description	Project Manager	Funding Source	2014/15 BUDGET			2015/16 BUDGET			2016/17 BUDGET		
						COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL
<b>1300 - WATER</b>						<b>12 800 000</b>	<b>1 000 000</b>	<b>13 800 000</b>	<b>21 500 000</b>	<b>5 094 015</b>	<b>26 594 015</b>	<b>21 500 000</b>	<b>4 988 000</b>	<b>26 488 000</b>
Overstrand	Overstrand	Overstrand	Replacement of Overstrand water pipes	H Blignaut	EL5/6/7-ACIP	12 800 000	1 000 000	13 800 000	12 500 000		12 500 000	11 000 000		11 000 000
Stanford	Stanford	Ward 11	Upgrading of "Die Oog" pump station building	D Crafford	EL7							500 000		500 000
Hermanus	Sandbaai	Ward 07	New Bulk Water Reservoir - Sandbaai	H Blignaut	EL7							5 500 000		5 500 000
Gansbaai	Kleinbaai	Ward 01	Upgrading of Franskraal-Kleinbaai -Gansbaai Pipelines	H Blignaut	EL6/7				7 000 000		7 000 000	2 500 000		2 500 000
Hermanus	Hermanus	Ward 03	Upgrading of Gateway, Camphill and Volmoed Well Fields	H Blignaut	EL7							2 000 000		2 000 000
Kleinmond	Kleinmond	Ward 09	Refurbish Buffels River Dam Bridge and Tower & Palmiet RiH	Blignaut	EL6				2 000 000		2 000 000			
Hermanus	Mount Pleasant	Ward 04	New 1 Ml/s Reservoir OHW.B31	D Hendriks	MIG					2 800 000	2 800 000			
Hermanus	Mount Pleasant	Ward 04	200 mm Ø Bulk watermain OHW8.1	D Hendriks	MIG					1 000 000	1 000 000			
Hermanus	Mount Pleasant	Ward 04	250 mm Ø Bulk watermain OHW.B14	D Hendriks	MIG					520 000	520 000			
Hermanus	Mount Pleasant	Ward 04	160 mm Ø Link watermain OHW8.3	D Hendriks	MIG					284 015	284 015			
Hermanus	Zwelihle	Ward 05	160 mm Ø link watermain OHW9.9	D Hendriks	MIG					490 000	490 000			
Hermanus	Zwelihle	Ward 12	160 mm Ø link watermain OHW9.10	D Hendriks	MIG								200 000	200 000
Hermanus	Hawston	Ward 08	Hawston: Bulk water	D Hendriks	MIG								2 000 000	2 000 000
Hermanus	Hawston	Ward 08	Hawston: Bulk water upgrade for housing project	D Hendriks	MIG								1 000 000	1 000 000
Hermanus	Hawston	Ward 08	New 500 mm -Water pipe line	D Hendriks	MIG								1 788 000	1 788 000
<b>1400 - SEWERAGE</b>						<b>5 500 000</b>	<b>7 000 000</b>	<b>12 500 000</b>	<b>7 000 000</b>	<b>5 653 822</b>	<b>12 653 822</b>	<b>7 000 000</b>	<b>1 600 000</b>	<b>8 600 000</b>
Overstrand	Overstrand	Overstrand	Upgrading of pumpstations	H Blignaut	EL7							2 000 000		2 000 000
Stanford	Stanford	Ward 11	Stanford - Sewer network extension	H Blignaut	EL5/6	2 000 000		2 000 000	2 000 000		2 000 000	0		0
Kleinmond	Kleinmond	Ward 09	Kleinmond - Sewer network extension	H Blignaut	EL6/7				2 000 000		2 000 000	2 000 000		2 000 000
Kleinmond	Kleinmond	Ward 09	Gansbaai - CBD Sewer network extension	H Blignaut	EL6/7				3 000 000		3 000 000	3 000 000		3 000 000
Hermanus	Onrus	Ward 13	Upgrading of Kidbrooke Pipeline	H Blignaut	EL5	2 900 000		2 900 000						
Stanford	Stanford	Ward 11	WWTW Upgrade - Stanford	H Blignaut	MIG								1 000 000	1 000 000
Gansbaai	Eluxolweni	Ward 11	Eluxolweni - New bulk sewerage for housing project	D Hendriks	EL5/MIG	600 000	7 000 000	7 600 000		783 822	783 822			0
Hermanus	Zwelihle	Ward 05	Upgrade existing sewerage pumpstation OHS19.2	D Hendriks	MIG					750 000	750 000			0
Hermanus	Zwelihle	Ward 05	Bulk Sewerage rising main 355 mm Ø OHS19.1	D Hendriks	MIG					1 620 000	1 620 000			0
Hermanus	Zwelihle	Ward 12	Bulk Sewerage main 200 mm Ø OHS13.3	D Hendriks	MIG					1 000 000	1 000 000			0
Hermanus	Zwelihle	Ward 12	Bulk Sewerage Outfall Line 525 mm Ø OHS13.2	D Hendriks	MIG			0		1 500 000	1 500 000		600 000	600 000
<b>1400- STORMWATER</b>							<b>800 000</b>	<b>800 000</b>		<b>2 000 000</b>	<b>2 000 000</b>		<b>1 000 000</b>	<b>1 000 000</b>
Gansbaai	Masakhane	Ward 01	Provision of stormwater system	D Hendriks	MIG					1 000 000	1 000 000			
Hermanus	Zwelihle	Ward 05	Upgrade Stromwater - Internal & External	D Hendriks	MIG		800 000	800 000		1 000 000	1 000 000		1 000 000	1 000 000
Hermanus	Zwelihle	Ward 05	Implementation of Storm Water Master Plan - (2)	D Hendriks	MIG									
<b>1500- WASTE MANAGEMENT</b>						<b>6 700 000</b>	<b>3 500 000</b>	<b>10 200 000</b>						
Overstrand	Overstrand	Overstrand	Karwyderskraal : New Waste Cell	J van Taak	EL5/MIG	6 700 000	3 500 000	10 200 000						
Overstrand	Overstrand	Overstrand	<b>300 - VEHICLES</b>	R Williams	Surplus	<b>3 800 000</b>		<b>3 800 000</b>	<b>1 000 000</b>		<b>1 000 000</b>	<b>4 000 000</b>		<b>4 000 000</b>
Overstrand	Overstrand	Overstrand	<b>300 - MINOR ASSETS</b>	Directors	Surplus	<b>1 024 846</b>	<b>150 000</b>	<b>1 174 846</b>	<b>675 000</b>		<b>675 000</b>	<b>830 000</b>		<b>830 000</b>
Overstrand	Overstrand	Overstrand	Minor Assets: Library Grant	R Williams	PROV-Lib.		150 000	150 000						
<b>GRAND TOTAL</b>						<b>50 014 346</b>	<b>36 233 000</b>	<b>86 247 346</b>	<b>46 675 000</b>	<b>39 487 000</b>	<b>86 162 000</b>	<b>49 830 000</b>	<b>31 388 000</b>	<b>81 218 000</b>
<b>VEHICLES - HP COSTS FOR 7 VEHICLES (5 YEARS)</b>							<b>6 725 000</b>	<b>6 725 000</b>						
							<b>56 739 346</b>	<b>36 233 000</b>	<b>92 972 346</b>					
<b>FUNDING:</b>														
EXTERNAL LOAN 5/6/7 (GENERAL CAPITAL)						40 000 000		40 000 000	45 000 000		45 000 000	45 000 000		45 000 000
SURPLUS CASH						6 124 846		6 124 846	1 675 000		1 675 000	4 830 000		4 830 000
SURPLUS -WSP						3 889 500		3 889 500			0			0
MIG							20 674 000	20 674 000		21 587 000	21 587 000	22 388 000		22 388 000
INEP							2 000 000	2 000 000		2 000 000	2 000 000	2 000 000		2 000 000
ACIP							1 000 000	1 000 000			0			0
DEVELOPMENT OF SPORT & RECREATION GRANT							100 000	100 000						
PROV.HOUSING GRANT							10 309 000	10 309 000		15 900 000	15 900 000		7 000 000	7 000 000
PROV.LIB GRANT							2 150 000	2 150 000			0			0
VEHICLES : FINANCE LEASES						6 725 000		6 725 000						
<b>GRAND TOTAL</b>						<b>56 739 346</b>	<b>36 233 000</b>	<b>92 972 346</b>	<b>46 675 000</b>	<b>39 487 000</b>	<b>86 162 000</b>	<b>49 830 000</b>	<b>31 388 000</b>	<b>81 218 000</b>

## DRAFT BUDGET 2014/2015 - R 400 000 WARD PROJECTS

Town	Local Area	Ward	Project Description	TOTAL
Gansbaai	Masakhane	1	Construction of an additional crèche (ECD)	300 000
Gansbaai	Franskraal	1	Franskraal WTW - Chemical store /office accommodation	100 000
				<b>400 000</b>
Gansbaai	Blompark	2	Parking area - Academia	75 000
Gansbaai	Blompark	2	Bus Shelters - Gansbaai Academia	25 000
Gansbaai	De Kelders	2	Kerbing in Main Road	100 000
Gansbaai	Gansbaai	2	Extension of cemetery wall	50 000
Gansbaai	Gansbaai	2	Tarring of gravel parking area - Caravan park	50 000
Gansbaai	Gansbaai	2	Upgrading of informal business area	50 000
Gansbaai	Blompark	2	Paving in front of Oak Grove	20 000
Gansbaai	Blompark	2	Verandah at Blompark sportsgrounds	30 000
				<b>400 000</b>
Hermanus	Hermanus	3	Sun Dials x 2	20 000
Hermanus	Hermanus	3	Cliff Path	100 000
Hermanus	Hermanus	3	Play park above Bientangs (under swings)	20 000
Hermanus	Hermanus	3	Grotto Recreation	100 000
Hermanus	Hermanus	3	Parking area Protea Road	10 000
Hermanus	Hermanus	3	Plinths for sculpture	20 000
Hermanus	Hermanus	3	Sidewalks	100 000
Hermanus	Hermanus	3	Signage for town	30 000
				<b>400 000</b>
Hermanus	Mt Pleasant	4	Tarring of sidewalk - Angelier Street	100 000
Hermanus	Mt Pleasant	4	Moffat Hall Upgrade - sound system and kitchen appliances	200 000
Hermanus	Westcliff	4	Tarring of sidewalk - Church Street	100 000
				<b>400 000</b>
Hermanus	Zwelihle	5	Stormwater -Landa Street	400 000
				<b>400 000</b>
Hermanus	Zwelihle	6	Bollards - Peach House, Hostel Dump Site & Sazona Street	5 000
Hermanus	Zwelihle	6	Storm water - Peach House	140 000
Hermanus	Zwelihle	6	Soccer Poles 2 sets	60 000
Hermanus	Zwelihle	6	Tarring of Sidewalks - Tebele Street	150 000
Hermanus	Zwelihle	6	Upgrade of Play Park - Peach House	20 000
Hermanus	Zwelihle	6	Play Park - New White City	25 000
				<b>400 000</b>
Hermanus	Sandbaai	7	Tarring of Roads	400 000
				<b>400 000</b>

## DRAFT BUDGET 2014/2015 - R 400 000 WARD PROJECTS

Town	Local Area	Ward	Project Description	TOTAL
Hermanus	Fisherhaven	8	Complete paving at Slipway	75 000
Hermanus	Fisherhaven	8	Tarring of gravel roads	125 000
Hermanus	Hawston	8	Tarring of sidewalks	100 000
Hermanus	Hawston	8	Upgrading of Hawston Sports Complex	100 000
				<b>400 000</b>
Kleinmond	Kleinmond	9	Storm Water Pipes	90 000
Kleinmond	Kleinmond	9	Paved Footpath to CBD Area for Residents of Heuningkloof	100 000
Kleinmond	Kleinmond	9	Extention of Paving of Sidewalk (Phase 2/3) - Beach Road	100 000
Kleinmond	Kleinmond	9	Paving of Sidewalk School Street Proteadorp	80 000
Kleinmond	Kleinmond	9	Speed Humps - Beach Road	30 000
				<b>400 000</b>
Pringle Bay	Pringle Bay	10	Fire station	224 500
Kleinmond	Proteadorp	10	2 x Bus Shelters (Opposite Town Hall & Siyabulela)	40 000
Kleinmond	Overhills	10	Upgrading of Taxi Rank (Shelter) - Overhills	40 000
Kleinmond	Palmiet	10	Upgrading of sidewalk John Daneel & Harbour Rd - Palmiet	55 000
Rooi Els	Rooi Els	10	Boardwalks	5 500
Rooi Els	Rooi Els	10	Additional Speed Humps	35 000
				<b>400 000</b>
Stanford	Stanford	11	(EIA)- Pedestrian Bridge (Bezuidenhout Street next to Willem Appel Dam)	50 000
Stanford	Stanford	11	(EIA) - Tourism Facilities (Kleinriver Encroachment)	50 000
Gansbaai	Baarskeerdersbos	11	Streetnames	25 000
Gansbaai	Eluxolweni	11	Construction of Library Building	70 000
Gansbaai	Eluxolweni	11	Market Place for Informal Trading (Erf 1971/2)	10 000
Stanford	Stanford	11	Pavement in Dreyer Street (Phase II)	145 000
Gansbaai	Pearly Beach	11	Boardwalks on Beaches	30 000
Gansbaai	Buffeljachts	11	Bus Shelter	20 000
				<b>400 000</b>
Hermanus	Zwelihle	12	Sportground - Upgrading of wall	150 000
Hermanus	Zwelihle	12	Pavilion - Mini Tennis courts	150 000
Hermanus	Zwelihle	12	Mini drop off station	10 000
Hermanus	Zwelihle	12	Community Hall - Wall	90 000
				<b>400 000</b>
Hermanus	Onrus/Vermont	13	Coastal path upgrade	150 000
Hermanus	Onrus/Vermont	13	DeWet Hall upgrade	80 000
Hermanus	Onrus/Vermont	13	Lynx Avenue - Sidewalk	50 000
Hermanus	Onrus/Vermont	13	Streetlights	20 000
Hermanus	Onrus/Vermont	13	Onrus - Stormwater	100 000
				<b>400 000</b>
<b>GRAND TOTAL</b>				<b>5 200 000</b>

## **ANNEXURE E**

# **NT BUDGET CIRCULAR & FINANCIAL RATIOS AND NORMS**



## Municipal Budget Circular for the 2014/15 MTREF

This circular provides further guidance to municipalities and municipal entities for the preparation of their 2014/15 Budgets and Medium Term Revenue and Expenditure Framework (MTREF). It must be read together with all previous MFMA Budget Circulars.

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## Key focus areas for the 2014/15 budget process

### The Medium Term Budget Policy Statement 2013

The MTBPS notes that over the past four and a half years government has steered the country through the worst global recession in 70 years and that the South African economy is projected to grow by 2.1 per cent in 2013 while the GDP growth is expected to reach 3.5 per cent by 2016.

Specific strategies and interventions required by local government in achieving economic stability and higher levels of growth as outlined in the MTBPS include, among others:

**Expanding public sector investment in infrastructure** through ensuring the budgets and MTREF's acknowledge that capital programmes needs a balanced funding structure addressing not only backlogs in services but also investment in new infrastructure as well as renewing current infrastructure.

**Sustainable job creation** remains a national priority and municipalities must ensure that in drafting their 2014/15 budgets and MTREFs, they continue to explore opportunities to promote labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Programme. However, municipalities should not carelessly employ more people without any reference and consideration to the level of staffing required delivering effective services. Remuneration increases associated with bargaining council decisions, and affordability must be considered over the medium term. Municipalities should focus on maximizing job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Expanded Public Works Programme; and
- Implementing internship programmes to provide young people with on-the-job training.

**Municipalities must act as catalysts for economic growth** through creating an enabling environment for investment and other activities that foster job creation. It is important for municipalities to pay particular attention to:

- Joint planning by a municipality, its community and business sectors. This means that all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of making the local economy fully functional, investor friendly and competitively productive;
- Ensuring the timely delivery of their capital programmes and to review all by-laws and development approval processes with a view to removing any regulatory bottlenecks to investment and job creation; and
- Act as a catalyst for local economic development by appropriately structuring capital programmes to address backlog eradication, asset renewal and development of new infrastructure; this will require carefully formulating the funding mix to include grants, borrowing and own funding (internally generated funding).

**Securing inclusive growth** through investing in strategic infrastructure programmes such as electricity generation. An excellent example is the partnership between the public and the private sectors on the Renewable Energy Independent Power Producer Programme.

**Implementing the National Development Plan** through expanding electricity, transport, communications capacity and promoting industrial competitiveness. Municipalities need to support special economic zones, broadening rural development and strengthening public service delivery while combating waste and corruption.

**Building an efficient developmental state** through increasing the levels of delivery by ensuring improvements to policy formulation, procurement, management systems, developing mechanisms for sharing skilled personnel in critical delivery areas and minimising waste.

Furthermore the NDP recognises capable municipalities as the core of a capable state. National Treasury will continue to closely monitor and engage – and if need be intervene – in those municipalities that fail to live up to the standards of public service established in the Constitution.

In supporting municipalities over the MTEF period, a strong focus on economic development is proposed by:

- Ensuring that value for money and long term impact / sustainability are key considerations;
- Having an economic development / growth support strategy in place but not just as an end in itself, but rather as an opportunity to understand and respond to the underlying economic dynamics, networks and dynamic systems of interactions of a much wider range of stakeholders that shape the economic fabric of each locality;
- Pursue initiatives that:
  - Stimulate growth required to create jobs and to reduce poverty;
  - Providing a competitive local business environment;
  - Encouraging and supporting networking and collaboration between businesses and public/private and community partnerships;
  - Facilitating workforce development and education;
  - Focusing inward investment to support cluster growth; and
  - Supporting quality of life improvements.

Considering that public expenditure growth has remained well within the limits set by government over the past two years, further efforts to find savings eliminate waste and reprioritise spending toward key social and development objectives must be pursued by all government spheres.

The notion of ‘doing more with less’ can further be supported by municipal approaches that ensure:

- Spatial strategies align public spending and unlock public and private investment;
- Focus on catalytic interventions that also promote inclusion and desegregation; and
- Provide clear signals to private sector.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2014/15 and so **municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts.**

Municipalities should carefully consider affordability of tariff increases; especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. **Municipalities must implement cost containing measures as approved by Cabinet to eliminate non-priority spending.**

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## Local government conditional grants and additional allocations

The division of available funds to Local Government has increased to R91.9 billion or 8.4 per cent for 2014/15. This is expected to increase to R106.7 billion by 2016/17. The *Medium Term Budget Policy Statement 2013* indicates that over the 2013 MTEF, transfers to local government grow by R7.1 billion, of which R3.9 billion is added to the local government equitable share and R2.6 billion to local government conditional grant framework.

Municipalities MUST ensure that their tabled budgets reflect the conditional grant allocations set out in the 2014 Division of Revenue Bill.

Municipalities are advised to use the indicative numbers for 2014/15 in the 2013 Division of Revenue Act to compile their capital budgets. This document is available on National Treasury's website and can be assessed at:

<http://www.treasury.gov.za/legislation/acts/2013/Default.aspx>

The Medium Term Budget Policy Statement 2013 included several proposed changes to local government allocations for the 2014 MTEF period aimed at shifting funds towards areas that can support economic growth. The proposed spending framework approved by Cabinet takes account of the need to control spending growth over the medium term while increasing the efficiency of existing allocations to improve public services.

The ***Integrated City Development Grant*** which was introduced in 2013/14 provides the eight metropolitan municipalities with incentives to improve spatial development considerations in their planning. An amount of R356 million will be added to this grant over the MTEF to encourage the evolution of more compact and efficient cities.

The availability of water is a prerequisite for the construction of human settlements and for economic activity. The ***Regional Bulk Infrastructure Grant*** (an indirect grant to local government) receives an additional R934 million over the MTEF to accelerate bulk water projects that will support broader economic development.

To fund these priorities, moderate reductions have been proposed on a number of grants, including the Municipal Infrastructure Grant, the Urban Settlements Development Grant, the Expanded Public Works Programme Integrated Grant for Municipalities, the Infrastructure Skills Development Grant and the Energy-Efficiency Demand-Side Management Grant.

Government intends to devolve responsibility for the ***housing function*** from provincial to local government by 2014 in six metropolitan areas namely, Johannesburg, Cape Town, eThekweni Ekurhuleni, Tshwane, and Nelson Mandela Bay. A new conditional grant will be introduced in 2014/15 to fund capacity for human settlements in these cities. The grant of R300 million per year over the MTEF is funded through a reprioritisation from the provincial Human Settlements Development Grant. Once the housing function is assigned to a municipality, section 16 of the Division of Revenue Act provides that the Human Settlements Development Grant infrastructure allocations for their area are transferred directly to cities from the national department resulting in increased allocations to local government over the MTEF.

A ***new local government equitable share formula*** has been phased in from 2013/14. It provides funding for a package of free basic services for the 59 per cent of households with monthly incomes below the value of two state old age grants. Although no additional changes to the equitable share envelope are proposed, the local government equitable share will still grow at an average annual rate of 9.2 per cent over the MTEF.

### **Changes to the 2013 Division of Revenue Amendment Bill**

The Minister of Finance also tabled the 2013 Division of Revenue Amendment Bill on 23 October 2013. The details of the changes to municipal allocations and the reasons for these changes are discussed in the explanatory memorandum to the Bill, available on the National Treasury's website at:

<http://www.treasury.gov.za/documents/national%20budget/2013/review/Annexure%20W1.pdf>

The 2013 Division of Revenue Amendment Bill includes rollovers of funds allocated in 2012/13 but not transferred to municipalities by national departments and funding for recovery from damage caused by widespread flooding in Limpopo, Mpumalanga, KwaZulu-Natal, the Eastern Cape and the Western Cape in late 2012 and early 2013. The R118 million allocated in 2013/14 to repair or replace public infrastructure damaged in the floods is made available through the Municipal Disaster Recovery Grant.

The explanatory memorandum to the 2013 Division of Revenue Amendment Bill also sets out technical corrections to the conditional grant frameworks for the Public Transport Network Operations Grant, Rural Households Infrastructure Grant and the Municipal Water Infrastructure Grant that will be gazetted in December 2013, together with the framework for the new Municipal Disaster Recovery Grant.

### **Review of infrastructure grants**

The 2013 Budget announced that a "thorough review of the local government conditional grant system" would be "coordinated by the National Treasury, using a collaborative process that will include national departments, SALGA and the FFC, and extensive consultation with municipalities." This Review of Local Government Infrastructure Grants is now underway and will continue until recommendations for reform are made in October 2014.

Formal municipal engagements are provisionally scheduled for January/February 2014 (first round) and April/May 2014 (second round). Questionnaires will be distributed electronically. The terms of reference for the review can be viewed on the National Treasury website at:

[http://mfma.treasury.gov.za/Media\\_Releases/ReviewOfLGInfrastructureGrants/Documents/Terms%20of%20Reference%20-%20Review%20of%20LG%20Infrastructure%20Grants.pdf](http://mfma.treasury.gov.za/Media_Releases/ReviewOfLGInfrastructureGrants/Documents/Terms%20of%20Reference%20-%20Review%20of%20LG%20Infrastructure%20Grants.pdf)

In addition, any direct inputs can be sent via email to: [greg.gardner@treasury.gov.za](mailto:greg.gardner@treasury.gov.za).

### **Built environment performance plan (BEPP)**

From the 2014/15 financial year the Built Environment Performance Plan (BEPP) will be a requirement of the Integrated City Development Grant (ICDG). Only metropolitan municipalities are required to prepare their 2014/15 BEPP during the 2013/14 financial year and must submit to National Treasury the draft 2014/15 BEPP by the 31 January 2014 and the final Council approved BEPP by the 31 May 2014 as part of the package of plans submitted with the approved Budget.

The objective of the ICDG is to support the development of more inclusive, liveable, productive and sustainable urban built environments in metropolitan municipalities and the BEPP is intended to improve the performance of the built environment over the long term. This will be achieved by adopting a spatial targeting approach at a sub-metropolitan level identifying Integration Zones within which infrastructure grants can be co-ordinated for greater impact and for attracting private sector investment. The information contained in the BEPP will reflect the planning, programmes and outcomes for all major built environment grants allocated to the metropolitan municipality including the ICDG, Urban Settlements Development Grant (USDG), Public Transport Infrastructure Grant (PTIG), Neighbourhood Development Partnership Grant (NDPG) and Integrated National Electrification Programme Grant (INEP).

## **Strengthening procurement to obtain value for money and fighting against corruption**

A large share of the national budget is spent to build infrastructure, and to procure goods and services. This expenditure contributes to production and jobs throughout the economy. Government must ensure that its procurement processes are prudent, deliver value for money and help to improve service delivery.

The Office of the Chief Procurement Officer, created in April 2013, will minimise waste and corruption, and ensure that government derives maximum social and economic benefits from every rand spent. Over the next six months, the office will pilot reference pricing. The following steps are being taken as part of developing the pilot programme:

- Fair values of targeted products have been determined;
- Guidelines are being developed; and
- Discussions with key spending departments and agencies are under way to prepare for implementation.

The Office of the Chief Procurement Officer will be working in collaboration with the South African Revenue Service, the Accountant-General and Auditor-General of South Africa to decrease corruption and minimise waste.

Municipalities are again advised that the Supply Chain Compliance Unit will also be focusing on municipal procurement processes. Municipalities are encouraged to introduce greater transparency in their supply chain processes by publishing SCM process outcomes for each bid on their websites. Consequently, municipalities can expect requests for information relating to their tender committees and processes, as well as specific tenders and contracts as specified in detail in MFMA Circular No. 66.

## **Local government budget and financial management reforms**

### ***Regulation of a 'Standard Chart of Accounts' (SCOA) for local government***

The Minister of Finance published the draft Municipal Regulations on the Standard Chart of Accounts (SCOA) on 3 September 2013 for public comment; the comment period expires on 2 December 2013. As part of the comment process the National Treasury undertook an extensive consultation and awareness campaign; including 44 district engagements incorporating all municipalities.

It is anticipated that the regulatory processes will be finalised in January 2014 and municipalities will be given a two year preparation window prior to full implementation which is 1 July 2016. In this regard, municipalities will be required to be SCOA compliant during the budget and MTREF compilation process leading up to the 2016/17 municipal financial year. Considering the legislated budgeting and planning framework for local government, this implies that municipalities should be in a position to capture their respective detail budgets proposal in the regulated SCOA format by the latest January 2016.

Although it is not compulsory for municipalities to compile their 2014/15 budgets and MTREF's in the SCOA format for local government, it will facilitate implementation if municipalities start familiarising themselves with the detail content of the SCOA for local government from a budgeting and planning perspective. This process will not only provide municipalities with a conceptual understanding of the SCOA but also provide municipalities with an understanding of alignment to their own chart (general ledger) and where anomalies might exist.

The draft Municipal Regulations on the Standard Chart of Accounts, Project Summary Document and Detailed Classification Framework of the 7 Segments (SCOA Version 4) can be accessed at:

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

A comprehensive change management and capacity building process will be launched with the promulgation of the SCOA Regulation to oversee and assist stakeholders, vendors and municipalities with the transition to the SCOA classification framework. National Treasury will regularly communicate with all municipalities on progress during the process of finalising the SCOA for local government.

***Financial applications (systems) and the impact of SCOA***

As part of the SCOA project, National Treasury commissioned a parallel project to investigate financial applications (systems) in use by municipalities and compatibility of current financial applications (systems) in amongst others, accommodating the proposed segments of the SCOA for local government. The draft SCOA Regulations also propose the specification of minimum business process and system requirements for municipalities and municipal entities as well as the implementation of processes within integrated transaction processing.

In preparation for SCOA implementation, the National Treasury has completed extensive engagements with each of the system vendors as well as the identified pilot municipalities. These engagements have been structured to assess the readiness of the respective system vendors and identified municipalities to pilot the SCOA classification framework. It is envisaged that the outcome of the pilot process will provide clarity as it relates to the specification of minimum business processes and system requirements for municipalities.

Considering the pending Municipal SCOA Regulation the National Treasury issued MFMA Circular No.57 – Municipal Financial Systems and Processes which can be accessed at:

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

Municipalities are strongly advised not to proceed with any configuration or upgrades to their current core financial systems owing to the pending requirements of the SCOA Regulations. With the promulgation of the Regulation (envisaged for January 2014) a follow-up circular to MFMA Circular No.57 will be issued providing further guidance to municipalities.

***Management accounting and tariff setting***

National Treasury commissioned a project dealing specifically with management accounting (costing) and its impact on tariff setting.

It has increasingly become apparent that municipalities are not recovering the full cost associated with trading services i.e. electricity, water, waste management and waste water management and this position is further exacerbated by the fact that no consideration is given to overhead costing and its influence on the total cost of providing the service. This in turn impacts on tariff setting and in many instances municipalities are cross subsidising a trading service from property rates revenue; a totally defective approach to pricing and tariff setting of municipal trading services.

The research work has informed the design principles for a costing segment within the SCOA for local government. This will provide municipalities with not only pure accounting functionality as part of SCOA but also the key dimension of management accounting. As a result of the additional reforms undertaken since their introduction, National Treasury

envisages consequential amendments to the Municipal Budget and Reporting Regulations going forward.

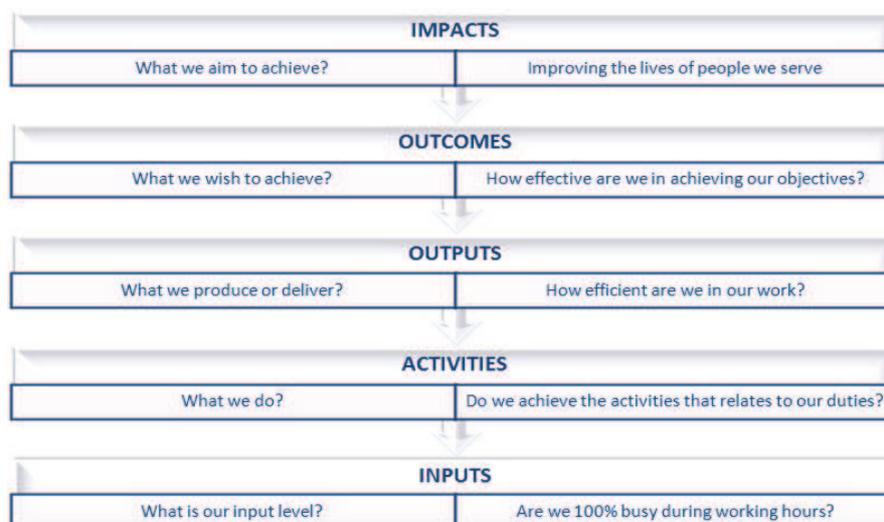
### **Performance management in local government**

Financial performance measurement is undertaken by the National Treasury through the section 71 and 72 in-year reporting framework. Although significant strides have been made with the in-year financial reporting framework for local government, the perfect system of performance measurement, especially as it relates to non-financial performance, is still not in place. The general perception is that local government does not deliver its constitutional obligations to the extent that the public expects. There can be more than one reason for this perception and it is the responsibility of government as a whole to address the core problems and manage them to the benefit of all.

Although various systems of gathering information in government are in place, a number of gaps in information sharing still exist. The following are some examples:

- Weak alignment of strategic and spatial plans, budgeting, implementation and operationalization / maintenance between the IDP/Budget/SDBIP/AFS/Annual Report;
- A coordinated public and private sector investment strategy that ensures that property development is aligned with plans;
- Aligned strategic spatial and sector plans that focus on spatial transformation through the co-ordination and implementation of a catalytic pipeline of projects, i.e. land development, housing, transport and infrastructure investments (and other interventions);
- Service delivery and budget implementation plan is not used as the basis of performance reporting;
- In-year reporting and control is not regularly undertaken, undermining oversight;
- In many cases non-performance has no consequences. This is further exacerbated by a lack of performance monitoring;
- Where performance systems have been established, they rarely ensure accountability of officials and political office bearers; and
- Performance measurement is limited to high level indicators which don't necessary relate back to service delivery imperatives.

The following figure provides a framework for managing programme performance information by National Treasury for national and provincial departments.



The objectives of the framework are to address specific measurable performances; in addition this benchmark can be used against peers in the same industry. It is further recommended that the performance measurement should be classified and divided between the following objectives:

- Strategic issues;
- Governance issues;
- Financial Issues; and
- Non-Financial issues.

The development and implementation of a performance management framework is critical if local government is to achieve its overall objectives. As of the 2012/13 municipal financial year the National Treasury has initiated the incorporation of non-financial performance information as part of the section 71 and 72 in-year reporting framework for metropolitan municipalities. The performance indicators are currently required from the eight metropolitan municipalities and nineteen secondary cities. It will be required from all municipalities from the 2014/15 financial year.

### **Council oversight over the budget process**

A municipal council is elected to direct and exercise oversight of how a municipality raises revenue, plans the use of funds through its budget and spends the funds in accordance with the council approved budget. In terms of section 4(2)(a) of the Municipal Systems Act, 2000 the council has a duty **“to use the resources of the municipality in the best interests of the local community”**. This duty is extended to individual councillors through the *Code of Conduct for Councillors*, which states:

2. **General conduct of councillors.** – A councillor must –
  - (a) perform the functions of office in good faith, honestly and in a transparent manner; and
  - (b) at all times act in the best interests of the municipality and in such a way that the credibility and integrity of the municipality are not compromised.

Over the last few years, escalating unauthorised, irregular and fruitless and wasteful expenditures has been observed by the Auditor-General in its annual reports on local government audit outcomes. Many municipalities have not dealt effectively with instances of unauthorised, irregular and fruitless and wasteful expenditure. Such matters must be dealt with decisively by council to address fraud and corruption.

When municipal funds are used for inappropriate purposes it is not in the best interests of the municipality or the local community. Those funds should have been used to deliver services to communities.

Therefore, each council has a duty to put in place policies and processes to:

- (a) **Prevent** unauthorised, irregular and fruitless and wasteful expenditure;
- (b) **Identify and investigate** unauthorised, irregular and fruitless and wasteful expenditure; and
- (c) **Respond** appropriately, and in accordance with the law, to confirmed instances of unauthorised, irregular and fruitless and wasteful expenditure.

As part of the 2014/15 budget process, municipalities are strongly advised to ensure that the necessary policies and processes are institutionalized to proactively curb prohibited expenditure, poor policy implementation and planning. This requires decisive response by all councilors and municipal officials.

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## Municipal budget and benchmark engagements and timeframes for tabling MTREF's

National Treasury has institutionalised two formal annual engagements with the 17 non-delegated municipalities, namely the Mid-year Budget and Performance Assessment Review and the Municipal Budget and Benchmark Engagement. Most Provincial Treasuries have or are in the process of replicating similar engagements with the delegated municipalities.

The Municipal Budget and Benchmark Engagements are intended to provide a platform by which the tabled budgets are independently analysed and assessed by National Treasury and the respective provincial treasuries. These formal engagements conclude with findings and recommendations being supplied to the respective municipalities in a formal report which must be considered by the budget steering committee prior to the finalisation of the budget to be tabled in council for consideration and approval to the end of May.

Although the 17 non-delegated municipalities have welcomed these engagements and are of the opinion that it strengthens the overall municipal budgeting process, concern has been raised over the scheduling of the engagements. Engagements were historically scheduled in the middle of April and subsequently municipalities found it difficult to incorporate key findings and recommendations into their final budgets in time for consideration and approval by the municipal council.

Municipalities were advised to consider tabling their budgets earlier to enable processing of comments before tabling the final budget for approval. Although some municipalities still wait until the end of March to table their respective budgets before the municipal council, they should consider tabling of the 2014/15 budgets in the **last week of February or, first week of March 2014**. The request for early tabling will have the following advantages:

- Provide for a lead-time for municipalities to incorporate the findings and recommendations of the engagements with the National Treasury and respective provincial treasuries on the 2014/15 budgets and MTREF's into their final budgets and MTREF's prior to tabling for consideration and approval by the municipal council;
- Provide a longer interval for the National Energy Regulator of South Africa (NERSA) to consider the proposed electricity tariff structures within their regulatory processes prior to adoption by the municipality; early tabling will enable municipalities to incorporate any comments and recommendations received by NERSA prior to finalisation of the 2014/15 budgets and MTREF's for consideration and approval (further guidance around tariff setting and the NERSA process is supplied in the section of this Circular dealing with revising of rates, tariff and other charges); and
- Provide more time for public participation as required by the MFMA; an area where municipalities are generally weak and needs specific attention for improvement.

In order to inform the benchmark exercise performed by the National Treasury and the relevant Provincial Treasuries, municipalities are advised to submit their tabled budget figures on the budget reform returns to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za) in support of the funding tests and other reports available to all users of the Local Government Database and Reporting System.

## Headline inflation forecasts

Municipalities must take the following inflation forecasts into consideration when preparing their 2014/15 budgets and MTREF. Again this information will be updated in a further Budget Circular to be issued after the tabling of the National Budget.

Fiscal year	2012	2013	2014	2015	2015
	Actual	Estimate	Forecast		
CPI Inflation	5.7%	5.9%	5.6%	5.4%	5.4%

Source: Medium Term Budget Policy Statement 2013

## Revising rates, tariffs and other charges

### Operating Revenue

Section 18 of the Municipal Finance Management Act, 2003 which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
  - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
  - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
  - (a) projected revenue for the current year based on collection levels to date; and
  - (b) actual revenue collected in previous years."

Although some improvement was observed with the funding adequacy of the 2013/14 MTREF of the 17 non-delegated municipalities during the Municipal Budget and Benchmark Engagements, municipalities still continue to table unfunded budgets. Various factors contribute to unfunded budgets such as overambitious revenue projections as part of the operating statement of financial performance. In addition, municipalities tend to overstate their collection rates and artificially inflate their cash flow position on the budgeted cash flow statement. This typically leads to cash and liquidity challenges and limited implementation of the budget as planned. At the onset of the budget preparation, if the collection rate is not accurately projected then the consequence is less cash in the bank to support spending priorities.

Municipalities are therefore required to realistically provide for revenue as part of the operating statement of financial performance and capital programme. In this regard municipalities must ensure that:

- The operating and capital expenditure is in line with the requirements of section 18 of the MFMA; and
- The municipality is required to implement initiatives that would contribute to the sustainability of the municipality during the financial year. This requires the implementation of the budget as planned both on the operating statement of financial performance and cash flow budget.

In assisting municipalities in managing the overall revenue value chain and ensuring budget implementation as planned the National Treasury issued MFMA Circular No. 64: Revenue Management. This Circular provides a guideline for the management of the entire revenue value chain which can be accessed at:

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

It is critical that all components of the revenue value chain work efficiently and in collaboration with each other. The functionality of the different components of the value chain is paramount to the success of the collections and hence cash in the bank.

In terms of section 64 of the MFMA on Revenue Management, the municipal manager with the institutional and technical support of the chief financial officer and senior management is required to create and continuously enhance and strengthen the policy imperatives, procedures and processes to achieve the required minimum rate and standard on revenue collection and debt management.

The mayor and the municipal council must implement and manage its oversight function to demonstrate their direct involvement by studying the monthly revenue management reports and utilize the MFMA System of Delegations to hold the municipal manager/accounting officer directly accountable for the work output, results and performance.

National Treasury also continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason **municipalities must justify in their budget documentation all increases in excess of the 6.0 per cent** upper boundary of the South African Reserve Bank's inflation target in the budget narratives.

In our endeavour to significantly improve revenue management at municipalities, the National Treasury has commenced with its Revenue Management Project. It is essential that all municipalities take advantage of the Project that would provide the support necessary to achieve the right outcomes on revenue collection and its management.

### **NERSA's process to approve electricity tariffs**

Municipalities will submit tariff increase applications from November 2013 aligned with the requirements of section 43 of the MFMA and subsequently NERSA will endeavour to finalise and complete all municipal tariff applications by 15 March 2014.

In this regard municipalities are reminded to submit all outstanding D-forms to NERSA as a matter of urgency as the deadline for submission was 30 October 2013. NERSA will not be in a position to evaluate municipal tariff applications in the absence of complete D-forms. It is important that municipalities and NERSA work together to ensure that the process of approving electricity tariffs does not disrupt the process of compiling municipal budgets or compromise community consultations on the budget. It is for this reason that section 43 of the MFMA reads:

- 43 (1) If a national or provincial organ of state in terms of a power contained in any national or provincial legislations determines the upper limits of a municipal tax or tariff, such determination takes effect for municipalities on a date specified in the determination.
- (2) Unless the Minister on good grounds approves otherwise, the date specified in a determination referred to in subsection (1) may -

- (a) if the determination was promulgated on or before 15 March in a year, not be a date before 1 July in that year; or
- (b) if the determination was promulgated after 15 March in a year, not be a date before 1 July in the next year.

Municipalities applying for an increase that is above the guideline will have to justify their increases to NERSA and the decision will be based on the following requirements:

- a full analysis of additional funds requested needs to be presented to NERSA as part of the motivation for the above-guideline increase (the municipality must give a detailed revenue analysis where it indicates the revenue when using the approved guideline percentage increase and add the revenue and list of items, i.e. repairs and maintenance, where the extra funds will be allocated);
- the approved funds must be ring-fenced to ensure that it is strictly utilised for the identified projects;
- municipalities must report to NERSA on a six-monthly basis on how the additional funds are utilised; and
- funds not utilised for the purpose for which they were approved will be claimed back in the following financial year.

### Eskom bulk tariff increases

Municipalities are advised to structure their 2014/15 electricity tariffs based on the approved **7.39 per cent** NERSA guideline tariff increase and provide for an **8.06 per cent** increase in the cost of bulk purchases for the tabled 2014/15 budgets and MTREF. Any changes to the above will be communicated to municipalities in the next budget circular for the 2014/15 financial year, to be issued shortly after the tabling of the National Budget.

Municipalities are urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

National Treasury supports the use of the following formula, proposed by NERSA, for calculating municipal electricity tariff increases:

$$MG = (B \times BPI) + (S \times SI) + (R \times RI) + (C \times CCI) + (OC \times OCI)$$

Where:

MG = % Municipal Guideline Increase  
 B = % Bulk purchases  
 BPI = % Bulk purchase increase  
 S = % Salaries  
 SI = % Salaries increase  
 R = % Repairs  
 RI = % Repairs increase  
 C = % Capital charges  
 CCI = % Capital charges increase  
 OC = % Other costs  
 OCI = % Other costs increase

All cost shares and increases must relate to the electricity function of the municipality

### The formula for calculating the guideline:

$$\begin{aligned}
 MG &= (B \times BPI) + (S \times SI) + (R \times RI) + (C \times CCI) + (OC \times OCI) \\
 &= (70 \times 8.06) + (10 \times 6.5) + (6 \times 5.5) + (4 \times 5.5) + (10 \times 5.5) \\
 &= 6.48 + 0.64 + 0.32 + 0.22 + 0.54 \\
 &= 7.39\%
 \end{aligned}$$

Municipalities must familiarize themselves with the Municipal Tariff guideline on electricity price increases for 2014/15 which include inclining block tariffs from NERSA which is available at the following link; [www.nersa.org.za](http://www.nersa.org.za).

Where a municipality's evaluation of its cost structure results in a lower or higher tariff increase to that proposed by NERSA, the municipality must structure its tariffs accordingly and ensure it provides the necessary motivation and information in its tariff application to NERSA.

### **Inclining block tariffs (IBT) for electricity**

Municipalities are urged to design an IBT structure that is appropriate to its specific circumstances, and ensures an appropriate balance between 'low income customers' and other domestic, commercial and business customers, and the financial interests of the municipality.

It is also important that any proposed IBT is fully aligned to the principles set out in the *South African Electricity Supply Industry: Electricity Pricing Policy* (EPP), including the principle that electricity tariffs must be cost reflective and that any cross-subsidies should be explicit.

A municipality must structure its IBT tariff according to its own specific circumstances and ensure that it provides the necessary motivation and information to NERSA in its tariff application. In this regard, municipalities need to pay careful attention to determining an appropriate level of cross-subsidisation between the different IBT blocks given the profile of its customer base, and also have regard to the price elasticity of the demand for electricity.

### **Water and sanitation tariffs must be cost-reflective**

Municipalities are once again reminded to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;
- Water and sanitation tariffs are structured to protect basic levels of service; and
- Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time; this guidance has been supplied in various Budget Circulars. ***As per the guidance in previous Budget Circulars, municipalities are expected to have cost reflective tariffs for the 2014/15 MTREF for both water and sanitation.*** Should this not be case, municipalities will be required to clearly articulate the reasons within the budget document including remedial actions in rectifying this position.

To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service, and not simply attributed to water losses.

Municipalities, not already calculating and reporting non-revenue water in accordance with the International Water Association (IWA) standards as required by the Department of Water Affairs (DWA) should contact DWA for assistance in this regard. National Treasury is working with DWA to publish this information in the near future.

## Solid waste tariffs

Municipalities are once again reminded that in many instances waste tariffs do not cover the cost of providing the different components of the service. Where this is the case, municipalities should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015.

The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

Municipalities are encouraged to explore alternative methodologies to manage solid waste, including recycling and incineration in plants that use the heat energy to generate electricity.

As explained in the section dealing with the local government budget and financial management reforms, the project commissioned to formulate an approach to management accounting and tariff setting will assist in achieving cost reflective tariffs especially for the main trading services.

## Funding choices and management issues

Municipalities are once again reminded that given on-going economic pressures, the revenue side of municipal budgets will continue to be constrained, so they will need to make some very tough decisions on the expenditure side of the budget. Priority still needs to be given:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Ensure that *public investments, services, regulations and incentives* are focussed in defined spatial areas (spatial targeting) to optimise overall connectivity and access to opportunities;
- Provide clear signals to private sector;
- Transport, human settlements, bulk infrastructure, economic infrastructure, land use management (e.g. zoning), tax and subsidy incentives;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants;
- Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme; and
- To implement cost containment measures.

Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

## Employee related costs

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for 2014/15 financial year (with effect of 1 July 2014).

Considering that municipalities will be preparing and finalising their respective 2014/15 MTREF for tabling as per the MFMA prior to the announcement of the final CPI for the relevant

period, municipalities will have to provide for assumed budget growth as it relates to employee related costs.

In this regard municipalities are advised that the average CPI for the period November 2012 to October 2013 is 5.8 per cent which compares well to the estimate of 5.9 per cent for 2013 as provided for in the 2013 Medium Term Budget Policy Statement. Municipalities are therefore advised to provide for increases related to salaries and wages as follows:

*2014/15 Financial Year – 6.8 per cent (5.8 per cent plus 1 per cent)*  
*2015/16 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)*  
*2016/17 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)*

It is recommended that the projected inflation forecast plus one per cent be applied to the 2015/16 and 2016/2017 financial years in the absence of a collective Salary and Wage agreement.

Once the final average CPI for the period 1 February 2013 until 31 January 2014 is available municipalities will be a position to adjust their 2014/15 budget and MTREF prior to tabling for consideration and approval toward the end of May 2014; it is not envisaged that the actual CPI will be a significant deviation from the guidelines and should therefore not have a detrimental impact on the tabled budget prior to community consultation.

In addition to considering the actual salary and wage increases municipalities are reminded to accurately budget for actual positions and vacancies as per the organisational structure of the municipality and notch increments where applicable. Municipalities are also reminded that supporting tables SA22 (Summary councillor and staff benefits), SA23 (Salaries, allowances and benefits of political office bearers/councillors/senior managers) and SA24 (summary of personnel numbers) as part of the Municipal Budget and Reporting Regulations need to be accurately completed. Municipalities are urged to provide a narrative to the budget document explaining the numbers and budget appropriations.

Excessive expenditure on overtime has been increasingly observed in National Treasury's analysis of municipal budgets. In certain instances overtime can account for as much as 10 per cent of the employee related costs. Although overtime is considered acceptable, as it relates to essential services, an excessively high allocation could be an indication of performance inefficiencies. Overtime is an expensive form of remuneration and can easily be abused. Should excessive overtime be found to be legitimate it could be an indication that the organisational structure is insufficiently funded and hence would require funds being rather appropriated against vacancies. Based on the most recent Budget and Benchmark Engagements with the non-delegated municipalities, overtime as a percentage of total remuneration decreased to an average 4 per cent. As a guideline, municipalities are advised that a percentage above 5 per cent would require further investigation; it needs to be noted that this percentage is based on total municipal remuneration and individual functions will differ owing to the nature of the service rendered such as emergency services.

#### ***Remuneration of councillors***

Municipalities are reminded to refer to MFMA Circular No. 67 with regard to the following issues:

*Benefits to councillors and Mayors'* – Municipalities are reminded to adhere strictly to the gazetted limits and provisions.

*Cellular telephone (mobile) and data contract policy* – Municipalities were required to compile and approve a cellular telephone (mobile) and data (3G) policy with effect from 1 July 2013.

### **Non-revenue water and electricity**

As part of the 2014/15 budget and MTREF municipalities will be required to fully account for non-revenue water and electricity including technical and non-technical losses. In this regard, **Annexure B** provides a synopsis and explanation on how the accounting transactions should be applied.

Although the example specifically deals with the accounting transactions for non-revenue water, the same needs to be applied for non-revenue electricity. It must further be noted that the sample does not make any provision for VAT, the payment by debtor/consumers or for any opening or closing stock. It focuses on the purchase, selling transactions and stock control only.

Furthermore, the norm for technical losses for electricity is different to that of the one used for water in Annexure B. It is therefore necessary to use the correct norm and make it part and parcel of the municipalities' budget policies.

### **Renewal and repairs and maintenance of existing assets**

It is observed that budget appropriations for asset renewal as part of the capital programme and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority, regardless of guidance supplied in the previous Budget Circular. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2014/15 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- Where the municipality allocates less than 40 per cent of its 2014/15 Capital Budget (as reflected on Table A9) to the renewal of existing assets it must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan;
- Table A9 (Asset Management) provides for the breakdown of the capital budget into new assets and asset renewal. Many municipalities don't transparently complete this table and tend to aggregate all capital expenditure against new asset infrastructure. This bad practice needs to be eliminated as it directly impedes the ability of the municipality to proactively manage their infrastructure;
- Where the budgeted amounts for operational repairs and maintenance reflected on Table A9 is less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE) as reflected in the municipality's 2012/13 annual financial statements, the municipality must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan. The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to services rendered. A minimum level of repairs and maintenance of municipal assets is required to ensure the continued provision of services;
- The average provision made for operational repair and maintenance for the 17 non-delegated municipalities for 2013/14 was 4.2 per cent. Although an improvement from the previous financial year, this is still far from the required norm of 8 per cent as discussed above; and
- In the case of a municipality that received an audit qualification related to its asset register the municipality must provide a detailed explanation and assurance that the

budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan in the budget document.

Municipalities are also reminded of the disclosure requirements of the Municipal Budget and Reporting Regulations as it relates to supporting Table SA1. This table requires the disclosure of operational repairs and maintenance against employee related costs, other materials, contracted services and other expenditure. Municipalities are reminded of the importance of supporting tables SA34 a, b, c and d which provides an analysis of capital asset renewal and operational repairs and maintenance. The totals should reconcile with the supporting and main tables.

National Treasury, along with provincial treasuries will assess aspects of asset management as part of the 2014/15 Municipal Budget and Benchmark Engagements. Inadequate asset management appropriations (capital asset renewal and operational repairs and maintenance) will result in the budget been assessed as demonstrating limited credibility.

Furthermore, municipalities are reminded that reporting on asset renewal and repairs and maintenance has been institutionalised as part of the in-year section 71 reporting process and publication of municipal performance. It is in the best interest of municipalities to ensure that expenditure against this strategic expenditure imperative is prioritised. If a municipality has failed to appropriately budget for these expenses it will distort reporting outcomes.

#### ***Accounting for the rehabilitation of capital assets***

It has come to the attention of National Treasury that municipalities account for the rehabilitation of assets as repairs and maintenance as opposed to reporting this as an increase in the value of the capital asset.

Expenditure to rehabilitate, enhance or renew an existing capital asset (including separately depreciable parts) can be recognised as capital if:

- the expenditure enhances the service provision of that capital asset (with the exclusion of operational running maintenance);
- increases the useful life of that capital asset (beyond its original life);
- increases that capital asset capacity (beyond its original capacity);
- increases the performance of the capital asset (beyond the original performance);
- increases the functionality of that capital asset;
- reduces the future ownership costs of that capital asset significantly; or
- increases the size of the asset or changes its shape.

#### **Budgeting for unfunded/underfunded mandates**

In previous budget years, it was noted that a number of municipalities were budgeting for unfunded/underfunded mandates. The South African Cities Network (SACN, 2007:78) defines an unfunded/underfunded mandate as when municipalities perform the functions of other spheres of government and bear significant costs out of their own revenue sources. These unfunded/underfunded mandates pose an institutional and financial risk to the municipality as substantial amounts of own funding is allocated to non-core functions at the expense of service delivery.

One of the main objectives of local government is to ensure the provision of basic services to communities. Section 153 of the Constitution requires that budgeting processes must

prioritise the basic needs of the community. Municipalities must therefore prioritise the provision of basic services such as electricity, water, sanitation and refuse removal in their MTREF budgets. Municipalities may only budget for non-core functions such as crèches, sports fields, libraries, museums, health services, and etc. if:

- The function is listed in *Schedule 4B and 5B* of the Constitution;
- The function is assigned to municipalities in terms of national and provincial legislation;
- The municipality has prioritised the provision of basic services; and
- It does not jeopardise the financial viability of the municipality.

In terms of Section 21 of the MFMA, the mayor must ensure that the budget tabled in council for consultation is credible. A credible budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets; revenue and expenditure projections must be realistic; and the implementation of the budget must improve the financial viability of the municipality (refer to page 2 of MFMA Circular 28 for a detailed discussion).

Consequently, if the tabled budget is not credible it is a contravention of the MFMA. Municipalities are reminded that the Auditor-General audits compliance with legislation when they conduct their annual audits and that that the non-compliance with the MFMA may be grounds for a qualification.

Municipalities are urged to sign service level agreements and recover costs where unfunded/underfunded mandates are performed on behalf of other spheres of government.

#### **Cost containment measures**

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as costs for accommodation. These measures would be applicable to all national and provincial departments, constitutional institutions and all public entities with effect from 1 December 2013.

While local government is autonomous in its strategy formulation (IDP) and budget appropriations, it remains a sphere of government. In pursuing value for money and curtailing unnecessary costs **municipalities are strongly urged** to take cognisance of the cost containment measures as approved by Cabinet and align their budgeting policies to these guidelines to the maximum extent possible.

#### **Eliminating non-priority spending**

The *2013 Medium-term Budget Policy Statement* (MTBPS) highlighted the need for resource allocation to be prioritised in expanding public-sector investment. The MTBPS further emphasises the need for government to step up its efforts to combat waste, inefficiency and corruption. Municipalities must therefore pay special attention to cost containing measures and controlling unnecessary spending on nice-to-have items and non-essential activities.

The following additional examples of non-priority expenditure have been observed, and municipalities are reminded that they need to be eliminated as well:

- i. excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;

- ii. public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- iii. LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- iv. excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- v. arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- vi. excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- vii. excessive luxurious office accommodation and office furnishings;
- viii. foreign travel by mayors, councillors and officials, particularly 'study tours';
- ix. excessive councillor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances. Municipalities are reminded that in terms of section 7(1) of the Remuneration of Public Office-bearers Act, 1998 (Act No.20 of 1998) the Minister for Cooperative Governance and Traditional Affairs must determine the limit of salaries and allowances of the different members of municipal councils and any budget provision may not be outside this framework;
- x. excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';
- xi. all donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- xii. costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes';
- xiii. the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants;
- xiv. excessive unnecessary spending on personal bodyguards and security to political office bearers; and
- xv. Excessive overtime.

### General expenditure

The **Independent Communication Authority of South Africa** is experiencing challenges with collecting spectrum licence fees from municipalities.

The majority of radio-frequency spectrum licences for South African municipalities have been suspended and/or have been cancelled due to long outstanding radio-frequency spectrum licence fees, this while the majority of municipalities' continue to make use of radio systems e.g. two-way radio systems.

In this regard municipalities are requested to urgently contact ICASA to clarify each municipality's position. Correspondence can be directed to:

[chairperson@icasa.org.za](mailto:chairperson@icasa.org.za) or by facsimile to 011 566 3008

## Budget management issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars No. 48, 51, 54, 55, 66 and 67 with regards to the following issues:

1. Mayor's discretionary funds and similar discretionary budget an allocation – National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourages them (refer to MFMA Circular No. 51);
2. Unallocated ward allocations – National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval (refer to MFMA Circular No. 51);
3. New office buildings – Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings (refer to MFMA Circular No. 51);
4. Virement policies of municipalities – Municipalities are reminded of the principles that must be incorporated into municipal virements policies (refer to MFMA Circular No. 51);
5. Providing clean water and managing waste water – Municipalities are reminded to include a section on 'Drinking water quality and waste water management' in their 2013/14 budget document supporting information (refer to MFMA Circular No. 54);
6. Renewal and repairs and maintenance of existing assets – Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the benchmarks set out in MFMA Circular No. 55 and 66;
7. Budgeting for an operating deficit – Over the medium term, a municipality should budget for a moderate surplus on its Budgeted Statement of Financial Performance so as to be able to contribute to the funding of the Capital Budget. If the municipality's operating budget shows a deficit it is indicative that there are financial imbalances that need to be addressed (refer to MFMA Circular No. 55);
8. Credit cards and debit cards linked to municipal bank accounts are not permitted – On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular No. 55);
9. Water and sanitation tariffs must be cost reflective - refer to Circular No. 66;
10. Variances between 4<sup>th</sup> Quarter section 71 results and annual financial statements – refer to Circular No. 67;
11. Additional In-Year reporting requirements – refer to Circular No. 67; and
12. Appropriation statement (Reconciliation: Budget and in-year performance) - reference is made to Circular No. 67. It came to the attention of National Treasury that a number of municipalities did not include the appropriation statement as part of the 2012/13 annual financial statement. In terms of the Standards of GRAP 24 on the Presentation of Budget Information in Financial Statements, municipalities are required to present their original and adjusted budgets against actual outcome in the annual financial statements; this is considered an appropriation statement and the comparison between the budget and actual performance should be a mirror image of each other as it relates to the classification and grouping of revenue and expenditure as has been the case in a national and provincial context. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement.

## Treasury control

Section 216(2) of the Constitution of the Republic of South Africa (Act No. 108 of 1996) stipulates the following:

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**“The National Treasury must enforce compliance with the measures established in terms of subsection (1), and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures.”**

National Treasury has increasingly observed persistent material breaches of the legislative framework governing local government. Municipalities need to take note that the National Treasury has institutionalized the right to invoke Section 216(2) of the Constitution which directly implies the immediate and indefinite stopping of all grant transfers to municipalities, including the equitable share for those municipalities that are in breach of the municipal legal framework. In this regard the following aspects need to be carefully noted and proactively dealt with by affected municipalities.

### ***Forensic audit reports***

It has come to the attention of National Treasury that forensic audit reports are not submitted to council for action. Councils are again reminded of their responsibility to discuss the report in council and to implement a fair procedure in dealing with the findings of the report; this would in all probability require action against councilors and/or officials.

If it is found that a municipality commissioned a forensic audit and that the subsequent report did not serve before the municipal council, National Treasury will invoke Section 216(2) of the Constitution against that municipality and stop all grant transfers. In addition, the Auditor General will be informed of the incurred fruitless and wasteful expenditure.

### ***Settlement of outstanding creditors***

In terms of Section 65(2)(e) of the MFMA, all invoices must be paid within 30 days of receipt thereof. Section 5(2)(e) further states that the National and Provincial Treasuries must monitor compliance with the Act and take appropriate steps if a municipality commits a breach of the MFMA.

It has come to the attention of National Treasury that many municipalities neglect to settle outstanding creditors within the prescripts of the MFMA. This includes water boards, Eskom and the Auditor General. Any municipality that neglects to settle these creditors within 30 days of invoice will be subject to the invoking of Section 216(2) of the Constitution.

## **Conditional transfers to municipalities**

Section 28(1)(a) of the Division of Revenue Bill originates from the role played by the districts with regard to co-ordinating intergovernmental relations with municipalities in their jurisdiction as per section 38 of the IGR Framework Act, 2005. This necessitates enhanced co-operation between municipalities in order to achieve a common vision in planning, integration, alignment and harmonisation of strategies, in areas such as economic development and development planning, infrastructure investment, and building partnerships with a broad range of stakeholders. With regard to the division of powers and functions between district and local municipalities, section 84(1)(o) of the Municipal Structures Act stipulates that the district municipality is obliged (where applicable) to budget and distribute grants allocated in a particular financial year. Therefore section 28(1)(a) aims to facilitate the above scenario in a more structured manner.

Linked to the above, section 16 of MFMA should be read in conjunction with Section 22(b) of the MFMA stating that immediately after an annual budget is tabled in a municipal Council, it must be submitted to the National and provincial treasuries, other national or provincial organs of state and to other municipalities. In the absence of the specific timelines, the Municipal Budget and Reporting Regulations (MBRR) provide guidance and specify that annual budgets should be submitted to the prior-mentioned stakeholders by the 10<sup>th</sup> working day post tabling

at the municipal Council. However, it should be noted that DoRB – Division of Revenue Bill has equal weight against the MFMA and we will therefore amend the 2014 DoRB to ensure consistency as it relates to the 10<sup>th</sup> and 14<sup>th</sup> day disjuncture.

Various concerns have been raised relating to the possibility that district municipalities might end up submitting annual budgets twice to the relevant stakeholders prior to final adoption. This is premised on the event that the DoRB is enacted with major changes on 01 April each year. This is a highly unlikely scenario as the National Treasury has effectively managed this over the years.

National Treasury draws municipalities' attention to section 29 of the 2013 Division of Revenue Act, regarding the responsibilities of provincial treasuries. National Treasury has noticed through the municipalities' Pre-audit Annual Financial Statements of 2012 that municipalities are receiving significant funding from provinces. This funding is however not supported by legislation in terms of the requirements of section 29 of DoRA by ensuring grants received are supported by an appropriation. Without the necessary gazette the municipality would not have a basis for spending the received funds.

Second to the gazetting, the province must publish a payment schedule which will guide the flow of money to municipalities for purposes of proper planning and cash flow management. To this cause, the Treasury encourages provinces and municipalities to adhere to the legal prescripts as stated in the Division of Revenue Act.

#### ***Reporting in terms of section 71***

Section 71 of MFMA provides for a parallel reporting to be done by the receiving officer to both the national department responsible for transferring the allocations and to the National Treasury. The purpose for the reporting is amongst others to ensure a consistent reporting by the receiving officers on a monthly basis.

We continue to observe municipalities reporting varying numbers between National Treasury and the National departments. Municipalities must establish a standard operating procedure by which there is only one version of the truth; this can only be achieved if municipalities use one reporting tool through the Office of the CFO.

Refer to the Reporting Requirements document for a full explanation of the requirements.

#### ***Reporting against grant performance***

Municipalities must ensure that grant funding is not spent against goods and services not delivered or against work not done. Treasury discourages procurement of such related transactions as they may be deemed to undermine the SCM processes and directly result in irregular expenditure. Payments for services rendered can only be made upon receipt of invoices. Furthermore, National Treasury has observed that many municipalities report underperformance against grant spending during the financial year only to have this corrected at the end of June; among others, weak internal control processes as it relates to payment certificates significantly contributes to this challenge. Municipalities are therefore requested to ensure that all capital payment certificates are sourced by the respective engineering and service delivery departments and accounted for by the last working day of the month. Any capital payment certificates that are not received and accounted for by the last working day will be included in the next reporting period.

#### ***Reporting on VAT on grant in the financial statements***

MFMA Budget Circular No. 58 provided guidance on the treatment of VAT on conditional grants. Further municipalities were also advised on how to classify grants in the control accounts. Municipalities were advised to report grant spending VAT inclusive through the DoRA and section 71 reports. With regards to grant disclosures in the Annual Financial

Statements, municipalities are advised to ensure that there is a clear disclosure on the type of grant (per grant name) on the amounts received, spent and unspent during the year. Further, in instances where VAT input was received from SARS, a clear disclosure in the statements be made through the VAT control accounts reconciling with the grant disclosure note or annexures.

### Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars No. 48, 51, 54, 55 and 67 with regards to the following issues:

1. Accounting treatment of conditional grants – Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as ‘transfers recognized’ revenue when the grant revenue has been ‘earned’ by incurring expenditure in accordance with the conditions of the grant;
2. VAT on conditional grants: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – **VAT 419 Guide for Municipalities**. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>;
3. Interest received and reclaimed VAT in respect of conditional grants: Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
  - Interest received on conditional grant funds must be treated as ‘own revenue’ and its use by the municipality is not subject to any special conditions; and
  - ‘Reclaimed VAT’ in respect of conditional grant expenditures must be treated as ‘own revenue’ and its use by the municipality is not subject to any special conditions;
4. Appropriation of conditional grants that are rolled over – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular No. 51 for other arrangements in this regard);
5. Pledging of conditional grant transfers – the 2013 Division of Revenue Bill will contain a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2015/16. The process of application as set out in MFMA Circular 51 remains unchanged;
6. Separate reporting for conditional grant roll-overs – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund;
7. Payment schedule – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the National Treasury approved and verified primary banking details would be used for effecting transfers; and
8. Conditional grant transfers/payments and the responsibilities of transferring and receiving authorities and the criteria for the rollover of conditional grants – It is important that the transfers applicable to municipalities’ are made transparent, and properly captured in the municipalities’ budget. MFMA Circular No. 67 in this regard refers. The criteria for the rollover of conditional grants are referred to MFMA Circular No. 51 for more information.

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## The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.6 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). Therefore ALL municipalities MUST use this version for the preparation of their 2014/15 Budget and MTREF.

Download Version 2.6 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The regulations, formats and associated guides etc. are available on National Treasury's website at:

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

### All municipalities must prepare budgets in accordance with the regulations.

Municipalities are reminded that the regulations apply to all municipalities and municipal entities as from 1 July 2009.

All municipalities and municipal entities must prepare annual budgets, adjustments budgets and in-year reports for the 2014/15 financial year in accordance with the Municipal Budget and Reporting Regulations. In this regard, municipalities must comply with both:

- The formats set out in the Schedules to the Municipal Budget and Reporting Regulations; and
- The relevant attachments to each of the Schedules (the Excel Formats).

If a municipality fails to prepare its budget, adjustments budget and in-year reports in accordance with the relevant formats, actions the National Treasury will take include:

- The municipality will be required to resubmit their documentation in the regulated format by a date determined by the National Treasury;
- The municipality's non-compliance with the required formats will be reported to the Auditor-General; and
- A list of municipalities that fail to comply with the required formats will be tabled in Parliament and the provincial legislatures.

### Assistance with the compilation of budgets

If you require advice with the compilation of your budgets, the budget documents or Schedule A1 please direct your enquiries as follows:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	<a href="mailto:Templeton.Phogole@treasury.gov.za">Templeton.Phogole@treasury.gov.za</a>
	Matjatji Mashoeshoe	012-315 6567	<a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
	Kgothatso Matlala	012-315 5005	<a href="mailto:Kgothatso.Matlala@treasury.gov.za">Kgothatso.Matlala@treasury.gov.za</a>
Free State	Vincent Malepa	012-315 5539	<a href="mailto:Vincent.Malepa@treasury.gov.za">Vincent.Malepa@treasury.gov.za</a>
	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
Gauteng	Nozipho Molikoe	012-395 5662	<a href="mailto:Nozipho.Molikoe@treasury.gov.za">Nozipho.Molikoe@treasury.gov.za</a>
	Thabang Manaka	012-395 6557	<a href="mailto:Thabang.Manaka@treasury.gov.za">Thabang.Manaka@treasury.gov.za</a>
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a>
	Johan Botha	012-315 5171	<a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
Limpopo	Una Rautenbach	012-315 5700	<a href="mailto:Una.Rautenbach@treasury.gov.za">Una.Rautenbach@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Mpumalanga	Jordan Maja	012-315 5663	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a>
	Anthony Moseki	012-315 5174	<a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
Northern Cape	Willem Voigt	012-315 5830	<a href="mailto:Willem.Voigt@treasury.gov.za">Willem.Voigt@treasury.gov.za</a>
	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
North West	Sadesh Ramjathan	012-315 5101	<a href="mailto:Sadesh.Ramjathan@treasury.gov.za">Sadesh.Ramjathan@treasury.gov.za</a>
	Lindiwe Ngcongwane	012-315 5357	<a href="mailto:Lindiwe.Ngcongwane@treasury.gov.za">Lindiwe.Ngcongwane@treasury.gov.za</a>
Western Cape	Vuyo Mbunge	012-315 5661	<a href="mailto:Vuyo.Mbunge@treasury.gov.za">Vuyo.Mbunge@treasury.gov.za</a>
	Kevin Bell	012-315 5725	<a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
Technical issues with Excel formats	Ilze Baron	012-395 6742	<a href="mailto:Ilze.Baron@treasury.gov.za">Ilze.Baron@treasury.gov.za</a>

### End to the phasing in of formats and tables

This will be the fifth year that all municipalities are required to prepare their annual budgets in accordance with the Municipal Budget and Reporting Regulations. National Treasury therefore expects all municipalities to provide a complete set of information in their annual budget tables, as well as the supporting tables (Schedule A1). All municipalities are once again reminded that the tabled budget including all supporting documents and completed A1 Schedule of the Municipal Budget and Reporting Regulations must be submitted to the National Treasury and respective provincial treasuries prior to the budget and benchmarking exercise.

National Treasury, working with the provincial treasuries, will carry out a compliance check and where municipalities have not provided complete information, the budgets will be referred back to the municipalities, and an appropriate letter will be addressed to the Mayor and municipal manager. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format set out in item 31 of Schedule A in the Municipal Budget and Reporting Regulations.

### Consolidated budgets and reports for municipalities with entities

A municipality that has one or more municipal entities is required to produce:

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

In addition, the A Schedule that the municipality submits to National Treasury must be the consolidated budget for the municipality (plus entities) and not the budget of the parent municipality.

This is to ensure that there is consistency of reporting both across municipalities, but also in respect of the individual municipality with municipal entities.

### **Completion of service delivery information on Table A10**

Similar to the previous budget compilation process, municipalities are reminded that Table A10 is becoming an increasingly important source of information on actual service delivery and service delivery backlogs. During the assessment of the 2013/14 budgets and MTREF's, it was observed that the information provided in this Table A10 lacks credibility and compromises transparency and accountability of the entire budget process.

It is therefore important for each municipality to ensure its information is up-to-date and accurate. In addition, during the assessment of the 2014/15 budgets and MTREF's specific attention will be given to Table A10 by National Treasury and all respective provincial treasuries. Municipalities are advised to give particular attention with the completion of Table A10 in ensuring the information accurately depicts the actual position of the municipality. In completing Table A10 care must be given to the unit of measure i.e. kilolitres, kilowatt-hour etc.

### **2014/15 MTREF budget verification process – Asset management return (AM)**

The budget verification exercise involves the reconciliation between the hard copy of the budget adopted by Council with the electronic Schedule A budget document (tables) and return forms submitted to the National Treasury which must contain the same information/numbers. The following figure graphically represents this process.



In addition to the verification of the MTREF budget, all previous year's figures should also be correctly aligned with the audited financial statements of the municipality and any restatement of figures.

In addition most municipalities struggled with the completion of the Asset Management (AM) return. The AM return is an extension of the information on Appendix B – Analysis of property, plant and equipment and the relevant notes to the AFS. Municipalities' difficulty in completing this return is likely due to lack of proper asset registers and incorrect reporting in the AFS.

The reconciliation of the AM return starts with an opening value which is the carrying value of assets for the previous financial year. The carrying value is the difference between the cost/revaluation minus accumulated depreciation. Information that should be added is new and replaced capital for the financial year. The information included in these columns must be exactly the same per line item as the information disclosed on the Table A9 (Asset

Management) with the same information duplicated on the Capital acquisition form (CA); these need to reconcile. It will only be the CA form and information on new and replaced assets that will be transferred to the AM form for reconciliation purposes and not the information on the AM return. The reconciliation of all the above is therefore imperative.

The accumulated depreciation should be correctly calculated. The accumulated depreciation will be the accumulated depreciation for the previous financial year plus the depreciation for the current year. The closing total or carrying value is a reconciliation of the opening value (carrying value) plus the purchase of new and renewal of assets minus disposals and accumulated depreciation.

Municipalities must test the above reconciliation before completion of the asset register summary on Table A9 (Asset management). Finally the closing balance in any financial year should be the opening balance for the next financial year.

### **MBRR issues dealt with in previous MFMA Circulars**

Municipalities are reminded to refer to MFMA Circulars No. 48, 51, 54, 55 with regards to the following issues:

1. *Budgeting for revenue and 'revenue foregone'* – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition of 'revenue foregone' and how it is distinguished from 'transfers and grants' are discussed in MFMA Circular No. 51;
2. *Preparing and amending budget related policies* – Information on all budget related policies and any amendments to such policies must be included in the municipality's annual budget document (refer to MFMA Circular No. 54); and
3. *2013/14 MTREF Funding Compliance Assessment* – All municipalities are required to perform the funding compliance assessment outlined in *MFMA Funding Compliance Guideline* and to include the relevant information outlined in MFMA Circular 55 in their 2012/13 budgets (refer to MFMA Circular No. 55).

## **Budget process and submissions for the 2014/15 MTREF**

Over the past number of years there have been significant improvements in municipal budget processes. Municipalities are encouraged to continue their efforts to improve their budget processes based on the guidance provided in previous MFMA Circulars.

Once more, municipalities are reminded that the IDP review process and the budget process should be combined into a single process.

### **Submitting budget documentation and schedules for 2014/15 MTREF**

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

- Section 22(b)(i) of the MFMA requires that ***immediately*** after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. The deadline for such submissions is Tuesday, **15 April 2014**; and

- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted **within ten working days** after the council has approved the annual budget. So if the council only approves the annual budget on 30 June 2014, the final date for such a submission is Monday, **14 July 2014**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting tables (SA1 – SA37) in both printed and electronic format;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- in the case of approved budgets, the council resolution;
- Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- Signed Budget Locking Certificate as found on the website.

Municipalities are required to send electronic versions of documents and the A1 schedule to [lqdocuments@treasury.gov.za](mailto:lqdocuments@treasury.gov.za).

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to [lqbigfiles@gmail.com](mailto:lqbigfiles@gmail.com); any problems experienced in this regard can be made with Elsabe Rossouw (email: [Elsabe.Rossouw@treasury.gov.za](mailto:Elsabe.Rossouw@treasury.gov.za)).

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

**For couriered documents**

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

**For posted documents**

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

After receiving tabled budgets, National Treasury will complete a compliance checklist. This checklist will indicate the level of compliance to the Municipal Budget and Reporting Regulations. A copy of the checklist will be sent to the municipality in order to facilitate improvements in the quality of tabled and approved budgets. Please review the municipality's performance last year, and ensure that the gaps are addressed.

In addition, the National Treasury and provincial treasuries will be conducting benchmark budget hearings on the municipalities' tabled budgets during April and early May 2014 to assess whether the budgets are realistic, sustainable and relevant, and the extent to which they are funded in accordance with the requirements of the MFMA. In this regard, National Treasury will communicate further with the non-delegated municipalities, while the provincial treasuries will communicate with their respective delegated municipalities.

**Budget reform returns to the Local Government Database for publication**

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. All municipalities must have already migrated to using the aligned version of the electronic returns. All returns are to be sent to [lqdatabase@treasury.gov.za](mailto:lqdatabase@treasury.gov.za).

The new aligned electronic returns may be downloaded from National Treasury's website at the following link: [http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx).

### Dealing with reporting inconsistencies

In achieving reporting consistency across all municipalities' the following needs to be give specific attention:

- Reporting on property rates and revenue foregone  
When reporting Property Rates on the electronic returns submitted to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za), municipalities are required to do so in the GFS function "Budget and Treasury Office" to promote consistent reporting by all municipalities. Revenue forgone must be divided into the 4 GFS functions (Water, Electricity, Waste Management and Waste Water Management) as well as Property rates (in the BTO function) and accounted for on supporting Table A1 of the MBRR.
- Tariffs  
Municipalities are required to complete supporting Tables SA13a and SA13b and Table SA14. It is the intention of National Treasury to assess and analyse this information across all municipalities going forward. In addition, this information will be incorporated into the next Local Government Budget and Expenditure Review.

### Publication of budgets on municipal websites

In terms of section 75 of the MFMA all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

## Contact



**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**  
**4 December 2013**

## Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 2.6 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	SA8	Amended formula in line 18	Accurate reflection of the current or budget collection rate
2	SA8	Allowance for water and electricity losses in percentage terms	Assist data gathering for mid-year assessment purposes
3	SA9	Column heading replaced to reflect Census 2011 results	Census 2011 data was made available to municipalities in March 2013.
4	SA16	Allowance for withdrawals out of and sinking funds into existing investments.	Alignment to the IM return form
5	SA13a	Amended to reflect rate in the Rand to four decimal places	Municipalities were unable to capture figures less than zero accurately
6	SA29	‘Sources of Finance’ added	Alignment of monthly capital expenditure budget to total capital expenditure as reported on sheet A5



## Uniform Financial Ratios and Norms

The purpose of this Circular is to provide a set of uniform key financial ratios and norms suitable and applicable to municipalities and municipal entities. Section 216 (1)(c) of the Constitution and section 2 of the Municipal Finance Management Act (MFMA) enable National Treasury to introduce uniform treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities.

A number of institutions currently use a variety of financial ratios and norms to assess and compare the financial health and performance of municipalities. Municipalities also use different financial ratios and norms to assess their own performance and set benchmarks for improvement to be measured over time. Results of our research show that there are in excess of two hundred different sets of financial ratios, with different derivatives used to assess municipality's financial status. This results in conflicting interpretation, inconsistent application and misunderstanding of the financial status of a municipality, often with incorrect diagnosis of the challenges and therefore inappropriate responses.

This Circular aims to bring consistency in interpretation and application of certain financial information using standardised financial ratios. It is important that any one of these ratios should not be read in isolation of one another, as this could lead to distortions in interpretation. Ideally, a number of interrelated ratios should be analysed together in order to get a broader picture of a municipality's or municipal entity's financial performance. When used in a combined manner analysis of different ratios will provide policy makers and the public with a very good sense of the financial status of the municipality and its entity. This Circular will also assist in municipalities being able to identify areas of financial management that need constant monitoring and improvement.

The Circular addresses different categories of ratios norms, interpretation and covers various aspects of a municipality's finances, such as financial position, financial performance and budget implementation, so that these can be used as part of in-year and end of year analysis. This will also aid in long-term financial planning and can be used to track progress over a number of years. Each ratio is explained to remove ambiguity and misinterpretation. The source of such information is also explained in the annexures to this Circular. Norms or standards have been assigned to each financial ratio, which are explained later in this Circular.

## Categorisation Financial Ratios, Formulas, Norms and Interpretation

### Categorisation

In order to perform a holistic financial analysis of a municipality or municipal entity all financial aspects of the institution should be considered. Ratios are divided into various

categories to address the different financial aspects and operations of a municipality or municipal entity.

- 1) **Financial Position**
- 2) **Financial Performance**
- 3) **Budget Implementation**

## **Financial Ratios, Formulas, Norms and Interpretation**

The ratios presented in this Circular are categorised in accordance with the previous section, and are presented in further detail to include the following:

- Purpose/ description of the Financial Ratio;
- Formula to be Used;
- Norms per Ratio; and
- Interpretation of Ratio Analysis Results.

Tables that provide a summary of the financial ratios, formulas, data source and norms are presented in Annexure 1.

### **1. FINANCIAL POSITION**

#### **A. Asset Management**

##### **1. Capital Expenditure to Total Expenditure**

###### ***Purpose/Description of the Ratio***

This Ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritisation of expenditure towards current operations *versus* future capacity in terms of Municipal Services.

###### ***Formula***

Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100

###### ***Norm***

The norm range between **10% and 20%**

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### ***Interpretation of Results***

When assessing the level of Investment in Assets, a ratio less than 10% reflects lower spending by the municipality in infrastructure and holds potential risks to service delivery. A ratio of more than 20% reflects higher spending on infrastructure and acceleration in service delivery, but could also hold financial sustainability risks if the infrastructure do not include both economic (revenue generating) and social type infrastructure.

The environment of the municipality should be considered when assessing the level of Investment in Assets. A municipality that has already invested in assets to address service delivery backlogs, would be required to maintain and improve such service levels, and therefore the percentage of spending allocated to new assets may not be significant higher.

On the other hand a municipality where the infrastructure and level of services provided is low and the associated expenditure is also low, the percentage of investment in new assets to total expenditure would be significantly higher.

The results from this ratio should be read together with the results from the analysis of the funding mix for capital expenditure.

It is critical that capital expenditure is largely directed toward service delivery infrastructure and not administrative assets.

## ***2. Impairment of Property, Plant and Equipment and Investment Property and Intangible Assets (Carrying Value)***

### ***Purpose/ Description of the Ratio***

Asset impairment refers to the loss in future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

This implies that the utilisation of assets did not deliver the value or service levels envisaged when approval was originally obtained for procuring the assets. When the approval is obtained to invest in Property, Plant and Equipment or Intangible Assets by the Municipality or Municipal Entity, the value should be realised through utilisation and reflected as Depreciation and not through unexpected losses due the Impairment of Property, Plant and Equipment or Intangible Assets. Impairment is therefore unexpected and only detected when the assessment for Impairment is performed as per the requirements of the applicable GRAP standards. It is therefore not planned for or expected and will not be budgeted.

**Formula**

Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/ (Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100

**Norm**

The norm is **0%**

**Interpretation of Results**

The purpose of the Ratio is to indicate the percentage of Impairments compared to the Carrying Value of the Assets; a ratio above 0% reflects a risk in service delivery and therefore corrective measures should be implemented.

**3. Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)**

**Purpose/ Use of the Ratio**

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services.

**Formula**

Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying Value) x 100

**Norm**

The norm is **8%**

**Interpretation of Results**

A ratio below the norm is a reflection that insufficient monies are being spent on repairs and maintenance to the extent that it could increase impairment of useful assets.

An increasing expenditure trend may be indicative of high asset-usage levels, which can prematurely require advanced levels of Repairs and Maintenance or a need for Asset Renewal / Replacements. Also, should an increasing expenditure trend suddenly drop to lower levels without an increase in the fixed asset value, this may be indicative of challenges in spending patterns. This may also indicate that the Municipality is experiencing cash flow problems and therefore unable to spend at

appropriate levels on its repairs to existing assets or purchase of new assets thus impacting negatively on service delivery.

## **B. Debtors Management**

### **1. Collection Rate**

#### ***Purpose/ Use of the Ratio***

The Ratio indicates the collection rate; *i.e.* level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. In addition, in order to determine the real collection rate bad debts written-off is taken into consideration.

#### ***Formula***

Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100

#### ***Norm***

The norm is **95%**

#### ***Interpretation of Results***

Assessing the Collection Ratio will provide an indication of the performance against a number of areas, for example:

- Quality of Credit Control - ensuring that what is billed is collected; and
- Quality of Revenue Management - the ability to set affordable tariffs and bill correctly.

If the ratio is below the norm this is an indication that revenue collection of the municipality requires urgent attention and corrective measures should be implemented. A municipality with outstanding debtors should aim at achieving a collection rate of more than 100%. The results from this ratio should be viewed along with results from the age analysis and net debtor's day's ratio.

### **2. Bad Debts Written-off as % of the Bad Debt Provision**

#### ***Purpose/ Use of the Ratio***

The Ratio compares the value of Bad Debts Written-off on Consumer Debtors to Bad Debts Provided for Consumer Debtors to ensure that the Provision for Bad Debts is sufficient.

**Formula**

Bad Debts Written-off (Period under review)/ Provision for Bad Debt (Period under review x 100

**Norm**

The norm is **100%**

**Interpretation of Results**

Municipality should only write-off Bad Debts already provided for and, if the results are less than 100%, it should be ideally due to the recoverability of debtors. When 100% is exceeded, it indicates that the Municipality had not previously identified the Debtor/s as having the potential for defaults, which could indicate weakness in calculation of the Provision for Bad Debt, the methodology used and/or poor credit control processes.

**3. Net Debtors Days****Purpose/ Use of the Ratio**

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

The Ratio exclude balances for Debtors, which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of credit control procedures within the Municipality or Municipal Entity as well as the extent to which the Municipality or Municipal Entity has provided for Doubtful Debts.

**Formula**

$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$

**Norm**

The norm is **30 Days**

**Interpretation of Results**

This Ratio adjusts for Municipality's who have had significant write-offs of Irrecoverable Debtor balances in the Gross Debtors Days analysis as it only assesses the performance of collectable Debtors. In addition, it provides an indication of the quality of credit control policy, effectiveness of the implementation thereof and quality of revenue management. If the ratio is above the norm, this indicates that the Municipality is exposed to significant Cash Flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it. In addition,

this indicates that a significant amount of potential cash is tied up in consumer debtors and the municipality must improve its revenue and cash flow management.

### **C. Liquidity Management**

#### **1. Cash/ Cost Coverage Ratio (Excluding Unspent Conditional Grants)**

##### ***Purpose/ Use of the Ratio***

The Ratio indicates the Municipality's or Municipal Entity's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month.

The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal Municipal day-to-day operational expenditure but rather reserved for Grant related expenditure.

##### ***Formula***

((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).

##### ***Norm***

The norm range between **1 month to 3 months**.

##### ***Interpretation of Results***

If a municipality has a ratio below the norm it would be vulnerable and at a higher risk in the event of financial "shocks/set-backs" and its ability to meet its obligations to provide basic services or its financial commitment is compromised. The results from this ratio should be viewed along with results from analysis on Debtor Management to fully assess Cash Flow Risk. The more cash reserves a municipality or municipal entity has available the lower the risk of it being unable to fund monthly fixed operational expenditure and to continue rendering services.

#### **2. Current Ratio**

##### ***Purpose/ Use of the Ratio***

The Ratio is used to assess the Municipality's or Municipal Entity's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables).

**Formula**

Current Assets / Current Liabilities

**Norm**

The norm range between **1.5 to 2 :1**

**Interpretation of Results**

The higher the current Ratio, the more capable the Municipality or Municipal Entity will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality or Municipal Entity would be unable to pay all its current or short-term obligations if they fall due at any specific point.

If current liabilities exceed current assets, it highlights serious financial challenges and likely liquidity problems *i.e.* insufficient cash to meet short-term financial obligations. Current assets must therefore be increased to appropriately cover current liabilities otherwise there is a risk that non-current assets will need to be liquidated to settle current liabilities.

**D. Liability Management****1. Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure****Purpose/ Use of the Ratio**

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as a percentage of Total Operating Expenditure.

**Formula**

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

**Norm**

The norm is between **6% to 8%**

**Interpretation of Results**

Operating below the Norm could indicate that the Municipality has the capacity to take on additional financing from borrowing to invest in infrastructure projects or it could relate to cash flow problems where it is unable to access borrowed funds or the funding decisions of the municipality impacts of these levels. On the other hand, exceeding the Norm could pose a risk to the Municipality should changes or fluctuations in financing costs arise.

When assessing this ratio, the cash flow requirements of the Municipality or Municipal Entity should also be considered.

## **2. Debt (Total Borrowings)/ Total Operating Revenue**

### ***Purpose/ Use of the Ratio***

The Ratio indicates the extent of Total Borrowings in relation to Total Operating Revenue. It indicates short and long term debt financing relative to operating revenue of the municipality.

The purpose of the Ratio is to provide assurance that sufficient Revenue will be generated to repay Liabilities. Alternatively stated, the Ratio indicates the affordability of the Total Borrowings.

### ***Formula***

Debt (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant

### ***Norm***

The norm is **45%**

### ***Interpretation of Results***

If the result of the Ratio analysis indicates less than 45% then the Municipality still has capacity to take increase funding from borrowings, however, this should be considered within the cash flow requirements of the Municipality or Municipal Entity.

## **E. Sustainability**

### **1. Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)**

#### ***Purpose/ Use of the Ratio***

The Ratio measures the extent to which the Other Reserves, which are required to be cash backed are actually backed by Cash Reserves.

#### ***Formula***

(Cash and Cash Equivalents - Bank Overdraft + Short Term Investment + Long Term Investment - Unspent Conditional Grants) / (Net Assets - Accumulated Surplus – Non Controlling Interest – Share Premium – Share Capital – Fair Value Adjustment – Revaluation Reserve)

**Norm**

The norm is **100%**

**Interpretation of Results**

If a Municipality or Municipal Entity has less than 100% Cash Reserves it could negatively impact the Municipality's or Municipal Entity ability to comply with the conditions for creating the Reserves and on its ability to fund current and future operations.

**2. FINANCIAL PERFORMANCE****A. Efficiency****1. Net Operating Surplus Margin****Purpose/ Use of the Ratio**

The Ratio assesses the extent to which the Municipality generates Operating Surpluses.

**Formula**

$(\text{Total Operating Revenue} - \text{Total Operating Expenditure}) / \text{Total Operating Revenue} \times 100\%$

**Norm**

The norm is equal to or greater than **0%**

**Interpretation of Results**

Municipalities should at least recover operational costs for the services being delivered. In addition, a ratio which is greater than 0% will enable the municipality to generate a surplus which will assist to contribute towards its capital funding requirements. If the result is less than 0% it implies that the municipality is operating at a deficit and measures must be implemented to address this situation to ensure sustainable service delivery. In a case of an operating deficit it is critical to ascertain the extent to which the accounting policy, i.e. revaluation method has impacted on the calculations to avoid any distortions in interpretation of the outcome. Refer to Circular 58 section 4.3 regarding revaluation in terms of GRAP 17 and treatment of depreciation and GRAP 24.

**2. Net Surplus /Deficit Electricity****Purpose/ Use of the Ratio**

This ratio measures the extent to which the municipality generates surplus or deficit in rendering electricity service. The purpose of the Ratio is to determine the contribution

made by the provision of Electricity Services, being one of the major functions of a municipality.

**Formula**

Total Electricity Revenue less Total Electricity Expenditure / Total Electricity Revenue x 100%

**Norm**

The Norm range between **0% and 15%**

It should be noted that this norm will be superseded by sector determinations from time to time, as other regulatory bodies address the appropriate level of tariffs and surpluses.

**Interpretation of Results**

A ratio below 0% depicts that electricity service is rendered at a deficit/loss and will be unsustainable if other revenue is not allocated to fund such services. The results must be between the range to ensure services are sustainable and that all costs associated with the delivery of Electricity Services are at least recovered with a margin for future growth and/ or capital funding for electricity assets.

**3. Net Surplus / Deficit Water**

**Purpose/ Use of the Ratio**

This ratio measures the extent to which the municipality generates surplus or deficit in rendering water service. The purpose of the Ratio is to determine the contribution made by the provision of water service being one of the major functions of a municipality.

**Formula**

Total Water Revenue less Total Water Expenditure / Total Water Revenue x 100%

**Norm**

The norm is equal to or greater than **0%** and will be superseded by the sector determination from time to time, as other regulatory bodies address the appropriate level of tariffs, surpluses and subsidisation.

**Interpretation of Results**

A ratio below 0% depicts that water service is rendered at a loss and unsustainable. The results must not be below the norm so as to ensure that the Services are sustainable and that all costs associated with the delivery of Water Services are at least recovered with a margin for future growth and/ or capital funding for water assets.

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#### **4. Net Surplus /Deficit Refuse**

##### ***Purpose/ Use of the Ratio***

This ratio measures the extent to which the municipality generates surplus or deficit in rendering refuse service. The purpose of the Ratio is to determine the contribution made by the provision of refuse service being one of the major functions of a municipality.

##### ***Formula***

Total Refuse Revenue less Total Refuse Expenditure /Total Refuse Revenue x 100%

##### ***Norm***

The Norm is equal to or greater than **0%** and will be superseded by the Sector determination from time to time, as other regulatory bodies address the appropriate level of tariffs, surpluses and subsidisation.

##### ***Interpretation of Results***

A ratio below 0% depicts that refuse service is rendered at a loss and unsustainable. The results must not be below the norm so as to ensure that the Services are sustainable and that all costs associated with the delivery of Refuse Services are at least recovered with a margin for future growth and/ or capital funding for Refuse assets.

#### **5. Net Surplus / Deficit Sanitation and Waste Water**

##### ***Purpose/ Use of the Ratio***

This ratio measures the extent to which the municipality generates surplus or deficit in rendering sanitation and waste water service. The purpose of the Ratio is to determine the contribution made by the provision of sanitation and waste water services being one of the major functions of a municipality.

##### ***Formula***

Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure / Total Sanitation and Waste Water Revenue x 100%

##### ***Norm***

The norm is equal to or greater than **0%** and will be superseded by the sector determination from time to time, as other regulatory bodies address the appropriate level of tariffs, surpluses and subsidisation.

### ***Interpretation of Results***

A ratio below 0% depicts that sanitation and waste water is rendered at a loss and unsustainable. The results must not be below the norm so as to ensure that the Services are sustainable and that all costs associated with the delivery of sanitation and waste water are at least recovered with a margin for future growth and / or capital funding for assets.

## **B. Distribution Losses**

### **1. Electricity Distribution Losses (Percentage)**

#### ***Purpose/ Use of the Ratio***

The purpose is to measure the percentage loss of potential revenue from Electricity Services through electricity units purchased and generated but not sold as a result of losses incurred through theft (illegal connections), non or inaccurate metering or wastage. It is expected that implementation of the free basic service policy is included in the calculation for sale of electricity.

#### ***Formula***

(Number of Electricity Units Purchased and / or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and / or Generated) × 100

#### ***Norm***

The Norm is between **7% and 10%** and will be superseded by the sector determination.

#### ***Interpretation of Results***

A ratio below the norm depicts that electricity losses are well managed. If the Ratio exceeds the norm it could indicate various challenges, for example, deteriorating electricity infrastructure or poor management of the networks, affecting the Municipality or Municipal Entity, which would require further analysis to determine the reasons for such losses. In addition, the root causes should be addressed.

### **2. Water Distribution Losses (Percentage)**

#### ***Purpose/ Use of the Ratio***

The purpose of this ratio is to determine the percentage loss of potential revenue from water service through kilolitres of water purchased but not sold as a result of losses incurred through theft (illegal connections), non- or incorrect metering or wastage as a result of deteriorating water infrastructure. It is expected that implementation of the free basic service policy is included in the calculation for sale of water.

**Formula**

$$\frac{(\text{Number of Kiloliters Water Purchased or Purified} - \text{Number of Kilolitres Water Sold})}{\text{Number of Kiloliters Water Purchased or Purified}} \times 100$$

**Norm**

The Norm is between **15% and 30%**

**Interpretation of Results**

A ratio within the norm depicts that water losses and water infrastructure are well managed. If the Ratio exceeds the norm it could indicate various challenges, for example, ageing water infrastructure or poor management, affecting the Municipality or Municipal Entity, which would require further analysis and explanation to determine the reasons for such losses. In addition, the root causes should be addressed.

**C. Revenue Management****1. Growth in Number of Active Consumer Accounts****Purpose/ Use of the Ratio**

The ratio measures the actual growth in the Revenue base of the Municipality brought about by an increase in the Consumer base rather than tariff increases.

**Formula**

$$\frac{(\text{Period under Review's Number of Active Debtor Accounts} - \text{Previous Period's Number of Active Debtor Accounts})}{\text{Previous Period Number of Active Debtor Accounts}} \times 100$$

**Norm**

No Norm is currently being proposed for this Ratio but will be monitored and a determined in the future. Municipalities are requested to report on this aspect to its Council.

**Interpretation of Results**

The results from this analysis will have to be taken into consideration when assessing the Growth in Revenue to determine the Real Growth in the Customer base vs growth due to tariff and inflationary adjustments. Growth in number of active consumers indicates an increase in revenue base.

Further, the impact of growth on the Indigent Base vs Growth in Paying Consumers should be assessed regularly as this must be used to inform Councils policy.

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## 2. Revenue Growth (%)

### ***Purpose/ Use of the Ratio***

This Ratio measures the overall revenue growth. In addition, this ratio will assist in determining if the increase in Expenditure will be funded by an increase in Revenue base or by some other means.

### ***Formula***

(Period Under Review's Total Revenue - Previous Period's Total Revenue) / Previous Period's Total Revenue) x 100

### ***Norm***

The norm is at the rate of **CPI**

### ***Interpretation of Results***

The Revenue Growth has to be assessed in conjunction with the growth in the Revenue base and number of consumer accounts to determine the real Growth in Revenue.

## 3. Revenue Growth (%) - Excluding Capital Grants

### ***Purpose/Use of the Ratio***

This Ratio measures the overall Revenue Growth adjusted for Capital Grants. In addition, this ratio will assist in determining if the increase in Expenditure will be funded by the increased Revenue Base or by some other means.

### ***Formula***

((Period Under Review's Total Revenue Excluding Capital Grants - Previous Period's Total Revenue Excluding Capital Grants)/ Previous Period's Total Revenue Excluding Capital Grants) x 100

### ***Norm***

The norm is at the rate of **CPI**

### ***Interpretation of Results***

The Revenue Growth has to be assessed in conjunction with the growth in the Revenue base, number of consumer accounts to determine the real Growth.

## **D. Expenditure Management**

### **1. Creditors Payment Period (Trade Creditors)**

#### **Purpose/ Use of the Ratio**

This ratio indicates the average number of days taken for Trade Creditors to be paid.

#### **Formula**

Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365

#### **Norm**

The norm is **30 days**

#### **Interpretation of Results**

A period of longer than 30 days to settle creditors is normally an indication that the Municipality may be experiencing cash flow problems, however in certain instances this may be as a result of disputes, processing of payments, etc. In addition, a ratio that exceeds the norm indicates that the Municipality may not be adequately managing its Working Capital or that effective controls are not in place to ensure prompt payments. The municipality will be required to provide further explanations in this regard.

### **2. Irregular, Fruitless and Wasteful and Unauthorised Expenditure/ Total Operating Expenditure**

#### **Purpose/ Use of the Ratio**

The ratio measures the extent to which the Municipality has incurred Irregular, Fruitless and Wasteful and Unauthorised Expenditure.

#### **Formula**

(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x 100

The net amount after condonement should be used in this calculation.

#### **Norm**

The norm is **0%**

#### **Interpretation of Results**

A ratio that exceeds 0% must be investigated and acted upon.

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### 3. Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)

#### **Purpose/ Use of the Ratio**

The ratio measures the extent of Remuneration to Total Operating Expenditure.

#### **Formula**

Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x 100

#### **Norm**

The norm range between **25% and 40%**

#### **Interpretation of Results**

If the ratio exceed the norm it could indicate inefficiencies, overstaffing or even the incorrect focus due to misdirected expenditure to non-essentials or non-service delivery related expenditure. Various factors need to be considered when commenting on this ratio, such as the powers and functions performed by the municipality or entity, as this can create distortions in the outcomes, if the analysis ignores such factors.

### 4. Contracted Services % of Total Operating Expenditure

#### **Purpose/ Use of the Ratio**

This ratio measures the extent to which the municipalities resources are committed towards contracted services to perform Municipal related functions.

#### **Formula**

Contracted Services / Total Operating Expenditure x 100

#### **Norm**

The norm range between **2% and 5%**

#### **Interpretation of Results**

A ratio in excess of the Norm could indicate that many functions are being outsourced to Consultants, or that Contracted Services are not effectively utilised. This also depends on the model of service delivery selected by the municipality. In addition, outsourcing decisions will have to be weighed against the ability to attract skills; however, increases in this ratio can further expose the municipality to other risks, such as its inability to build capacity and ongoing reliance on Contractors.

## ***E. Grant Dependency***

### **1. Own Funded Capital Expenditure (Internally Generated Funds + Borrowings) to Total Capital Expenditure**

#### **Purpose/ Use of the Ratio**

The Ratio measures the extent to which the municipality's Total Capital Expenditure is funded through Internally Generated Funds and Borrowings.

#### **Formula**

Own Funded Capital Expenditure (Internally Generated Funds + Borrowings) / Total Capital Expenditure x 100

#### **Norm**

No norm is proposed at this time. It is critical that the funding mix of capital expenditure is undertaken in such a manner that affordable borrowing is directed towards addressing service delivery needs and that there is also opportunity for increased capacity on internally generated funding to attain an improved balance of the funding sources.

### **2. Own Funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure**

#### **Purpose/ Use of the Ratio**

The Ratio measures the extent to which Total Capital Expenditure of the Municipality is funded through Internally Generated Funds.

#### **Formula**

Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100

#### **Norm**

No norm is proposed at this time. The funding mix for capital expenditure is dependent on the municipal policy and ability to raise revenue from different sources. Increased capacity for internally generated funding is required in some circumstances, which could also improve the balance in funding sources.

### **3. Own Source Revenue to Total Operating Revenue (Including Agency Revenue)**

#### **Purpose/ Use of the Ratio**

The Ratio assesses the extent of Own Source Revenue to Total Operating Revenue, including Agency Revenue hence self-sufficiency.

**Formula**

Own Source Revenue (Total Revenue - Government Grants and Subsidies – Public Contribution and Donations)/ Total Operating Revenue (Including Agency Services) x 100

**Norm**

No norm is proposed at this time. The municipal specific circumstances, including the powers and functions assigned to it, must be considered when assessing the level of own source revenue or its self-sufficiency. An analysis of the trends and levels of own source of revenue will also inform the municipality and users of measures taken to optimise own revenues. The ratio measuring own source revenue should be increasing over time as it reflects municipal efforts towards self-sufficiency.

**3. BUDGET IMPLEMENTATION****1. Capital Expenditure Budget Implementation Indicator****Purpose/ Use of the Ratio**

This ratio measures the extent to which Budgeted Capital Expenditure has been spent during the financial year, under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

**Formula**

Actual Capital Expenditure / Budget Capital Expenditure x 100

**Norm**

The norm range between **95% and 100%**

**Interpretation of Results**

This can be used in-year to monitor progress. Any variance below 95% indicates discrepancies in planning and budgeting, capacity challenges to implement projects and/or Supply Chain Management process failures, which should be investigated and corrective measures implemented.

Under-spending is also an indicator that the Municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

Overspending may also indicate inaccurate budgeting or poor financial management control.

## **2. Operating Expenditure Budget Implementation Indicator**

### ***Purpose/ Use of the Ratio***

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the financial year, under review. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

### ***Formula***

Actual Operating Expenditure / Budgeted Operating Expenditure x 100

### ***Norm***

The norm range between **95% and 100%**

### ***Interpretation of Results***

Any variance from 100% indicates either challenge in capacity to implement, issues of financial controls and management and/or poor budgeting.

Under-spending normally is an indicator that the Municipality experiences possible Cash Flow difficulties or capacity challenges to undertake Budgeted/ planned service delivery, and/ or does not prepare accurate and credible Budgets. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

Overspending may also indicate inaccurate budgeting or poor financial management control in respect of budget control.

## **3. Operating Revenue Budget Implementation Indicator**

### ***Purpose/ Use of the Ratio***

This ratio measures the extent of Actual Operating Revenue (Excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the financial year, under review.

### ***Formula***

Actual Operating Revenue / Budgeted Operating Revenue x 100

**Norm**

The norm range between **95% and 100%**

**Interpretation of Results**

A ratio below 95% indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the Municipality.

**4. Service Charges and Property Rates Revenue Budget Implementation Indicator****Purpose/ Use of the Ratio**

The ratio measures the extent of Actual Service Charges and Property Rates Revenue received in relation to Budgeted Service Charges and Property Rates Revenue during the financial year, under review.

**Formula**

Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue x 100

**Norm**

The norm range between **95% and 100%**

**Interpretation of Results**

A ratio below 95% indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the Municipality.

## Monitoring

It is important that these indicators are not seen or used in isolation of one another but used in a combined manner so as to provide a holistic picture of the financial status of the municipality or municipal entity. Poor outcomes with relation to these indicators can also point to weaknesses in Institutional and Governance aspects in a municipality that need attention. Therefore, Councillors, Municipal Managers, Chief Financial Officers, Accounting Offices of Municipal Entities, and all financial officials should derive benefits from a deeper understanding of these Ratios and Norms and their implications. The primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality and proper monitoring and use of these indicators, will support decision-makers overcome such challenges.

The use of these Ratios and Norms should assist Municipalities and Municipal Entities to predict, identify, prevent, avoid, and resolve financial problems/crisis timeously and serve as an early warning mechanism. Moreover, this will ensure that Municipalities and Municipal Entities make strategic decisions based on empirical and factual information and analysis for a sustainable outcome. Monitoring and trend analysis of these ratios is critical to ensure that measures are introduced to address areas needing attention and that there is progressive improvements of municipalities own position against the norms. These indicators and their norms, when viewed holistically, provide an overview of the financial position and performance of the Municipalities and Municipal Entities, while recognising institutional differences. Sound and effective financial management practices form the basis for an effective long term sustainable municipality.

The oversight role played by the Municipal Executive, Audit Committee, and Municipal Public Account Committee will also be enhanced with the use of these financial Ratios and Norms through implementation and reporting of financial information. The financial ratios and norms will strengthen financial management and accountability and be used throughout the cycle - integrated development plans (including long term financial plan), budgets, in-year reports for example section 52, 71 and 72 reports, annual financial statements, annual report and oversight reports. Comparison with other municipalities is now possible.

An Excel template has been developed (Annexure 2 of this Circular) to assist municipalities and Municipal Entities to populate relevant financial information, automate calculations, and assist in interpretation thereof.

These Ratios and Norms will be used to assess financial position and performance, quality of budgeting, management, and other characteristics of Municipalities and Municipal Entities, and should holistically provide an overview of the financial health of the Municipality or Municipal Entity, taking the respective and unique circumstances into account. Benchmarking and comparisons between Municipalities and Municipal Entities can also be undertaken, made simpler in future, and will further assist in targeting assistance and support, where needed.

Different institutions including, financial institutions, research organisations, rating agencies, national and provincial government, legislatures, amongst others, can use these uniform set of financial indicators, ratios and norms to monitor the financial position and performance of municipalities.

## **Implementation**

The ratios and norms provided in this Circular and elaborated in the annexures are to be understood in an aspirational context and utilised as soon as possible to enable municipal councils to commence with the process of introducing measures to address areas needing attention. Municipalities and Municipal Entities should take advantage of the transition period, covering the medium term, to allow for progressive improvements of their own status against the ratios and norms.

## Conclusion

The variety of financial ratios and norms, over 200, used by various institutions to assess and compare the financial health and performance of Municipalities and Municipal Entities has resulted in confusion across the sector, as users formulate assumptions based on different interpretation of the same financial information.

The Circular creates a uniform categorisation of ratios, standardising formulas and inputs, providing guidance on norms and interpretation of the financial ratio analysis, as applicable to Municipalities and Municipal Entities. There may be other ratios and norms used by analysts that are more appropriate to the financial status of private sector institutions, therefore, the use, differentiation and range described in this Circular should be understood within the context of a public sector institution.

This Circular therefore attempts to address the above challenges and also provide a more structured approach for holistic analysis, taking into cognisance the different type of Municipalities and Municipal Entities. The consistent use of these ratios and norms will assist in reporting accurately the status of municipal finances.

Institutions performing financial ratio analysis for Municipalities and Municipal Entities should therefore refer to this Circular and interpretation therein to ensure uniformity and consistency of application.

It is important that the Municipal Manager ensure that this Circular is brought to the attention of the Municipal Council, Board of Directors of Municipal Entities, relevant oversight structures (Municipal Executive, Audit Committee, and Municipal Public Account) and all other relevant stakeholders. Training providers are also requested to bring this Circular to the attention of trainees.

The introduction and application of these uniform norms, coupled with other financial reforms, will allow for comparisons with different type of municipalities and municipal entities and it is expected that they will replace earlier regulations issued that cover financial ratios and norms as these are based on the latest reforms in financial management.



### National Treasury

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### TV PILLAY

#### Chief Director: MFMA Implementation

17 January 2014

Annexure 1: Summary of the financial ratios, norms, formulae and data sources

Annexure 2: Excel template for calculation of the ratios and interpretation of results

## SUMMARY OF UNIFORM FINANCIAL RATIO, FORMULAE, DATA SOURCE AND NORMS

## 1. FINANCIAL POSITION

## A. Asset Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible Assets (Carrying Value)	Property, Plant and Equipment Impairment + Investment Property Impairment + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%
3	Repairs and Maintenance as a % of Property, Plant and Equipment, Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property(Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%

## B. Debtors Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Collection Rate	$(\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} + \text{Bad Debts Written Off}) / \text{Billed Revenue} \times 100$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%
2	Bad Debts Written-off as % of Provision for Bad Debt	$\text{Bad Debts Written-off} / \text{Provision for Bad Debt} \times 100$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%
3	Net Debtors Days	$((\text{Gross Debtors} - \text{Bad debt Provision}) / \text{Actual Billed Revenue}) \times 365$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days

### C. Liquidity Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1

### D. Liability Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%
2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non Finance Lease Obligation + Short Term Borrowings + Long Term Borrowings) / Total Operating Revenue	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%

## E. Sustainability

	RATIO	FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest - Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve)	Statement Financial Position, Budget and AR	100%

## 2. FINANCIAL PERFORMANCE

### A. Efficiency

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Net Operating Surplus Margin	$(\text{Total Operating Revenue} - \text{Total Operating Expenditure}) / \text{Total Operating Revenue}$	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%
2	Net Surplus /Deficit Electricity	$\text{Total Electricity Revenue less Total Electricity Expenditure} / \text{Total Electricity Revenue} \times 100$	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%
3	Net Surplus /Deficit Water	$\text{Total Water Revenue less Total Water Expenditure} / \text{Total Water Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%
4	Net Surplus /Deficit Refuse	$\text{Total Refuse Revenue less Total Refuse Expenditure} / \text{Total Refuse Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%
5	Net Surplus /Deficit Sanitation and Waste Water	$\text{Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure} / \text{Total Sanitation and Waste Water Revenue} \times 100$	Statement of Financial Performance, Notes to AFS Budget, IDP, In-Year reports and AR	= or > 0%

## B. Distribution Losses

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Electricity Distribution Losses (Percentage)	$(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%
2	Water Distribution Losses (Percentage)	$(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%

## C. Revenue Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Growth in Number of Active Consumer Accounts	$(\text{Period under review's number of Active Debtor Accounts} - \text{previous period number of Active Debtor Accounts}) / \text{previous period number of Active Debtor Accounts} \times 100$	Debtors System	None
2	Revenue Growth (%)	$(\text{Period under review's Total Revenue} - \text{previous period's Total Revenue}) / \text{previous period's Total Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI
3	Revenue Growth (%) - Excluding capital grants	$(\text{Period under review's Total Revenue Excluding capital grants} - \text{previous period's Total Revenue excluding capital grants}) / \text{previous period's Total Revenue excluding capital grants} \times 100$	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR	= CPI

## D. Expenditure Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Creditors Payment Period (Trade Creditors)	$\text{Trade Creditors Outstanding} / \text{Credit Purchases (Operating and Capital)} \times 365$	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	$(\text{Irregular, Fruitless and Wasteful and Unauthorised Expenditure}) / \text{Total Operating Expenditure} \times 100$	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%
3	Remuneration as % of Total Operating Expenditure	$\text{Remuneration (Employee Related Costs and Councillors' Remuneration)} / \text{Total Operating Expenditure} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%
4	Contracted Services % of Total Operating Expenditure	$\text{Contracted Services} / \text{Total Operating Expenditure} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%

**E. Grant Dependency**

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information) Budget, IDP, In-Year reports and AR	None
3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None

## 3. BUDGET IMPLEMENTATION

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%



**Interpretation of results**

The green colour indicates that the result is within the norm and is acceptable.
The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.
Data should be captured in the blue colour cell to calculate a ratio.
# In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced.

**Template for Calculation of Uniform Financial Ratios and Norms**

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)	
<b>1. FINANCIAL POSITION</b>								
<b>A. Asset Management/Utilisation</b>								
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		9,66%	Please refer to page 2 of MFMA Circular No. 71	Capital budgetis dependent on affordability. This indicator is slightly below the bottom of the range
					Total Operating Expenditure	869 426 452		
					Taxation Expense	-		
					Total Capital Expenditure	92 972 346		
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100	Statement of Financial Position, Notes to the AFS and AR	0%		0%	Please refer to page 3 of MFMA Circular No. 71	
					PPE, Investment Property and Intangible Impairment	-		
					PPE at carrying value	3 069 174 549		
					Investment at carrying value	175 866 200		
					Intangible Assets at carrying value	4 926 001		
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		5%	Please refer to page 4 of MFMA Circular No. 71	Repais & maintenance compises 18,6% of total expenditure. Asset value was enhanced with the introduction of GRAP i.r.o. Depreciated Replacement Cost.
					Total Repairs and Maintenance Expenditure	162 097 368		
					PPE at carrying value	3 069 174 549		
					Investment Property at Carrying value	175 866 200		
<b>B. Debtors Management</b>								
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%		100%	Please refer to page 5 of MFMA Circular No. 71	
					Gross Debtors closing balance	69 091 265		
					Gross Debtors opening balance	67 826 051		
					Bad debts written Off	500 000		
					Billed Revenue	674 206 000		
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	Statement of Financial Position, Statement of Financial Performance,	100%		100%	Please refer to page 5 of MFMA Circular No. 71	
					Consumer Debtors Bad debts written off	500 000		

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
		Notes to the AFS, Budget and AR		Consumer Debtors Current bad debt Provision	500 000		

3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days		28 days	Please refer to page 6 of MFMA Circular No. 71
					Gross debtors	69 091 265	
					Bad debts Provision	16 500 000	
					Billed Revenue	674 206 000	

### C. Liquidity Management

1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		1 Month	Please refer to page 7 of MFMA Circular No. 71
					Cash and cash equivalents	88 050 033	
					Unspent Conditional Grants		
					Overdraft		
					Short Term Investments		
Total Annual Operational Expenditure	869 426 452						

2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		1.32	Please refer to page 7 of MFMA Circular No. 71	The current ratio has floated in the range between 1 and 1,5 for approx. 5 years. Additional cash generation vs affordability by the consumers has to be considered
					Current Assets	203 138 120		
					Current Liabilities	153 849 177		

### D. Liability Management

1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		8%	Please refer to page 8 of MFMA Circular No. 71
					Interest Paid	44 534 706	
					Redemption	21 061 172	
					Total Operating Expenditure	869 426 452	
Taxation Expense							

2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		60%	Please refer to page 9 of MFMA Circular No. 71	Ever aware of the high gearing. Due to much needed infrastructure investment over the past decade. Policy in place to lower the gearing by 10% over a period of ten years
					Total Debt	436 871 000		
					Total Operating Revenue	785 690 894		
Operational Conditional Grants	59 724 000							

### E. Sustainability

1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		5702%	Please refer to page 9 of MFMA Circular No. 71
					Cash and cash Equivalents	88 050 033	
					Bank Overdraft		
					Short Term Investment		
					Long Term Investment	22 206 902	
					Unspent Grants		
					Net Assets	2 811 753 000	
					Share Premium		
					Share Capital		
					Revaluation Reserve		
Fair Value Adjustment Reserve							
Accumulated Surplus	2 809 819 318						

## 2. FINANCIAL PERFORMANCE

### A. Efficiency

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)	
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%		#DIV/0!	Please refer to page 10 of MFMA Circular No. 71	N/A - With the introduction of GRAP assets were assessed at DRC, which included assets already depreciated but adjusted because of useful remaining life. Due to enhanced depreciation this indicator is not a true reflection. Based on the criteria, this indicator would be -11%.	
					Total Operating Revenue				
					Depreciation - Revalued Portion <i>(Only populate if depreciation line item in the Statement of Financial Performance is based on the revalued asset value)</i>				
					Total Operating Expenditure				
					Taxation Expense	-			
2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		13%	Please refer to page 10 of MFMA Circular No. 71		
					Total Electricity Revenue	312 305 306			
					Total Electricity Expenditure	272 285 124			
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		4%	Please refer to page 11 of MFMA Circular No. 71		
					Total Water Revenue	96 871 828			
					Total Water Expenditure	93 356 921			
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		7%	Please refer to page 12 of MFMA Circular No. 71		
					Total Refuse Revenue	59 690 500			
					Total Refuse Expenditure	55 645 338			
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= or > 0%		7%	Please refer to page 12 of MFMA Circular No. 71		
					Total Sanitation and Water Waste Revenue	72 154 846			
					Total Sanitation and Water Waste Expenditure	66 909 513			
<b>B. Distribution Losses</b>									
1	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		7%	Please refer to page 13 of MFMA Circular No. 71		
					Number of units purchased and/or generated	238 316 000			
					Number of units sold	222 420 000			
2	Water Distribution Losses (Percentage)	(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%		25%	Please refer to page 13 of MFMA Circular No. 71		
					Number of kilolitres purchased and/or purified	7 296 200			
					Number of kilolitres sold	5 460 000			
<b>C. Revenue Management</b>									
1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts)/ previous number of Active Debtor Accounts x 100	Debtors System	None		1%	Please refer to page 14 of MFMA Circular No. 71		
					Number of Active Debtors Accounts (Previous)	43 664			
					Number of Active Debtors Accounts (Current)	44 116			
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue ) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		5%	Please refer to page 15 of MFMA Circular No. 71	As can be seen by the indicator below, operating revenue is generated on inflation level. Further tariff increase would be needed to raise additional revenue to further fund capital.	
					CPI	6%			
					Total Revenue (Previous)	784 982 563			
					Total Revenue (Current)	821 923 894			
	Revenue Growth (%) - Excluding capital grants-	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue	Statement of Financial Performance,			6%	6%	Please refer to page 15 of	

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
3	Revenue Growth (%) Excluding capital grants $(\text{Capital grants - previous period's Total Revenue excluding capital grants} / \text{previous period's Total Revenue excluding capital grants}) \times 100$	Notes to AFS, Budget, IDP, In-Year reports and AR	= CPI	Total Revenue Exl.Capital (Previous)	743 362 727	Please refer to page 16 of MFMA Circular No. 71	
				Total Revenue Exl.Capital (Current)	785 690 894		

**D. Expenditure Management**

1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		17 days	Please refer to page 16 of MFMA Circular No. 71	
					Trade Creditors	21 605 890		
					Contracted Services	50 361 413		
					Repairs and Maintenance	121 727 992		
					General expenses	39 108 461		
					Bulk Purchases	169 444 224		
					Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)	92 972 346		

2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		#DIV/0!	Please refer to page 16 of MFMA Circular No. 71	N/A
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure			
					Total Operating Expenditure			
					Taxation Expense			

3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%		33%	Please refer to page 17 of MFMA Circular No. 71	
					Employee/personnel related cost	280 693 647		
					Councillors Remuneration	8 515 532		
					Total Operating Expenditure	869 426 452		
					Taxation Expense			

4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		9%	Please refer to page 17 of MFMA Circular No. 71	Cost analysis conducted to deliver cost effective service
					Contracted Services	80 438 581		
					Total Operating Expenditure	869 426 452		
					Taxation Expense			

**E. Grant Dependency**

1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-	None		61%	Please refer to page 18 of MFMA Circular No. 71	
					Internally generated funds	10 014 346		
					Borrowings	46 725 000		
					Total Capital Expenditure	92 972 346		

2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and	None		11%	Please refer to page 18 of MFMA Circular No. 71	
					Internally generated funds	10 014 346		
					Total Capital Expenditure	92 972 346		

3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None		97%	Please refer to page 18 of MFMA Circular No. 71	
					Total Revenue	821 923 894		
					Government grant and subsidies	59 724 000		
					Public contributions and Donations	1 000 000		
					Capital Grants	35 233 000		

**3. BUDGET IMPLEMENTATION**

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%		#DIV/0!	Please refer to page 19 of MFMA Circular No. 71	N/A
					Actual Capital Expenditure			
					Budget Capital Expenditure			
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		#DIV/0!	Please refer to page 20 of MFMA Circular No. 71	N/A
					Actual Operating Expenditure			
					Budget Operating Expenditure			
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		#DIV/0!	Please refer to page 20 of MFMA Circular No. 71	N/A
					Actual Operating Revenue			
					Budget Operating Revenue			
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		#DIV/0!	Please refer to page 21 of MFMA Circular No. 71	N/A
					Actual Service Charges and Property Rates Revenue			
					Budget Service Charges and Property Rates Revenue			



## Municipal Budget Circular for the 2014/15 MTREF

This circular provides further guidance to municipalities and municipal entities for the preparation of their 2014/15 Budgets and Medium Term Revenue and Expenditure Framework (MTREF). It must be read together with all previous MFMA Budget Circulars, and specifically MFMA Circular No. 70 – Municipal Budget Circular for the 2014/15 MTREF.

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## 1 Key focus areas for the 2014/15 budget process

The 2014 Budget Review notes that while twenty years of democracy have brought enduring achievements for South Africa, there is no room for complacency. To overcome apartheid's spatial legacy, the provision of housing and social infrastructure needs to be improved, and planning frameworks across government strengthened. The budget policy framework for the next three years is designed to manage risk in a constrained fiscal environment, while building a foundation for economic growth which is supported by the implementation of the National Development Plan (NDP). Although South Africa's economy has expanded over the past years, the rate of growth has steadily declined, from 2.5 per cent of GDP in 2012 to 1.8 per cent in 2013; it is however projected to increase to 2.7 per cent in 2014, and gradually increase to 3.5 per cent by 2016. This trend reflects a confluence of unfavourable global and domestic circumstances which impact on all spheres of government. Aware of these risks, government is maintaining its expenditure ceiling and no additional funds have been added to the total expenditure announced in last year's Budget. Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently.

Measures to support faster growth include accelerated public infrastructure development, new spatial plans for cities, improved public transport, upgrading of informal settlements, the implementation of steps to professionalise the public service, overhaul procurement and supply chain management, and broadening and strengthening of industrial development. The medium-term budget framework shows how government has adapted its plans in a challenging economic and fiscal environment. Importantly, government continues to fund core economic and social priorities.

The NDP has been implemented to create a framework to accelerate economic growth, eliminate poverty and reduce inequality. The budget policy framework for the next three years reflects greater alignment with the plan, as spending programmes begin to address economic constraints and the need for greater state efficiency. The NDP identifies a number of microeconomic reforms needed to boost economic growth. These include reducing the cost of living for poor households and the costs of doing business, support for small, medium and micro enterprises (SMMEs), entrepreneurs and business start-ups, a greener and more sustainable economy, support for local production and employment through government procurement and broadening and strengthening industrial development.

Municipalities will have to revise their spending plans and reprioritise funds to ensure key objectives are achieved and well-performing programmes are supported. Expenditure plans need to reflect both the medium-term investment plans and long-term goals identified in the NDP. Over the next three years, government as a whole will have to learn to do more with less. The efficiencies that are achieved will protect public finances and enable the country to accelerate development when economic conditions improve. Local government must ensure that efficiency gains, eradication of non-priority spending (cost containment measures) and the reprioritisation of expenditure relating to core infrastructure continue to inform the planning framework of all municipalities. Consequently, municipal revenues and cash flows are expected to remain under pressure in 2014/15 and **municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts.**

In addition, municipalities should carefully consider affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions.

## 2 Division of Revenue Bill 2014

### 2.1 Additional allocations to local government 2014

The 2014 Budget Review and the 2014 Division of Revenue Bill indicate that over the 2014 MTEF, R296 billion will be transferred directly to local government and a further R27.4 billion has been allocated to indirect grants over the next three years. Direct transfers to local government in 2014/15 account for 8.9 per cent of national government's non-interest allocations and when indirect transfers are included this amount rises to 9.6 per cent. An amount of R4.7 billion is added to the local government equitable share to meet the rising costs of providing municipal services and to help rural municipalities, and R1.9 billion is added to direct conditional grants, which include the municipal infrastructure, public transport network operations and integrated city development grants. A further R2 billion is added to indirect transfers, through whom national departments and public entities provide infrastructure and services on behalf of municipalities.

Local government allocations receive additional funds to address among others:

- Compensate and support municipalities with lower revenue-raising potential such as rural, local and district municipalities;
- Compensate for the rising costs of providing free basic water and electricity to poor households;
- Accelerate provision of access to clean water through bulk and reticulation projects;
- Accelerate provision of access to electricity and improving the sustainability of access through the refurbishment of key infrastructure;
- Expand the collection and use of data on the condition of municipal roads;
- Increasing the number of interns with infrastructure-related skills working in municipalities; and
- Promote more spatially integrated and efficient cities.

This means the baseline allocations to local government for the 2014/15 are R44.5 billion to the local government equitable share and R36.1 billion for conditional grants, capacity building (such as the municipal systems improvement grant and infrastructure skills development grant) and other grants (such as water services operating subsidy and energy efficiency and demand-side management grant). By 2016/17 these allocations are envisaged to have increased to R52.8 billion and R41 billion respectively.

This document is available on National Treasury's website at:

<http://www.treasury.gov.za/documents/national%20budget/2014>

In addition, National Treasury will send out 'allocation letters' informing each municipality of its equitable share, national conditional grants and provincial transfers (as reflected in the relevant provincial budget and gazette).

Municipalities must ensure that their tabled budgets reflect the equitable share and conditional grant allocations set out in the 2014 Division of Revenue Bill.

### 2.2 Changes to the 2014 Division of Revenue Bill (DoRB)

#### ***Providing greater certainty in relation to the Public Transport Infrastructure Grant***

Clause 8(34) of the DoRB also requires consultation before funds for Public Transport Infrastructure projects are altered downwards by the National Treasury. This will provide certainty and protect against reductions in future budgets enabling municipalities to secure loan financing and better project management implementation.

### ***Enhancing transparency and accountability in the management of grant funds***

Clause 12(3) of the DoRB deals with the responsibilities of receiving officers of conditional grants which includes a requirement that if a grant transfer is withheld or stopped, the province or municipality must provide reasons why a grant transfer was stopped or withheld in its monthly and quarterly expenditure reporting.

### ***Promoting more integrated cities***

South African cities have grown tremendously since the end of apartheid and are considered engines of economic growth. However, in many ways their spatial development patterns continue to perpetuate the inequalities of apartheid; poor households are located on the peripheries of our cities and businesses are far from the people who work there. The City Support Programme (CSP) is working with metropolitan municipalities to ensure that their long-term development patterns and spatial form becomes both more equitable and more efficient; over time this strategy should support faster economic growth and a reduction in inequality. In support of these objectives, several new provisions have been introduced in the 2014 Division of Revenue Bill such as the introduction of clause 14 which requires ***metropolitan municipalities to draw-up and submit a Built Environment Performance Plan (BEPP)***. The BEPP is a strategic summary of the city's infrastructure programme (including grant and own revenue funded infrastructure) that must demonstrate how the city will use its infrastructure investments to change the way the city develops. Institutionalisation of the BEPP will require metropolitan municipalities to:

- Submit a Council approved BEPP that provides a strategic summary of how the infrastructure programme will be used to develop a more integrated and efficient city in terms of the spatial targeting approach of the Urban Network Strategy and associated development indicators;
- BEPPs must include projects partially or fully funded by all infrastructure grants metros receive (Urban Settlements Development Grant, Integrated National Electrification Programme Grant, Public Transport Infrastructure Grant, Neighbourhood Development Partnership Grant); and
- Transferring national officers are required to consider a city's BEPP when monitoring allocations to metros and determining future allocations. They also cannot make transfers if a BEPP is not submitted (Clause 10(9) of the DoRB).

The BEPP is intended to bridge the gap between the Integrated Development Plan and the Budget of a municipality, giving effect to Spatial Development Frameworks; a critical instrument for investment prioritisation and focus on spatial targeting and integration.

### ***Requiring greater consultation with national transferring officers***

Clause 21 explicitly requires consultation with the respective department managing a grant before National Treasury will consider approving the conversion from one type of grant to another in-year (for example converting a direct grant to an indirect grant).

### ***Allowing funds to shift between Public Transport Grants***

Clause 21(1)(b) of the DoRB provides for the shifting between capital and operating grants that fund municipal public transport systems in cities through a gazetting process. This provides greater certainty to cities in that in-year shortfalls on one aspect of the grant framework for public transport can be offset by shifting funds from another grant.

### ***Municipal Water Infrastructure Grant***

Based on the experience with the first year of the grant, approximately half of the grant totalling R3.3 billion will be a direct grant to municipalities while the remaining half will be changed to an indirect grant through which the Department of Water Affairs will implement projects in municipalities with a poor track-record on implementing projects.

### ***Conversion of allocations***

Clause 21 of the DoRB further provides for the conversion of the Municipal Infrastructure Grant (MIG) and the Urban Settlements Development Grant (USDG) from a direct grant to an indirect grant if the conversion will improve service delivery. Municipalities are therefore reminded to prioritise the eradication of the bucket system; failure to adhere to this requirement will result in the National Treasury invoking the relevant clauses of the Division of Revenue Act against Schedule 6 Grants.

### ***Technical amendments***

In addition to the various changes to the 2014 Division of Revenue Bill, there have also been technical amendments as follows:

- The objects of the Bill have been redrafted to reflect the language of section 214(1) of the Constitution, which, read with the Intergovernmental Fiscal Relations Act, 1997, requires the introduction of a Division of Revenue Bill annually;
- Changes have been made to the way financial years are referred to so as to minimise any confusion and to clarify when the national/provincial financial year is applicable and when the municipal financial year applies;
- Clauses that facilitate the stopping and reallocation of funds to a different sphere in the case that a function is assigned during the financial year have been redrafted to clarify that the normal rules and procedures for a conditional grant will apply to the transfers to the newly assigned sphere. Municipalities that are assigned the housing function must also confirm or amend the expenditure plans previously submitted by a province to the national transferring officer;
- Clarification has been included that National Treasury must set the date for any conditional grant funds that remain unspent at the end of the financial year to be returned to the National Revenue Fund; this forms part of the annual process in considering roll-overs;
- Clarification has been added that the recovery of any fruitless and wasteful expenditure in terms of the Division of Revenue Act should be done using the procedures in the Public Finance Management Act, 1999, and Municipal Finance Management Act, 2003;
- Clarification has been added that the national transferring officer (accounting officer of a national department) must sign-off the grant allocations and frameworks submitted to National Treasury for the 2015 Division of Revenue Bill and that the accounting officer may delegate the authority to sign-off these allocations; and
- Clarification has been included in clause 29 that if the documents required by that section have already been submitted in terms of the timeframes set out in the Municipal Finance Management Act, the documents do not have to be resubmitted.

## **3    **Headline Inflation Forecasts****

Municipalities must take the following macro-economic forecasts into consideration when preparing their 2014/15 budgets and MTREF –

Fiscal year	2012 Actual	2013 Estimate	2014	2015 Forecast	2016
Real GDP growth	2.5	1.8	2.7	3.2	3.5
CPI inflation	5.6	5.7	6.2	5.9	5.5

Source: Budget Review 2014

Note that 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.

## 4 Revising rates, tariffs and other charges

### 4.1 Operating Revenue

Municipalities are reminded to refer to MFMA Circular No. 70 to ensure they abide to legislative prescriptions as contained in the MFMA and guidance in setting revenue projections. Furthermore, considering the overall economic pressures as explained in the start to this Circular, municipalities need to demonstrate how they have minimised increases in rates, tariffs and other charges through the identification of inefficiencies and the application of cost containment measures while ensuring an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

National Treasury has observed that municipalities unjustifiably approve property rate and service charge tariff increases far above the 6.0 per cent upper boundary of the inflation target; in some instances municipalities have increased annual tariffs in excess of 100 per cent in a single financial year. For this reason **municipalities must justify and substantiate in their budget documentation (budget narrative) all increases in excess of the 6.0 per cent** upper boundary of the South African Reserve Bank's inflation target. If municipalities continue to act in this manner the National Treasury will have no other option but to set upper limits of tariff increases for property rates and service charges to which municipalities will have to conform.

### 4.2 NERSA's process to approve electricity tariffs

Municipalities should have submitted tariff increase applications from November 2013 aligned to the requirements of section 43 of the MFMA and subsequently NERSA will endeavour to finalise and complete all municipal tariff applications by 15 March 2014. In this regard, municipalities were consistently reminded to submit all outstanding D-forms to NERSA as a matter of urgency as the deadline for submission was 30 October 2013. NERSA will not be in a position to evaluate municipal tariff applications in the absence of complete D-forms. It is important that municipalities and NERSA work together to ensure that the process of approving electricity tariffs does not disrupt the process of compiling municipal budgets or compromise community consultations on the budget.

Considering the above legislative requirements, NERSA approved and communicated the municipal electricity tariff guideline increase on 20 November 2013. NERSA also held numerous provincial workshops and individual engagements with municipalities in assisting with the completion of the Distribution forms (D-forms), which is a crucial part of a tariff review document.

In spite of all the efforts taken by NERSA, there have only been a total of 34 applications received as at 13 February 2014 from municipalities which constitutes only 18 per cent of the licensees. The lack of collaboration from municipalities will therefore inhibit NERSA from achieving the 15 March deadline. In this regard, **municipalities must urgently submit their tariff application together with the accurately and comprehensively completed D-forms to NERSA.**

NERSA has confirmed that they will assess and approve the submitted tariff applications as promptly as possible. However, the lack of cooperation on the part of municipalities has created a bottleneck in the system and will inevitably result in delays. Municipalities are reminded that the tariff application processes as established and institutionalised by NERSA is not voluntary and municipalities must ensure compliance.

#### **4.3 Eskom bulk tariff increases**

Municipalities are advised to structure their 2014/15 electricity tariffs based on the approved **7.39 per cent** NERSA guideline tariff increase and provide for an **8.06 per cent** increase in the cost of bulk purchases for the tabled 2014/15 budgets and MTREF. In this regard municipalities are once again urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

## **5 Funding choices and management issues**

### **5.1 Remuneration of councillors**

Municipalities are advised to budget for the actual costs approved in line with the latest Public Officer Bearers Act issued in December 2013 inclusive with the provision of an increase equal to the estimated CPI inflation over the MTEF.

### **5.2 Employee related costs**

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for 2014/15 financial year (with effect of 1 July 2014).

The average CPI for the period February 2013 to 31 January 2014 is 5.79 per cent which compares well to the estimate of 5.9 per cent for 2013 as provided for in the 2013 Medium Term Budget Policy Statement. Municipalities are therefore advised to provide for increases related to salaries and wages as follows:

*2014/15 Financial Year – 6.79 per cent (5.79 per cent plus 1 per cent)*  
*2015/16 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)*  
*2016/17 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)*

It is recommended that the projected inflation forecast plus one per cent be applied to the 2015/16 and 2016/2017 financial years in the absence of a collective Salary and Wage agreement.

### **5.3 Cost containment measures**

In MFMA Circular No. 70 municipalities were strongly advised to take note of the Cabinet resolution of 23 October 2013 by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures with effect of January 2014. The cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering and event costs as well as costs for accommodation. Municipalities were subsequently strongly urged to take note of the cost containment measures as approved by Cabinet and align their budgeting policies to these guidelines to the maximum extent possible.

Although it's acknowledged that local government is autonomous in its strategy formulation (IDP) and setting of budget appropriations, local government remains a sphere of government and must therefore align itself to the maximum extent possible to that of national and provincial government. In this regard in terms of section 62(1) of the MFMA the accounting officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:

- That the resources of the municipality are used effectively, efficiently and economically;
- That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
- That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; and of internal audit operating in accordance with any prescribed norms and standards; and
- That unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented.

It's within the spirit of cooperative governance and intergovernmental relations that all accounting officers take note of the cost containment measures and adopt similar measures as part of their municipal budgeting processes. In this regard, previous MFMA Circulars provide guidance as to what is considered as non-priority spending. As part of the annual 2013/14 and 2014/15 audit process the Auditor General will be required to verify if municipalities have adhered to the Cabinet Decision with regard to this matter.

#### **5.4 Achieving value for money and improved outcomes**

The 2014 Budget aims to improve the quality of public services by achieving better outcomes within the current fiscal envelope. If resources are wasted or diverted, the potential outcomes are diminished and so is the case for increased resource allocation. In ensuring value for money through improved outcomes there are various initiatives underway, including:

- Several spending reviews are under way, conducted jointly by the National Treasury and the Department of Performance Monitoring and Evaluation. The reviews aim to provide greater understanding of performance and value for money in areas such as housing, education and industrial policy;
- Similar spending reviews have been conducted in provincial government, and suggest a range of efficiency improvements that can enhance value for money; and
- As part of efforts to combat waste, government issued the cost containment instructions in January 2014.

#### **5.5 2014 National Elections**

In terms of Government Notice R.145 of 2014, Government Gazette No 37387, the date of the election of the National Assembly and the election of Provincial Legislatures will be held on 7 May 2014.

Municipalities are reminded that the pending elections are for the sole purpose of electing the National Assembly and Provincial Legislatures; subsequently there is no impact on municipalities and hence all municipalities must refrain from making any contribution, be that monetary or in kind to any political party.

In terms of Section 236 of the Constitution funding is provided to political parties participating in national and provincial legislatures on an equitable and proportional basis; this Fund is controlled and managed by the Independent Electoral Commission. Any municipality that is found to have contributed to the national and provincial election process, be that directly or in kind, will be in direct contravention of legislation and subsequently the associated expenditure will have to be dealt with as unauthorised and irregular.

In addition, it has come to the attention of National Treasury that prior to a national, provincial or local government election some municipalities cease debt collection and credit control measures; this done to win public support prior to the election. Not only is this practice completely irresponsible, it also jeopardises the financial sustainability of the municipality, and is outside the policy framework governing the municipality. A debt collection and credit control policy is a resolution of the municipal council and only through that resolution being rescinded by the municipal council can the debt collection and credit control measures be suspended. **Hence, no municipality is allowed to suspend debt collection and credit control measures prior to the National Elections.** Accounting officers need to take note that if a municipality is found to have suspended their debt collection and credit control measures, this action will be considered a serious violation of the MFMA in that it constitutes an act of financial misconduct and the necessary action will be taken by National Treasury. With municipal elections national and provincial government respect the autonomy of the process and demonstrate a level of consideration; the same is expected from municipalities during the National Elections.

### 5.6 Tabling a surplus budget

National Treasury has consistently urged municipalities to table and adopt a surplus operating statement of financial performance. Through the in-year reporting framework it has been observed that a direct correlation exists between municipalities that adopt a deficit position on the statement of financial performance and that of cash and liquidity challenges. In addition, many municipalities are increasingly becoming dependent on grants to fund their budgets as no operating surpluses are generated to supplement the capital programme. Consequently **all municipalities are required to adopt a surplus position on the statement of financial performance with the 2014/15 MTREF budget.**

### 5.7 Capital expenditure – Internally generated funds: Capital Replacement Reserve

Municipalities are required to supplement their capital expenditures from own funds through the application of the Capital Replacement Reserve (CRR) and current year surpluses; this is considered a prudent and supported principle in supplementing the overall capital programme in funding new infrastructure and renewing aging assets. Notwithstanding the importance of supplementing the capital programme from own funding, many municipalities provide funding appropriations from own internally generated funds without the necessary cash backing. This directly implies that the capital programme is unfunded and will inevitably result in cash and liquidity challenges for the municipality. Municipalities must ensure internally generated funds appropriated to the capital programme is adequately cash backed if the funding source is the CRR or that the current year surpluses will realistically realise.

### 5.8 Service standards

The setting of service standards is an integral part of the service delivery value chain. It provides transparency in understanding performance indicators and hence strengthens the entire performance management system. In addition it ensures accountability on the part of the officials responsible for providing the service.

Local government is mostly classified in the service delivery and governance category and as such needs to be clear on what the public at large can expect as a service delivery standard. Rate payers must be placed in a position by which they are able to measure the service outputs against the predetermined service standards. This also serves as a performance rating instrument at an organisational and individual level. It is for this reason that a municipality must adopt services standards as part of their strategic objectives and report on the achievements. All municipalities are required to formulate service standards by the end of January 2015 which must form part of the 2015/16 draft MTREF budget documentation. In addition, the service standards need to be tabled before the municipal council for formal

adoption. The service standards must at a minimum incorporate the administrative, technical, and economic development categories of the municipality. The following can be used as a guide in the development of these service standards:

- Administrative service standards
  - Turnaround time in dealing with correspondence (electronically or other) received.
  - Turnaround time in opening a consumer account.
- Technical service standards
  - Turnaround time in dealing with reported incidents (water leakage, pothole, etc.).
  - Turnaround time in restoring water and electricity connectivity.
- Economic development service standards
  - Turnaround time in processing rezoning applications.
  - Turnaround time in processing building plans.
  - Turnaround time in processing special business applications.

While its acknowledge that 'a one size fits all approach' is not feasible and that service standards will differ between municipalities. Notwithstanding, all municipalities need to proceed with the process of developing service standards to be approved by the municipal council.

### **5.9 Water security versus the developmental objective of local government**

Water is a scarce resource and proactive measures need to be implemented by all municipalities in ensuring the management of this resource. This should however not impede municipalities in pursuing a developmental agenda aimed at stimulating local economic growth. In mitigating against this imminent risk, the Department of Water Affairs developed strategies and issued reduction targets in water consumption patterns of municipalities; the target date for achieving these predetermined reductions is 2014. Although some progress has been made by certain metropolitan municipalities in reducing consumption levels, the overall target has not been achieved. Municipalities need to ensure that strategies are in place to reduce overall water consumption including proactively managing non-revenue water. The Department of Water Affairs has finalised a report in this regard and the Minister will release the findings in due course.

### **5.10 Intergovernmental relationship between district and local municipalities**

The role, purpose and mandate (power and functions) of district municipalities in relation to local municipalities are clearly defined in the Constitution. The current perception is that district municipalities don't serve any purpose and don't add value to broader service delivery outcomes in that they are a duplication of the functions undertaken by local government. This perception has been created by a blurring of the roles and responsibilities by these municipalities.

District municipalities are reminded that the grant framework and sharing of nationally raised revenue is based and informed by the actual allocation of functions such as the water function. If a district municipality has devolved the water function to the local municipalities within its area of jurisdiction it needs to ensure it provides for the transfer of a portion of the equitable share to the local municipalities actually performing the function through the district's budget process. The equitable share is gazetted as a transfer to the district and does not take into consideration internal arrangements and agreements between district and local municipalities.

Being highly grant dependent to fund operations district municipalities have started implying that the fiscal framework (grant framework) does not adequately fund their operations and directly contributes to imputed service delivery performance. It needs to be noted that National Treasury has in the past observed district municipalities spending excessively on new administrative buildings and luxurious office furnishings. In addition, excessive spending on vehicles, travelling and subsistence and over bloated remuneration structures has also been observed. District municipalities are reminded that they need to perform a support function to local municipalities and in doing so prioritise their budget appropriations accordingly and align to the national and provincial objectives in executing their mandate.

District municipalities are once again requested to ensure that they utilise grant funding in accordance with the national objectives and to ensure that grant funding reaches targeted focus areas.

National Treasury in consultation with the Department of Cooperative Governance will be reviewing the powers and functions of district municipalities in relation to the powers and functions of local municipalities; this will include a review of the intergovernmental fiscal framework.

### **5.11 The Municipal Regulation on a Standard Chart of Accounts (SCOA)**

The publication of the draft Municipal Regulation on a Standard Chart of Accounts in September 2013 informed the formal consultation sessions held with representatives from municipalities and invitees from various stakeholders. Comments were invited, summarised in a register, discussed in detail by a workgroup consisting of senior officials from the National Treasury and appropriate comments and actions formulated. These inputs, among others, will inform SCOA Version 5 that will be made available with the final SCOA Regulation.

National Treasury would like to urge the management of municipalities to prioritise the preparation for implementation as a focus area for this budget planning period and the periods to follow to ensure that sufficient resources are available for this critical project. Implementation of a project of this nature, scope and resource allocation needs to become a strategic objective of the municipal council to ensure successful implementation.

The principles of SCOA are enshrined in Version 4 (available on the National Treasury website) of the classification framework and endeavours by the municipality to prepare for implementation should not be limited by the pending finalisation of SCOA. Immediate attention is required to bring the municipality on track for SCOA implementation and subsequent reporting in terms of this classification framework.

The Municipal Regulation on a Standard Chart of Accounts is in its final stages and will be gazetted by the Minister of Finance in due course. A follow-up MFMA Circular will be issued in guiding municipalities, with among others, the change management process and implementation phase of the SCOA.

### **5.12 Budgeting for the pending demarcation of various municipal boundaries**

The Demarcation Board recently published proposed changes to municipal boundaries including the merging of various municipalities. Although it's acknowledged that any municipal boundary changes and incorporation of municipalities will have an impact on the municipal planning and budgeting processes, municipalities must maintain the status quo and budget as if it's business as usual; this includes providing for revenue appropriations as per the gazetted DoRA. Further guidance will be provided to affected municipalities as the process unfolds.

## 6 Conditional transfers to municipalities

Section 214 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual Division of Revenue Act (DoRA) to assist them in exercising their powers and performing their functions. These allocations are announced annually in the national budget. Transfers to municipalities from national government are supplemented with transfers from provincial government. Further, transfers are also made between district municipalities and local municipalities.

The DoRA provides for funds to be allocated in different 'schedules'. Each of the schedules provide for grants of a particular type as follows:

Schedule 1		Equitable division of revenue raised nationally among the three spheres of government
Schedule 2		Determination of each province's equitable share of the provincial sphere's share of revenue raised nationally (as a direct charge against the National Revenue Fund)
Schedule 3		Determination of each municipality's equitable share of the local government sphere's share of revenue raised nationally
Schedule 4	Part A	Allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets
	Part B	Allocations to municipalities to supplement the funding of programmes or functions funded from municipal budgets
Schedule 5	Part A	Specific purpose allocations to provinces
	Part B	Specific purpose allocations to municipalities
Schedule 6	Part A	Allocations-in-kind to provinces for designated special programmes
	Part B	Allocations-in-kind to municipalities for designated special programmes
Schedule 7	Part A	Allocations to provinces for immediate disaster response
	Part B	Allocations to municipalities for immediate disaster response

It is important that the transfers applicable to municipalities are made transparently, and properly captured in municipalities' budgets. In this regard, regulation 10 of the *Municipal Budget and Reporting Regulations* provides guidance on when municipalities should reflect a transfer or donation in their budgets. Note that promises of funds that do not meet the requirements set out in regulation 10 must not be included in the municipality's budget.

Municipalities are advised not to provide for transfers from national or provincial departments that are not gazetted in terms of the 2014 Division of Revenue Act (once enacted) or the relevant provincial budget, or that are not related to a properly approved agency agreement. Such ad hoc transfers are very often unauthorised expenditure at the national and provincial level, and are invariably related to fiscal dumping.

Also note that grants-in-kind (e.g. capital assets transferred by a district to a local municipality) need to be budgeted for as a 'transfer or grant' on Table A4 by the district municipality (and not on their Table A5 Capital Budget – since the expenditure does not get capitalised), and as a 'contributed asset' on Table A4 by the local municipality, and from there directly on Table A6 Budget Financial Position.

In support of regulation 10 of the *Municipal Budget and Reporting Regulations*, the 2014 Division of Revenue Bill provides that –

1. In terms of section 16, National Treasury is required to publish in the *Government Gazette* the allocations and indicative allocations for all national grants to municipalities;
2. In terms of section 30, each provincial treasury is required to publish in the *Government Gazette* the allocations and indicative allocations per municipality for every allocation to be made by the province to municipalities from the province's own funds; and
3. In terms of section 29, each category C municipality must indicate in its budget all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction.

The Government Gazette reflecting the allocations and indicative allocations for all national grants to municipalities will be available within 14 days of the 2014 Division of Revenue Act being signed into law at the following address:

<http://www.treasury.gov.za/legislation/bills/2014/Default.aspx>

In addition, National Treasury publishes a payment schedule that sets out exactly when the equitable share and national conditional grant funds are to be transferred to municipalities. This will be available at:

[http://mfma.treasury.gov.za/Media\\_Releases/Municipal%20Payment%20Schedule/Pages/default.aspx](http://mfma.treasury.gov.za/Media_Releases/Municipal%20Payment%20Schedule/Pages/default.aspx)

### **6.1 Timing of municipal conditional grant transfers**

In order to facilitate synchronisation of the national / provincial financial year (1 April to 31 March) with the municipal financial year (1 July to 30 June), the 2014 Division of Revenue Bill requires that all equitable share and Schedule 4 and 5 conditional allocations to municipalities must be transferred to municipalities within the period 1 July 2014 to 31 March 2015. Municipalities must not accept any equitable share, Schedule 4 and Schedule 5 transfers from national or provincial departments outside of these timeframes.

National and provincial departments are also advised to only transfer grant funds and to only make agency payments to municipalities within the period 1 July 2014 to 31 March 2015. This is to ensure the municipality is able to include such funds on its budget for 2014/15 and to ensure that reporting on the use of the funds is properly aligned across the national, provincial and municipal financial years.

### **6.2 Payment schedule for transfers**

National Treasury has instituted an automated payment system for transfers to municipalities in order to ensure appropriate safety checks are put in place.

Section 23 of the 2014 Division of Revenue Bill requires transfers to municipalities to be made as per the approved payment schedule published by National Treasury. Through this system, any transfers not in line with the payment schedule will be rejected. In addition, *if the payment details of the municipality are not up-to-date the transfers will also be rejected.*

### **6.3 Provincial payment schedules**

The payment schedules that provincial treasuries are required to submit to National Treasury in terms of section 30(5) of the 2014 Division of Revenue Bill will be published on National Treasury's website, along with the national payment schedule.

#### 6.4 Responsibilities of transferring and receiving authorities

The legal obligations placed on transferring and receiving officers in terms of the 2014 Division of Revenue Bill are very similar to previous requirements. National Treasury intends ensuring strict compliance in order to improve spending levels, and the quality of information relating to the management of conditional grants.

Municipalities are again reminded that compliance with the annual Division of Revenue Act is the responsibility of the municipal manager as the “receiving officer”. The municipal manager is responsible for, among other things, the tabling of monthly reports in council on whether or not the municipality is complying with the Division of Revenue Act. He/she is also responsible for reporting on any delays in the transfer or the withholding of funds. Failure on the part of a municipal manager to comply with the Act will have financial implications for the municipality as it will lead to the municipality losing revenue when funds are stopped and/or reallocated.

Where the municipality is unable to comply, or requires an extension, the municipal manager must apply to the National Treasury and provide comprehensive motivation for the non-compliance.

#### 6.5 Unspent conditional grant funds for 2013/14

To bring legal certainty to the process of managing unspent conditional grant funds, section 21 of the 2013 Division of Revenue Act contains all provisions relating to the treatment of unspent conditional grant funding.

The process to ensure the return of unspent conditional grants for the 2013/14 financial year will be managed in accordance with section 21 of the Division of Revenue Act. In addition to the previous MFMA circulars, the following practical arrangements will apply –

- Step 1: Municipalities must submit their June 2014 conditional grant expenditure reports according to section 71 of MFMA reflecting all accrued expenditure on conditional grants.
- Step 2: When preparing their annual financial statements a municipality must determine what portion of each national conditional allocation it received remained unspent as at 30 June 2014. These amounts **MUST** exclude all interest earned on conditional grants and all 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 21(2) of the Division of Revenue Act 2013 that the funds are committed to identifiable projects or wants to propose an alternative payment method or schedule, the required information must be submitted to National Treasury by 29 August 2014. **National Treasury will not consider any rollover requests that are incomplete (see item 7.6 below) or that are received after this deadline.**
- Step 4: National Treasury will confirm in writing whether or not the municipality may retain as a rollover any of the unspent funds because they are committed to identifiable projects or whether it has agreed to any alternative payment methods or schedules by 1 October 2014.
- Step 5: A municipality must return the remaining unspent conditional grant funds that are not subject of a specific repayment agreement with National Treasury to the National Revenue Fund by **21 October 2014**. Failure to return these unspent funds by this date will constitute financial misconduct in terms of section 34 of the Division of Revenue Act.
- Step 6: Any unspent conditional grant funds that should have, but hasn't been repaid to the National Revenue Fund by 21 October 2014 will be offset against the municipality's November 2014 equitable share allocation.

All the calculations of the amounts to be surrendered to the National Revenue Fund will be audited by the Auditor-General.

## 6.6 Criteria for the rollover of conditional grant funds

Municipalities may not rollover unspent conditional grant spending in terms of section 28(2)(e) of the MFMA (read together with regulation 23(5) of the Municipal Budget and Reporting Regulations) because they are national/provincial funds. The applicable rollover process is then given effect through the municipal adjustments budget in January/February each year for all the cash/transfers that had already been transferred to the bank accounts of municipalities prior to the end of the financial year. In this regard refer to MFMA Budget Circular No. 51 for more information.

Section 21 of the 2013 Division of Revenue Act 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 proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 21(2) of the Division of Revenue Act, municipalities must supply National Treasury with the following information –

1. A formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2013 of DoRA;
2. List of all the projects that are linked to the unspent conditional grants;
3. Evidence that work on each of the projects has commenced, namely either of the following:
  - a. Proof that the project tender was published and the period for tender submissions closed before 30 June; or
  - b. Proof that a contract for delivery of the project was signed before 30 June.
4. A progress report on the state of implementation of each of the projects;
5. The amount of funds committed to each project, and the conditional allocation from which the funds come;
6. An indication of the time-period within which the funds are to be spent; and
7. Proof that the Chief Financial Officer is permanently appointed. ***No rollover requests will be considered for municipalities with vacant or acting chief financial officers.***

**If any of the above information is not provided or the application is received by National Treasury after 29 August 2014, the application will be declined.**

In addition, National Treasury will also take into account the following information when assessing rollover applications, and reserves the right to decline an application if there is non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in sections 71 and 72 of the MFMA and section 12 of the 2014 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audit Annual Financial Statements information to National Treasury by 29 August 2014;
3. Accurate disclosure of grant performance in the 2013/14 pre-audit Annual Financial Statements;
4. Cash available in the bank as at 30 June 2014 to finance the roll-over request; and

5. Incorporation of the Appropriation Statement (discussed in point 6.7 below) as part of the pre-audit Annual Financial Statements.

When approving any rollover requests, National Treasury will use the latest conditional grant expenditure information available at the time, which in this instance is likely to be the disclosure of grant performance in the 2013/14 pre-audit Annual Financial Statements which must to be concluded by 31 August 2014.

Similarly to the above mentioned rollover process and in accordance with section 22(3)(b) of Division of Revenue Act, Provincial Treasuries are encouraged to institute measures and criteria for the rollover of conditional grant funds that municipalities receive from provincial departments.

### **6.7 Appropriation statement (Reconciliation: Budget and in-year performance)**

In terms of GRAP 24 (Presentation of budget information in AFS) municipalities are required to present their original and adjusted budgets against the actual outcome in the annual financial statements; this is considered an appropriation statement. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement. All municipalities were required to compile an appropriation statement with the 2012/13 AFS.

Many municipalities neglected to compile the appropriation as part of their 2012/13 AFS. National Treasury considered this non-compliance in a serious light and going forward the incorporation of an appropriation statement in the AFS will form part of the ***evaluation criteria in considering and approving conditional grant roll overs. In the absence of an appropriation statement National Treasury will not favourable consider conditional grant roll over applications.***

### **6.8 Reporting and accounting for municipal approved conditional grant roll-overs**

A municipality must report separately on the spending of conditional grant funds that are rolled over. National Treasury has provided a separate reporting template to facilitate this. This template must be submitted together with the normal template for reporting conditional grant spending for the current year. The template is customised per municipality and must be requested by e-mail: [lqdataqueries@treasury.gov.za](mailto:lqdataqueries@treasury.gov.za).

## **7 The Municipal Budget and Reporting Regulations**

National Treasury has released Version 2.6 of Schedule A1 (the Excel Formats). This version incorporates minor changes as communicated in MFMA Circular No. 70. Therefore ALL municipalities MUST use this version for the preparation of their 2014/15 Budget and MTREF.

Download Version 2.6 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The regulations, formats and associated guides etc. are available on National Treasury's website at:

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

### All municipalities must prepare budgets in accordance with the regulations

Municipalities are reminded that the regulations apply to all municipalities and municipal entities as from 1 July 2009.

All municipalities and municipal entities must prepare annual budgets, adjustments budget and in-year reports for the 2014/15 financial year in accordance with the Municipal Budget and Reporting Regulations. In this regard, municipalities must comply with both:

- The formats set out in the Schedules to the Municipal Budget and Reporting Regulations;
- Ensuring Table A1 to A10 of the Municipal Budget and Reporting Regulations are accurately completed and specifically adopted by the municipal council;
- That supporting tables SA1 to SA37 are comprehensively and accurately completed and tabled before municipal council as part of the budget adoption process; and
- That the budget document (including the above mentioned tables) is supported by clear and concise narratives explaining the budget. It needs to be noted that the budget is an expression of the policy intent (IDP and strategic objectives) of the municipality and needs to be supported by clear narratives explaining the actual objectives over the Medium-term Revenue and Expenditure Framework. In this regard National Treasury issued the 'Dummy Budget Guide' to assist municipalities in compiling their MTREF budgets. Municipalities are urged to refer to the 'Dummy Budget Guide' which can be accessed at:

<http://mfma.treasury.gov.za/Guidelines/Pages/DummyBudgetGuide.aspx>

If a municipality fails to prepare its budget, adjustments budget and in-year reports in accordance with the relevant formats, actions the National Treasury will take include:

- The municipality will be required to **resubmit their MTREF Budget documentation** in the regulated format by a date determined by the National Treasury to the municipal council for adoption;
- The municipality's non-compliance with the required formats will be reported to the Auditor-General; and
- A list of municipalities that fail to comply with the required formats will be tabled in Parliament and the provincial legislatures.

If you require advice with the compilation of your budgets, the budget documents or Schedule A1 please direct your enquiries as follows:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	<a href="mailto:Templeton.Phogole@treasury.gov.za">Templeton.Phogole@treasury.gov.za</a>
	Matjatji Mashoeshoe	012-315 6567	<a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
Free State	Vincent Malepa	012-315 5539	<a href="mailto:Vincent.Malepa@treasury.gov.za">Vincent.Malepa@treasury.gov.za</a>
	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
Gauteng	Nozipho Molikoe	012-395 5662	<a href="mailto:Nozipho.Molikoe@treasury.gov.za">Nozipho.Molikoe@treasury.gov.za</a>
	Nomxolisi Mawulana	012-315 5460	<a href="mailto:Nomxolisi.Mawulana@treasury.gov.za">Nomxolisi.Mawulana@treasury.gov.za</a>
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a>
	Johan Botha	012-315 5171	<a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
	Walter Munyai	012-395 6793	<a href="mailto:Walter.Munyai@treasury.gov.za">Walter.Munyai@treasury.gov.za</a>
Limpopo	Una Rautenbach	012-315 5700	<a href="mailto:Una.Rautenbach@treasury.gov.za">Una.Rautenbach@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>

Mpumalanga	Jordan Maja Anthony Moseki	012-315 5663 012-315 5174	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a> <a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
Northern Cape	Willem Voigt Mandla Gilimani	012-315 5830 012-315 5807	<a href="mailto:Willem.Voigt@treasury.gov.za">Willem.Voigt@treasury.gov.za</a> <a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
North West	Sadesh Ramjathan Kgothatso Matlala	012-315 5101 012-315 5005	<a href="mailto:Sadesh.Ramjathan@treasury.gov.za">Sadesh.Ramjathan@treasury.gov.za</a> <a href="mailto:Kgothatso.Matlala@treasury.gov.za">Kgothatso.Matlala@treasury.gov.za</a>
Western Cape	Vuyo Mbunge Kevin Bell	012-315 5661 012-315 5725	<a href="mailto:Vuyo.Mbunge@treasury.gov.za">Vuyo.Mbunge@treasury.gov.za</a> <a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	<a href="mailto:lgdataqueries@treasury.gov.za">lgdataqueries@treasury.gov.za</a>

National Treasury, working with the provincial treasuries, will carry out a compliance check and where municipalities have not provided complete information, the budgets will be referred back to the municipalities, and an appropriate letter will be addressed to the Mayor and municipal manager. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format set out in item 31 of Schedule A in the Municipal Budget and Reporting Regulations. The National Treasury would like to stress that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, **those municipalities will be required to go back 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 that they need to produce consolidated budgets and in-year reports for both the parent entity and entity in that they need to produce:

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

In addition, the A Schedule that the municipality submits to National Treasury must be the consolidated budget for the municipality (plus entities) and not the budget of the parent municipality.

This is to ensure that there is consistency of reporting both across municipalities, but also in respect of the individual municipalities with municipal entities.

### 7.1 Budget compliance and benchmarking processes

National Treasury and the provincial treasuries will again assess all the municipalities' tabled budgets against the Compliance Checklist. Where there is substantial non-compliance municipalities will be required to re-table their budgets in council as discussed above, otherwise municipalities will be expected to make the necessary improvements prior to tabling the budget for approval by 1 June 2014.

In addition, the National Treasury and provincial treasuries will be conducting benchmark budget hearings on the municipalities' tabled budgets during April and early May 2014 to assess whether the budgets are realistic, sustainable and relevant, and the extent to which they are funded in accordance with the requirements of the MFMA. In this regard, National Treasury will communicate further with the non-delegated municipalities, while the provincial treasuries will communicate with their respective delegated municipalities.

Municipalities are reminded that the Municipal Budget and Reporting Regulations provide not only for the technical framework for municipal budgets but also for minimum requirements in terms of the structure of the budget document, including narratives in support of the budget tables. It has come to the attention of the National Treasury that certain municipalities table their annual budgets (MTREF's) in formats other than that of the prescriptions contained in the MBRR. Tabling and adopting a municipal budget (MTREF) in a format other than that of the MBRR constitutes gross financial negligence on the part of the municipality and is outside the legislative framework.

***For all practical purposes, a municipal budget that is tabled and adopted by a municipal council in any other format than the prescriptions of the MBRR does not legally constitute a municipal budget.***

As part of the budget compliance and benchmarking processes to be undertaken by both the National Treasury and respective provincial treasuries compliance verification will include:

- Level of compliance to the Municipal Budget and Reporting Regulations;
- Verification of the format in which the 2014/15 MTREF budget was tabled in the municipal council. This will include proof of a council resolution in support of the tabled 2014/15 MTREF budget (Schedule A of the MBRR); and
- Budget document that includes narratives to the prescribed table of content and budget tables covering at least Tables A1 to A10.

With regard to Schedule A of the MBRR, municipalities are strongly advised to specifically pay attention and ensure that the following tables are accurately completed with relevant information as National Treasury and provincial treasuries will be undertaking detailed analysis:

- Table A10 – Consolidated basic service delivery information. Municipalities must ensure that information provided includes, among others:
  - Household service targets for water, sanitation, electricity and refuse;
  - Number of households receiving free basic services it relates to each service;
  - Cost of free basic services provided;
  - Highest level of free basis services provided by the municipality; and
  - Revenue cost of free basic services provided.
- Table SA36 – Consolidated detailed capital budget. Municipalities must ensure that this tables is comprehensively completed, reconciles back to Table A5 (Consolidated capital expenditure) and provides for the GPS coordinates of individual projects.

The above information is critical for, among others, policy formulation at all spheres of government and the information is routinely required by the Presidency (Department of Performance Monitoring and Evaluation).

## **7.2 Certification that budget is correctly captured**

Once the municipal council has adopted the municipal budget in the format of Schedule A the relevant portions of the budgets reflected in Tables A1 to A10 need to be captured on the municipality's financial system so that the municipality can manage its revenue and expenditure against the adopted budget. It has come to National Treasury's attention that many municipalities do not capture their adopted budgets on their financial system, and even those that do, do not 'lock' the adopted budget – meaning that the budget reflected on the system can be changed at any time without following due process.

To eliminate this bad practice, National Treasury hereby requests the accounting officer of each municipality in terms of the section 74 of the MFMA to provide a signed certificate by no later than 15 July 2014 certifying that:

1. The adopted annual budget has been captured on the municipality's financial system, and that there is complete agreement between the budget on the system and the budget adopted by council;
2. That the adopted annual budget on the municipality's financial system is locked; and
3. That the municipality has in place controls to ensure that the budget captured on the financial system can only be changed in accordance with:
  - a. a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
  - b. an Adjustments Budget approved by council.

A template of the certificate is available on National Treasury' website at:

[http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx)

## 8 Budget process and submissions for the 2014/15 MTREF

Over the past number of years there have been significant improvements in municipal budget processes. Municipalities are encouraged to continue their efforts to improve their budget processes based on all previous guidance provided and the Municipal Budget and Reporting Regulations. Municipalities are reminded that the IDP review process and the budget process should be combined into a single process.

### 8.1 Submitting budget documentation and schedules for 2014/15

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

- Section 22(b)(i) of the MFMA requires that **immediately** after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. So if the annual budget is table to council on 31 March 2014, the final date of submission of the electronic budget documents is **Tuesday, 1 April 2014**. Hard copies must be received by no later than **Wednesday, 9 April 2014** including a council resolution in support of the tabled budget; and
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted **within ten working days** after the council has approved the annual budget. So if the council only approves the annual budget on 30 June 2014, the final date for such a submission is **Monday, 14 July 2014**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting tables (SA1 – SA37) and prescribed minimum narrative information in both printed and electronic format;
- the draft service delivery and budget implementation plan in both printed and electronic format; and
- in the case of approved budgets, the council resolution.

**As it relates to the hard copies of the budget document to be sent to the national and provincial treasuries, no budget document will be accepted if each page of the budget document (including schedules) are not formally stamped and signed by the secretariat responsible for ensuring accurate records of council decisions.**

Municipalities are required to send electronic versions to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za).

In the event that the file size exceeds 4 MB then please send it to [lgbigfiles@gmail.com](mailto:lgbigfiles@gmail.com) and notify the Local Government Database team via an e-mail (excluding the attachment) that the budget was submitted to the big files account.

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

***For couriered documents***

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

***For posted documents***

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

After receiving tabled budgets, National Treasury and provincial treasuries will complete a compliance checklist. This checklist will indicate the level of compliance to the Municipal Budget and Reporting Regulations. A copy of the checklist will be sent to the municipality in order to facilitate improvements in the quality of tabled and approved budgets. Please review the municipality's performance last year, and ensure that the gaps are addressed.

## **8.2 Budget reform returns to the Local Government Database for publication**

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. *The old formats **may not** be used to submit 2014/15 budget information.* All municipalities must migrate to using the aligned version of the electronic returns. All returns are to be sent to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za).

Returns for the 2014/15 budget must be submitted to the Local Government Database by **25 July 2014**.

The electronic returns may be downloaded from National Treasury's website at the following link: [http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx).

## **8.3 Publication of budgets on municipal websites**

In terms of section 75 of the MFMA all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

## **8.4 Publication of municipal budgets on the National Treasury website**

National Treasury publishes all the approved municipal budgets on its website. However, before publishing National Treasury verifies the correctness of the information submitted by municipalities by comparing the following three sources of information:

1. The Approved Budget, which is the municipality's budget in the format of Schedule A as approved by council (hard copy).
2. Schedule A1, which is the electronic version of the budget Tables A1 to A10, and supporting tables.

3. The Database budgets, which is the municipal budget generated from the information the municipality submits in the Budget Reform Returns.

The information in the Schedule A1 and the Database budget returns **MUST** reconcile with the Approved Budget as this is the budget that council has adopted and is therefore the legal basis for all revenue collection and expenditure activities within the municipality.

While only **149 municipalities** managed to achieve this reconciliation in the 2012/13 financial year, **206 municipal budgets** were aligned in the 2013/14 financial year. Efforts will continue to ensure all municipalities meet requirements and further improve the quality of budget information.

This process of ensuring these three sources of budget information reconcile is referred to as the Budget Verification Process. Municipalities must ensure that all these three sources of information are aligned upon finalising their budgets, and when submitting their budget information to the National Treasury and provincial treasuries. The National Treasury and provincial treasuries will again check for this alignment before publishing the municipal budgets in October 2014.

Municipalities are reminded that the provision of incorrect or misleading information in any document required in terms of the Act constitutes an act of financial misconduct in terms of Section 171(1)(c) of the MFMA. In addition, National Treasury reserves the right to invoke section 38 of the MFMA and withhold a municipality's equitable share if a serious or persistent breach of the measures established in terms of Section 216(1) of the Constitution is committed.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

## 9 General

### 9.1 Section 71- Consumer collection rates versus actual cash flow

Various municipalities do not have financial systems in place to report accurately to National Treasury on the breakdown of cash receipts and billings on property rates and individual service charges. It was found that collections are reported in aggregate for property rates and service charges and subsequently equally apportioned to property rates and service charges. In addition, many municipalities consistently report a collection rate in excess of a 100 per cent which is distorted when considering the growth in outstanding debtors. Not only does this deficient management practice detract from evidence based financial management it also distorts the information submitted to National Treasury. This can directly be attributed to weak management practices on the part of the municipality.

This problem is further exacerbated by the inconsistency in the methodologies applied in accounting for outstanding debtors. As a principle, all municipalities **must take note** of the inverse relation between growth in outstanding debtors and the actual collection (payment) rate; if outstanding debtors are increasing then the collection (payment) rate should inversely be decreasing. In addition, from a management perspective municipalities need to distinguish between current (30 day balance) and historic debt collection; debt **must** be classified and accounted for in terms of aging. Institutionalisation of these practices will empower managers to distinguish between the actual current collection rate and annualised collection (including historic debtors). In illustrating, a municipality might have a 100 per cent collection rate but at the same time debtors are increasing by 20 per cent. This scenario directly implies that the

current collection rate is effectively 80 per cent while 20 per cent of collections relate to historic debtors; differentiation in these measures is critical for decision making and performance management.

Municipalities must therefore ensure that the financial systems and subsequent reporting provides a detail breakdown for each service, including property rates which reconciles billings against actual receipts.

## 9.2 Offer of grant funding to municipalities: Metro Grant Holding

It has come to the attention of the National Treasury that a company by the name of 'Metro Grant Holding' is approaching municipalities with an offer of international donor funding subject to certain conditions. Several documents from the above-mentioned institution were submitted to the Chief Directorate: International Development Cooperation (IDC) regarding the proposed availability of "free funding" for the Republic of South Africa and more specifically municipalities. The National Treasury has concluded that this is in all probability a scam and municipalities must ensure they refrain from any engagements with this institution or any other institution offering donor (free) funding. In the event that municipalities have legitimate proposals of donor/grant funding they need to ensure such proposals are first forwarded to the National Treasury (Chief Directorate: International Development Cooperation) which will undertake the necessary due diligence and verification on the part of the municipality.

## 9.3 Annexures to MFMA Circular No. 72

Municipalities are once again reminded that through the MFMA Circulars municipalities are continuously advised and guided in respect of various subjects ranging from budgeting and accounting standards to the introduction of leading practices. In this regard municipalities must take note of the following annexures accompanying this Circular:

- Annexure A: Certification of Audited Annual Financial Statements by the Auditor General.
- Annexure B: Accounting treatment for agency services – housing function.
- Annexure C: Observations from the mid-year performance engagements – informal settlements.

## Contact



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**JH Hattingh**

**Chief Director: Local Government Budget Analysis**

**17 March 2014**

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## Annexure A

### Certification of Audited Annual Financial Statements by the Auditor General

It has come to the attention of the National Treasury that municipalities submit annual financial statements to the National and provincial treasuries that do not represent the actual audited annual financial statements of the municipality. Municipalities are not allowed to alter or make any changes to the audited annual financial statements without first obtaining the prior approval of the Auditor General in consultation with the National Treasury. This will ensure that:

- Audited AFS and which are distributed to organs of state and other stakeholders by municipal councils are complete, accurate, correct and certified and signed as final after the audit has been completed, and
- Compliance with Section 127(2) of the MFMA is achieved and presented with accuracy and reliability when the Executive Mayor / Mayor table the annual report to Council.

It is imperative that National Treasury address these inconsistencies by enforcing and eliminating any possibility of the municipality's Audited AFS being exposed to alterations without the knowledge and prior approval of the Auditor General as legislated in terms of Section 126(5) of the MFMA.

For this reason the National Treasury hereby issues the following directives to municipalities and their entities in terms of section 5(2)(f) of the MFMA and has requested the Auditor General to implement the following processes:

- The final adjusted and audited annual financial statements for all municipalities be certified, officially stamped and signed by Auditor General;
- The following statements be certified, stamped and signed by Auditor General:
  - Statement of Financial Position;
  - Statement of Financial Performance;
  - Statement of Changes in Net Assets; and
  - Cash Flow statement.
- The front cover page of the AFS read as follows: "Audited Annual Financial Statements".

The above measures will assist in refining local government processes and improving credibility of reported municipal performance information prior to the presentation to various stake holders and Parliament. Municipalities must therefore ensure the final Audited Annual Financial Statements abide to the abovementioned directives.

## Annexure B

### Accounting treatment for agency services - housing

Municipalities have requested National Treasury to provide guidelines on the accounting treatment for agency services and more specifically the housing function.

The following scenarios provide further clarification.

#### **Scenario 1 – Construction contract (GRAP 11)**

The municipality must account for the revenue and expenses relating to the construction of RDP houses in the statement of financial performance if the municipality is a contractor as defined in GRAP 11 on Construction Contracts.

GRAP 11 determines:

- *A construction contract is a contract, or a similar binding agreement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.*
- *A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods or render services to the specifications of another entity, either itself or through the use of sub-contractors.*

In this scenario, the municipality must be appointed as the contractor in the construction of assets i.e. RDP houses.

#### **Scenario 2 – Grant/transfer received from government (GRAP 23)**

Depending on the agreement, funds transferred from another sphere of government might constitute a grant/transfer. If this is the case the rules and accounting treatment for grants/transfer should be applied as determined in GRAP 23 and all revenue and expenditure must be accounted for in the budget.

#### **Scenario 3 – Agent vs principal agreements (GRAP 9)**

In terms of GRAP 9, an entity is acting as a principal when it is exposed to the significant risks and rewards associated with the sale of goods or the rendering of services. Considerations in determining if an entity is acting as a principal include, but are not limited to:

- GRAP 9, paragraph 13 determines that in an agency relationship, the gross inflows of economic benefits or service potential, including amounts collected on behalf of the principal do not result in an increase in net assets for the entity. The amounts collected on behalf of the principal are not classified as revenue; revenue recognised in the books of the municipality is limited to the commission earned while performing the agency functions. This represents an agency agreement.
- An entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. If the parties have entered into an agreement by which the amount the municipality earns is predetermined, being either a fixed fee per transaction or a stated percentage then the probability that the municipality is acting as an agent is high.
- There are instances where the municipality assists the provincial department with the construction of RDP houses within the municipality's jurisdiction; the municipality might also be involved in managing the flow of funds from the department to the contractors.

This represents an agent relationship as it does not provide services directly related to the construction of the RDP houses. Importantly, the receipt of an agency fee is not precondition for the transaction to be classified as an agency service.

If the relationship between the parties is deemed to be an agency agreement, the municipality is not required to reflect funds received from the transferring party as revenue, with the exception of commission. The primary reason being that the revenue is accrued to the contractor and not the municipality; similarly expenditures are accrued to the transferring party and not the municipality.

In dealing with these transactions it's advised that the municipality should account through the use of a creditor's account for all receipts and payments relating to the project; this in turn provides for reconciliation in the statement of financial position at year end. It's also proposed that a separate project account be utilised deal with receipts and payments; this will ensure no revenue and expenditure is reflected on the statement of operating performance.

## **Levels of accreditation and the implications on the accounting treatment**

### ***Level one accreditation – Housing function***

Against accreditation level one, municipalities are responsible for beneficiary management, subsidy budget planning and allocation, and priority programme management and administration; municipalities are also responsible for identifying beneficiaries. The respective province is directly responsible for the appointment of contractors and building houses. Level one accreditation therefore constitutes an 'agency' function on part of the municipality as the revenue accrues to the provincial department and all work-in-progress during construction will also be accounted for by the province. In this regard Scenario 3 would apply and the municipality is not required to reflect funds received from the transferring party as revenue, with the exception of commission.

### ***Level two accreditation – Housing function***

In addition to the responsibilities associated with level one accreditation, the full programme management and administration of all housing instruments/ programmes are assigned to the municipality. Against level two accreditation, the municipality is responsible for the appointment, payment of contractors and building of houses. The grant revenue is allocated by the provincial department to the municipality and the province must gazette the allocations in favour of municipalities. In this regard Scenario 2 above will be applicable and municipalities are required to recognise the grant as revenue from non-exchange transactions in terms of GRAP 23. The municipality must also account for RDP houses as inventory after completion but before the transfer to beneficiaries take place.

### ***Level three accreditation – Housing function***

Level three accreditation includes budget planning, allocation and priority programme management and administration. This includes housing subsidy budgetary planning across programmes and projects, planning of subsidy/fund allocations, and project identification. As set out in the Housing Act, municipal responsibilities for local beneficiary management, local housing priorities and the management of public stock remain municipal responsibilities against this accreditation level. An important distinction between level 1, 2 and 3 accreditation is that with level 3 accreditation, the grant revenue is allocated by the national department to the municipality. Considering that the municipality is exposed to significant risks and rewards associated with the execution of the function, the municipality are classified as the principle entity and must account for revenue, expenditure and assets in terms of GRAP.

Determining between an agency and principal agreement requires judgement and consideration of all relevant facts, agreements and circumstances. Municipalities are strongly advised to review all existing contracts and where necessary either correct the accounting methodology in use or review the agreement between the parties to reflect actual intention of the agreement. If there is any uncertainty as to what constitutes an agency versus principal agreement and the subsequent accounting treatment thereof, municipalities are advised to contact the National Treasury (Office of the Accountant-General).

## Annexure C

### Observations from the Mid-year Performance Engagements: Informal Settlements

During the recent mid-year performance engagements conducted by the National Treasury with the 17 non-delegated municipalities leading practice was observed by several metropolitan municipalities as it relates to formalisation of informal settlements. As part of the formalisation process, all sites (plot/erf) are serviced and metered. They subsequently form part of the revenue value chain of the municipality in that the meters are consistently read on a monthly basis. Benefits of this leading practice include:

- Correlation between this leading practice and revenue improvements, places management in a position to actively manage consumption patterns and not only report this consumption as part of revenue foregone or non-revenue water and electricity;
- Improved management of the Indigent Registers; and
- Targeting of the indigent in terms of indigent exist strategies.

In addition, the title deed of the property (plot/erf) is immediately made available to the owners once serviced and formalised regardless if there is a top structure (RDP) on the property (plot/erf). This instils a sense of ownership and responsibility on the part of the owner.

# **ANNEXURE F**

## **BUDGET RELATED POLICIES**

# **OVERSTRAND MUNICIPALITY**



## **PROPERTY RATES POLICY**

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**SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES**

**1. INTRODUCTION**

Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and Section 62(l) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003), requires municipalities to develop and adopt rates policies on the levying of rates on rateable property in the Municipality.

The Municipality needs a reliable source of revenue to provide basic services and perform its functions. Property Rates is the most important source of general revenue for the Municipality. Revenue from property rates is used to fund services that benefit the community as a whole.

Municipal property rates are set, collected and used locally. Revenue from property rates is spent within a Municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes in respect of which the Municipality invites communities for their inputs before adopting the budget.

This policy document guides the annual setting of property rates. It does not make specific property rates proposals. In imposing a rate in the Rand the Municipality may grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

**2. DEFINITIONS**

<b>“Act”</b>	means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
<b>“Bona fide farming”</b>	means farming with the intention of making a living from the development, cultivation and utilisation of agricultural land and includes subsistence farming;
<b>“Business”</b>	means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or <i>inter alia</i> , any other business consisting of cultivation of soils, the gathering of crops or the rearing of livestock;
<b>“Exemption”</b>	in relation to the determination of rates, an exemption granted in terms of section 15(1) (a) of the Act;
<b>“Industrial”</b>	means a branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large a scale that capital and labour are significantly involved;
<b>“Lodge”</b>	means accommodation in a non-urban area provided for paying visiting guests with a focus on aspects of nature and/or places of interest, and may include a restaurant and conference facilities;
<b>“Mining”</b>	means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
<b>“Multiple use properties”</b>	means properties that cannot be assigned to a single category due to different uses;
<b>“Municipal properties”</b>	means those properties of which the Municipality is the registered owner;
<b>“Newly rateable property”</b>	means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date;
<b>“Protected area”</b>	means an area that is or has to be listed in the register referred to in section 10 of the National Environment Management: Protected Areas Act, 2003;

**OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY**

<b>“Public Benefit Organisation”</b>	means an organisation conducting specified public benefit activities as defined and registered in terms of the Income Tax Act for tax reductions because of those activities;
<b>“Public place”</b>	means any square, park, recreation ground, sports ground, sanitary lane or open space which has - (a) in connection with any subdivision or layout of land into erven, lots or plots, been provided, reserved or set apart for use by the public or the owners or occupiers of such erven, lots or plots, whether or not it is shown on a general plan, plan of subdivision or diagram; (b) at any time been dedicated to the public; (c) been used without interruption by the public for a period of at least thirty years expiring after the thirty-first day of December, 1959, or (d) at any time been declared or rendered such by the Council or other competent authority.
<b>“Public Service Infrastructure”</b>	means government or government agency controlled infrastructure of the following kinds- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary; (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public; (c) power stations, power substations or power lines forming part of an electricity scheme serving the public; (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels; (e) communication towers, masts, exchanges or lines forming part of a communications system serving the public; (f) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels; (g) rights of way, easement or servitudes in connection with infrastructure mentioned; (h) any other government or government agency controlled infrastructure as may be described from time to time.
<b>“Public street”</b>	means:- (a) any street which has at any time been- i. dedicated to the public; ii. used without interruption by the public for a period of at least thirty years; iii. declared or rendered such by a council or other competent authority, or iv. constructed by local authority, and (b) any land, with or without buildings or structures thereon, which is shown as a street on- i. any plan of subdivision or diagram approved by a council or other competent authority and acted upon, or ii. any general plan as defined in section 49 of the Land Survey Act, 1927 (Act 9 of 1927), registered or filed in a deeds registry or the Surveyor-Generals’ office, unless such land is on such plan or diagram described as a private street.
<b>“Rateable property”</b>	means property on which a rate or rates may be levied under section 7 of the Act.
<b>“Rebate”</b>	in relation to a rate payable on a property, a discount on the amount of the rate payable on the property;

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<b>“Reduction”</b>	in relation to a rate payable on a property, the lowering of the amount for which the property was valued in terms of section 15(1)(b) of the Act and the rating of the property at that lower amount;
<b>“Registered accounting officer”</b>	must be a paid up member of one of the following professional institutes: (a) The Institute of Administration & Commerce of Southern Africa IAC* (b) Auditors registered under the Auditing Profession Act, 2005. CA(SA) (c) The Chartered Institute of Management Accountants. CIMA (d) The Southern African Institute of Chartered Accountants (e) The Southern African Institute of Chartered Secretaries and Administrators. CIS (f) The Chartered Association of Certified Accountants. ACCA (g) The Southern African Institute of Business Accountants. (h) South African Institute of Professional Accountants (SAIPA). (i) Chartered Institute of Business Management (MCIBM only)
<b>“Residential”</b>	means improved property that is: (a) used exclusively for residential purposes, with not more than two dwelling units per property. (b) a unit registered in terms of the Sectional Title Act, used exclusively for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room. (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes.) or (c) owned by a share-block company and used solely for residential purposes, or (d) a residence used for residential purposes situated on property used for or related to educational purposes.
<b>“State-owned properties”</b>	means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows: (a) State properties that provide local services. (b) State properties that provide regional/municipal district-wide/metro-wide service. (c) State properties that provide provincial/national service. (d) Vacant land.
<b>“Vacant erven”</b>	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant erven.

**All other terms** are given the same meaning as that assigned to it in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), unless the context indicates otherwise.

### 3. POLICY PRINCIPLES

Rates are levied in accordance with the Act as an amount in the Rand based on the market value of rateable property contained in the Municipality’s valuation roll and supplementary valuation rolls.

As allowed for in the Act, the Municipality may choose to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The Municipality does not, however, grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties, on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

There will be no phasing in of rates based on the new valuation roll that became effective on 1 July 2012, except as prescribed by legislation.

## OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY

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The rates policy for the Municipality is based on the following principles:-

**a. Equity**

The Municipality will treat all similar ratepayers with similar properties the same.

**b. Affordability**

The ability of a person to pay rates will be taken into account by the Municipality. In dealing with the poor/indigent ratepayers the Municipality will provide relief measures through exemptions and/or reductions and/or rebates.

**c. Sustainability**

Rating of property will be implemented in a way that-

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality; and
- ii. supports local social and economic development.

**d. Cost efficiency**

Rates will be based on the value of all rateable property and the amount required by the Municipality to balance the operating budget after taking into account the amounts required to finance exemptions, rebates and reductions as approved by the Municipality from time to time. The implementation of the policy must be as cost-effective as possible.

#### **4. SCOPE OF POLICY**

The policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the various property rates are determined when the budget is considered and approved every year.

#### **5. APPLICATION OF THE POLICY**

In imposing the rate in the Rand for each annual operating budget component, the Municipality may grant exemptions, rebates and reductions allowed for in this policy document.

#### **6. CLASSIFICATION OF SERVICES AND EXPENDITURE**

The Chief Financial Officer shall, subject to the guidelines provided by the legislation and the Executive Mayor, provide for the classification of services as outlined in the Municipality's annual budget into trading and economic services.

#### **7. APPLICATIONS**

- a. All applications referred to in this policy must be received by the Municipality before the start of the financial year to which it refers. The Municipality may allow late receipts of such applications but not after 30 September of the financial year;
- b. It is the duty of all such applicants to bring to the attention of the Municipality any amendments to such applications within 7 days after such occurrence.

### **SECTION B: CATEGORIES OF PROPERTY**

#### **8. CRITERIA FOR CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES**

The following are the determined categories of properties in terms of section 8(2) of the Act: -

- a. Residential properties.

## OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY

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- b. Business and commercial properties.
- c. Industrial properties.
- d. Mining properties.
- e. Public service infrastructure.
- f. Public benefit organisations.
- g. Farm properties used for –
  - i) agricultural purposes;
  - ii) business and commercial purposes;
  - iii) residential purposes; or
  - iv) other purposes than (i) to (iii).
- h. Farm properties not used for any purpose;
- i. Smallholdings used for –
  - i) Agricultural purposes;
  - ii) business and commercial purposes;
  - iii) residential purposes;
  - iv) industrial purposes;
  - v) other purposes than (i) to (iv).
- j. State-owned properties that-
  - i) provide local services e.g. clinics and local hospitals, police stations, courts, home affairs offices and public schools;
  - ii) provide regional/municipal district-wide/metro-wide services e.g. prisons and hospitals;
  - iii) provide provincial /national service e.g. defence and provincial and national headquarters and their regional and local administrative offices;
  - iv) comprise vacant land.
- k. Municipal properties.
- l. Protected areas.
- m. Properties used for multiple purposes.
- n. Privately owned developments serviced privately.
- o. Formal and informal settlements.
- p. Vacant land.
- q. Museums.

Rates on properties, including properties used for multiple purposes, will be levied in accordance with the permitted or actual use of the property and not necessarily according to its zoning.

### SECTION C: DIFFERENTIAL RATING

#### 9. DIFFERENTIAL RATING

The following will be taken into consideration for the purposes of differential rating:

- a. the nature of the property including its sensitivity to rating e.g. farms used for agricultural purposes;
- b. promotion of social and economic development by the Municipality;
- c. zoning and/or actual use of property;

## OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY

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- d. geographic rating areas i.e. when an improvement district has been established for that area or special rating areas; and
- e. whether the owner was obliged to erect a building within a set time period and the period has lapsed.

Differential rating among the various property categories will be done by way of setting different Cents in the Rand for each property category.

### 10. ADDITIONAL RATES

The Municipality may in terms of the bylaw for the establishment of improvement districts and the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), as amended-

- a. determine an area within its boundaries as a special rating area;
- b. levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area; and
- c. differentiate between categories of properties when levying an additional rate.

## SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

### 11. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

The following will be taken into consideration for the purpose of granting exemptions, rebates and reductions:

- a. indigent status of the owner of a property;
- b. income of the owner and/or household on a property;
- c. market value of residential property below a determined threshold;
- d. owners of property situated within an area affected by –
  - i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii) any other serious adverse social or economic conditions;
- e. zoning and/or actual use of the property; and
- f. availability of services funded by rates for a property.

### 12. GRANTING OF EXEMPTIONS

In terms of section 15(1) (a) of the Act the owners of the following categories of properties are exempted from paying rates:-

- a. **Residential properties – including residential properties in the urban edge as determined by the Municipality**

The Municipality will not levy a rate on the market value of properties as follows: -

- i) on the first R15 000 on the basis set out in section 17 (1) (h) of the Act; and
- ii) on a further amount in respect of developed residential properties; as an important part of the Municipality's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low-valued properties, in a cost-effective manner. To qualify for this reduction a property must be exclusively used for residential purposes.
- iii) The Municipality may grant a further residential rebate on rates levied on the balance of the market value of developed residential properties, if any, as determined by Council during the budget process.

### b. Multiple use properties

Properties used for multiple purposes which do not fall within the definition of residential properties and, accordingly, do not qualify for the residential rates rebate, may be included in the category of multiple use properties, for which an appointment value for each distinct use of the property will be calculated and used for billing at the appropriate and applicable rate.

Examples of properties used for multiple purposes are the following:

- i) A block of flats with businesses on the ground floor.
- ii) A double storey-building with a shop on the ground floor and the residential quarters on the top floor.
- iii) A farm that consists of the residential portion, a farm portion and unused land, etc.

If the market value of the property cannot be apportioned to its various use purposes, then the entire property will be categorised in terms of the dominant (main or primary) use.

### c. Public Benefit Organisations

Public Benefit Organisations may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

#### i) Health care institutions

Government properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the patients, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

#### ii) Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages; old age home or benevolent institution, including workshops used by the inhabitants, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

#### iii) Child headed households

Any child headed household where such oldest child is younger than 18 years. The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, also proof that he/she receives a social pension or, if he/she does not receive a social pension, proof of certification by a district medical officer. The rateable property in question must be categorised as residential, or as farm properties solely used for residential purposes.

#### iv) Charitable institutions

Property belonging to not-for-gain institutions or organisations that perform charitable work.

#### v) Sporting bodies

Property used by an organisation whose sole purpose is to use the property for amateur sport or any activity connected with such sport.

#### vi) Cultural institutions

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

#### vii) Museums, libraries and art galleries

Registered in the name of private persons or organisations, open to the public and not operated for gain.

- viii) Youth development organisations**

Property owned and/or used by organisations for the provision of youth leadership or development programmes.
- ix) Educational institutions**

Property owned by not-for-gain institutions (declared or registered by law) and used for educational purposes including a residence registered in the name of the educational institution and used by full-time employees of the educational institution.
- x) Animal welfare**

Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- d. A property registered in the name of and used primarily as a place of public worship by a religious organisation/community, including an official residence registered in the name of that organisation/community which is occupied by an office bearer who officiates at services at that place of worship in terms of section 17(1) (i) of the Act. The organisation/community must apply for exemption.
- e. Municipal properties that are not leased or rented out by the Municipality.
- f. **Public places and streets**

All defined roads and/or streets and public places.
- g. **Exemptions are subject to the following conditions:**
  - i) all applications must be addressed in writing to the Municipality;
  - ii) a SARS tax exemption certificate must be attached to all applications where applicable;
  - iii) the municipal manager or his/her nominee must have considered and approved all applications;
  - iv) the Municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.
  - v) false declarations will lead to the forfeit of any exemption and may lead to criminal prosecution.
  - vi) a person who provides false information will be held liable for the immediate repayment of any rebates already granted and legal, civil and criminal action may be instituted against the guilty party(ies).

### 13. GRANTING OF REBATES

#### 13.1 Categories of properties:

##### a. State owned property

State owned property no longer qualifies for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of the properties as specified in this Rates Policy would apply.

##### b. Public Service Infrastructure

Public service infrastructure (as defined in the Act) may not be rated on the first 30 percent of its market value in terms of section 17 (1) (a) of the Act.

##### c. Agricultural

- i. **Farms** (in terms of section 8(2)(d)(i) of the Act)

Agricultural properties will be rated as determined by Council subject to the owner providing the Municipality with proof that the farm property is used for agricultural purposes.

**ii. Smallholdings** (in terms of section 8(2)(f) of the Act)

There are three categories of smallholdings:

- Those that qualify for the agricultural rebate (see above);
- Those that are primarily residential in nature and will qualify for a rebate of 50 percent. The owner must apply to the Municipality and declare in an affidavit that no contraventions of the zoning scheme take place on the property;
- Those being used 40 percent or more for commercial or industrial purposes (such as truck depots, construction yards or factories), do not qualify for any rebates or valuation reductions.

**d. Conservation Land**

Section 17 (1) (e) of the Act precludes Council from levying rates on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental: Management: Biodiversity Act, 2004, which are not developed or used for commercial, farming or residential purposes. The apportioned value of any portion of such properties utilized for any purpose other than that used for such conservation purposes will be rated accordingly.

**e. Properties in rural areas**

The Municipality may grant a rates rebate to properties in rural areas as a result of, and taking into account, the limited rate-funded services supplied to such properties.

**f. Properties with a market value below a prescribed valuation level**

Instead of a rate determined on the market value, properties with a valuation below an amount as determined by the Municipality may be rated at a fixed amount per property.

**13.2. Categories of owners**

**a. Retired and Disabled Persons Rate Rebate**

- i) Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:
- be a South African citizen;
  - occupy the property as his/her normal residence, provided that where the owner is unable to occupy the property due to circumstances beyond his/her control, the spouse or minor children may satisfy the occupancy requirement. Absence of up to three months per year from the property will be disregarded for the purposes of this requirement;
  - be at least 60 years of age or in receipt of a disability pension from the State;

## OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY

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- be in receipt of a total monthly income from all sources and if applicable, other persons in the household, not exceeding the amount as decided by the Municipality; and
  - not be the owner of more than one property.
- ii) Property owners must apply on a prescribed application form for a rebate as determined by the Municipality.
- iii) Applications must be accompanied by -
- a certified copy of the identity document or any other proof of the owners age which is acceptable to the Municipality;
  - sufficient proof of total income of the owner and his/her spouse;
  - an affidavit from the owner;
  - if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iv) The Municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

### 13.3. Other cases

#### a. Municipal property and usage:-

- i) A *pro rata* rebate may be granted where the seller sells land after the financial year has started.
- ii) Where the Municipality register a road reserve or servitude on a privately owned property, a *pro rata* rebate equal to the value of the reserve or servitude will be given to the owner of the property.

## SECTION E: RATES ADJUSTMENTS

### 14. RATE INCREASES/DECREASES

- 14.1 The Municipality will consider increasing/decreasing rates annually during the budget process.
- 14.2 Rate increases will be used to finance the increase in operating costs of rates funded services.
- 14.3 Rates adjustments may be made taking into account all or any of the following factors:
- a. all salary and wage increases as agreed at the South African Local Government Bargaining Council;
  - b. inflation;
  - c. the cost of capital;
  - d. statutory increases affecting the Municipality; and
  - e. increases or decreases on operating subsidies received.

## **15. RESOLUTIONS LEVYING RATES**

The process as set out in the Act will be followed in notifying the public of any decisions by the Municipality regarding rates resolutions.

## **SECTION F: LIABILITY FOR RATES**

### **16. LIABILITY FOR RATES BY PROPERTY OWNERS**

Ratepayers may choose between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the seventh day of the month following on the month in which it becomes payable. If the owner of property does not notify the Municipality before the start of the financial year that he/she prefers to pay rates in one payment on or before 30 September of the financial year, such owner must pay the amount due in twelve equal instalments. A notice from an owner regarding the manner of payment of rates will remain applicable for future financial years until withdrawn by the owner. Interest on arrear rates shall be payable.

If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner and on the date/s due, it will be recovered from him/her.

Arrear rates shall be recovered from tenants, occupiers and agents of the owner, in terms of the Act.

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the Municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the valuation roll.

In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

### **17. CLEARANCE CERTIFICATE**

- 17.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of the certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyer.
- 17.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 17.3 No interest shall be paid in respect of these payments.
- 17.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyer has been received.
- 17.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount have been paid.
- 17.6 The rates clearance certificate validation period is 90 days and the amount due for payment is calculated as follows:

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- a. Applications received between the 1<sup>st</sup> and the 14<sup>th</sup> of the month will include 3 (three) months advance collections plus all current outstanding debt on the property.
  - b. Applications received between the 15<sup>th</sup> and the end of the month will include 4 (four) months advance collections plus all current outstanding debt on the property.
- 17.7 After receiving the rates clearance application form, the Municipality has 10 (ten) working days to forward the amount due for payment and another 10 (ten) working days to produce the rates clearance certificate, once proof of payment has been established.

### 18. REGULAR REVIEW PROCESSES

The rates policy will be reviewed on an annual basis.

### 19. IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS

The cost to the Municipality and benefit to the local community of exemptions, rebates, reductions and exclusions referred to in sections 17 (1) (a), (e), (g) (h) and (i) of the Act are reflected in the Municipality's budget.

### 20. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION

- 20.1 In circumstances where a valuation has been carried out by the municipal valuer, in pursuance of a Supplementary Valuation (SV) in terms of section 78(1)(d) or 78(1)(f) of the MPRA as a result for example, of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in the SV, such valuation shall be submitted to the CFO for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event caused a SV to be required.
- 20.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property/s in the SV, then:-
- a. The municipal valuer shall conduct a valuation of the relevant property/s for purposes of a SV; and
  - b. The valuation shall be submitted to the CFO for approval of the levying of rates on such property/s in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as may be the case), was registered in the Deeds Office.
- 20.3 Any valuations performed in terms of paragraph 20 shall be included in the next SV prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of section 49 of the Act.

### 21. IMPLEMENTATION PROCESS AND REVIEW PROCESS

This policy will come into effect on 1 July 2014 and will be reviewed at least annually by way of a Council resolution.

**22. SHORT TITLE**

This policy will be referred to as the **Rates Policy of the Overstrand Municipality**.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: REVENUE</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	04 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
<b>PREVIOUS REVIEW:</b>	27 MAY 2009
<b>APPROVAL BY COUNCIL:</b>	31 MARCH 2008

**OVERSTRAND MUNICIPALITY**

**TARIFF POLICY**

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**PREAMBLE**

**Whereas** section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

**And whereas** the tariff policy should at least include the principles contained in section 74(2) of the Act, thus giving effect to the By-Law required in terms of section 75 of the Act;

**And whereas** the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiation does not amount up to unfair discrimination;

**Now therefore** the Municipal Council of the Overstrand Municipality adopts the following Tariff Policy:

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**1. DEFINITIONS**

In this tariff policy, unless the context otherwise indicates –

<b>“Availability Charge”</b>	Availability charge means a charge levied on all properties with or without improvements, where a basic fee is not levied.
<b>“basic municipal service”</b>	means the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this policy are restricted to electricity, refuse, sewage and water services;
<b>“break even”</b>	means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;
<b>"capital contributions"</b>	means the tariffs payable in respect of the water, electricity, sewage, storm water, roads and refuse removal infrastructure of the Municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
<b>“Commercial Unit/Erff”</b>	means a self-contained or lettable section within a building or a group of buildings on the same plot excluding short term residential accommodation establishments for e.g. hotels, bed & breakfast, guest houses etc. An owner of a commercial property may annually choose between being levied either per erf or per commercial unit for water and sewage basic charges. This choice must be applied on or before 30 September of each financial year.
<b>“community services”</b>	means the services referred to in paragraph 5(1)(c) and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;
<b>“consumer, customer, owner, occupier, account holder”</b>	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied.
<b>“Council” or “municipal council”</b>	means a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Overstrand Municipality;
<b>“economic services”</b>	means services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers;
<b>“lifeline”</b>	Available to pre-paid consumers whose connection is ≤30Amp with a maximum average consumption of 350 kWh measured over a period of 12 months. This tariff is only available to Informal dwellings in informal settlements;
<b>“fixed costs”</b>	means costs which do not vary with consumption or volume produced;
<b>“multi-purpose”</b>	In relation to a property, means the use of a property for more than one purpose;
<b>“Municipality”</b>	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand;
<b>“Municipal Manager”</b>	means the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty;
<b>“resident “</b>	means a person who normally resides in the municipal area;
<b>“residential unit”</b>	Means a single residential erf, flat, townhouse or group development unit, retirement village unit, guest house, bed and breakfast and any household related consumer that do not fall in one of the

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	above household consumer categories;
“RUE”	means Residential Unit Equivalent;
“the Act”	means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
“total cost”	means the sum of all fixed and variable costs associated with a service;
“trading services”	means services that the Council has classified as such and the tariffs have been compiled with the intention that the Council makes a profit from the delivery of the services;
“vacant land”	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant erven.
“variable costs”	means costs that vary with consumption or volume produced;
“wet Industry”	Defined as an industry using water as essential and fundamental input in the production process.

## 2. PURPOSE OF POLICY

The Overstrand Municipality wishes to achieve the following objectives by adopting this tariff policy:-

- 2.1. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
- 2.2. To prescribe procedures for calculating tariffs where the Municipality wishes to appoint service providers in terms of section 76(b) of the Act.
- 2.3. To give guidance to the Portfolio Committee for Finance regarding tariff proposals that must be submitted to Council annually during the budgetary process.

## 3. TARIFF PRINCIPLES

The Overstrand Municipality wishes to record that the following tariff principles will apply:-

- 3.1. Service tariffs imposed by the Municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a criterion.
- 3.2. Tariffs for the basic municipal services rendered by the Municipality, namely:
  - (a) electricity;
  - (b) water;
  - (c) sewage (waste water); and
  - (d) refuse removal (solid waste),
 shall, be calculated at a level which will recover all expenses associated with the rendering of these services.
- 3.3. To prevent existing consumers from subsidising the capital costs associated with new developments and subdivisions the Municipality will plan and manage the extension of services in such a manner that it will not impact negatively on the fixed costs and availability charges of existing tariffs.
- 3.4. Capital contributions to finance new developments and subdivisions will be required from all developers.
- 3.5. All users of municipal services, within a category of users, will be treated equitably.

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- 3.6. The amount payable by consumers and/or owners will generally be in proportion to usage of the service.
- 3.7. The Municipality shall develop, approve and at least annually review an indigent support policy for the municipal area. This policy shall set out clearly the Municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- 3.8. Subject to annual budgetary provisions and the availability of funds from National Treasury through the equitable share contribution, the Municipality may consider supplying free basic services to categories of consumers.
- 3.9. In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the Municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis.
- Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:-
- (a) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
  - (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and if possible, generating a surplus on trading services.
  - (c) Service providers retain a fair rate of return on their investments.
- 3.10. Provision may be made in appropriate circumstances for surcharges on tariffs.
- 3.11. Efficient and effective use of resources may be encouraged by providing for penalties to prohibit or restrict exorbitant use.
- 3.12. The extent of subsidisation of tariffs will be disclosed and such disclosure will include the extent of subsidisation of the indigent or incentives for local development.
- 3.13. Provisions may be made for the subsidisation of the indigent and the promotion of local economic development by creating expenditure votes in the service budgets and including the costs in tariff calculations.
- 3.14. VAT is included in all tariffs where applicable.
- 3.15. This policy shall be binding on all tariffs other than those governed by legislation which supersedes the Act.
- 3.16. A property used for multiple purposes must, for purposes related to the services and categories of users concerned, be calculated at the appropriate and applicable rate for each distinct use of the property.
- 3.17. In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by consumers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time as well as sufficient provision for working capital. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing consumers.

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**4. CATEGORIES OF CONSUMERS**

- 4.1. Separate tariff structures may be imposed for the following categories of consumers (which the council may change) :
- (a) domestic consumers;
  - (b) commercial consumers;
  - (c) industrial consumers;
  - (d) agricultural consumers;
  - (e) organs of state;
  - (f) municipalities;
  - (g) consumers with whom special agreements were made;
  - (h) consumers in certain geographical areas;
  - (i) sport and recreation facilities
  - (j) private schools & educational institutions;
  - (k) public benefit organisations and suchlike institutions, and
  - (l) vacant land
- 4.2. Section 74(3) of the Municipal Systems Act allows for the differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination.
- 4.3. Where there are substantial differences between the infrastructures used to provide services to specific groups of users within a category and/or standard of services provided, the Council can, after considering a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.
- 4.4. Differentiated tariffs must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.
- 4.5. If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users in this policy, the Municipal Manager shall, by applying the closest match principle, determine the category under which the user or category of users fits in best, taking into account the nature of the service concerned and the user or category of users involved.

**5. INCENTIVE POLICY**

- 5.1. Tariffs will not reflect incentives for investment or to promote economic development.

**6. INDIGENT RELIEF**

- 6.1. Tariffs will not reflect relief granted to indigent households. Such relief will be developed as a separate policy and be subject to the discretion of Council as to its sustainability.
- 6.2. All such relief will be reflected, accounted for and disclosed separately in invoices, account statements, budgets, financial statements or reports.
- 6.3. During implementation of such policy, cognisance will be taken of the fact that the existing tariffs and procedures may require amendment to accommodate the above clauses and that such amendments will be phased in over time.

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- 6.4. Indigent households are expected to manage their consumption of services within the levels of relief granted.
- 6.5. Assistance and management of indigent households is contained in the Customer Care and Debt Collection Policy/By-Law. The Municipality, however, retains the right to limit consumption through prepaid meters or restriction if the accounts of assisted households fall into arrears.

**7. SERVICE, EXPENDITURE CLASSIFICATION AND COST ELEMENTS**

**7.1. Service classification**

7.1.1. To isolate the costs associated with a service, the Municipal Manager shall, subject to the guidelines provided by the National Treasury, Generally Recognised Accounting Practice (GRAP) and Executive Mayoral Committee of the Council, provide for the classification of services into the following categories:-

- (i) trading services;
- (ii) economic services;
- (iii) community services; and
- (iv) subsidised services.

7.1.2. Trading and economic services must be financially ring-fenced and financed from service charges while community and subsidised services will be financed from rates and related income.

**7.2. Expenditure classification**

Expenditure will be classified in accordance with GRAP.

**7.3. Cost elements**

The following cost elements may be used to calculate the tariffs of the different services:-

- (a) "*Fixed costs*" which consist of the capital costs (interest and redemption) on external loans as well as internal advances and/or depreciation, whichever are applicable to the service, and any other costs of a permanent nature as determined by the Council from time to time.
- (b) "*Variable costs*" which include all other variable costs that have reference to the service.
- (c) "*Total cost*" which is equal to the fixed costs and variable costs.

**8. TARIFF TYPES**

In determining the type of tariff applicable to the type of service, the Municipality shall make use of any of the following six options or a combination thereof:-

**8.1. "Single tariff":-**

This tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Municipal Manager, the Council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

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**8.2. “Cost related two to four part tariff”:-**

This tariff shall consist of two to four parts. Management, capital, maintenance and operating costs may be recovered by grouping certain components together, e.g. management, capital and maintenance costs may be grouped together and may be recovered by a fixed charge, independent of consumption for all classes of consumers, or the total costs may be recovered by a unit charge per unit consumed. Three and four part tariffs may be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

**8.3. “Inclining block tariff”:-**

This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase.

**8.4. “Declining block tariff”:-**

This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.

**8.5. “Regulating tariff”:-**

This tariff is only of a regulatory nature and the Municipality may recover the full or a portion of the cost associated with rendering the service.

**8.6. “Cost plus mark-up tariff”:-**

This tariff is for other services rendered.

**9. CALCULATION OF TARIFFS FOR MAJOR SERVICES**

**9.1. General**

In order to determine the tariffs which must be charged for the supply of the basic municipal services, (electricity, refuse, sewage and water), the Municipality shall use service and expenditure classifications and cost elements contained in clause 7 and identify all the costs associated with the service concerned, including the following:-

9.1.1. Cost of bulk purchases in the case of electricity and water.

9.1.2. Distribution costs, including distribution losses in the case of electricity and water.

9.1.3. Depreciation and finance charges.

9.1.4. Maintenance of infrastructure and other assets.

9.1.5. Administration and service costs, including:-

- (a) service charges levied by other support services, such as finance, human resources and legal services;
- (b) reasonable general overheads, such as the costs associated with the office of the Municipal Manager;
- (c) adequate contributions to the provisions for bad debts, working capital and obsolescence of stock;
- (d) all ordinary operating expenses associated with the service concerned, including the cost of providing street lighting in the municipal area in the case of the electricity service.

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- 9.1.6. The intended surplus to be generated for the financial year shall be applied generally in relief of rates and general services.
- 9.1.7. Where a consumer has an option to choose between different tariffs on a service such option must be executed before 30 September to be implemented for the specific financial year.

**9.2. Electricity**

- 9.2.1. The guidelines and policy issued by the National Energy Regulator from time to time will form the basis of calculating tariffs.
- 9.2.2. The Municipality has standardized on the installation of Pre Payment Meters for all Domestic Consumers. As such it is compulsory for all new domestic connections to be equipped with Pre Payment Meters. The Municipality has embarked on a program to effect the migration of all Credit Meters to Pre-Payment Meters. The change from Pre Payment Meters to Credit Meter will therefore be disallowed unless special health circumstances exist, in which extreme case a credit meter will be installed by special concession from the Director of Infrastructure and Planning and by payment of the required change of meter fees as well as the required deposit.
- 9.2.3. To make electricity affordable to certain categories of consumers, cross subsidisation between and within categories of consumers will be allowed, based on the load factors of the categories and consumers within the category.
- 9.2.4. The fixed costs, or portions thereof, will be recovered through an energy or time-of-use charge.
- 9.2.5. A basic charge per electricity meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all electricity consumers.

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9.2.6. To apply the abovementioned principles, the consumer types and cost allocations reflected in the following table will be used:-

Categories of Consumers	Tariff Components			
	Fixed Charge (Rand/consumer/month)	Active Energy Charge (cent/kWh/month)	Seasonally Time-of-use Energy Charge Peak / Standard / Off-peak (sent/kWh/month)	Capacity Charge (Rand/KVA/month)
<b>Single Phase:</b> (Domestic Credit meters)	X	X		<b>*Note: IBT BLOCK</b> 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
<b>Single Phase:</b> (Domestic Pre-paid meters)	X	X		<b>*Note: IBT BLOCK</b> 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
Life Line One Part		X		0 – 350 kWh
One Part – (pre-paid meters only) Local Economic Development Projects		X		0 – 350 kWh
<b>Single Phase:</b> (Commercial Credit meters)	X	X		Flat rate
<b>Single Phase:</b> (Commercial Pre-paid meters)	X	X		Flat rate
<b>Three Phase:</b> (Domestic Credit meter) ≤ 100A	X	X		<b>*Note: IBT BLOCK</b> 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
<b>Three Phase:</b> (Domestic Pre-paid meter) ≤ 100A	X	X		<b>*Note: IBT BLOCK</b> 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
<b>Three Phase:</b> (Commercial Credit meter) ≤ 100A	X	X		<b>Flat Rate</b>
<b>Three Phase:</b> (Commercial Pre-Paid meter) ≤ 100A	X	X		<b>Flat Rate</b>
Economic Pre-paid:- ≤ 100A		X		<b>Flat Rate</b>
<b>Bulk:</b>				
≤ 100kVA	X	X	X	X
> 100kVA ≤ 500kVA	X	X	X	X
> 500kVA ≤ 1000kVA	X	X	X	X
Time of Use based on Ruraflex Munic for LV or HV			X	X
Itinerant customers		X		
Access Charge				X
Reactive Energy			X	
Special maximum kWh		X		

(a) A basic level of service will be provided free to qualifying households with a total gross income level which is below a

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determined amount, and according to further specified criteria, as determined by Council from time to time.

- (b) Where a property or unit is not connected to the electricity reticulation system, but can reasonably be so connected, an availability tariff will be payable.
- 9.2.7. A fixed infrastructure basic charge for electricity will be levied on a monthly basis on all properties or units.
- 9.2.8. An availability charge will be levied on all erven or units not connected to the electricity network, but can reasonably be connected to the service.
- 9.2.9. The use of tariffs E4A8 & E5A14 "Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month".

Each Large Power User and Time-of-Use User must nominate the Maximum Demand that the User intends to draw from the Overstrand Municipal Electricity Network. This nominated figure is known as the Nominated Maximum Demand (NMD) and is measured in kVA.

Upon exceeding this NMD, the User will be warned that he/she has exceeded the NMD and upon exceeding such NMD again within the next 12 months, the User will be required to pay the charge per kVA as indicated under tariffs E4A8 or E5A14 as the case may be. Each subsequent exceeding of the NMD will be charged similarly. When the NMD has not been exceeded in any 12 consecutive months, the User will then only receive a warning upon the next time the NMD is exceeded, after which the required tariff will again be instituted as shown above.

The User may increase his/her NMD and would be required to pay the associated tariffs as indicated under E16, where appropriate. A User may increase his NMD as many times as is needed within one financial year, but may only decrease the NMD once within any Financial Year.

**9.3. Water**

- 9.3.1. The categories of water consumers as set out in clause 9.3.4 shall be charged at the applicable tariffs as approved by the Council in each annual budget.
- 9.3.2. The first 6kl of water consumption per month shall only be supplied pro rata free of charge to domestic water consumers who qualify for the indigent grant.
- 9.3.3. Because water is a scarce national resource, and this Municipality is committed to the prudent conservation of such resources, the tariff levied for consumption of water shall escalate according to the volume of water consumed.

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9.3.4. The tariffs for consumption of purified water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Fixed Charge (Rand/meter/month)	Unit Charge per kℓ	Level of Consumption (Rand/kℓ/month)
<b>NORMAL TARIFF</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 0 - 6 kℓ 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ

<b>RESTRICTION TARIFF (LEVEL 1 RESTRICTION) PLUS 30% on Normal Tariff)</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 0 - 6 kℓ 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ

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<b>RESTRICTION TARIFF (LEVEL 2 RESTRICTION) PLUS 60% on Normal Tariff)</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 0 - 6 kℓ 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ

<b>RESTRICTION TARIFF (LEVEL 3 RESTRICTION) PLUS 100% on Normal Tariff)</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 0 - 6 kℓ 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ

- 9.3.5. A basic charge per water meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all water consumers.
- 9.3.6. A fixed infrastructure basic charge for water will be levied on a monthly basis on all erven or units.
- 9.3.7. An availability charge will be levied on all erven or units not connected to the water network but can reasonably be connected to the service.

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#### 9.3.8. Allocation of RUE's to categories of Household consumers:

<b>Clinics – Out patients</b>	□ 1 RUE
<b>Flats</b>	□ 1 RUE per residential unit
<b>Guest houses and B &amp; B's</b>	□ 1 RUE
<b>Household related consumers that do not fall in one of the above household consumer categories</b>	□ Upon application the Engineering & Financial Departments will assess the validity within the tariff's structural framework.
<b>Old Age Homes, Hostels &amp; Boarding School</b>	□ 1 RUE per 7 Beds
<b>Retirement Villages, Hospital &amp; Hospice</b>	□ 1 RUE per 1 residential unit □ 1 RUE per 7 Frail care beds
<b>Single Residential erven</b>	□ 1 RUE
<b>Townhouse and group developments</b>	□ 1 RUE per unit

9.3.9. The number of water basic and infrastructure charges for non-household consumers shall be coupled to the number of commercial sewage basic and infrastructure charges.

9.3.10. An availability charge will be levied on all erven/units not connected to the water network, but can reasonably be so connected. -

9.3.11. The tariffs for consumption of irrigation and raw water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Charge (Rand/meter/month)	Level of Consumption (Rand/kiloliter/month)
Use and pump water	<b>X</b>	80 – 90 minutes
Small Holdings	<b>X</b>	(i) 0 – 70 kℓ (ii) > 70 kℓ

#### 9.3.12. Wet Industries –

9.3.12.1. Commercial and Sport (Customers must apply for this tariff)

Detail	Basic Charge (Rand/meter/month)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	<b>X</b>	<b>X</b>	(i) 0 – 500 kℓ (ii) 501 – 1 000 kℓ (iii) > 1 000 kℓ
Restriction Tariff (level 1 restrictions) <b>PLUS 30% of Normal Tariff</b>	<b>X</b>	<b>X</b>	(i) 0 – 300 kℓ (ii) 301 – 700 kℓ (iii) > 700 kℓ
Restriction Tariff (level 2 restrictions) <b>PLUS 60% of Normal Tariff</b>	<b>X</b>	<b>X</b>	(i) 0 – 250 kℓ (ii) 251 – 500 kℓ (iii) > 500 kℓ
Restriction Tariff (level 3 restrictions) <b>PLUS 100% of Normal Tariff</b>	<b>X</b>	<b>X</b>	(i) 0 – 100 kℓ (ii) > 100 kℓ

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#### 9.3.12.2. Industry - Marine (Customers must apply for this tariff)

Detail	Basic Charge (Rand/meter/month)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff (level 1 restrictions) <b>PLUS 30% of Normal Tariff</b>	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff (level 2 restrictions) <b>PLUS 60% of Normal Tariff</b>	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff (level 3 restrictions) <b>PLUS 100% of Normal Tariff</b>	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ

9.3.13. The tariffs for consumption of Treated Effluent water shall be based on the levels reflected in the following table:-

Detail	Basic Charge (Rand/meter/month)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Hermanus Golf Club	X	X	As per agreement
Schools, municipal sport grounds& project sport grounds as per agreement		X	As per Agreement
Curro Holdings		X	250kℓ free per day
Other		X	

#### 9.3.14. Restriction Tariff

- 9.3.14.1. When the capacity level of the source reaches 40% Restriction level 1 will be applied;
- 9.3.14.2. When the capacity level of the source reaches 20% Restriction level 2 will be applied;
- 9.3.14.3. When the capacity level of the source reaches 13% Restriction level 3 will be applied.

#### 9.4. Refuse Removal

- 9.4.1. A separate fixed monthly refuse removal charge shall apply to each category of users based on the costs of the service concerned and the applicable level of service, which can vary from once a week up to 7 times a week.
- 9.4.2. The fixed basic charge will be based on number of removals per week.
- 9.4.3. An availability charge will be levied on all erven/units where no building plan has been approved. -
- 9.4.4. The tariff for refuse removal for residential units will be one removal per household.

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**9.5. Sewage**

9.5.1. The categories of sewage users as set out below shall be charged monthly at the applicable tariff as approved by the Council in each annual budget:-

- (i) Domestic (including Semi Permanent Caravan Sites);
- (ii) Hotels, Hostels, Hospitals, Old Age Homes and Group Housing;
- (iii) Guest Houses and Bed & Breakfast Establishments;
- (iv) Shops and Offices;
- (v) Low Cost Housing Schemes;
- (vi) Schools;
- (vii) Caravan Parks with communal ablution facilities;
- (viii) Departmental Municipality;
- (ix) Consumers with a conservancy tank.

9.5.2. A basic charge per month shall be levied on all properties or units within built up or urban areas, irrespective of the type of service available.

9.5.3. A sewage usage charge will be levied on all properties or units that produce sewage or have a water meter. This charge will be levied as follows:

- (i) **SEWAGE – SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling houses and Duplex apartments)**  
The sewage volume will be deemed to be 70% of water consumption, up to a maximum of 35kℓ of sewage per month (70% of 50kℓ water per month).
- (ii) **SEWAGE – GENERAL RESIDENTIAL (Blocks of apartments and Residential Buildings)**  
Sewage volume will be deemed to be 90% of water consumption per individual unit up to a maximum of 45kℓ of sewage per month (90% of 50kℓ water per month).
- (iii) **SEWAGE – GUEST HOUSES AND BED & BREAKFAST ESTABLISHMENTS**  
Sewage volume will be deemed to be 70% of water consumption per individual unit.
- (iv) **ALL OTHER USERS (Including Commercial, Industrial, School, Sport, etc.)**  
The sewage volume will be deemed to be 90% of water consumption.  
The 90% may be adjusted by the Municipal Manager as appropriate to the consumer. The Municipal Manager may also institute a cap on the volume of sewage if appropriate to the consumer.

9.5.4. An effluent fee shall further be payable by factories and other industrial users where the wastewater emanating from such users requires special purification measures by the Municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of purification.

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- 9.5.5. A fixed infrastructure basic charge for sewage will be levied on a monthly basis per erf or per unit.
- 9.5.6. Consumers with conservancy or septic tanks may only apply to have their tariff changed at the beginning of a financial year before 30 September.
- 9.5.7. The sewage basic and infrastructure charge shall be levied on the owner's account, whilst the consumption portion of the charge shall be levied on the same account as where the water consumption is charged.
- 9.5.8. The number of commercial sewage basic and infrastructure charges shall be coupled to the number of non-household water basic and infrastructure charges.
- 9.5.9. A sewage availability charge shall apply to serviced vacant or - developed land.

#### 9.6. Minor tariffs

- 9.6.1. All minor tariffs shall be standardised within the municipal region.
- 9.6.2. All minor tariffs shall be approved by the Council in each annual budget and shall, when deemed appropriate by the Council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot be determined accurately, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
- 9.6.3. Minor tariffs may include fees for the following:-

<b>A</b>	Administration	<ul style="list-style-type: none"> <li>▪ Access to information</li> <li>▪ Administration Costs</li> <li>▪ Advertisements / Advertising</li> <li>▪ Bank cost on foreign accounts</li> <li>▪ Deposit Consultation</li> <li>▪ Duplicate Accounts</li> <li>▪ Facsimiles</li> <li>▪ Interest on Accounts in Arrear</li> <li>▪ Management consultation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Photocopies</li> <li>▪ Placard / Poster Costs</li> <li>▪ Section 62 Appeals</li> <li>▪ Tender Objections</li> <li>▪ Tender Participation Costs</li> <li>▪ Top Management Consultation</li> <li>▪ Top Management Deposit</li> <li>▪ Trace of Direct Deposits</li> </ul>
<b>B</b>	Building Control	<ul style="list-style-type: none"> <li>▪ Administration / Storage fee</li> <li>▪ Alterations &amp; Additions</li> <li>▪ Building Plans</li> <li>▪ Contravention Levy</li> <li>▪ Demolition Fees</li> <li>▪ Deposits</li> <li>▪ Encroachments</li> <li>▪ Heritage Investigations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inspection Fees</li> <li>▪ Land Use Planning</li> <li>▪ Photocopies of Building Plans</li> <li>▪ Plan Printing Fees</li> <li>▪ Plan Scrutiny Fees</li> <li>▪ Re-inspection fees</li> <li>▪ Searching Fees</li> </ul>
<b>C</b>	Cemeteries	<ul style="list-style-type: none"> <li>▪ Garden of Remembrance</li> <li>▪ Grave-sites</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indication of grave</li> </ul>
<b>D</b>	Commercial Filming/Photographing	<ul style="list-style-type: none"> <li>▪ Cancellation Fee</li> <li>▪ Permits</li> </ul>	
<b>E</b>	Credit Control & Debt Collecting	<ul style="list-style-type: none"> <li>▪ Administration fee</li> <li>▪ Notices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sheriff fee</li> <li>▪ Tracing fee</li> </ul>
<b>F</b>	Dog Tax	<ul style="list-style-type: none"> <li>▪ Licenses</li> </ul>	
<b>G</b>	Electricity	<ul style="list-style-type: none"> <li>▪ Administration Fee Recalculation</li> <li>▪ Builders connection</li> <li>▪ Bulk Service Development Fees</li> <li>▪ Call-out fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Illuminated Signs</li> <li>▪ Meter Testing</li> <li>▪ Meter Verification</li> <li>▪ MV Switching</li> </ul>

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		<ul style="list-style-type: none"> <li>▪ Cancellation Fee</li> <li>▪ Capital Contributions</li> <li>▪ Certificates</li> <li>▪ Change from Bulk to Time of use</li> <li>▪ Change of Circuit Breaker</li> <li>▪ Commission of Bulk Meter</li> <li>▪ Connection and Disconnection of Service</li> <li>▪ Consumer Deposits</li> <li>▪ Contractor Inspection</li> <li>▪ Conversion of meters</li> <li>▪ Credit Control and Debt Collection</li> <li>▪ Damaged cables</li> <li>▪ Damaged meter</li> <li>▪ Disconnection</li> <li>▪ Erection of Banners</li> <li>▪ Extension Fee</li> <li>▪ Fee recalculation – no access</li> </ul>	<ul style="list-style-type: none"> <li>▪ New Service Connections</li> <li>▪ Reconnection</li> <li>▪ Remedial Action Fee</li> <li>▪ Removal of meter</li> <li>▪ Rental of Equipment</li> <li>▪ Repair of Cables or Additional Joints</li> <li>▪ Repositioning of Meter</li> <li>▪ Service Connections</li> <li>▪ Special Meter Readings</li> <li>▪ Still-off” inspections</li> <li>▪ Street Lighting</li> <li>▪ Sundry Services</li> <li>▪ Tariff change</li> <li>▪ Unsafe/illegal leads per visit</li> <li>▪ Upgrading extension Fee</li> <li>▪ Verification of meter reading</li> <li>▪ Way leave</li> <li>▪ Wheeling</li> </ul>
<b>H</b>	Fire Services & Disaster Management	<ul style="list-style-type: none"> <li>▪ Plot Clearing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Re-inspection Fee under the Bylaw</li> </ul>
<b>I</b>	Housing	<ul style="list-style-type: none"> <li>▪ Administration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rental</li> </ul>
<b>J</b>	Law Enforcement	<ul style="list-style-type: none"> <li>▪ Business Licenses</li> <li>▪ Bylaw on outdoor advertising</li> <li>▪ Impoundment of Hawkers goods</li> <li>▪ Impoundment of illegal Advertising/Agent boards</li> <li>▪ Inspection Fees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pound fee Dogs and Cats</li> <li>▪ Pound fee other animals</li> <li>▪ Re-inspection Fee</li> <li>▪ Removal of illegal structure</li> <li>▪ Storage Fee</li> </ul>
<b>K</b>	Libraries	<ul style="list-style-type: none"> <li>▪ Deposits</li> <li>▪ Facsimiles</li> <li>▪ Internet Usage</li> <li>▪ Lost Cards</li> <li>▪ Penalty for Late Return</li> <li>▪ Photocopies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rental of Library Amenities</li> <li>▪ Reservations</li> <li>▪ Scanning</li> <li>▪ Special Requests</li> <li>▪ Subscription</li> <li>▪ Visitors Fee (Handling)</li> </ul>
<b>L</b>	Municipal Buildings	<ul style="list-style-type: none"> <li>▪ Deposits</li> <li>▪ Rental of Amenities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rental of Equipment</li> </ul>
<b>M</b>	Operational Cost	<ul style="list-style-type: none"> <li>▪ Street Signage</li> </ul>	
<b>N</b>	Parking Fee Beaches Grotto & Kleinmond	<ul style="list-style-type: none"> <li>▪ Beach Rental</li> <li>▪ Bus Drop off</li> <li>▪ Parking Busses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Parking vehicles</li> <li>▪ Permit</li> <li>▪ Season Ticket</li> </ul>
<b>O</b>	Property Administration	<ul style="list-style-type: none"> <li>▪ Application lease/purchase</li> <li>▪ Encroachment Fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Memorial Benches</li> <li>▪ Radio Mask</li> </ul>
<b>P</b>	Public Works	<ul style="list-style-type: none"> <li>▪ Felling and Pruning of Trees</li> <li>▪ Private Work</li> <li>▪ Sale of Miscellaneous Items</li> <li>▪ Storm Water Drainage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Street Signage</li> <li>▪ Tar and Patch Work</li> <li>▪ Vehicle Entrances</li> </ul>
<b>Q</b>	Recreational Amenities	<ul style="list-style-type: none"> <li>▪ Boat Launching</li> <li>▪ Boat License/Permits</li> <li>▪ Caravan Parks</li> <li>▪ Community Halls</li> <li>▪ Deposit</li> <li>▪ Frank Robb Hut</li> <li>▪ Hawker Stalls Lagoons</li> <li>▪ Lagoons</li> </ul>	<ul style="list-style-type: none"> <li>▪ Office Rental</li> <li>▪ Open Spaces</li> <li>▪ Public Open Space</li> <li>▪ Schuss Houses</li> <li>▪ Spaces for Sport</li> <li>▪ Sport Events</li> <li>▪ Swimming pool</li> </ul>
<b>R</b>	Roads	<ul style="list-style-type: none"> <li>▪ Capital Contributions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bulk Service Development Fee</li> </ul>

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<b>S</b>	Refuse Removal	<ul style="list-style-type: none"> <li>▪ Asbestos Sheet</li> <li>▪ Baboon Resistant Bins</li> <li>▪ Capital Contributions</li> <li>▪ Deposits</li> <li>▪ Mass Containers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Refuse Bins</li> <li>▪ Rental of Bulk Containers</li> <li>▪ Replacement of Bulk Containers</li> <li>▪ Self Dumping</li> </ul>
<b>T</b>	Sewage	<ul style="list-style-type: none"> <li>▪ Bulk Service Development Fee</li> <li>▪ Capital Contributions</li> <li>▪ Connection of tanks</li> <li>▪ Disposal</li> </ul>	<ul style="list-style-type: none"> <li>▪ Service Connections</li> <li>▪ Tank Services</li> <li>▪ Testing of tanks</li> </ul>
<b>U</b>	Stony Point	<ul style="list-style-type: none"> <li>▪ Annual Permit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Visitors</li> </ul>
<b>V</b>	Swimming Pool	<ul style="list-style-type: none"> <li>▪ Entrance Fee</li> <li>▪ Galas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Training session</li> </ul>
<b>W</b>	Town Planning	<ul style="list-style-type: none"> <li>▪ Advertising Cost</li> <li>▪ Application Fee</li> <li>▪ Contravention Application</li> <li>▪ Departure</li> <li>▪ Extension of Time</li> <li>▪ Land use planning Fee</li> <li>▪ Registered Letter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Removal of Title Deed Restrictions</li> <li>▪ Rezoning application</li> <li>▪ Spatial Development Framework</li> <li>▪ Sub-division</li> <li>▪ Zoning Certificate</li> </ul>
<b>X</b>	Traffic	<ul style="list-style-type: none"> <li>▪ Disabled Parking Tokens</li> <li>▪ Driver's Licenses</li> <li>▪ Escorting and Other Services</li> <li>▪ Hiring Traffic cones</li> <li>▪ Learner's Licenses</li> <li>▪ Parking Meters</li> <li>▪ Professional Driver's Permits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Removal of Vehicles</li> <li>▪ Roadworthy Certificates</li> <li>▪ Storage Fees</li> <li>▪ Taxi Rank Tokens</li> <li>▪ Towing Charge</li> <li>▪ Vehicle Registration</li> <li>▪ Wheel clamping fee</li> </ul>
<b>Y</b>	Valuation	<ul style="list-style-type: none"> <li>▪ Access to Information</li> <li>▪ Clearance Certificates</li> <li>▪ Deeds Office Registrations</li> <li>▪ Impact studies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revaluation</li> <li>▪ Valuation Certificates</li> <li>▪ Valuation Roll</li> <li>▪ Voters' Roll</li> </ul>
<b>Z</b>	Water	<ul style="list-style-type: none"> <li>▪ Administration Fee Recalculation</li> <li>▪ Bulk Service Development</li> <li>▪ Call-out Fee</li> <li>▪ Capital Contributions</li> <li>▪ Connection &amp; Disconnection</li> <li>▪ Consumer Deposits</li> <li>▪ Convert to flow restrictor meter</li> <li>▪ Credit Control and Debt Collection</li> <li>▪ Damaged Water Meter; Watermain &amp; Service Connection</li> <li>▪ Fee recalculation – no access</li> <li>▪ Final meter reading</li> <li>▪ Irrigation Water</li> <li>▪ Meter Testing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meter verification</li> <li>▪ New Service Connections</li> <li>▪ Reconnection</li> <li>▪ Registration of borehole</li> <li>▪ Remedial Action Fee</li> <li>▪ Rental of Equipment</li> <li>▪ Repair of meter</li> <li>▪ Repositioning of meter</li> <li>▪ Service Connections</li> <li>▪ Special Meter Readings</li> <li>▪ Still-off" inspections</li> <li>▪ Sundry Services</li> <li>▪ Temporary connections</li> <li>▪ Verification of meter reading</li> </ul>

9.6.4. The Municipal Manager shall maintain a list of all minor services indicating their unit of service for the purposes of determining tariffs, fees, charges and levies. Such list shall be reviewed annually together with the proposed tariffs, fees charges and levies.

**10. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES**

10.1. After a draft budget as required by the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) has been tabled, the Municipal Manager must invite the local community to submit representations for

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consideration by the Council. Such invitation includes the draft resolutions on taxes and tariffs proposed.

- 10.2. After approval of the budget, the Council will give notice of all tariffs approved at the annual budget meeting at least 30 days prior to the date that the tariffs become effective.
- 10.3. A notice stating the purport of the council resolution, date on which the new tariffs shall become operational and invitation for objections will be advertised by the Municipality.
- 10.4. All tariffs approved must have been considered at the annual budget meeting.

#### 11. IMPLEMENTING AND PHASING-IN OF THE POLICY

- 11.1. The principle contained in this Policy will be reflected in the various budget proposals submitted to the Council on an annual basis, service by-laws as promulgated and adjusted by the Council from time to time and the Tariff By-laws referred to in section 75 of the Act.
- 11.2. The Council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of the Council.

#### 12. PROCEDURES AND ACCOUNTABILITY

- 12.1. The Municipal Manager shall ensure that procedures to manage all aspects of this Policy are prepared in the form of a manual, reviewed regularly and that these are formally adopted by him/her for implementation. These procedures will include aspects in this Policy and subscribe to sound principles of internal control.
- 12.2. The Directors and Managers shall ensure compliance with the procedures as approved from time to time by the Municipal Manager to give effect to the provisions of this Policy.

#### 13. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2014 **and** will be reviewed at least annually or when required by way of a Council resolution.

#### 14. SHORT TITLE

This policy shall be called the **Tariff Policy of the Overstrand Municipality**.

<b>POLICY SECTION:</b>	<b>MANAGER: INCOME</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	31 AUGUST 2011
<b>PREVIOUS REVIEW:</b>	04 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
<b>PREVIOUS REVIEW:</b>	27 MAY 2009
<b>APPROVAL BY COUNCIL:</b>	31 MAY 2006

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**CUSTOMER CARE,  
CREDIT CONTROL AND  
DEBT COLLECTION POLICY**

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**CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY**

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**P R E A M B L E**

**Whereas** section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

**And whereas** section 97 of the Systems Act prescribes what such policy must provide for;

**Now therefore** the Municipal Council of the Municipality of Overstrand adopts the Customer Care, Credit Control and Debt Collection Policy as set out in this document:-

**OVERSTRAND MUNICIPALITY**  
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## OVERSTRAND MUNICIPALITY

### CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

#### 1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

<b>“Act”</b>	The Local Government Act: Systems Act 2000 (Act No 32 of 2000) as amended from time to time.
<b>“authorised representative”</b>	the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
<b>“basic service”</b>	the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
<b>“Chief Financial Officer”</b>	an officer of the Municipality appointed as the Head of the Finance Department and includes any person:- (a) acting in such position; and (b) to whom the Chief Financial Officer has delegated a power, function or duty in respective of such a delegated power, function or duty.
<b>“child-headed household”</b>	a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.
<b>“Council” or “municipal council”</b>	a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
<b>“Credit control” and debt collection”</b>	the functions relating to the collection of any monies due and payable to the Municipality.
<b>“Closely connected person”</b>	any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner.
<b>“customer”</b>	any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
<b>“defaulter”</b>	a person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.
<b>“Director”</b>	the person in charge of the civil and/or electrical component(s) of the Municipality and includes any person:- (a) acting in such position; and (b) to whom the Director has delegated a power, function or duty in respective of such a delegated power, function or duty.
<b>“equipment”</b>	a building, structure, pipe, pump, wiring, cable, meter, machine or any fittings.
<b>“household”</b>	all persons who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.
<b>“indigent”</b>	a household which is not financially capable of paying for the delivery of basic services and meeting criteria determined by Council from time to time – this also includes poor households.
<b>“interest”</b>	a levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.

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### CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

<b>“Municipality”</b>	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
<b>“municipal account” or “billing”</b>	the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:- (a) show the levies for assessment rates and/or building clause; and (b) “monthly account” rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly.
<b>“Municipal Manager”</b>	the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respective of such a delegated power, function or duty.
<b>“municipal services”</b>	those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal, sewerage treatment, and for which payment is required by the Municipality or not.
<b>“occupier”</b>	any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property – to be phased out from 01/07/2010.
<b>“owner”</b>	(a) the person in whom the legal title to the property is vested; (b) a person mentioned below may for the purposes of this Policy be regarded by a municipality as the owner of a property in the following cases: (i) A trustee, in the case of a property in a trust excluding state trust land; (ii) an executor or administrator, in the case of a property in a deceased estate; (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation; (iv) a judicial manager, in the case of a property in the estate of a person under judicial management; (v) a curator, in the case of a property in the estate of a person under curatorship; (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude; (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer; (c) in the case where the Council is unable to determine the identity of such person, the person who is entitled to the benefit of such property or any building thereon; (d) in the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof; (e) regarding:- (i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), and without restricting the above mentioned stipulations, the developer or body corporate of the communal property; or (ii) a portion as defined in the Sectional Titles Act, the person in whose name

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	<p>that portion is registered under a sectional title deed, including the legally appointed representative of such person;</p> <p>(i) any legal entity, including but not limited to:-</p> <p>(i) a company registered in terms of the Companies Act, 1973 (Act No 61 of 1973), a trust <i>inter vivos</i>, trust <i>mortis causa</i>, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act No 69 of 1984), and any voluntary organisation;</p> <p>(ii) any local, provincial or national government;</p> <p>(iii) any council, board or entity established in terms of any legislation applicable to the Republic of South Africa; and</p> <p>(iv) any embassy or other foreign entity.</p> <p>(ii) in the case of property owned by the Council and which has been alienated, but which has not been transferred to the person to whom it has been alienated, such person from the date of the alienation concerned; and</p> <p>(iii) in the case of property owned by or under the control or management of the Council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the right to the immovable property.</p>
<p><b>“premises” or “property”</b></p>	<p>any portion of land, the external surface boundaries of which are delineated on:-</p> <p>(a) a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No 9 of 1927) or in terms of the Deeds Registry Act, 1937 (Act No 47 of 1937); or</p> <p>(b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986);</p> <p>which is situated within the area of jurisdiction of the Municipality.</p>

## 2. GENERAL OBJECTIVES:

The objectives of this Policy are to:-

- 2.1 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.2 ensure that all monies due and payable to the Municipality are levied and collected in a financially sustainable manner;
- 2.3 provide a framework for customer care and indigent support;
- 2.4 describe credit control measures and sequence of events;
- 2.5 outline debt collection and credit control procedures and mechanisms; and
- 2.6 set realistic targets for credit control and debt collection.

## 3. PRINCIPLES

- 3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- 3.2 All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 3.3 Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape.
- 3.4 A copy of the application form, conditions of services and extracts of the Council's Customer Care, Credit Control and Debt Collection Policy and By-Laws must be

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- handed to every customer on request at such fees as may be prescribed by Council.
- 3.5 Billing is to be accurate, timeous and understandable as far as possible.
  - 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, cheque, debit or credit card, electronic fund transfer, debit order and bank order payments.
  - 3.7 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
  - 3.8 Enforcement of payment must be prompt, consistent and effective.
  - 3.9 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, charges, penalties, loss of rights and/or criminal prosecutions. A certificate reflecting the nature and extent of the unauthorized activity must be issued by a duly qualified person to substantiate the claim.
  - 3.10 Incentives and disincentives may be used in collection procedures.
  - 3.11 The collection process must be cost-effective.
  - 3.12 Results will be regularly and efficiently reported and monitored.
  - 3.13 Application forms may be used to, *amongst others*, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
  - 3.14 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
  - 3.15 Where practically possible the Customer Care and Debt Collection Policies would be handled independently of each other and the organisational structure will reflect the separate functions.
  - 3.16 The principle of providing services instead of payment for arrear accounts is supported.
  - 3.17 Customers that meet council's indigent criteria must be identified and supported.

#### 4. PERFORMANCE EVALUATION

This is addressed in the SDBIP and the Municipal Performance Management System.

#### 5. REPORTING

- 5.1 The Chief Financial Officer (Director: Finance) shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor, as supervisory authority in terms of section 99 of the Act, read with section 100(c). This report shall contain particulars on:-
  - (a) Cash collection statistics, showing high-level debt recovery information (number of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
  - (b) Performance on all areas against targets agreed to in paragraph 5 of this policy document.
- 5.2 If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer,

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immediately move for a revision of the budget according to realistically realisable income levels.

- 5.3 The Executive Mayor, as supervisory authority, shall report at intervals of 3 months to Council as contemplated in section 99(c) of the Act.

#### 6. CUSTOMER CARE

##### 6.1 Objective

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

##### 6.2 Communication and feedback

- 6.2.1 The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control and debt collection. This process will include the effort to ensure that the residents and customers understand the costs involved in the service provision, the reasons for payment of service tariffs and the manner in which monies raised from the customers are utilised.
- 6.2.2 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt collection issues.
- 6.2.3 Ward councillors will give feedback at ward meetings, at which customer care and debt collection issues will be given prominence.
- 6.2.4 The press will be encouraged to give prominence to Council's customer care, credit control and debt collection issues, and may be invited to council or committee meetings where these are discussed.
- 6.2.5 The residents and users of services will be encouraged to give feedback through the established mechanisms to the Municipality regarding the quality of services and the performance of service providers.

##### 6.3 Metering

- 6.3.1 The Municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all measurable services.
- 6.3.2 All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption will be estimated in terms of Council's operational procedures.
- 6.3.3 If any meter is not accessible for meter reading, the customer must move the meters out to the borderline and convert the electricity meter to a pre-paid meter.
- 6.3.4 Customers must:-
- (a) safeguard and maintain service meters in a readable condition;
  - (b) notify the Municipality when services are no longer required at a particular service delivery point;
  - (c) maintain credit and pre-payment meters; and
  - (d) supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.
- 6.3.5 Customers are entitled to request verification of meter readings at the prescribed tariff.
- 6.3.6 Customers are entitled to request testing of meters for accuracy within reason, at the prescribed tariff. If the test reveals the meter to register outside the norm of 3%, the charges paid will be refunded, the meter will

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be replaced and the customer's account will be adjusted accordingly, subject to a maximum period of 3 months from month of written request for testing of meter.

- 6.3.7 Customers will be informed of meter replacement.
- 6.3.8 Customers must give notice of at least 48 hours to the Municipality should a final reading or discontinuation of service be required. When a customer vacates a property and a final reading of the meter is not possible due to no access, an estimated consumption will be used by the Municipality and the final account rendered accordingly.
- 6.3.9 If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.
- 6.3.10 The Municipality may apply debt collection factors available on the pre-payment electricity system, to ensure collection of all arrear debt on the account of the customer.

#### **6.4 Accounts and billing**

- 6.4.1 The Municipality will as far as possible render to its customers on the billing system an understandable and accurate statement, which will consolidate all service costs and subsidies granted in terms of this Policy for that property.
- 6.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 6.4.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 6.4.4 It is the customer's responsibility to ensure that his/her postal address and all other required details are correct.
- 6.4.5
  - (a) Accounts are delivered monthly. It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.
  - (b) Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied.
- 6.4.6 Settlement or due dates will be as indicated on the statement and are normally as follows:-
  - (a) Monthly accounts are payable before or on the 20<sup>th</sup> day, or the first working day thereafter should it fall on a weekend or public holiday, of the month following the month of the statement of the account.
  - (b) Large Power and Time of Use electricity customer accounts are payable on or before the 15<sup>th</sup> of each month, or the first working day thereafter should the 15<sup>th</sup> be on a week-end..
  - (c) Annual accounts are payable on or before the 30<sup>th</sup> of September of each year.
  - (d) Accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis; alternatively, they

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- may sign a debit order for deduction of the monthly account off their bank account.
- (e) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period. Outstanding arrears will be settled out of any annual bonus due to the staff member.
  - (f) All staff joining the Municipality must, within 30 days, sign an agreement to pay arrears.
  - (g) Where the Municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services, they will be required to enter into a written agreement to pay up to a maximum of 30% of their gross remuneration towards the arrear debt.
  - (h) In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, a Councillor of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.
- 6.4.7 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 6.4.8 Where a payment made to the Municipality, or its authorised representative, by negotiable instrument is subsequently dishonoured by a bank, the Municipality or its authorised agent:-
- (a) may recover the average bank charges incurred relating to dishonoured negotiable instruments, together with an administration fee, against the account of the customer;
  - (b) shall regard such an event as a default on payment and services may be discontinued should a valid payment by cash, a bank-guaranteed cheque or electronic fund transfer not be made by the date provided by the authorized official;
  - (c) may insist on cash, debit order or electronic fund transfer payments for all future accounts;
  - (d) may only consider application for re-instatement of debit order/cheque after twelve months, except in instances where the Chief Financial Officer, or delegated official, authorises otherwise.
- 6.4.9 The Municipality must issue a duplicate account or any acceptable alternative to a customer on request, at a cost determined by Council from time to time.
- 6.4.10 The registered owner of a property being leased is at his/her own cost entitled to obtain a copy of the account of a lessor and to be informed if a lessee is in arrears with his/her service charges within 60 days.
- 6.4.11 All contracts for service delivery with tenants will be phased out over a period of time and all new service contracts will only be with the owners of the property.
- 6.4.12 Opening of tenant accounts will only be allowed when :

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- (a) the lessee is an indigent household and the property is registered in the name of another person;
    - (b)
  - 6.4.13 When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.
  - 6.4.14 The amount which the Municipality may recover from the tenant or occupier of a property where there exists only an owners account, is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property
  - 6.4.15 The tenant or occupier of a property must, on request from the Municipality, furnish the Municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipality.
- 6.5 Payment facilities and methods**
  - 6.5.1 The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.
  - 6.5.2 The Municipality will, at its discretion, allocate a payment between service debts. A debtor does not have the right to indicate that the payment is for a specific portion of the account.
  - 6.5.3 The Municipality may, in terms of section 103 of the Act and with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement.
  - 6.5.4 The Municipality will endeavour to appoint a variety of agents (super markets, SA Postal Service, etc) for the receipt and transfer of payments to the Municipality. The customer will acknowledge in the customer agreement that the use of customer agents in the transmission of payments to the Municipality is at the risk of the customer – also the time lapse for transfer of the payment.
  - 6.5.5 The Municipality will, in the event of services having been disconnected or restricted, only accept cash, bank guaranteed cheque or electronic fund transfer / direct deposit into the Municipality's bank account (with documented proof), or at any one of the nominated cash receipting points or agents of the Municipality.
- 6.6 Incentives for prompt payment (Annexure "A")**
  - 6.6.1 The Council may, to encourage prompt payment and/or to reward regular payers, from time to time consider incentives for the prompt payment of accounts or payment by debit or stop order.
  - 6.6.2 If introduced, the cost associated with the incentive scheme will be reflected in the operational budget as additional expenditure.
- 6.7 Feedback, enquiries, appeals and service complaints**
  - 6.7.1 Within its administration and financial ability the Municipality will establish:-
    - (a) Decentralised complaints/feedback offices;
    - (b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
    - (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and

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- (d) The introduction of a standing article in the newsletter to inform customers on the safe and economic use of services.
- 6.7.2 If a customer is convinced that his/her account is inaccurate, he/she can lodge a query, together with supporting documentation and proof, with the Municipality before due date for investigation of this account, and where necessary the relevant alterations.
- 6.7.3 In the interim the debtor must pay an average based on previous consumption where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the Municipality before payment due date until the matter is resolved.
- 6.7.4 The relevant department will investigate and endeavour to inform the debtor within 14 days of the outcome of the investigation and the measures that have been or will be taken to correct the situation.
- 6.7.5 Failure to make such agreed interim payment or payments will result in the customer forming part of the normal credit control procedures.
- 6.7.6 A customer may appeal against the finding of the Municipality in terms of sub clause (6.7.4).
- 6.7.7 An appeal and request in terms of sub clause (6.7.6) must be made and lodged with the Municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in sub clause (4) and must:-
- (a) set out the reasons for the appeal;
  - (b) be accompanied by any security determined for the testing of a measuring device, if applicable.

#### 6.8 Customer assistance programmes

- 6.8.1 Water leakages:
- (a) If the leakage is on the customer's side of the meter, the customer will be responsible for payment of the full account.
  - (b) A customer will qualify for a Water Leakage Discount upon application on the prescribed form within 45 days after the leak has been repaired and:-
    - (i) the leak was under the surface and not easily detectable on the surface;
    - (ii) the loss of water resulted from malicious damage to external pipes & fittings (excluding irrigation systems) and where this act was reported to the SAPS and a case number was allocated and the leak was repaired within 72 hours since its detection;
    - (iii) the customer applied only once in a cycle of 24 months for a discount; and
    - (iv) suitable proof of repair and costs, or a sworn affidavit from any person who has repaired the leak has been submitted containing the following detailed information:-
      - date of the repair;
      - confirmation that the leak was under the surface and not easily detectable on the surface; and
      - certification that the material in which the leak occurred was of acceptable standard.
    - (v) A discount will be applicable on the excess sewer consumption charge as calculated.
    - (vi) Discount for household usage will be calculated over the period the leak was present and will be equal to the

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consumption above the normal consumption of the customer at the rebate tariff applicable, subject to a maximum period of 3 months.

- (c) It is the responsibility of the customer to control and monitor his/her consumption.
- 6.8.2 Rate rebates:
- (a) The municipal council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's Property Rates Policy and By-Laws.
  - (b) Rate rebates will be subject to certain criteria as determined by Council from time to time.
- 6.8.3 Arrangements for settlements (**Annexure "B"**):
- (a) Customers whose municipal accounts become in arrears may enter into an arrangement for settlement of the arrears with the Municipality. Such customers will be requested to complete a new application and agreement for Municipal Services.
  - (b) If required, customers with arrears must agree to the conversion to a pre-payment electricity meter and a flow limiter water meter. If and when implemented, the cost of which, and the arrears total, will be paid off either by:-
    - (i) adding the debt to the arrears bill and repaying it over the agreed period; or
    - (ii) adding the debt as a surcharge to the pre-paid electricity cost, and repaying it with each purchase of electricity at a percentage rate, until the debt is liquidated.
  - (c) In the case of the customer who is not a natural person, an organ of state, a local authority, a public company or a public corporation, the major shareholder or member will be obligated to guarantee the debt of the customer.
  - (d) Council reserves the right to raise the deposit/security requirement of debtors who seek arrangements and/or other stipulations it may deem necessary.
- 6.9 Subsidy for indigent households - please refer Overstrand Municipality, Indigent Policy**
- 6.10 Additional subsidy categories**
- 6.10.1 Subject to an equitable share contribution received from National Treasury, Council may provide, free of charge to a customer, basic services as determined from time to time.
- 6.10.2 Rebates on property rates may be granted to categories of properties or owners in accordance to Council's Property Rates Policy.
- 6.11 Customer categories**
- 6.11.1 Customers will be categorised according to specific classifications based on amongst others the type of entity, applicable tariffs and risk levels of the provision of services. Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

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#### 7. CREDIT CONTROL POLICY

##### 7.1 Objective

- 7.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.
- 7.1.2 To facilitate financial assistance and basic services for the community's poor.
- 7.1.3 To provide incentives for prompt payment.
- 7.1.4 To limit risk levels by means of effective management tools.

##### 7.2 Service applications and agreements

- 7.2.1 All customers of services will be required to sign an agreement governing the supply and cost of municipal services. On default by a tenant, the owner will be the debtor of last resort except where the Municipality is the owner of the property.
- 7.2.2 All customers shall pay a deposit as determined from time to time by the Municipality which may be increased by the CFO in the event of non-payment.
- 7.2.3 Prior to signing these agreements, customers will be entitled to access the policy documents. Also available on [www.overstrand.gov.za](http://www.overstrand.gov.za).
- 7.2.4 On the signing of the agreement when requested thereto, customers will receive a copy of the agreement for their records.
- 7.2.5 Customers will accept responsibility in the agreement for administration costs of collection, interest and penalties in the event of delayed and/or non-payment.
- 7.2.6 The Municipality may refuse to supply services to an applicant should such applicant owe monies to the Municipality regarding a previous period when he/she was rendered services by the Municipality, until such debt has been settled in full. Should the applicant prove to the Chief Financial Officer that he/she is unable to pay, the application will be dealt with in terms of Council's Indigent Subsidy Scheme.
- 7.2.7 The Municipality may reject the application for services of a person who is closely connected to a customer who has defaulted with account payments and who resides or is to reside on the same premises, until such debt is settled in full. The Municipality may also reject the application for services of any concern that is not a natural person should such concern be in arrears with any other municipal account for which it, or any member or director is responsible or partially responsible.
- 7.2.8 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 7.2.9 Existing customers of services may be required to sign new agreements in the following instances:
  - (a) Any change of service profile;
  - (b) With any instruction given or actual disconnection or restriction of services or any legal action taken;
  - (c) Any form of tampering with service networks or meters etc ( as mentioned in Section 7.5.1 below;
  - (d) As determined by the Municipal Manager from time to time.
- 7.2.10 Should a customer fail to enter into such agreement with Council or to provide the security described in clause 7.6, Council may:-

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- (a) hold the customer liable for all outstanding debt on services for the property; and/or
    - (b) restrict or discontinue the supply of Municipal services.
  - 7.2.11 The Municipality shall open only one account per property for the rates, fixed levies and service charges.
  - 7.2.12 All arrangements may be subject to periodic review.
  - 7.2.13 All debtors entering into arrangements shall provide their banking details and those who have the facility to sign a debit order with their financial institutions, shall be required do so.
  - 7.2.14 Debtors who default on three occasions in respect of arrangements, will be denied the privilege of making further arrangements, and the full amount will be payable. Interest will be calculated from the original due date of the debt, taking any payments into consideration.
- 7.3 Right of access to premises**
  - 7.3.1 The owner and/or occupier of a property is to allow an authorised representative of the Municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect the provision of any service.
  - 7.3.2 The owner is responsible to ensure that all meters installed on his/her property are easily accessible.
  - 7.3.3 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
  - 7.3.4 If a person fails to comply to any requirements, the Municipality or its authorised representative may:-
    - (a) by written notice require such person to restore access at his/her own expense within a specified period.
    - (b) without prior notice restore access and recover the cost from such person if it is the opinion that the situation is a matter of urgency.
- 7.4 Enforcement mechanisms**
  - 7.4.1 Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.
  - 7.4.2 The Municipality shall restrict or discontinue the supply of services or implement any other debt collection actions necessary due to late or non-payment of accounts, relating to any customer, owner or property.
  - 7.4.3 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
  - 7.4.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payments, the service will be reconnected as soon as conveniently possible.
  - 7.4.5 The administration cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
  - 7.4.6 If a person is indigent a pre-paid electricity meter and a flow limiter water meter must be installed free of charge.
  - 7.4.7 The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council.

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#### 7.5 Theft and fraud

- 7.5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.
- 7.5.2 The Municipality has the right to obtain authorisation from the Magistrate for the imposition of fines for the offences as mentioned in paragraph 7.5.1 above .
- 7.5.3 The Municipality may terminate and/or remove the supply of services to a customer should such conduct as outlined above, be detected and certified.
- 7.5.4 The total bill owing, including administration cost, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- 7.5.5 Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.
- 7.5.6 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- 7.5.7 Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services.

#### 7.6 Customer screening and securities

- 7.6.1 All applicants for municipal services will be checked for credit-worthiness, which may include checking information from banks, credit bureaus, other local authorities, trade creditors and employers.
- 7.6.2 Security deposits either in cash or any other security acceptable to the Municipality will be required, the minimum deposit being the equivalent of amounts fixed from time to time by the Municipality. Councillors and officials of the Municipality are **not** exempted from paying a security deposit.
- 7.6.3 Deposits can vary according to the credit-worthiness or legal category of the applicant, subject to the minimum requirement in clause 7.6.2.
- 7.6.4 Security deposit for electricity customers on credit meters will be adjusted annually, which will be equal to the average percentage increase in electricity tariffs by NERSA.
- 7.6.5 Applicants who are not natural persons, organs of state, local authorities, public companies or public corporations must supply details of their directors, members, partners or trustees and at least the main share holder must in his/her personal capacity guarantee the payment of the applicant's municipal account and in the case of a trust, all the trustees in their personal capacity.
- 7.6.6 The Municipality will not pay any interest on deposits.
- 7.6.7 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the customer.

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#### 7.7 Contractors who tender to the Municipality

7.7.1 The Supply Chain and Procurement Management Policy and Tender Conditions of the Municipality will include the following:-

- (a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
- (b) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears has been made. No further debt may accrue during contract period.
- (c) Tender Conditions will include a condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.
- (d) A tenderer will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

#### 7.8 Pre-payment metering system

7.8.1 The Municipality will use its pre-payment metering system to:-

- (a) link the provision of electricity by the Municipality to a "pre-payment" system comprising, pre-payment of electricity units; and
- (b) a payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal, sanitation and sewage.
- (c) To load an auxiliary on the "pre-payment" system in order to allocate a portion of the rendered amount to the customers arrear account for other services.
- (d) To enforce satisfactory arrangements with customers in arrears by blocking access to pre-payment electricity purchases.
- (e) Amounts tendered for the purchase of pre-payment electricity will not be refunded after the pre-payment meter voucher has been issued or in case of purchasing against an incorrect meter number.

## 8. DEBT COLLECTION

### 8.1 Objective

8.1.1 To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

### 8.2 Personal contact

8.2.1 Personal and Telephonic contact/Agents calling on customers:-

- (a) Council, or its agent, may make personal contact, electronic or telephonic, with arrear debtors to encourage their payment.

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### CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

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- (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.
- (c) Services as contemplated in 8.2.1(a) will be rendered at a charge as determined during the annual budget process.

#### **8.3 Interruption of service**

- 8.3.1 Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of electricity, water and other municipal services, suspended, restricted or disconnected.
- 8.3.2 The disconnection or restriction of services, as mentioned in section 7.4.2, may be enforced should the account remain in arrears after the expiring of the 14 (fourteen) day's notice of restriction of services .
- 8.3.3 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges, or who do not honour their arrangements.
- 8.3.4 Upon the liquidation of arrears, including the additional levies in terms of clauses 8.3.5 and 8.3.6, or the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.
- 8.3.5 The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 8.3.6 The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council (refer to Annexure "B").

#### **8.4 Legal process (Annexure "A") - (Use of attorneys/Use of credit bureaus)**

- 8.4.1 The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.
- 8.4.2 The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.
- 8.4.3 The Municipality will establish procedures and codes of conduct with such outside parties.
- 8.4.4 In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.
- 8.4.5 All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.
- 8.4.6 All administration costs of this process will be for the account of the debtor.
- 8.4.7 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus and the property owner in respect of his/her lessee(s). This release will be in writing or by electronic means and will be covered in the agreement with customers.
- 8.4.8 The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters and report to the Executive Mayor.

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- 8.4.9 Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.
- 8.4.10 Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- 8.4.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.
- 8.4.12 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any contractual obligation to the contrary on the tenant or occupier.
- 8.4.13 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent. The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.
- 8.4.14 Adjustments on the accounts will only be calculated for three years. (Prescription Act, 1969 (Act 68 of 1969)).

#### **8.5 Cost of collection**

All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

#### **8.6 Clearance Certificate**

- 8.6.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of a certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyor.
- 8.6.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 8.6.3 No interest shall be paid in respect of these payments.
- 8.6.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyor has been received.
- 8.6.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount have been paid.

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### CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

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#### 8.7 Irrecoverable debt

- 8.7.1 Debt will only be considered as irrecoverable if it complies with the following criteria:-
- (a) all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or
  - (b) any amount equal to or less than R1 000.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
  - (c) the cost to recover the debt does not warrant the further action; or
  - (d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
    - (i) there is a danger of a contribution; or
    - (ii) no dividend will accrue to creditors; or
  - (e) a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or
    - (iv) where the estate has not been reported to the Master and there are no assets of value to attach; or
  - (f) it has been proven that the debt has prescribed; or
  - (g) the debtor is untraceable or cannot be identified so as to proceed with further action; or
    - (i) the debtor has emigrated leaving no assets of value to cost effectively recover Councils' claim; or
  - (h) it is not possible to prove the debt outstanding; or
  - (i) a court has ruled that the claim is not recoverable; or
  - (j) the outstanding amount is due to an irreconcilable administrative error by the Municipality.
- 8.7.2 All debtors who qualify and are registered as indigent, will have their arrears written off once during ownership of the property.

#### 8.8 Abandonment of claims

- 8.8.1 The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.
- 8.8.2 There are some circumstances, as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-
- (a) The insolvency of the debtor, whose estate has insufficient funds.
  - (b) A balance being too small to recover, for economic reasons considering the cost of recovery.
  - (c) Where Council deems that a debtor or group of debtors are unable to pay for services rendered.
- 8.8.3 The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

## 9. SHORT TITLE

This Policy shall be called the **Customer Care, Credit Control and Debt Collection Policy of the Overstrand Municipality**.

**CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY**

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**10. CUSTOMER CARE AND DEBT COLLECTION – ANNEXURE "A"****10.1. INCENTIVE MEASURES**

Incentive measures might be implemented as per Council resolution.

**10.2. DEBT COLLECTION**

- 10.2.1. Should annual accounts remain unsettled after 30 September of the applicable year , notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which it will be handed over for collection, including legal proceedings.
- 10.2.2. Should monthly accounts remain unsettled after the due date, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which will lead to restriction/disconnection of services, including legal proceedings.
- 10.2.3 All debtors regarding houses in rental, selling and self-build schemes, without any capital debt, which are still registered in the name of the Municipality, should be notified in writing that if satisfactory arrangements for transfer of the property into his/her name are not made within one (1) month, the property concerned will be put up for sale by Council at a public auction.
- 10.2.4 Upon handing over of accounts for collection, details of employers and work addresses of the debtors should be made available to the attorneys as far as possible for the purposes of garnishee orders.
- 10.2.5 Attorneys should report to Council on a monthly basis on the progress made and the cost aspect regarding each debtor.
- 10.2.6 Attorneys should pay monies collected over to Council monthly.

**11. ARRANGEMENTS FOR PAYMENT – ANNEXURE "B"****11.1. DEBT FOR WHICH ARRANGEMENTS CAN BE MADE**

Arrangements for the payment of outstanding debt can be made according to the procedures described hereafter.

**11.2. CONCLUSION OF AGREEMENT**

- 11.2.1 If a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment not exceeding 12 months, stipulating that the debt will be paid together with the monthly and/or annual accounts, with the customer. Only the Chief Financial Officer may consider and approve any extension on this arrangement on receipt of a written recommendation by the Senior Manager: Revenue.
- 11.2.2 The customer must:-
  - (a) complete a new application form;
  - (b) sign an acknowledgement of debt;
  - (c) sign a consent to judgement;
  - (d) in the case of a company, trust or closed corporation, supply the guarantee as prescribed in clause 6.8.3(c) of the Policy.
  - (e) sign an emolument or stop order if he or she is in employment;
  - (f) submit proof of income on the prescribed form;
  - (g) pay the current portion of the account in cash;

**CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY**

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- (h) customer deposits will be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule
- (i) sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will follow immediately, as will legal proceedings;
- (j) acknowledge liability of all costs incurred; and

**11.3. ARRANGEMENTS THAT CAN BE ENTERED INTO:****11.3.1. Domestic Customers:**

- (a) 1<sup>st</sup> default within a 12-month period:
  - (i) 10% of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
  - (ii) The balance is payable over a maximum period of twelve months.
  - (iii) First offence in 2 years – no deposit increase will be applicable.
  - (iv) Customer deposits will be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (b) 2<sup>nd</sup> default within a 12-month period:
  - (i) Full arrears amount plus the cost of credit control actions, together with the current account.
  - (ii) No arrangements will be allowed.
  - (iii) Customer deposits will be adjusted to the higher of the sum of three times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (c) 3<sup>rd</sup> default within a 12-month period:
  - (i) Services will be discontinued or restricted and the account will be handed over for legal proceedings.

**11.3.2. Business:**

- (a) 1<sup>st</sup> default within a 12-month period:-
  - (i) 50% of the outstanding amount plus cost of the credit control actions.
  - (ii) The balance is payable over a maximum period of three months.
  - (iii) First offence in 2 years – no deposit increase will be applicable.
  - (iv) Customer deposits will be adjusted to the higher of the sum of three times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (b) 2<sup>nd</sup> default within a 12-month period:-
  - (i) Full outstanding amount plus cost of credit control actions.
  - (ii) No arrangements will be allowed.
  - (iii) Customer deposits will be adjusted to the higher of the sum of four times average consumption during the

**CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY**

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preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.

- (c) 3<sup>rd</sup> default within a 12-month period:-
  - (i) Services will be discontinued or restricted and the account will be handed over for legal proceedings.

**11.3.3. Government Departments – Customer Accounts:**

- (a) 1<sup>st</sup> default within a 12-month period:-
  - (i) 3 weeks' notice – no arrangements
  - (ii) First offence in 2 years – no deposit increase will be applicable.
  - (iii) Customer deposits will be adjusted to the sum of three times average consumption during the preceding 12 months.
- (b) 2<sup>nd</sup> default within a 12-month period:-
  - (i) 2 weeks' notice – no arrangements.
  - (ii) Customer deposits will be adjusted to the sum of four times average consumption during the preceding 12 months.
- (c) 3<sup>rd</sup> default within a 12-month period:-
  - (i) Services will be discontinued or restricted and as a last resort legal proceedings will be instituted;

**11.3.4. Government Departments – Rates & Taxes:**

- (a) 1<sup>st</sup> default within a 12-month period:-
  - (i) Final demand and legal action in terms of "The Institution of Legal Action against Certain Organs of State Act, 2002 (Act No 40 of 2002)".

**11.3.5. Administration:**

Where a person has been placed under administration the following procedures will be followed:-

- (a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
- (b) The administrator is to open a new account on behalf of the debtor, with a new deposit. No account is to be opened or operated in the debtor's name as the debtor is not entitled to accumulate debt.
- (c) Until such time as this new account is opened, the debtor is to be placed on limited services levels. The customer will be compelled to install a pre-paid electricity meter and flow limiter water meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the pre-paid meter.
- (d) Should there be any default on the current account, the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.

**11.3.6. Indigent:**

All customers (including occupiers), qualifying as indigent and who accumulated any arrear debt after any relief has been granted, will repay that debt as follows:-

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**CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY**


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By instalments over 24 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

**There are no limitations on debtors at any time to pay bigger amounts towards outstanding debt, than prescribed above.**

## 12. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2014 and will be reviewed at least annually or when required by way of a Council resolution.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: REVENUE</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW</b>	30 MAY 2012
<b>PREVIOUS REVIEW</b>	04 MAY 2011
<b>PREVIOUS REVIEW</b>	26 MAY 2010
<b>PREVIOUS REVIEW</b>	27 MAY 2009
<b>PREVIOUS REVIEW:</b>	30 MAY 2007
<b>APPROVAL BY COUNCIL:</b>	30 JUNE 2006

# OVERSTRAND MUNICIPALITY



## INDIGENT POLICY

## P R E A M B L E

**Whereas** section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

**And whereas** section 97 of the Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.”

**Now therefore** the Municipal Council of the Municipality of Overstrand adopts the Indigent Policy as set out in this document:-

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## OVERSTRAND MUNICIPALITY – INDIGENT POLICY

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### 1 DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

<b>“authorised representative”</b>	The person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
<b>“basic service”</b>	The amount or level of any municipal service that is necessary to ensure human dignity and a reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this Policy are restricted to electricity, refuse, sewerage and water services. It is also to be understood that the national norms will be used as guidelines for the determination of the amount/level of the services.
<b>“Chief Financial Officer”</b>	An officer of the Municipality appointed as the Head of the Finance Department and includes any person:- a. acting in such position; and b. to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
<b>“Council” or “municipal council”</b>	A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
<b>“customer”</b>	Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
<b>“defaulter”</b>	A person who owes money to in respect of a municipal account after the due date for payment has expired.
<b>“Household”</b>	This includes all persons who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter.
<b>“Indigent”</b>	This is a household which qualifies in terms of clause 4 and 5.
<b>“Poor households”</b>	This is a household which qualifies in terms of clause 4 and 5.
<b>“interest”</b>	A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.
<b>“municipal account” or “billing”</b>	The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to.
<b>“Municipality”</b>	The institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
<b>“the Act”</b>	The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

## **2 OBJECTIVES OF POLICY**

The objectives of this Policy are to:-

- a. provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
- b. determine the criteria for qualification of indigent and poor households;
- c. ensure that the criteria is applied correctly and fairly to all applicants;
- d. allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;
- e. allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

## **3 SUBSIDY FOR INDIGENT HOUSEHOLDS**

- a) A basic level of services will be provided to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by the Municipality from time to time.
- b) Indigence subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget. The subsidy can only be credited to the qualifying customers' accounts until the amount received by the Municipality from National Treasury and provided for in the municipal budget for this purpose, has been exhausted, whereupon no further credits will be made until further national funds for this purpose are received or additional funds has been provided for in the municipal budget.
- c) Subsidised services are assessment rates, refuse removal, sewerage and consumption service charges.
- d) Customers who qualify for an indigent subsidy must convert to pre-payment electricity meter, except for areas where electricity is not supplied by Overstrand Municipality, and a flow limiter water meter.
- e) If a customer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- f) If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- g) All customers who qualify for an indigent subsidy will be placed on restricted service levels in order to limit further escalation of debt.
- h) Where applicable, these customers may be exonerated from a portion of their arrear debt.
- i) An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- j) An indigent customer may at any time request de-registration.
- k) A list of indigent customers will be maintained and may be made available to the general public, subject to the Information Act.
- l) The applicant may not be the registered owner of more than one property.

## **4. PRINCIPLES OF POLICY**

- a. The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while

- it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b. Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy, when applicable;
  - c. Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape;
  - d. The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

## **5 CATEGORIES AND CRITERIA OF SUBSIDY**

A category of needy households is recognised for purposes of receiving an indigent subsidy:-

### **A. Indigent household with a property value greater than R100 000:and electricity less than 400-**

- (i) The total household income may not be more than four times the social pension amount plus R1 per month;
- (ii) Average monthly consumption of electricity over the previous 12 months may not exceed 400 kWh;
- (iii) Average monthly consumption of water over the previous 12 months may not exceed 18 kℓ;  
*Or: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;*
- (iv) Permanently resides in Overstrand;
- (v) Must be a South African residents; and
- (vi) The applicant may not be the registered owner of more than one property.
- (vii) A property may only be used for residential purposes.

If any of the above criteria is not complied with, the household will immediately be given notice and will, within 4 months, lose the status of “indigent” and the subsidy will be forfeited if the household did not adjust its consumption accordingly.

### **Subsidy**

- (i) 100% of the basic levy for electricity for one service point per month;
- (ii) 100% of the basic levy for water for one service point per month;
- (iii) 100% of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service **after hours**, per annum;
- (v) 100% of the basic levy for refuse removal for one service point per month;
- (vi) 50 kWh of electricity;
- (vii) 6 kℓ of water; and
- (viii) 4,2 kℓ of water consumption for sewerage.

### **B. Indigent households with a property value less than R100 000 and electricity less than 400kWh (no income restriction):-**

- (i) All properties with a municipal valuation of R100 000 or less, used for residential purposes, are classified as Indigent;
- (ii) Average monthly consumption of electricity over the previous 12 months may not exceed 400 kWh;

- (iii) Indigent households with a property value less than R100,000.00 may apply for 50 kWh of free electricity units where the household income does not exceed four times the social pension amount, plus R1.00 per month where the average monthly consumption of electricity does not exceed 400 kWh.
- (iv) Average monthly consumption of water over the previous 12 months may not exceed 18 kℓ;  
OR: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;

**Subsidy**

- (i) 100% of the basic levy for electricity for one service point per month;
- (ii) 100% of the basic levy for water for one service point per month;
- (iii) 100% of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service **after hours**, per annum;
- (v) 100% of the basic levy for refuse removal for one service point per month;
- (vi) 6 kℓ of water;
- (vii) Indigent households with a property value of R100 000 or less, may apply for 50kWh of free electricity units where the household income does not exceed four times the social pension amount plus R1 per month and where the average monthly consumption of electricity over the previous 12 months does not exceed 400 kWh; and
- (viii) 4,2 kℓ of water consumption for sewerage.

**C Indigent households with a property value less than R100 000 and electricity less than 500kWh (no income restriction) :**

- (i) The property value must be less than R100 000;
- (ii) The average monthly consumption of electricity by the household over the previous 12 months may not exceed 500kWh;
- (iii) The average monthly consumption of water by the household over the previous 12 months may not exceed 18kℓ;  
OR: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;
- (iv) Must be a resident of Overstrand;
- (v) Must be a South African citizen; and
- (vi) The applicant may not be the registered owner of more than one property.
- (vii) A property may only be used for residential purposes.

**Subsidy**

- (i) 100% of the basic levy for sewage per month for one service point;
- (ii) 100% of the basic levy for refuse removal per month for one service point

**D. Indigent households with a property value greater than R100 000 and electricity less than 500kWh (income not exceeding the sum of four times the amount of the state funded social pension) :**

- (i) The total household income may not exceed the sum of four times the amount of the state funded social pensions;
- (ii) The average monthly consumption of electricity by the household over the previous 12 months may not exceed 500kWh;
- (iii) The average monthly consumption of water by the household over the previous 12 months may not exceed 18kℓ;  
OR: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;
- (iv) Must be a resident of Overstrand;
- (v) Must be a South African citizen; and

- (vi) the applicant may not be the registered owner of more than one property.
- (vii) A property may only be used for residential purposes.

**Subsidy**

- (i) 100% of the basic levy for sewage per month for one service point;
- (ii) 100% of the basic levy for refuse removal per month for one service point

**6. APPLICATION**

- (a) Applications for indigent subsidy must be submitted on the prescribed application form and must be accompanied by the following documentation:-
  - (i) the latest municipal account of the household;
  - (ii) proof of the account holder's identity;
  - (iii) proof of the account holder's income, e.g. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card.; and
  - (iv) proof of medical condition when requiring additional water and electricity.
- (b) Incomplete forms or forms without the required documentation attached thereto will be rejected.

**7. SWORN STATEMENT**

The applicant must complete the sworn statement that forms part of the application form. Failure to do so will render the application invalid.

**8. CONVERSION OF METERS**

The applicant must agree to the conversion to pre-payment electricity meter and flow limiter water meter. Refer clause 3(d) of Policy.

**9. PUBLICATION OF NAMES**

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this Policy. Refer clause 3(k) of Policy.

**10. FALSE OR MISLEADING INFORMATION**

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition he/she may be held liable for the immediate repayment of any subsidies already granted and legal action may be instituted against the guilty party(ies).

**11. CALCULATION OF SUBSIDY**

- (a) The subsidies below will be funded from the "equitable share" contribution received from National Treasury, plus an amount from the Municipality's own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above mentioned funds are available for allocation.
- (b) The accounts of qualifying applicants are credited monthly by the subsidies calculated in 5A, B, C and D.

**12. VERIFICATION**

The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time with the aim of carrying out an ongoing audit on the accuracy of the information provided by the applicant(s).

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### 13. DURATION OF SUBSIDY

- (a) If an application is approved, the subsidy will be applicable up until the equitable share contribution made from the National Governments' fiscus and as provided for in the municipal budget is depleted.
- (b) If the Municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to shorten the subsidy period.
- (c) If any of the criteria, as set out in 5A, B, C, and/or D, is not complied with any more, the onus is on the recipient of the subsidy to notify the Municipality within 7 days after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.
- (d) If any of the above criteria is not complied with, the household will immediately be given notice and will lose its Indigent status and the subsidy will be forfeited if the consumption is not adjusted accordingly within 3 (three months).

### 14. ACCOUNTS IN ARREAR

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, will have to make arrangements with the Municipality for paying off the amounts in arrears.

### 15. REGISTER

- (a) The Municipality will compile a register of households that qualify as "indigent".
- (b) The register will be updated continually and reconciled with the relevant subsidy account in the general ledger on a monthly basis.

### 16. ENCOURAGEMENT

Councillors should encourage tax payers/customers in their various wards to apply for participation in the indigent subsidy scheme.

### 17. REVIEW AND IMPLEMENTATION PROCESS

This policy will come into effect on 1 July 2014;

This policy will be reviewed at least annually or when required by way of a Council resolution.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: REVENUE</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW:</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	04 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
<b>PREVIOUS REVIEW</b>	27 MAY 2009
<b>PREVIOUS REVIEW</b>	31 MAY 2006
<b>APPROVAL BY COUNCIL:</b>	30 JUNE 2004

# **OVERSTRAND MUNICIPALITY**



## **ASSET MANAGEMENT POLICY**

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## 1. OBJECTIVE

- 1.1. To ensure the effective and efficient control of the municipality's assets through:
  - 1.1.1 proper recording of assets from authorisation to acquisition and to subsequent disposal;
  - 1.1.2 providing for safeguarding procedures, and
  - 1.1.3 setting proper guidelines as to authorised utilisation (d) and prescribing for proper maintenance.
- 1.2. To assist officials in understanding their legal and managerial responsibilities with regard to assets.

## 2. BACKGROUND

- 2.1. The proper utilization and management of its assets is one of the prime mechanisms by which a municipality can fulfill the constitutional objects for:
  - 2.1.1 Delivery of sustainable services;
  - 2.1.2 Promotion of Social and economic development;
  - 2.1.3 Promoting a safe and healthy environment and,
  - 2.1.4 Providing for the basic needs to the community.
- 2.2. The municipality has a legal and moral obligation to ensure it implements policies to provide for the effective and efficient usage of its assets over the useful life thereof.
- 2.3. The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of assets.
- 2.4. Stewardship has three components being the:
  - 2.4.1. Management, utilization and control by municipal officials;
  - 2.4.2. Financial administration by the Director: Finance, and
  - 2.4.3. Physical administration by the Manager: Expenditure & Asset Management.
- 2.5. Statutory provisions exist to protect public property against arbitrary and inappropriate management or disposal by a municipality.
- 2.6. Accounting standards are set to ensure the appropriate financial treatment for property, plant or equipment. The requirements of these accounting standards include:
  - 2.6.1. The compilation of asset registers recording all assets controlled by the municipality;
  - 2.6.2. Accounting treatment for the acquisition, disposal, recording and depreciation of property, plant or equipment, and
  - 2.6.3. The standards to which these financial records must be maintained.

### 3. DEFINITIONS

<b>“Accounting Standards Board”</b>	<i>was established by the Public Finance Management Act to set standards of Generally Recognized Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa.</i>
<b>“Amortization”</b>	<i>is the systematic allocation of the depreciable amount of an intangible asset over its useful life.</i>
<b>“Assets”</b>	<i>are resources controlled by the municipality as the result of past events and from which future economic benefits or future service potential are expected to flow to the municipality and for the purpose of this policy refers to property, plant and equipment but excludes Investment Properties.</i>
<b>“Asset categories”</b>	<i>are the asset categories as per the Overstrand Asset Register.</i>
<b>“Basic Municipal Services”</b>	<i>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.</i>
<b>“Capital Assets”</b>	<i>in terms of this policy, means – (a) any immovable asset such as land, property or buildings; or (b) any movable asset that can be used continuously or repeatedly for more than one year in the production 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.</i>
<b>“Capitalization”</b>	<i>is the recognition of expenditure as an Asset in the Financial Asset Register.</i>
<b>“Carrying amount”</b>	<i>is the amount at which an asset is included in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment thereon.</i>
<b>“Control items”</b>	<i>are items of assets that are not significant enough for financial recognition but are valuable enough to warrant special safeguarding.</i>
<b>“Cost”</b>	<i>is the amount of cash or cash equivalents paid or the fair value of the other consideration given or received to acquire an asset at the time of its acquisition or construction.</i>
<b>“Cost of acquisition”</b>	<i>is all the costs incurred in bringing an asset item to the required condition and location for its intended use.</i>
<b>“Depreciation”</b>	<i>is the systematic allocation of the depreciable amount of an asset over its useful life.</i>
<b>“Depreciable amount”</b>	<i>is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.</i>

<b>“Director”</b>	<i>is the “head of each Directorate” that has the functional accountability for and control of the physical management of a particular set of assets in order to achieve the municipality’s strategic objectives relevant to that directorate. The execution of this responsibility will require the relevant asset manager to control the acquisition, utilization, management and disposal of this set of assets to optimize the achievement of these objectives.</i>
<b>“Disposal”</b>	<i>in relation to a capital asset, includes: (a) the demolition, dismantling or destruction of the capital asset; or (b) any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership.</i>
<b>“Fair value”</b>	<i>is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction.</i>
<b>“Financial asset register”</b>	<i>is the control register recording the financial and other key details for all municipal assets recognized in accordance with this policy.</i>
<b>“Heritage Assets”</b>	<i>are assets defined as culturally, environmental, historical, natural, scientific, technological or artistic significant and are held indefinitely for the benefit of present and future generations... Examples are works of art, historical buildings and statues.</i>
<b>“Impairment loss” of a cash-generating asset</b>	<i>is the amount by which the carrying amount of an asset exceeds its recoverable amount.</i>
<b>“Impairment loss” of a non-cash-generating asset</b>	<i>is the amount by which the carrying amount of an asset exceeds its recoverable service amount.</i>
<b>“Infrastructure assets”</b>	<i>are defined as any assets that are part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains.</i>
<b>“Investment properties”</b>	<i>are defined as properties that are acquired for economic and capital gains.</i>
<b>“Organ of State”</b>	<i>in terms of this policy, means – (a) a national department or national public entity; (b) a provincial department or provincial public entity; (c) a municipality or municipal entity; or (d) any other organ of state within the meaning assigned to “organ of state” in section 239 of the Constitution.</i>
<b>“Other assets”</b>	<i>are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture.</i>
<b>“Prescribe”</b>	<i>means as prescribed by the Minister of Finance by regulation.</i>
<b>“Property, plant or</b>	<i>Means tangible assets that:</i>

<b>equipment” (PPE)</b>	(a) are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and (b) are expected to have a useful life extending for more than one financial year.
<b>“Recoverable amount”</b>	is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.
<b>“Residual value”</b>	is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.
<b>“Useful life”</b>	is either: (a) the estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, <b>or</b> (b) the estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality.

#### 4. STATUTORY AND REGULATORY FRAMEWORK

- 4.1. This policy must comply with all relevant legislative requirements including:
- 4.1.1 The Constitution of the Republic of South Africa, 1996
  - 4.1.2 Municipal Structures Act, 1998
  - 4.1.3 Municipal Systems Act, 2000
  - 4.1.4 Division of Revenue Act (enacted annually)
  - 4.1.5 Municipal Finance Management Act No 56 of 2003
  - 4.1.6 Local Government: Municipal Asset Transfer Regulations, 2008
- 4.2. Also, this policy must comply with the standards specified by the Accounting Standards Board. The relevant currently recognized accounting standards include:
- 4.2.1 GRAP 17 Property, plant or equipment
  - 4.2.2 GRAP 16 Investment property
  - 4.2.3 GRAP 21 Impairment of Non Cash Generating Assets
  - 4.2.4 GRAP 26 Impairment of Cash Generating Assets
  - 4.2.5 GRAP 31 Intangible Assets (Previously GRAP 102)
  - 4.2.6 GRAP 100 Non-current Assets held for Sale and Discontinued Operations
  - 4.2.7 GRAP 103 Heritage Assets
- 4.3. This policy does not overrule the requirement to comply with other policies such as Supply Chain Management policy, Budget policies or the Administration of Immovable Assets policy.

## 5. RESPONSIBILITIES AND ACCOUNTABILITIES

**5.1. The Municipal Manager** is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

**5.2. The Municipal Manager** must take all reasonable steps to ensure that:

5.2.1 the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;

5.2.2 the municipality's assets are valued in accordance with standards of GRAP;

5.2.3 the municipality has and maintains a system of internal control of assets, including an asset register, and

5.2.4 the Directors comply with this policy.

**5.3. The Director: Finance** is responsible to the Municipal Manager to ensure that the financial investment in the municipality's assets is properly recorded.

5.3.1. The Director: Finance must take all reasonable steps to ensure that:

a) appropriate systems of financial management and internal controls are established and carried out diligently;

b) the financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;

c) any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;

d) the systems, processes and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of all statutes;

e) financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;

f) the Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets, and

g) the Directors are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

5.3.2. The Director: Finance may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

**5.4. The Directors** must take all reasonable steps to ensure that:

5.4.1 appropriate systems of physical management and controls are established and carried out for assets in their areas of responsibility;

5.4.2 the municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;

5.4.3 the assets under their control are appropriately safeguarded and maintained to the extent necessary and that risk management systems are in place and applied;

- 5.4.4 any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- 5.4.5 their asset management systems and controls can provide an accurate, reliable and up to date account of assets under their control;
- 5.4.6 they are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives;
- 5.4.7 the purchase of assets complies with all municipal policies and procedures;
- 5.4.8 all moveable property, plant and equipment is duly processed and identified when it is received into his/her stewardship;
- 5.4.9 all moveable assets received into his/her stewardship are appropriately safeguarded for inappropriate use or loss. This will include control over the physical access to these assets and regular asset counts to ensure any losses have not occurred. Any known losses should be immediately reported to the Director: Finance, and
- 5.4.9 assets are appropriately utilized for the purpose for which the municipality acquired them.
- 5.4.10 The Manager may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

## **5.5 Safe-guarding of assets.**

Directors shall be directly responsible for the physical safe-guarding of any fixed asset controlled or used by the department in question.

In exercising this responsibility, Directors shall adhere to the stipulations of this policy as well as any other written directives issued by the municipal manager to the department in question, or generally to all departments, in regard to the control of or safe-guarding of the municipality's fixed assets.

## **6. FINANCIAL MANAGEMENT**

### **6.1 Approval to acquire Property Plant or Equipment**

Money can only be spent on a capital project if:

- 6.1.1 the money has been appropriated in the capital budget, and the future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget;
- 6.1.2 the project, including the total cost and funding sources, has been approved by Council;
- 6.1.3 the Director: Finance confirms that funding is available for that specific project, and
- 6.1.4 the Supply Chain Management prescripts/procedures have been adhered to.

### **6.2 Funding period of capital projects**

The acquisition of assets will not be funded over a period longer than the useful life of that asset.

### **6.3 Disposal of assets**

- 6.3.1 The municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of an asset needed to provide the minimum level of basic municipal services, unless such asset is obsolete or surplus to requirements or beyond a state of good repair or being replaced and provided that the delivery of the minimum level of basic municipal services must not be compromised as a result of the disposal of the asset.
- 6.3.2 The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset had been sold, transferred or otherwise disposed of.
- 6.3.3 The disposal of an item of property, plant or equipment must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management and the Supply Chain Management Policy of the municipality.
- 6.3.4 The transfer of assets to another municipality, municipal entity, national department or provincial department is excluded from these provisions, provided such transfer is being done in accordance with a prescribed regulatory framework.
- 6.3.5 Directors shall report in writing to the Director: Finance on all fixed assets controlled or used by the department concerned, which such Director wishes to alienate by public auction or public tender. The Director: Finance shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.
- 6.3.6 Once the fixed assets are alienated, the Director: Finance shall de-recognize the asset from the accounting records and the fixed asset register.
- 6.3.7 All gains and losses realized on the alienation of fixed assets shall be accounted for according to section 11.13 below (Accounting treatment on disposal).
- 6.3.8 Disposal of immovable property is dealt with in terms of the Administration of Immovable Property Policy.

### **6.4 Loss, Theft, Destruction or Impairment of fixed assets**

Directors shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the Director: Finance, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.

## **7. INTERNAL CONTROLS**

### **7.1 Financial Asset registers**

#### 7.1.1 Establishment and Management of the Financial Asset Register:

- a) The Director: Finance will establish and maintain the Asset Register containing key financial data on each item of Assets that satisfies the criterion for recognition.

#### 7.1.2 Contents of the Financial Asset Register:

- a) The fixed asset register shall be maintained in the format determined by the Director: Finance, which format shall comply with the requirements of generally recognized accounting practice (GRAP) and any other accounting requirements which may be prescribed.
- b) Directors under whose control any fixed asset falls shall promptly provide the Director: Finance in writing with any information required to compile the fixed asset register, and shall promptly advise the Director: Finance in writing of any material change which may occur in respect of such information.

#### 7.1.3 Internal Controls over the Financial Asset Registers:

- a) Controls around the asset registers should be sufficient to provide Directors with an accurate, reliable and up to date account of assets under their control to the standards specified by the Director: Finance and required by relevant legislation.
- b) These controls will include the physical management and recording of all acquisitions, assignments, transfers, losses and disposals of assigned assets as well as regular asset counts and systems audits to confirm the adequacy of controls.
- c) The municipal manager shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerized fixed asset register.

### **7.2 Responsibilities: Physical Receipting and Management**

7.2.1 The Manager: Expenditure & Asset Management will undertake an annual count of assets as part of the annual reporting process.

7.2.2 The date of acquisition of assets is deemed to be the time when legal title and control passes to the municipality.

7.2.3 The date of acquisition of assets may vary for different categories of assets but will usually be the point of time when the Director approves final payment for that item of property, plant or equipment.

7.2.4 A Director must advise the Director: Finance, in writing, of capital work-in-progress at the end of the financial year.

7.2.5 A Director must advise the Director: Finance, promptly in writing whenever capital work-in-progress is completed, for inclusion in the Asset Register.

### **7.3 Transfers between Directors**

#### **7.3.1 Permanent transfers to another Manager**

- a) A Director retains managerial accountability and control for a particular asset unless:
  - i. another Director agrees in writing to accept responsibility for the assets, and
  - ii. the Director: Finance endorses the transfer.
- b) The Finance Directorate must appropriately amend the Financial Asset register by accounting for all approved transfers.
- c) The Director to whom the asset is transferred must assume accountability for the transferred asset.

#### **7.3.2 Relocation or Re-assignment of Assets:**

- a) A Director must ensure that assets are appropriately safeguarded for loss, damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions.
- b) A Director must advise the Director: Finance, in writing, whenever an asset is permanently relocated or reassigned from the location (or base) or cost centre recorded in the Financial Asset Register.
- c) A Director must advise the Director: Finance, in writing, whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Financial Asset Register. In this case, the Director must also advise the Director: Finance when the asset is returned. In the case of assets being utilized in the normal course of operations away from its base, such as vehicles, reporting is not necessary.

### **7.4 Verification of fixed assets**

7.4.1 Directors shall at least once during each in-year quarter undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.

7.4.2 Directors shall promptly and fully report in writing to the Director: Finance in the format determined by the Director: Finance, all relevant results of such fixed asset verification. The resultant reports shall be submitted by Directors, to the Director: Finance, by not later than 30 days after the last day of the in-year quarter in question.

### **7.5 Insurance of fixed assets**

7.5.1 The municipal manager shall ensure that movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

7.5.2 If the municipality operates a self-insurance reserve (assuming such reserve to be allowed), the Director: Finance shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the Directors concerned.

## 8. MANAGEMENT OF CONTROL ITEMS

- 8.1 Assets costing less than R2 000 but more than R500 are deemed to be control items unless that type of asset is specifically excluded by the Director: Finance. Items costing less than R500 are deemed to be consumables.
- 8.2 The requirements to manage control items includes:
- Receipting and bar-coding of these items.
  - Maintaining and updating a register.
  - Regular asset counts by the assigned person to ensure these control items are being appropriately safeguarded.
  - Recording and reporting of any disposal, transfer or loss of control items by the assigned official to the CFO and adjustment of the control items register.
- 8.3 Control items will **not** be:
- capitalized as an asset,
  - depreciated,
  - revalued,
  - recorded in the financial asset register, or
  - otherwise treated as an asset.

## 9. MANAGEMENT AND OPERATION OF ASSETS

### 9.1 Accountability to manage assets -

- Each Director is accountable to ensure that municipal resources assigned to him are utilized effectively, efficiently, economically and transparently.
- Directors need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost.

### 9.2 Reporting on Impeding Issues

- Each Director should report to the Municipal Manager on issues that will significantly impede the assets capability to provide the required level of service or economic benefit.

## 10. CLASSIFICATION & COMPONENTS

### 10.1 Classification of assets

- 10.1.1 Any asset recognized as an asset under this policy will be classified according to categories as per the Overstrand Asset Register.
- 10.1.2 All fixed assets should be classified under the following headings in the Asset Register:
- a) Property, plant and equipment:**
- land
  - buildings (not held as investment assets)

- community assets (resources contributing to the general well-being of the community)
- infrastructure assets (assets which are part of a network of similar assets)
- other assets (ordinary operational resources, consisting of Furniture, Equipment and Vehicles)

**b) Heritage Assets**

- c) heritage assets (culturally, environmental, historical, natural, scientific, technological or artistic significant assets)

- **Investment property**

- investment assets (resources held for capital or operational gain)

- **Intangible Assets**

- The Director: Finance may agree to subdivide these classifications further. This decision will be noted as an amendment to the Asset Register of the Overstrand Municipality.

**10.2 Optional Treatment for Major Component**

- A Director may, with agreement of the Director: Finance, treat specified major components of an item of property plant or equipment as a separate asset for the purposes of this policy.
- These major components may be defined by its physical parameters (e.g. a reservoir roof) or its financial parameters (e.g. a road surface).
- In agreeing to these treatments the Director: Finance must be satisfied that these components:
  - *have a significantly different useful life or usage pattern to the main asset,*
  - *align with the asset management plans,*
  - *justify the costs of separate identification,*
  - *have probable future economic benefits or potential service delivery associated with the asset which will flow to the municipality,*
  - *is such that the cost of the asset to the municipality can be measured reliably,*
  - *is such that the municipality has control over the asset,*
  - *is such that the costs is above the recognition threshold, and*
  - *is such that the asset is expected to be used during more than one financial year.*
- Once a major component is recognized as a separate asset, it may be acquired, depreciated and disposed of as if it was a separate asset.

## 11. ACCOUNTING FOR ASSETS

### 11.1 Recognition of assets

- An item of property, plant or equipment will be recognized as an asset when:
  - *it is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,*
  - *the cost of the asset to the municipality can be measured reliably,*
  - *the municipality has control over the asset,*
  - *the costs are above the recognition threshold, and*
  - *the asset is expected to be used during more than one financial year.*

### 11.2 Initial measurement

- An item of property, plant or equipment that qualifies for recognition as an asset should be initially measured at its “cost of acquisition”.
- This “cost of acquisition” usually include the following:
  - *Purchase costs (less any discounts given)*
  - *Delivery costs*
  - *Installation costs*
  - *Professional fees for architects and engineers*
  - *Import duties*
  - *Non-refundable taxes*
  - *Site development costs*
  - *Contractor fees*

### 11.3 Donations or exchanges

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

### 11.4 Recognition threshold

- To ensure efficiency in the administration of this policy, the recognition of property plant or equipment as an asset will be limited to items costing R2 000 or more, after deduction of refundable taxes( unless specifically included by the Director: Finance).
- When a number of similar individual items, with a cost price of more than R500 but less than R2 000 per item, exclusive of non-claimable VAT, are purchased in bulk in a single order purchase, these items are regarded as individual assets and are captured on the Fixed Asset Register as such.
- The acquisition of property, plant or equipment costing more than R500, but less than R2 000, after deduction of refundable taxes, will be expensed but management will need to comply with the policy on managing control items.

### **11.5 Carrying amount of assets**

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

### **11.6 Depreciation**

- All fixed assets, except land and heritage assets, shall be depreciated.
- The depreciable amount of an item of property, plant or equipment should be allocated on a systematic basis over its useful life.
- The depreciation method used should reflect the pattern in which economic benefits or potential service provisions are consumed by the municipality.
- The depreciation charge for each period will be recognized as an expense against the budget of the relevant Director unless it is included in the carrying amount of another asset.
- The depreciation method used shall reflect the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality.
- A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method. Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change. The diminishing balance method results in a decreasing charge over the useful life. The units of production method results in a charge based on the expected use or output. The entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.
- The depreciation method will be the straight-line method unless otherwise agreed to in writing by the Director: Finance.
- Depreciation shall be calculated from the day the fixed asset is available for use (GRAP 17).
- Directors, acting in consultation with the Director: Finance, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.
- The procedures to be followed in accounting and budgeting for the amortization of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

### **11.7 Initial determination of useful life**

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

- The program that will optimize the expected long term costs of owning that asset,
- Economic obsolescence because it is too expensive to maintain,
- Functional obsolescence because it no longer meets the municipality's needs,
- Technological obsolescence,
- Social obsolescence due to changing demographics, and
- Legal obsolescence due to statutory constraints.
- The Table of Useful Lives is provided in the MFMA Local Government Capital Asset Management Guideline. These should be used as a guide to the minimum useful lives only because actual asset lives experienced greatly exceed those recommend lives.

#### **11.8 Review of useful life**

- Only the Director: Finance may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs, the Director: Finance shall inform the council of the municipality of such amendment.
- The Director: Finance shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.
- The useful life of an item of property, plant or equipment should be reviewed annually and if these revised expectations are significantly different from previous estimates, then the depreciation charge for the current and future periods should be adjusted and the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

#### **11.9 Review of depreciation method**

- The depreciation method applicable to property, plant or equipment should be reviewed annually, and if there has been a significant change in the expected pattern of economic benefits or potential service delivery from those assets, the method should be changed to reflect the changed pattern.
- When such a change in depreciation method is necessary the change should be accounted for as a change in accounting and the depreciation charge for the current and future periods should be adjusted.

#### **11.10 Subsequent expenditure on property plant or equipment**

- Subsequent expenditure relating to an item of property, plant or equipment that meets the definition of an asset should be added to the carrying amount of the asset when such expenditure will increase the useful life of the asset or increase the efficiency of the asset or reduce the cost of operating the asset, resulting in financial or service delivery benefits.
- All other expenditure should be recognized as an expense in the period in which it occurred.

- Before allowing the capitalization of subsequent expenditure, the Director: Finance must be satisfied that this expenditure will significantly:
  - increase the life of that asset beyond that stated in the asset register, or
  - increase the quality of service provided by that asset beyond the existing level of service, or
  - increase the quantity of services that asset can provide, or
  - reduce the future assessed costs of maintaining that asset.
- Expenditure that is proposed to be capitalized must also conform to recognition criteria for assets and should also be appropriately included in the approved capital budget.

#### 11.11 Impairment of assets

The accounting treatment relating to impairment losses is outlined as follows in **GRAP 21 & 26**:

The carrying amount (Book value) of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

Recoverable amount is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal. When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognized as an expense immediately.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification work is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of recoverable amount.

The following may be indicators that an item of PPE has become impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

#### **Example:**

An example of where the municipality has suffered an impairment loss is the purchase of land for an amount of R 5 000 000. The land will be utilized for new subsidized housing developments. If at year end the expectation is that the Municipality will receive only R 1 000 000 by way of subsidies an impairment loss of R4 000 000 needs to be recognized. The recoverable amount (R 1 m) is calculated as being the larger of:

- **Net Selling price** of the land which is the amount obtainable from the sale of the market in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.
- **Value in use** of the land which is the present value of the estimated future net cash inflows expected from the continuing use of the asset and from its disposal at the end of its useful life.

**The following steps will have to be performed regularly during the year to account for impairment losses:**

- Directorates will identify and inform Finance Department - Asset Control of assets that:
  - Are in a state of damage at year end.
  - Are technologically obsolete at year end. This can be facilitated if Directorates require Finance Department - Asset Control, to supply them with a Fixed Asset Register pertaining to major assets showing the remaining useful lives of assets. The Directorates can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout.
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
  - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts. An example of this is Land that is purchased at market value and is to be utilized for subsidized housing developments.
- The recoverable amounts of these assets need to be calculated by calculating the Net selling Price per asset as defined above.
- The impairment loss per asset needs to be calculated as the difference between the Net selling price and the book value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.
- The carrying amount of an asset should be reviewed annually to assess whether or not the recoverable amount has declined below the carrying amount.
- When such a decline has occurred, the carrying amount should be reduced to the recoverable amount.
- The amount of the reduction should be recognized as an impairment expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.
- For assets providing economic benefits, the recoverable amount is the net present value of future ownership.
- For assets providing future service delivery, the recoverable amount is the remaining proportional to its useful life, service capacity or quality of service that is not intended to be restored by normal maintenance programs.

#### **11.12 Subsequent increase in recoverable amount**

- A subsequent increase in the recoverable amount of an asset, previously written down due to a decline in the carrying amount, should be written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.
- The amount written back should be reduced by the amount that would have been recognized as depreciation had the write-down or write-off not occurred.

#### **11.13 Accounting treatment on Disposal**

- An item of property, plant or equipment should be eliminated from the Statement of Financial Position, on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected from its disposal, in accordance with GRAP 100.
- Gains or losses arising from the retirement or disposal of an item of property, plant or equipment should be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset, and should be recognized as revenue or expense in the Statement of Financial Performance.
- All gains realized on the alienation of fixed assets shall be appropriated annually to the municipality's Capital Replacement Reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the Statement of Financial Performance of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

#### **11.14 Reinstatement, maintenance and other expenses**

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

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

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

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

Capital Expenditure	Maintenance
<ul style="list-style-type: none"> <li>▪ Acquiring a new asset</li> <li>▪ Replacing an existing asset</li> <li>▪ Enhancing an existing asset so that its use is expanded</li> <li>▪ Further developing an existing asset so that its original useful life is extended</li> </ul>	<ul style="list-style-type: none"> <li>▪ Restoring an asset so that it can continue to be used for its intended purpose</li> <li>▪ Maintaining an asset so that it can be used for the period for which it was initially intended.</li> </ul>

### 11.15 Assets held under leases

**Finance leases** are leases, which in effect transfer all risks and rewards associated with the ownership of an asset from the lessor to the lessee. Assets held under finance leases are capitalized by the municipality and reflected as such in the FAR. It will be capitalized at its leased value at commencement of the lease, which will be the price stated in the lease agreement. The asset is then depreciated over its expected useful life.

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

### 11.16 Investment property

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

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

**Decide on which accounting model, cost or fair value, the municipality will apply to investment property.**

#### **Fair value**

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the Statement of Financial Performance at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – where-after it shall be re-classified as an investment asset.

#### **11.17 Fixed assets treated as inventory**

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

#### **11.18 Recognition of heritage assets in the fixed asset register**

If no original costs or fair values are available in the case of one or more or all heritage assets, the Director: Finance may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Performance purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

#### **11.19 Other write-offs of fixed assets**

The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question.

In every instance where a not fully depreciated fixed asset is written off, the Director: Finance shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned.

#### **11.20 General maintenance of fixed assets**

Every Director shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

### **12. FINANCIAL DISCLOSURE**

Assets must be disclosed, in respect of each class of property, plant and equipment, in accordance with Generally Recognized Accounting Practice.

### **13. IMPLEMENTATION AND REVIEW PROCESS**

**13.1** This policy will come into effect on 1 July 2014;

**13.2** This policy will be reviewed at least annually or when required by way of a Council resolution.

**14. SHORT TITLE**

This policy will be known as the Asset Management Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>FINANCE: EXPENDITURE AND ASSET MANAGEMENT</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW:</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	04 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
<b>APPROVAL BY COUNCIL:</b>	24 JUNE 2009

DRAFT

**OVERSTRAND  
MUNICIPALITY**

*Munisipaliteit • U-Masibala • Municipality*

**OVERSTRAND**



**TRAVEL & SUBSISTENCE  
POLICY**

# TRAVEL AND SUBSISTENCE POLICY

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## TRAVEL AND SUBSISTENCE POLICY

### 1 DEFINITIONS

For the purpose of this policy, except where clearly indicated otherwise, the words and expressions set out below have the following meaning:-

<i>“Accounting Officer”</i>	The person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated;
<i>“Chief Financial Officer”</i>	The person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated;
<i>“Council”</i>	The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996; and section 18 (3) of the Municipal Structures Act, 1998 (Act 117 of 1998)
<i>“Councillor”</i>	A member of the Overstrand Municipal Council.
<i>“Executive Management Team”</i>	Officials appointed in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) (Structures Act) and section 56 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000).
<i>“Executive Mayor”</i>	The Executive Mayor of the Overstrand Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998).
<i>“Director”</i>	An official appointed by the Council in terms of section 56 of the Municipal Systems Act, 2000 (Act 32 of 2000) to head a Directorate of the municipality
<i>“Municipality”</i>	Overstrand Municipality, established in terms of sections 12 and 14 of the Structures Act.
<i>“Traveller”</i>	Any councillor or official travelling away from his or her normal place of domicile and employment on the official business of the Overstrand Municipality
<i>“Subsistence allowance”</i>	A subsistence allowance is an amount of money paid by the municipality to a traveller for expenditure incurred in respect of personal subsistence and incidental costs (for example refreshments, snacks, drinks and newspapers but excludes any personal recreation, such as visits to a cinema, theatre or nightclubs or sight-seeing.
<i>“Travel Allowance”</i>	A travel allowance is any amount paid to an employee in respect of travelling expenses for business purpose.
<i>“Partial sponsored trip”</i>	Where a portion of the total cost is sponsored by a donor or third party. (For the purposes of this policy such proportion of the total cost of the trip to be included in the application forms).

# TRAVEL AND SUBSISTENCE POLICY

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## 2 PURPOSE

The purpose of this policy is to set out general rules for the payment of subsistence and travelling allowances or costs for the attendance of approved events **outside the municipal area of Overstrand**.

## 3 OBJECTIVES

The objectives of this policy are as follows:

- 3.1 Ensure that municipal employees and Councillors adhere to procedures when arranging for travel, lodging, meals and other expenses;
- 3.2 Ensure that municipal employees and Councillors are reimbursed for reasonable expenses incurred for travel, conferences, meetings and meals as a result of conducting authorized municipal business;
- 3.3 Ensure that payments made by the municipality are for the actual and necessary expenses incurred for municipal business; and
- 3.4 Ensure that municipal employees and Councillors will receive reimbursements in a timely manner.

## 4 GENERAL

- 4.1 The contents of this policy will not be regarded as conditions of employment but as a re-imbusement for travelling and subsistence expenditure incurred or deemed to be incurred for the attendance of events for official purposes.
- 4.2 Any councilor must have the approval of the Executive Mayor or his/*her* delegate for the attendance of events for which compensation is claimed. Any staff member must have the approval of the Director or his/*her* delegate and any Director must have the approval of the Municipal Manager or his/*her* delegate for the attendance of events for which compensation is claimed. Claims are only payable if sufficient provision is made for it on the budget.
- 4.3 Any claim must be submitted on the official claim form with the necessary vouchers where specific expenses are claimed.
- 4.4 Any claim containing false information will lead to disciplinary steps being instituted and payments thus made may be recovered from any money payable by the municipality to the person who submitted the claim.
- 4.5 All efforts should be made to minimize the costs for the municipality i.e. by travelling together in one vehicle, minimizing overnight stay where possible, etc.
  - a) Where several employees attend approved events, inclusive of meetings, they must make arrangements for up to four (4) people to travel together in one vehicle.
  - b) Any deviation from paragraph (a) must be approved in writing by the **Director**, prior to the date of departure, based on valid reasons as motivated in a submission.
- 4.6 A claim for subsistence and travelling cannot be made at the municipality as well as another institution for attending the same event. Such action shall lead to disciplinary action.

## TRAVEL AND SUBSISTENCE POLICY

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- 4.7 Sufficient documentation must be attached to the application for the trip e.g., official invitation, agenda or programme, itinerary, details of sponsor and amount, etc.

### 5 REFERENCE

This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.

### 6 LEGAL FRAMEWORK

This policy is developed and guided by the following:

- 6.1 South African Revenue Services (SARS)
- 6.2 Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- 6.3 South African Local Government Association (SALGA)
- 6.4 Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)
- 6.5 Income Tax Act, 1962 (Act No. 58 of 1962).

### 7 SCOPE OF APPLICATION

7.1 This Policy is applicable to –

- 7.1.1 all councillors of the Overstrand Municipality, and
- 7.1.2 all officials of the Overstrand Municipality,

travelling on official business and as such are formal travellers of the Overstrand Municipality.

IMPORTANT - No payments will be made to applicants for employment interviews in terms of the scope of this policy.

### 8 USE OF AIRLINES

- 8.1 For domestic trips both major and low-cost airlines may be utilised.
- 8.2 For international trips all major airlines may be utilised.
- 8.3 Preference will be given to airlines which operate direct flights between Cape Town and the destination.
- 8.4 For special trips requiring the use of helicopters or chartered aircrafts, special authorisation by the Mayor or Municipal Manager or their delegated nominees is required.
- 8.5 The Executive Mayor, Executive Deputy Mayor, Mayoral Committee Members, Speaker, Municipal Manager and the Executive Management Team (EMT) and officials shall travel by means of economy class on international flights and economy class on national flights at the best available fare to the airport closest to the authorised destination, plus the relevant first class rail, motor coach or boat fare, or any reasonable combination thereof necessary to complete the journey to the said destination.

## TRAVEL AND SUBSISTENCE POLICY

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- 8.6 In all other cases, the most economical airfare shall be paid for all members of the Council and for officials of the municipality who travel by air abroad and within the boundaries of South Africa to the airport closest to the authorised destination, plus the relevant first class rail, motor coach or boat fare, or any reasonable combination thereof necessary to complete the journey to the said destination; provided that, in the case of all members of the Council and all Municipal officials, where there are:
- 8.6.1 Time constraints and/or when economy class flights are not available, business class may be authorised by the Executive Mayor or Municipal Manager or their nominees.
  - 8.6.2 Physical and /or medical reasons (supported by the submission of a letter from a registered medical practitioner) why a member of council or an official may not travel in economy class, the Executive Mayor or Municipal Manager or their nominees may authorise travel by means of business class.

## 9 USE OF VEHICLES

### 9.1 Hired Vehicles

- 9.1.1 Shall be applied for, quantified and paid for by the Municipality.
- 9.1.2 May only be obtained when the employee and / or Councillor is on official municipal business where air travel was involved and other modes of transport are not available, too costly or impractical.
- 9.1.3 Requires prior approval from the Responsible Official for employees and the Executive Mayor / Speaker for Councillors.
- 9.1.4 May not be used for travel from the municipal offices.
- 9.1.5 Only travellers with a valid South African driver's licence may hire vehicles; where the traveller who hires a vehicle, is not in possession of such licence, he or she may be held personally liable for all damages and may be subject to disciplinary action by Council; the responsibility and related costs of obtaining an international driving permit, where required, rests with the traveller.
- 9.1.6 Only "A" or "B" category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle, for example, when the number of representatives involved could justify the hire of a micro-bus, for groups of 5 (five) or more travellers. The latter to be approved in advance by the Executive Mayor or Municipal Manager, according to the provisions as provided for in 4.2.
- 9.1.7 For physically handicapped travellers who are only able to drive a particular type of vehicle and those in possession of a driver's license restricted to automatic vehicles: the most suitable vehicle.
- 9.1.8 Chauffeur driven vehicles may not be used. Employees and / or Councillors who are unable to drive must utilize either a shuttle service or another mode of public transport.

### 9.2 Private Vehicles

- 9.2.1 The boundaries of the Overstrand Municipality shall be used to determine payment for travel outside such boundaries by means of private transport for officials who are in receipt of a fixed transportation allowance, or where such an allowance has been factored into the total cost of employment package of the official concerned. In such cases, only the applicable cost per kilometre will be paid as updated from time to time. Should the destination of the trip be outside the boundaries of

## TRAVEL AND SUBSISTENCE POLICY

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- the Municipality, the distance for the cost per kilometre will be measured from place of residence or place of work, whichever is relevant.
- 9.2.2 Employees in receipt of a fixed transportation allowance, travelling on official municipal business within the boundaries of the Overstrand Municipality but outside a radius of 15 km from their normal place of work, will be reimbursed for such travelling at the prevailing AA-Running Cost km tariff, calculated from their normal place of work.
- 9.2.3 Those employees who are not in receipt of a travel allowance shall be reimbursed according to the latest prescribed SARS km tariff (currently R3.16/km), calculated from their place of work or residence, which-ever is the nearest to the place of the approved event.
- 9.2.4 Those employees who are in receipt of an Essential User Transportation Allowance shall be reimbursed in accordance with the applicable Scheme. The travelling distance shall be calculated from their place of residence.
- 9.2.5 Councillors using private transport outside the boundaries of the Overstrand Municipality will be reimbursed according to the guidelines issued by the relevant National Department as updated from time to time.
- 9.2.6 **A traveller who uses private transport shall be paid the lower of the following two options:**
- 9.2.6.1 Cash equivalent of the avoided air ticket cost, which would have been paid in the event of air travel being the most economical and practical means of transport; or
- 9.2.6.2 Actual cost per kilometre as determined according to the rate applicable to the traveller,
- on condition that such person may not claim subsistence costs for a longer period than would have been applicable in the case of air travel.
- 9.2.7 A claim submitted by a councillor or a municipal official, when travelling outside the municipal area of the Overstrand with private transport on official municipal affairs, will be considered for re-imburement, subject to the following conditions:
- 9.2.7.1 that the trip is for an approved official event;
- 9.2.7.2 that no other municipal transport was available at the time of the travel, as confirmed with the Mayor, relevant Director or Municipal Manager;
- 9.2.7.3 that the use of private transport is pre-approved by the Mayor, relevant Director or Municipal Manager.

## 10 DOMESTIC TRAVEL, SUBSISTENCE AND ACCOMMODATION

When travelling to a destination outside the boundaries of the Overstrand Municipality in circumstances requiring absence from the office for longer than 24 hours, the following may be utilised and claimed: (the time of departure from residence or office up until the time of arrival back at residence or office shall be used for purposes of calculating the length of absence):

## TRAVEL AND SUBSISTENCE POLICY

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### 10.1 Accommodation

- 10.1.1 Travellers who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment.
- a) Where employees attend approved events, inclusive of meetings, one or more nights to be spent away from home will only be allowed in instances where the distance to the venue exceeds 150 kilometers.
- b) Any deviation from paragraph (a) must be motivated in writing by the employee and must be approved in writing by the **Municipal Manager**, prior to the date of departure, based on valid reasons.
- 10.1.2 The actual cost of accommodation will be borne by the municipality, subject to a maximum of 4-star rating for the accommodation itself in respect of domestic travel. Where such accommodation is available, the rate for a single room will be payable.
- 10.1.3 If no such accommodation is available, higher rating accommodation can be used subject to the prior approval of the **Municipal Manager or the Executive Mayor, as applicable.**
- 10.1.4 If a traveller stays with a relative or friend, no accommodation allowance may be claimed, but the traveller may claim a subsistence allowance per day as per this policy.
- 10.1.5 The location of the accommodation should not be more than 20 km from the venue of the event, unless approved by the Municipal Manager or Executive Mayor.

### 10.2 Subsistence Allowance and Meals

- 10.2.1 Subsistence Allowance  
As per definition, Section 1 of this Policy.
- 10.2.2 Entitlement to a Subsistence Allowance
- 10.2.2.1 A traveller may claim a daily subsistence allowance as provided for in this policy with the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses (see below), may be claimed.
- 10.2.2.2 A daily subsistence allowance will only be applicable where-
- (i) official business unavoidably entails **one or more nights to be spent away from home**, a subsistence allowance as amended by SARS from time to time (currently R335 per day) will apply in respect of domestic travel; or
- (ii) where the traveller will be on official business for a **period exceeding 8 hours, without being away from home for one or more nights**, an allowance as amended by SARS from time to time (currently R103 per day) will apply in respect of domestic travel;
- (iii) No daily subsistence allowance will be payable to representatives that will be attending courses, training or meetings where lunch will be provided, but without being away from home for one or more nights.

## TRAVEL AND SUBSISTENCE POLICY

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- 10.2.2.3 A traveller of the municipality must obtain approval for his or her subsistence allowance, as provided for in this policy, before embarking on any official trip.
- 10.2.2.4 No subsistence allowance will be paid, and no traveller will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must be approved as such before a traveller is entitled to a subsistence allowance.
- 10.2.3 Claims for meals for official entertainment of guests by full-time councillors and the executive management team are to be dealt with as claims against the relevant "entertainment allowance" provision of the relevant Cost Centre.

Where special circumstances exist which necessitate a deviation from the above restrictions, the prior approval of the **Executive Mayor or Municipal Manager**, as applicable, or their nominees are to be obtained.

### 11 MISCELLANEOUS EXPENSES

Items that may be considered for approval, where expenditure is incurred within the boundaries of the Republic of South Africa during a period of absence is as follows:-

- 11.1 Parking / Bus fares: Subject to proof of payment being provided;
- 11.2 Toll fees: Subject to proof of payment being provided;
- 11.3 Taxi fare: Subject to proof of payment being provided.

### 12 INTERNATIONAL TRAVEL, SUBSISTENCE AND ACCOMMODATION

- 12.1 When traveling in countries other than in South Africa on specially authorised Municipal business, the expenses actually incurred for accommodation and official transport will be payable.
- 12.2 The daily subsistence allowance is to cover all meals, transport for private use and other incidental costs, this subsistence allowance for international travel will be in accordance with SARS Foreign Travel 1.1 List of Daily Maximum amount per Country, as amended by SARS from time to time.
- 12.3 No additional claim in respect of such costs will therefore be paid, except for entertainment by full-time Councillors or the Executive Management Team, of official guests, clients, potential clients, investors or potential investors which is to be dealt with as "entertainment allowance" claims.

### 13 SPONSORED TRIPS

#### 13.1 LOCAL SPONSORED TRIPS

- 13.1.1 A trip shall be regarded as sponsored when the full/ partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.
- 13.1.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.

## TRAVEL AND SUBSISTENCE POLICY

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### 13.2 INTERNATIONAL SPONSORED TRIPS

13.2.1 A trip shall be regarded as sponsored when the full / partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.

13.2.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.

## 14 INSURANCE

14.1 Travellers, where the necessary travel and special leave forms have been duly authorised by the delegated official, will be insured by the municipality in terms of its current approved policies, practices and standard operating procedures. The insurance shall cover, *inter alia*, the following:

14.1.1 medical expenses and assistance services;

14.1.2 personal accident, including death and disability, as well as repatriation and evacuation;

14.1.3 luggage;

14.1.4 travel documents;

14.1.5 personal liability; and

14.1.6 cancellation, curtailment, and default on travel and accommodation.

14.2 Insurance cover is only for the period that the traveller is away from home or place of work on a trip relating to municipal business.

14.3 Private vehicles and contents thereof will not be covered under this Policy.

14.4 Hired vehicles are automatically covered for both Super Waiver Damage and Theft by the vehicle rental company.

## 15 GIFTS AND PROMOTIONAL GOODS

15.1 Where appropriate, the traveller may give gifts.

15.2 The gifts in question shall be provided by the municipality, through the appropriate department.

15.3 Suitable promotional and marketing products shall be supplied, on request, by the appropriate department of the Municipality.

## 16 AUTHORISATION

16.1 For purposes of implementing this policy:

16.1.1 **Only the Municipal Manager** may authorize any travel to be undertaken by Directors, provided the expenses to be incurred are on the approved budget of the relevant department. Claims by other officials to be authorized by directors concerned.

16.1.2 **Only the Executive Mayor** may authorize any travel to be undertaken by Holders of Public Office and the Municipal Manager, provided the expenses to be incurred are on the approved budget of the municipality.

## TRAVEL AND SUBSISTENCE POLICY

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16.1.3 **Only Directors** may authorize any travel to be undertaken by employees in the respective Directorate, provided the expenses to be incurred are on the approved budget of the municipality.

16.1.4 Authorization as per paragraph 16.1.1, 16.1.2 and 16.1.3, must be obtained prior to an occasion by any traveller who travels on the business of the municipality.

16.2 An invitation to attend a workshop, meeting or related event is not an automatic authorization to attend such workshop or event. The required authorization must still be obtained from the Municipal Manager or Executive Mayor or Director as the case may be.

### 17 COUNCIL DELEGATES

Municipal delegates or travellers to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any traveller fails to do so, the Executive Mayor, the Municipal Manager or Director, as the case may be, may recover all allowances and disbursements paid to enable such delegate or traveller to attend such event, provided that such delegate or traveller is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.

### 18 OTHER

18.1 Accommodation, flights and vehicle rental arrangements will be based on the most cost effective option in relation to the proximity of the venue, traffic, availability and other cost factors. Due to impracticality, the stipulations of the Supply Chain Policy may be disregarded in this matter, based on compliance to before-mentioned most cost effective considerations.

18.2 In the event of payments made by officials for traveling and accommodation, refunds will only be made on condition that the expense was pre-approved in accordance with the stipulations of this policy and that all aspects of this policy have been complied with.

### 19 AUTHORITY

Any deviation from this policy for whatsoever reason must be authorized by the **Municipal Manager**.

### 20 TRAVEL AND SUBSISTENCE ALLOWANCE CLAIM FORM

The official Travel and Subsistence Allowance claim form, as prescribed by Chief Financial Officer must be used with regard to Travel and Subsistence Allowance applications.

### 21 IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2014;

This policy will be reviewed at least annually or when required by way of a Council resolution.

## TRAVEL AND SUBSISTENCE POLICY

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### 22 SHORT TITLE

This policy shall be called the Travel and Subsistence Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>FINANCE: EXPENDITURE AND ASSET MANAGEMENT</b>
<b>CURRENT UPDATE</b>	
<b>PREVIOUS REVIEW</b>	<b>29 MAY 2013</b>
<b>PREVIOUS REVIEW</b>	<b>30 MAY 2012</b>
<b>PREVIOUS REVIEW</b>	<b>04 MAY 2011</b>
<b>APPROVAL BY COUNCIL</b>	<b>26 MAY 2010</b>
<b>APPROVAL BY EXECUTIVE MAYOR:</b>	<b>10 DECEMBER 2004</b>

# OVERSTRAND MUNICIPALITY



## PETTY CASH POLICY

DRAFT

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## 1. INTRODUCTION

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner. This includes Petty Cash, which is a small amount of funds that are minor in the form of cash, used for expenditure where it is impractical to obtain prior quotations due to the nature of the goods, monetary value and / or services required.

Therefore the Overstrand Municipality adopts the following petty cash policy.

## 2. REGULATORY FRAMEWORK

- a) Municipal Finance Management Act 56 of 2003
- b) Overstrand Supply Chain Management Policy

## 3. OBJECTIVES

Compliance with the regulatory framework in terms of the relevant legislation is required. The objectives of the policy are to ensure that:

- a) Goods and / or services are procured by the municipality in accordance with authorised process only;
- b) The municipality has and maintains an effective Petty Cash system of expenditure control;
- c) Sufficient Petty Cash is available when required; and
- d) The items to be procured are approved Petty Cash items.

## 4. DEFINITIONS

**Accounting Officer:** The person appointed by council in terms of section 82 of Act 117 of 1998, also known as the Municipal Manager, and defined in terms of section 60 of Act 56 of 2003 (MFMA).

**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:** A relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.

**Petty Cash Float:** The total sum of Petty Cash which has been granted to a Petty Cash Officer.

**Petty Cash Officer:** An employee, made responsible for the day-to-day operating of the Petty Cash Float.

**Reconciliation:** Is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.

**Sub-advances:** A relatively small amount of cash, made available by the Petty Cash Officer on request, to buy miscellaneous small items.

## 5. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are:

### **Accounting Officer (Municipal Manager)-**

5.1 The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

5.2 The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure:

- (a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- (b) that the municipality has and maintains a management, accounting and information system which:
  - (i) recognises expenditure when it is incurred;
  - (ii) accounts for creditors of the municipality; and
  - (iii) accounts for payments made by the municipality;
- (c) that the municipality has and maintains a system of internal control in respect of creditors and payments;
- (d) that payments by the municipality are made:
  - (i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
  - (ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager delegates authority to the Chief Financial Officer.

## 6. PETTY CASH POLICY

### **6.1 General Policy**

- (a) (i) The use of a petty cash float (**a float may not exceed R2000-00**) is strictly confined to **individual cash purchases of up to a maximum of R200-00**. The Chief Financial Officer may approve petty cash purchases up to R2000;
- (ii) **Petty cash purchases from Creditors / Suppliers that are registered** on the financial system may not exceed R40-00 per incident;

- (b) The expenditure with regard to petty cash purchases shall not be deliberately split into more than one transaction to avoid the said limit;
- (c) A petty cash float is not to be used for any of the following:
  - (i) the cashing of cheques;
  - (ii) loans to any person whatsoever;
  - (iii) payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason, unless authorized by the Chief Financial Officer;
  - (iv) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;
  - (v) any purchase violating the true meaning of petty cash transactions, or petty cash purchases from a trading creditor that does exist on the Overstrand municipal financial system will be regarded as a deviation from the accepted accounting practices in the use of Petty Cash and shall constitute a serious offence under the Disciplinary Code, unless authorized by the Chief Financial Officer;
- (d) Other cash floats may also be established for the purpose of providing change for a cash register, or any other purpose approved by the Chief Financial Officer. Use of such floats is restricted to the purpose for which they were established and does not form part of the scope of this policy;
- (e) The Accounting Officer, or delegated official, may conduct internal audits to evaluate compliance with this policy.

## **6.2 Establishing and Operating a Petty Cash Float**

- (a) To establish a new petty cash float or increase an existing advance, a written application must be made to the Chief Financial Officer by the relevant Manager of a department.
- (b) A request for the establishment of an advance will indicate the position of a senior administrative employee to be held responsible for the control over the petty cash float within the relevant department.
- (c) The senior administrative employee mentioned under 6.2 (b) will be responsible for the security and leave arrangement in place to ensure safe custody of funds in the office.
- (d) The minimal security arrangement that will be acceptable is that the float will be kept in a locked box which will be kept in a locked filing cabinet or safe.
- (e) When an advance is approved, the Accountant: Creditors will advise the relevant Department accordingly and request that the senior administrative employee mentioned under 6.2 (b) collect the advance. This establishing/initial advance will be charged to a "Petty Cash Advances – Position/Dept" in the General Ledger and not against any

expenditure votes. A register of advances is thus maintained per Ledger Account for the purpose of accounting for all petty cash floats.

### **6.3 Security of Petty Cash Floats and Documentation**

- (a) The cash on hand and used petty cash vouchers are to be kept in a locked box for which there should be two keys. One key is to be retained by the petty cash officer (on their person) normally responsible for the petty cash and the other to be kept senior administrative employee mentioned under 6.2 (b) in a sealed envelope in the office safe or other secure place, to be used only in an emergency.
- (b) The locked petty cash box must be kept in a secure place when not in use and should be removed and returned by the responsible staff member only. At no stage should staff other than the responsible administrative/clerical staff member have access to the storage place of the petty cash box.
- (c) Under no circumstance are keys to be left in the lock to the petty cash box, cabinet or safe.
- (d) If the responsible Petty Cash Officer is either going on leave or is leaving the Municipality's employment, the Petty Cash Officer must perform a reconciliation and 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.

When the Petty Cash is returned to the Petty Cash official, the same processes must be taken.

### **6.4 Completing a Cash Purchase Claim Form**

- (a) Petty cash stationery is available from the Expenditure Section (Financial Services). The form consists of two parts:
  - (i) Cash Purchase Claim page
  - (ii) Cash Purchase Record page
  - (iii) Receipt for cash advance (Only when appropriate, refer paragraph on Advances).
- (b) All details entered on the Cash Purchase Claim must appear on the Cash Purchase record page.
- (c) The Cash Purchase Claim must be completed as follows:
  - (i) description and cost of the goods/services purchased
  - (ii) purchaser's signature
  - (iii) correct vote number with an adequate budget to be charged
  - (iv) signature of the Officer in Charge of Petty Cash.

- (d) Original receipts and other valid documentation as required must be attached as proof of payment, with the signature of an appropriate financial delegate on this documentation. The receipt and invoice must be in a formal business format. Receipts must set forth the complete description of the purchase. When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid.
- (e) A financial delegate cannot authorise a cash purchase claim where he or she is the purchaser.

## **6.5 Sub-Advances to Staff Members**

- (a) If it is necessary to make an initial sub-advance to a staff member, a receipt for cash advance must be completed. The receipt for cash advance form must be completed as follows:
  - (i) description and *estimated* cost of the goods/services purchased;
  - (ii) purchaser's signature;
  - (iii) correct vote number with an adequate budget to be charged;
  - (iv) signature of the Petty Cash Officer.
- (b) In order to receive an initial sub-advance, the relevant staff member must submit an approval notice (authorized by a delegated official) to the Petty Cash Officer.
- (c) On completion of the purchase, the recording-, documentation- and authorization requirements will be as stated in the above paragraph: Completing a Cash Purchase Claim Form (Section 6.4).
- (d) All such sub-advances will be accounted for within 24 hours, by submitting original receipts and other applicable documentation required, attached as proof of payment (with the approval signature on the documentation). Where this cannot be achieved, the buyer will be liable to pay back the advance without any delay or if not possible, alternatively be for the immediate recovery from the individual's salary.
- (e) No more than one advance will be made to any one individual at a time.

## **6.6 Out-of-Pocket Payments**

- (a) Where a staff member has made a purchase from own funds and seeks reimbursement from the petty cash, supporting documentation must be provided to substantiate the claim.
- (b) The responsibility to ensure that the purchase will be in accordance with all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s).
- (c) The recording-, documentation- and authorization requirements will be as stated in the above paragraphs (Section 6.4).

## 6.7 Reimbursement of Petty Cash Floats

- (a) A petty cash float is operated on the basis that expenditure from the float is periodically reimbursed. Such reimbursement requires-
  - (i) returning the cash level of the petty cash float to its original level, and;
  - (ii) charging the expenditure which has been made to the correct expenditure vote.
- (b) Accordingly, **at any point of time**, the sum of the cash on hand, i.e. remaining unspent, plus the cash advances for un-finalised purchases, plus the completed cash purchase claim forms, updated on the Summary Cash Purchase Claim form, shall equal the level of the petty cash advanced to a Department.
- (c) Completed Cash Purchase Claim forms, with attached cash register slips, etc., must be submitted to the Expenditure Section for reimbursement, after the Summary Claim Cover Page and attached documentation have been authorised by a financial delegate.
- (d) Reimbursement of claims where supporting documentation as prescribed in this policy is absent / missing, will be declined.
- (e) The prescribed Summary Cash Purchase Claim form as well as other relevant forms attached to it must be completed in full.
- (f) The most recently completed Cash Purchase Claim form must record the reconciliation of the petty cash float. The Accountant: Creditors will decline reimbursement of claims where this is not supplied.
- (g) A petty cash float must never be reimbursed with funds derived from any other source whatsoever.

## 6.8 Shortages and losses

- (a) The holder of the Petty Cash float will be held accountable for any shortages and / or losses unless there is physical evidence of breaking in and no act or omission on the part of the relevant official contributed to the loss.
- (b) Any shortages in respect of a petty cash float must be reimbursed immediately by the responsible petty cash officer.
- (c) Where a petty cash float is stolen the incident must be reported promptly to the Chief Financial Officer in the required format, after a case has been logged at the South African Police Services.

## 6.9 Internal Controls

- (a) At least four (4) Surprise Petty Cash counts / audits must be conducted by the relevant Manager / Senior Manager throughout the financial year.

- (b) Petty Cash Float reimbursement requests must be summarized into a monthly report to the Chief Financial Officer, including the total amount of Petty Cash purchases for that month.
- (c) Petty Cash reconciliations to the General Ledger must be reconciled and replenished before 30 June of every year (financial year-end).

**6.10 Procedure where a Petty Cash Float is Repaid / Cancelled**

When an advance is no longer required, a departmental memorandum must be submitted, signed by the Manager of the relevant Department, to the Accountant: Creditors, with the balance of cash on hand and completed and authorized Cash Purchase Claim forms. The most recently completed Cash Purchase Claim form will record the reconciliation of the petty cash float.

The Cashier will issue a receipt to the person delivering the cash.

**7. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2014;

This policy will be reviewed at least annually or when required by way of a Council resolution.

**8. SHORT TITLE**

This policy shall be called the Petty Cash Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>MANAGER: EXPENDITURE AND ASSET MANAGEMENT</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	<b>29 May 2013</b>
<b>PREVIOUS REVIEW</b>	<b>30 May 2012</b>
<b>PREVIOUS REVIEW</b>	<b>04 May 2011</b>
<b>APPROVAL BY COUNCIL:</b>	<b>26 May 2010</b>

# OVERSTRAND MUNICIPALITY



## PAYDAY POLICY

DRAFT

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## **1. PURPOSE**

The purpose of the policy is to regulate the date on which Councillors and Employees of the Overstrand Municipality will receive their remuneration and / or allowances.

## **2. OBJECTIVES OF THE POLICY**

The objectives of this Policy are to:-

- a) Establish a consistent payment routine for the payment of remuneration and / or allowances; and
- b) Provide information as to when remuneration and / or allowances will be paid.

## **3. SCOPE OF THE POLICY**

This Policy applies to all:-

- a) Councillors;
- b) Permanent employees;
- c) Contractual employees;
- d) Temporary employees; and
- e) Seasonal workers.

## **4. LEGISLATIVE FRAMEWORK**

This Policy must be read in conjunction with the:-

- a) Remuneration of Public Office Bearers Act (Act 20 of 1998, as amended);
- b) Basic Conditions of Employment Act (Act 75 of 1997, as amended); and
- c) Organisational Rights Collective Agreement

## **5. POLICY PRINCIPLES**

### **5.1 Councillors and Permanent employees**

- a) For newly elected Councillors and newly appointed permanent employees, payday for the first month will be on the last working day of the month;
- b) Thereafter, payday will be on the 25<sup>th</sup> day of each month, or the last working day before the 25<sup>th</sup> should the 25<sup>th</sup> day of the month fall on a:-
  - Saturday;
  - Sunday
  - Monday;
  - Public Holiday; or
  - Day after a public holiday.
- c) For the month of December in every year, payday will be 4 working days before the 25<sup>th</sup>, with the exception of circumstances as set out in paragraphs 5.1(a) and 5.1(d).
- d) For outgoing Councillors and resigning / dismissed / retiring permanent employees, payday for the last month will be on the last working day of the month.

## **5.2 Contractual employees**

Payday for Contractual employees will be on the last working day of every month, unless otherwise specified within their employment contract, but no later than 7 working working days after the last day on which work was performed.

## **5.3 Temporary employees and Seasonal workers**

a) Temporary employees and Seasonal Workers will be paid on a fortnightly or monthly basis, as specified in their appointment letters, within 7 working days after the last day on which work was performed as per their weekly timesheets.

## **6. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2014;

This policy will be reviewed at least annually or when required by way of a Council resolution.

## **7. SHORT TITLE**

This policy shall be called the Payday Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>MANAGER: EXPENDITURE AND ASSET MANAGEMENT</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	
<b>APPROVAL BY COUNCIL:</b>	28 November 2000 (Resolution)

**OVERSTRAND  
MUNICIPALITY**



**DRAFT**

**SUPPLY CHAIN  
MANAGEMENT POLICY**

**PART A**

**This Policy consists of two parts:**

**Part A** is the Supply Chain Management Policy, adopted in terms of section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 and the Municipal Supply Chain Management Regulations, Notice 868 of 30 May 2005;

and

**Part B** is the Preferential Procurement Policy, adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2011.

DRAFT

**MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY**

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

The Council of the Overstrand Municipality resolved on 25 June 2008 in terms of Section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality.

**DRAFT**

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**POLICY STATEMENT AND OBJECTIVES**

- 1 Section 111 of the Local Government: Municipal Finance Management Act, 56 (MFMA) requires each municipality and municipal entity to adopt and implement a Supply chain Management Policy, which give effect to the requirements of the Act.
- 2 In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed.
- 3 The objectives of this Policy are:
  - 1) to give effects to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;
  - 2) to comply with applicable provisions of the Municipal Finance Management Act including Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636, 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA and regulations pertaining thereto; and
  - 3) to acknowledge the provisions of:
    - a) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
    - b) The Competitions Act 1998 (Act No. 89 of 1998)
    - c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
    - d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
    - e) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
    - f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
    - g) the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
    - h) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
    - i) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);
    - j) the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

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**1 Definitions**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) has the same meaning as in the Act, and –

“Accounting Officer”	means a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
“Act” or “MFMA”	means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
“business day”	means any day of the week except Saturday, Sunday and public holidays as determined in the Public Holidays Act, 1994 (Act No. 36 of 1994)
“CFO”	means Chief Financial Officer of the Municipality or Director of Finance in this instance;
“CIDB”	means Construction Industry Development Board
“close family member”	means: a) spouse or partner b) parent c) children
“closing date”	means the time and day specified in the bid documents and/or advertisement of the receipt of bids.
“competitive bidding process”	means a competitive bidding process referred to in clause 12 (1) (d) of this Policy;
“competitive bid”	means a bid in terms of a competitive bidding process;
“Construction Works”	means any work in connection with: a) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; b) the installation, erection, dismantling or maintenance of a fixed plant; c) the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or d) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.
“Consultant”	means a person or entity providing services requiring knowledge based expertise
“contract”	means the agreement that results from the acceptance of a bid by the Municipality;
“day(s)”	Means calendar days unless the context indicates otherwise;
“delegation”	in relation to a duty, includes an instruction a request to perform, or to assist in performing the duty.
“director”	means a manager referred to in section 56 of the Municipal Systems Act.
“emergency”	an emergency is an unforeseeable and sudden event with harmful or potentially harmful consequences for the municipality which requires urgent action to address.
“emerging enterprise”	means an enterprise which is owned, managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid.
“essential community services”	means (in Local Government context) as published in Government Gazette numbers 18043 of 6 June 1997; Government Gazette number 18276 of 12 September 1997; Government Gazette number 18439 of 21 November 1997; Government Gazette number 18761 of 27 March 1998; Government Gazette number 22670 of 21 September 2001; Government Gazette number 27104 of 24 December 2004; Government Gazette number 28076 of 28 July 2006; Government Gazette number 29987 of 22 June 2007; Government Gazette number 30805 of 29 February 2008:  I. Municipal traffic services and policing. II. Municipal health. III. Municipal security. IV. Supply and distribution of water. VI. Generation, transmission and distribution of power. VII. Fire fighting. XXVI. The following parts of sanitation services: a) Maintenance and operation of water borne sewerage systems, including pumping stations and the control of discharge of industrial effluent into the system; b) Maintenance and operation of sewerage purification works; c) Collection of refuse of an organic nature; d) Collection of infectious refuse from medical and veterinary hospitals or practices;

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	<p>e) Collection and disposal of refuse at a disposal site;</p> <p>f) Collection of refuse left uncollected for fourteen (14) days or longer, including domestic refuse and refuse on public roads and open spaces.</p>
<i>“final award”</i>	in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote is accepted;
<i>“financial interest”</i>	means where a municipal staff member is a close family member of a person who is the owner, partner, principal shareholder or member, manager or who serves on the board of directors, etc of a tendering enterprise;
<i>“financial year”</i>	means a twelve month period ending 30 June of every year.
<i>“formal written price quotation”</i>	means quotations referred to in clause 12 (1) (c) & (d) of this Policy;
<i>“IDP”</i>	means Integrated Development Plan;
<i>“in the service of the state”</i>	<p>means to be –</p> <p>a member of –</p> <ol style="list-style-type: none"> <li>a) any municipal council;</li> <li>b) any provincial legislature; or</li> <li>c) the National Assembly or the National Council of Provinces;</li> <li>d) a member of the board of directors of any municipal entity;</li> <li>e) an official of any municipality or municipal entity;</li> <li>f) an official of any national or provincial department, national or provincial public entity or institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);</li> <li>g) a member of the accounting authority of any national or provincial public entity; or</li> <li>h) an employee of Parliament or a provincial legislature;</li> </ol>
<i>“long term contract”</i>	means a contract with a duration period exceeding one year;
<i>“list of accredited prospective providers”</i>	means the list of accredited prospective providers which the Overstrand Municipality must keep in terms of clause 14 of this policy;
<i>“municipality”</i>	means the Overstrand Municipality;
<i>“notice boards”</i>	means the official notice boards at the municipal offices and libraries;
<i>“other applicable legislation”</i>	<p>means any other legislation applicable to municipal supply chain management, including –</p> <ol style="list-style-type: none"> <li>a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);</li> <li>b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);</li> <li>c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);</li> <li>d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);</li> <li>e) the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);</li> <li>f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);</li> <li>g) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);</li> <li>h) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003): Municipal Supply Chain Management Regulations;</li> <li>i) the Preferential Procurement Regulations, 2011</li> <li>j) The Competitions Act 1998 (Act No. 89 of 1998)</li> </ol>
<i>“Policy”</i>	means the Supply Chain Management Policy of the Overstrand Municipality;
<i>“quotation”</i>	means a stated price that a supplier expects to receive for the provision of specified services, works or goods;
<i>“Regulations”</i>	means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 30 May 2005;
<i>“SDBIP”</i>	means Service Delivery and Budget Implementation Plan;
<i>“single provider”</i>	Sole supplier- One and Only (Alone of its kind) Supplier (Oxford Dictionary). If such goods or services are produced or available from a single provider only. There is no competition and only one provider exists in South Africa (for example, sole distribution rights);
<i>“small business”</i>	means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in column I of the Small Business Classification Schedule, and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3,4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule.
<i>“supply chain management practitioners”</i>	includes the Chief Financial Officer and the Supply Chain Manager;

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“survivalist enterprise”	means a business set up by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business. This category is characterised by poverty and the attempt to survive.
“tender”	means a ‘bid’ or a ‘quotation’ in relation to a “Tender Box”;
“tender box”	means the specified tender box at the offices of Overstrand Municipality, Magnolia Avenue, Hermanus.
“Treasury guidelines”	means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act
“validity period”	means the period for which a bid is to remain valid and binding as stipulated in the relevant tender document.
“written quotations”	means quotations referred to in clause 12(1)(b) of this Policy.
<i>Reckoning of number of days: When any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and exclusively of every such Sunday and public holiday.</i>	
<i>Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.</i>	
<i>All amounts / limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).</i>	

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## **CHAPTER 1: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

### **2 Supply Chain Management Policy**

- 1) All officials and other role players in the Supply Chain Management system of the Municipality must implement this Policy in a way that –
  - a) gives effect to –
    - (i) section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
    - (iii) Regulations pertaining to Supply Chain Management.
  - b) is fair, equitable, transparent, competitive and cost effective.complies with –
    - (i) the Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - c) is consistent with other applicable legislation;
  - d) does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and
  - e) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- 2) This Policy applies when the Municipality –
  - a) procures goods or services;
  - b) disposes of goods no longer needed;
  - c) selects contractors to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.
  - d) Selects external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of the Act.
- 3) This Policy, except where provided otherwise, does not apply in respect of:
  - a) the procurement of goods and services contemplated in section 110(2) of the Act, including –
    - (i) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
    - (ii) electricity from Eskom or another public entity, another municipality or a municipal entity.
  - b) the unskilled labour component of the Municipality's Local Labour Promotion Programme (LLPP);
  - c) the acquisition of services of attorneys and advocates subject that the acquisition of such services to be dealt with in terms of Delegations 4.2.52, 5.1.1.35.1 and 5.1.1.35.3 of the Municipality's Delegation of Powers and Duties, as amended from time to time and any Bargaining Council Agreements on Disciplinary Procedures;
  - d) the payment of accommodation and air travel for official purposes subject that same be dealt with in terms of the Municipality's Travel and Subsistence Policy, as amended from time to time, as well as Delegations 4.1.1, 5.1.1.1 and 5.1.1.17 of the Municipality's Delegation of Powers and Duties, as amended from time to time;
  - e) any contract relating to the publication of notices and advertisements by the municipality where applicable legislation dictates.

### **3 Adoption, Amendment and Implementation of the Supply Chain Management Policy**

- 1) The Accounting Officer must –
  - a) at least annually review the implementation of this Policy; and
  - b) when the Accounting Officer considers it necessary, submit proposals for the amendment of this Policy to Council.
- 2) If the Accounting Officer submits proposed amendments to Council that differs from the model policy issued by the National Treasury, the Accounting Officer must –

- a) ensure that such proposed amendments comply with the Regulations; and
  - b) report any deviation from the model policy to the National Treasury and the Provincial Treasury.
- 3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
  - 4) The Accounting Officer must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality implements the supply chain management policy.

#### **4 Delegation of supply chain management powers and duties**

- 1) Council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –
  - a) to discharge the supply chain management responsibilities conferred on Accounting Officers in terms of –
    - (i) Chapter 8 or 10 of the Act; and
    - (ii) this Policy;
  - b) to maximize administrative and operational efficiency in the implementation of this Policy;
  - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
  - d) to comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Act.
- 2) Section 79 of the Act applies to the sub delegation of powers and duties delegated to the Accounting Officer in terms of sub-clause (1).
- 3) The Accounting Officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee which is not exclusively composed of officials of the Municipality.
- 4) This clause may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in clause 26 of this Policy.

#### **5 Sub-delegations**

- 1) The Accounting Officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent with sub-clause (2) of this clause and clause 4 of this Policy.
- 2) The power to make a final award –
  - a) above R10 million (Incl. VAT), may not be sub-delegated by the Accounting Officer;
  - b) above R200,000 (Incl. VAT), but not exceeding R10 million (Incl. VAT), may be sub-delegated but only to a bid adjudication committee of which the Chief Financial Officer is the chairperson or senior managers are members;
  - c) below R200,000 (Incl. VAT) may be sub-delegated as per Council's delegations, attached as Annexure D, pertaining to the procurement of goods and services.
- 3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with sub-clause (2) must within three (3) business days of the end of each month submit to the official referred to in sub-clause (4) a written report containing particulars of each final award made by such official or committee during that month, including–
  - a) contract numbers and description of goods, services or infrastructure projects;
  - b) the name of the person to whom the award was made;
  - c) the B-BBEE level of contribution claimed;
  - d) the amount of the award; and
  - e) the reason why the award was made to that person.

- 4) A written report referred to in sub-clause (3) must be submitted to the Accounting Officer, in the case of an award by a bid adjudication committee of which the Chief Financial Officer or a senior manager is a member.
  - a) The awards scheduled must be published on Council's website in terms of Section 75(g) of the Act).
- 5) Sub-clauses (3) and (4) of this policy do not apply to procurement out of petty cash or written quotations below R2,000 (Incl. VAT).
- 6) This clause may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in clause 26 of this Policy. Also refer to clause 4(4) and 5(2)(a) of this Policy.
- 7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

## **6 Oversight role of council**

- 1) Council must maintain oversight over the implementation of this Policy.
- 2) For the purposes of such oversight the Accounting Officer must –
  - a) within 22 business days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
  - b) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.
- 3) The Accounting Officer must, within ten (10) business days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.
- 4) The reports must be made public in accordance with section 21A of the Local Government Municipal Systems Act 32, 2002.

## **7 Supply Chain Management Unit**

- 1) The Overstrand Municipality has established a Supply Chain Management Unit to implement this Policy.
- 2) The Chief Financial Officer is administratively in charge of the supply chain management unit which operates under the direct supervision of the Senior Manager: Supply Chain Management, to whom this duty has been sub-delegated in terms of Section 82 of the Act.

## **8 Training of Supply Chain Management officials**

The training of officials involved in implementing this Policy should be in accordance with relevant legislation, including Treasury guidelines on supply chain management.

## **CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM**

### **9 Format of Supply Chain Management system**

- 1) This Policy provides systems for –
  - a) demand management;
  - b) acquisition management;
  - c) logistics management;
  - d) disposal management;
  - e) risk management; and
  - f) performance management.

### **Part 1: DEMAND MANAGEMENT**

#### **10 System of Demand Management**

- 1) The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan, the Budget and the Service Delivery and Budget Implementation Plan.
- 2) The Demand Management Plan must be developed at the beginning of the financial year when the IDP, Service Delivery and Budget Implementation Plan (SDBIP) and annual budget have been approved.
- 3) All user departments are required to submit their procurement plans to the Head Supply Chain Management within 30 days of approval of the annual budget.
- 4) The procurement plan must be submitted to and approved by the Accounting Officer or his or her delegate before 31 July of each year.
- 5) The procurement plan must be reviewed regularly and submitted to the Accounting Officer or his delegate on a monthly basis.
- 6) Demand management must be co-ordinated by SCM officials of the Municipality in consultation with end-users.
- 7) The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the time-lines to execute the procurement functions.

### **Part 2: ACQUISITION MANAGEMENT**

#### **11 System of Acquisition Management**

- 1) The Accounting Officer must implement the system of acquisition management set out in this Part in order to ensure –
  - a) that goods and services are procured by the Municipality in accordance with authorised processes only;
  - b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
  - c) that the threshold values for the different procurement processes are complied with;
  - d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
  - e) that any Treasury guidelines on acquisition management are properly taken into account.
- 2) When procuring goods or services contemplated in section 110(2) of the Act, the Accounting Officer must, subject to clause 2(3), make public the fact that such goods or services are procured otherwise than through the Municipality's supply chain management system, including -
  - a) the kind of goods or services; and
  - b) the name of the supplier.

## **12 Range of procurement processes**

- 1) Goods and services may only be procured by way of –
  - a) petty cash purchases in terms of Council's Petty Cash Policy for procurement transactions with a value up to R2 000 (Incl. VAT);
  - b) one written quotations for procurement transactions with a value up to R2 000 (Incl. VAT);
  - c) three written quotations for procurement transactions with a value over R2 000 (Incl. VAT) up to R30 000 (Incl. VAT) ;
  - d) formal written price quotations for procurement transactions valued over R30 000 (Incl. VAT) up to R200 000 (Incl. VAT) ; and
  - e) a competitive bidding process for –
    - (i) procurement transactions with a value above R200 000 (Incl. VAT); and
    - (ii) the procurement of long term contracts.
- 2) The Accounting Officer may, in writing -
  - a) lower, but not increase, the different threshold values specified in sub-clause (1); or
  - b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 (Incl. VAT);
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000 (Incl. VAT); or
    - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (Incl. VAT).
- 3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

## **13 General preconditions for consideration of written quotations or bids**

- 1) A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
  - a) has furnished that provider's –
    - (i) full name;
    - (ii) identification number or company or other registration number; and
    - (iii) tax reference number and VAT registration number, if any;
  - b) has authorised the Municipality to verify any of the documentation referred to in sub-clause (a) above; and
  - c) has indicated –
    - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
    - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholder or stakeholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
    - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-clause (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

## **14 Lists of accredited prospective providers**

- 1) The Accounting Officer must –
  - a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and

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- b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers; and
  - c) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- 2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
  - 3) The list must be compiled per commodity and per type of service.

**15 Written quotations below R2,000 (Incl. VAT)**

- 1) The conditions for the procurement of goods by means of written quotations referred to in clause 12(1)(b) of this Policy for minor items that are purchased for up to R2,000 (Incl. VAT), are as follows:-
  - a) written quotations for transactions must be obtained from at least one prospective supplier or service provider preferably from, but not limited to, suppliers or service providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;
  - b) Written quotations may be solicited telephonically but must be confirmed in writing (facsimile, computer print, e-mail, hand-written) by the officials in the Purchasing Section as specified and reviewed by the user-departments.

**16 Written quotations above R2,000 (Incl. VAT)**

- 1) The conditions for the procurement of goods or services through written quotations for amounts above R2,000 (Incl. VAT) up to R30,000 (Incl. VAT) are as follows:
  - a) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;
  - b) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer;
  - c) the Accounting Officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
  - d) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

**17 Formal written price quotations**

- 1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
  - a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the Municipality;
  - b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;
  - c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer; and
  - d) the Accounting Officer must record the names of the potential providers and their written quotations.
- 2) A designated official referred to in sub-clause (1) (c) must within three (3) days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that sub-delegation.

**18 Procedures for procuring goods or services through written quotations and formal written price quotations**

- 1) The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
  - a) when using the list of accredited prospective providers the Accounting Officer must promote on-going competition amongst providers by inviting providers to submit quotations on a rotation basis;
  - b) all requirements in excess of R30,000 (Incl. VAT) that are to be procured by means of formal written price quotations must, in addition to the requirements of clause 17, be advertised for at least five business days on the website and an official notice board of the Municipality;
  - c) quotes received must be evaluated on a comparative basis taking into account unconditional discounts;
  - d) the Accounting Officer or Chief Financial Officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
  - e) quotes must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
  - f) the Chief Financial Officer must set requirements for proper record keeping of all formal written price quotations accepted on behalf of the municipality;

**19 Competitive bids**

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

**20 Process for competitive bidding**

- 1) The procedures for the following stages of a competitive bidding process are as follows:
  - a) Compilation of bidding documentation as detailed in clause 21;
  - b) Public invitation of bids as detailed in clause 22;
  - c) Site meetings or briefing sessions as detailed in clause 22;
  - d) Handling of bids submitted in response to public invitation as detailed in clause 23;
  - e) Evaluation of bids as detailed in clause 28;
  - f) Award of contracts as detailed in clause 29;
  - g) Administration of contracts: After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
  - h) Proper record keeping: Original and legal copies of written agreements should be kept in a secure place for reference purposes.

**21 Bid documentation for competitive bids**

- 1) The criteria to which bid documentation for a competitive bidding process must comply, must –
  - a) take into account –
    - (i) the general conditions of contract and any special conditions of contract, if specified;
    - (ii) any Treasury guidelines on bid documentation; and
    - (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading, refurbishment of buildings or infrastructure.
  - b) include the preference points system to be used as contemplated in the Preferential Procurement Regulations, 2011, evaluation and adjudication criteria, including any criteria required by other applicable legislation;

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- c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
  - d) if the value of the transaction is expected to exceed R10 million (Incl. VAT) –
    - (i) if the bidder is required by law to prepare annual financial statements for auditing, its audited annual financial statements –
      - (a) for the past three years; or
      - (b) since its establishment if established during the past three years;
    - (ii) certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 calendar days;
    - (iii) particulars of any contracts awarded to the bidder by the municipality during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
    - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
  - e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law;
- 2) A fee shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality for tenders in excess of R200 000 (Incl. VAT).

## **22 Public invitation for competitive bids**

- 1) The procedure for the invitation of competitive bids is as follows:
- a) Any invitation to prospective providers to submit bids must be by means of a public advertisement:
    - (i) in newspapers commonly circulating locally,
    - (ii) on the notice boards at selected offices of the Municipality,
    - (iii) on the website of the Municipality,
    - (iv) on the i-Tender website of the CIDB for construction procurement related transactions or
    - (v) any other appropriate ways (which may include an advertisement in the Government Tender Bulletin).
  - b) The information contained in a public advertisement, must include –
    - (i) the closure date for the submission of bids, which may not be less than 22 business days in the case of transactions over R10 million (Incl. VAT), or which are of a long term nature, or 10 business days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-clause (2) of this policy;
    - (ii) a statement that bids may only be submitted on the bid documentation provided by the Municipality;
    - (iii) a statement that bids will only be considered if it was deposited into the bid box indicated in the bid invitation; and
    - (iv) date, time and venue of any proposed site meetings or briefing sessions, provided that site meetings / information sessions may not be scheduled within 5 business days of the date on which a bid advertisement is placed; and.
    - (v) the required CIDB contractor category and grading designation for construction procurement.
- 2) The Accounting Officer may determine a closure date for the submission of bids which is less than the required 22 or 10 business days, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

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- 3) The notice shall further state that all bids for the contract must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.
- 4) The period for which bids are to remain valid and binding must be indicated in the bid invitation.
- 5) Amendments before the closing date
  - a) The Municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or that all bidders to whom bid documents have been issued, are advised in writing per e-mail or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, officials and authorised service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.

**23 Procedure for handling, opening and recording of bids**

- 1) The procedures for the handling, opening and recording of bids, are as follows:
  - a) Bids–
    - (i) must be opened only in public;
    - (ii) must be opened on the same date and as soon as possible after the period for the submission of bids has expired; and
  - b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
  - c) No information, except the provisions in sub-clause (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
  - d) The Accounting Officer must –
    - (i) record in a register all bids received in time;
    - (ii) make the register available for public inspection; and
    - (iii) publish the entries in the register and the bid results on the website.
- 2) Stamping of bids and reading out of names
  - a) As each bid is opened the name of the bidder and the amount – if practical – shall be read out.
  - b) An official shall date-stamp the bid or quotation and all enclosures related to prices, delivery periods and special conditions.
  - c) Bids and quotations shall be numbered in the sequence in which they have been opened and the words “and last” shall be endorsed on the last bid or quotation.
  - d) In instances where only one bid has been received the words “and only” shall be endorsed on such bid.
  - e) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped “no price” by the employee who opens the bids or quotations.
- 3) Late Bids
  - a) Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.
  - b) Where it is necessary to open a late bid or quotation to obtain the name and address of the sender, each page of the document shall be stamped “late bid” before the bid is returned to the bidder. The envelope must be stamped and initialled in like manner and must be retained for record purposes.
- 4) No Councillor of any municipality may be present at the opening of bids.
- 5) Dealing with bids and quotations if the closing date thereof has been extended.
  - a) Where the closing date of a bid or quotation is extended, bids or quotations already received, will be retained unopened in the bidding box and be duly considered after the expiry of the extended

period, unless the bidder cancels it by submitting a later dated bid or quotation before the extended closing date.

**24 Negotiations with preferred bidders and communication with prospective providers and bidders**

- 1) The Accounting Officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
  - a) does not allow any preferred bidder a second or unfair opportunity;
  - b) is not to the detriment of any other bidder; and
  - c) does not lead to a higher price than the bid as submitted;
  - d) does not lead to a lower price in respect of sale of land / goods.
- 2) Minutes of such negotiations must be kept for record purposes and as far as practical be made part of the final contract.
- 3) No unauthorised communication with bidders and prospective providers:
  - a) where bids and quotations have been submitted to the municipality, a bidder may not communicate with any councillor, official, or authorised service provider on any matter regarding his bid, quotation or offer other than a notice of withdrawal.
  - b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or date of receipt of an offer), and the date of notification of the successful bidder of acceptance of his bid, quotation or offer, except as provided for in clause (c) below. Every such case of unauthorised communication shall forthwith be reported to the Supply Chain Management Unit as well as the chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorised communication has occurred may be disqualified.
  - c) The chairperson of the Bid Adjudication Committee, as determined in clause 29(2), may authorise an employee or authorised consulting service provider, in writing, to communicate with a bidder during the period mentioned in subsection (b) above for the purpose of:-
    - (i) Obtaining an explanation and verification of declarations made in the bid response;
    - (ii) confirming technical particulars and the compliance thereof with specifications;
    - (iii) clarifying delivery times/quantities;
    - (iv) extending the validity period of a bid;
    - (v) clarifying any other commercial aspect;
    - (vi) for the submission of substantiating documents.
  - d) In all cases where authority has been granted to communicate with bidders in terms of clause (c) above, it should be clearly stated in the submission to the Bid Adjudication Committee the nature of the communication as well as by whom such authority to communicate has been granted.

**25 A bid will not be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening and shall be deemed to be the bid amount. Two-stage bidding process**

- 1) A two-stage bidding process is allowed for –
  - a) large complex projects; or
  - b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - c) long term projects with a duration period exceeding three years.
- 2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- 3) In the second stage final technical proposals and priced bids should be invited.

**26 Committee system for competitive bids**

- 1) A committee system for competitive bids is hereby established, consisting of the following committees for each transaction or cluster of transactions as the Accounting Officer may determine:
  - a) a bid specification committee;

- b) a bid evaluation committee; and
- c) a bid adjudication committee;
- 2) The Accounting Officer appoints the members of each committee, taking into account section 117 of the Act, and
- 3) The Accounting Officer may appoint a neutral or independent observer, to attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- 4) The committee system must be consistent with –
  - a) clause 27, 28 and 29 of this Policy; and
  - b) any other applicable legislation.
- 5) The Accounting Officer may apply the committee system to formal written price quotations.

### **27 Bid Specification Committees**

- 1) The appropriate bid specification committee must compile the specifications for each procurement transaction for goods or services by the Municipality, depending on the department involved.
- 2) Specifications –
  - a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
  - b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
  - c) must, where possible, be described in terms of performance required and / or in terms of descriptive characteristics for design;
  - d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
  - e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
  - f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations, 2011; and
  - g) must be approved by the relevant director prior to publication of the invitation for bids in terms of clause 22 of this Policy.
- 3) A bid specification committee must be composed of at least two officials of the Municipality, of which one must be a Supply Chain Official and the other, the Director who is responsible for the function involved or his duly delegated official. The Committee may, when appropriate, include external specialist advisors.
- 4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

### **28 Bid Evaluation Committees**

- 1) A Bid Evaluation Committee must –
  - a) evaluate all bids for procurement exceeding R30,000 in accordance with –
    - (i) the specifications for a specific procurement; and
    - (ii) the points system set out in terms of the Preferential Procurement Policy;
  - b) evaluate each bidder's ability to execute the contract ;check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three months;
  - c) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter; and

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- d) follow a consensus decision-making process whereby all participants contribute to a shared proposal and shape it into a recommendation/decision.
- 2) A Bid Evaluation Committee must as far as possible be composed of-
  - a) a delegated senior supply chain management practitioner appointed by the Director: Finance;
  - b) at least one knowledgeable / professional official from the Directorate for whom the bid is called; and
  - c) others, which may include but are not limited to: technical experts, legal advisors, consultants or advisors. etc.

**29 Bid Adjudication Committees**

- 1) A bid adjudication committee must –
  - a) consider the report and recommendations of the bid evaluation committee; and
  - b) either –
    - (i) depending on its delegations, make a final award or a recommendation to the Accounting Officer to make the final award; or
    - (ii) take a decision that the tender not be awarded for the reasons presented
- 2) A bid adjudication committee shall be composed of the following: –
  - a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer;
  - b) the Senior Manager: Supply Chain Management or delegated senior SCM official; and
  - c) Directors or in their absence, a duly delegated official.
- 3) A quorum for the Adjudication Committee shall be four members with voting rights.
  - a) In the event of an equality of votes the chairperson shall have a casting vote over and above a deliberate vote.
  - b) The Director of the department that called for the tender must be present at the meeting where the particular tender is considered.
- 4) The Chairperson of the Bid Evaluation Committee or in his absence an official nominated by the Chief Financial Officer should be present at the Bid Adjudication Committee meetings to introduce the reports to the Committee and assist in clarifying issues that were dealt with in the Evaluation Committee meetings without voting rights.
- 5) A technical expert in the relevant field, who is an official, if such an expert exists, may attend the meeting as an advisor for clarification purposes. This official will not have voting rights at the Bid Adjudication Committee meeting.
- 6) The Accounting Officer must appoint the CFO or in his absence, the deputy CFO, as chairperson of the committee.
- 7) 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.
- 8) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee –
  - a) the bid adjudication committee must prior to awarding the bid –
    - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears for more than three months, and;
    - (ii) notify the Accounting Officer.
  - b) The Accounting Officer may –
    - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in clause (a); and
    - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

- 9) The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- 10) The Accounting Officer must comply with Section 114 of the Act within 10 days–
  - a) If a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the Accounting Officer must, in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation.
  - b) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

### **30 Procurement of Banking Services**

- 1) A contract for banking services –
  - a) must be procured through competitive bids;
  - b) must be consistent with section 7 of the Act; and
  - c) may not be for a period of more than five years at a time.
- 2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- 3) The closure date for the submission of bids may not be less than 46 business days from the date on which the advertisement is placed in a newspaper in terms of clause 22(1).
- 4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

### **31 Procurement of Information- and Communication Technology (ICT) related goods or services**

- 1) The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of ICT related goods or services through a competitive bidding process.
- 2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 3) The Accounting Officer must notify SITA together with a motivation of the ICT needs if –
  - a) the transaction value of ICT related goods or services required in any financial year will exceed R50 million ; or
  - b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million .
- 4) If SITA comments on the submission and the Municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to Council, the National Treasury, the Provincial Treasury and the Auditor-General.
- 5) The Municipality is required to follow the following process before inviting proposals for a new financial management system:
  - a) National and Provincial Treasury should immediately be informed of any intention to replace the accounting or billing system currently operating at the municipality;
  - b) The submission should include a comprehensive motivation with specific reasons for why it is deemed necessary to replace the existing financial system;
  - c) A copy of the service level agreement with minutes of the meetings between the municipality and the current service provider (financial system vendor) during the previous twelve months must be made available;
  - d) The organisational structure, specifically for the IT department/function, clearly indicating management capacity and responsibility for operating the financial system, must be submitted;
  - e) An assessment should be done to determine which modules of the existing financial system are being utilised by the municipality and reasons must be provided for modules not in operation. In cases where an existing system is not an ERP system the municipality must provide details of any other systems utilised by the municipality;
  - f) The date on which the existing financial system was implemented, the procurement and implementation costs and the current operational costs thereof must be disclosed;

- g) A technical assessment must be undertaken on the server and network requirements of the new financial system and a copy of such report should be submitted; and
- h) Copies of all IT strategies, policies and procedural documents including the IT disaster recovery plan must be made available.

**32 Procurement of goods and services under contracts secured by other organs of state**

- 1) The Accounting Officer may procure goods or services under a contract secured by another organ of state, but only if –
  - a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - b) there is no reason to believe that such contract was not validly procured;
  - c) there are demonstrable discounts or benefits to do so; and
  - d) that other organ of state and the provider have consented to such procurement in writing.

**33 Procurement of goods necessitating special safety arrangements**

- 1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- 2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the official duly authorised in terms of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).

**34 Proudly SA Campaign**

- 1) The Municipality supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services as per Council's Preferential Procurement Policy

**35 Appointment of consultants**

- 1) The Accounting Officer may procure consulting services provided that any National Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such services are procured.
- 2) Consultancy services must be procured through competitive bids if:
  - a) the value of the contract exceeds R200 000 (Incl. VAT); or
  - b) the duration period of the contract exceeds one year.
- 3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
  - a) all consultancy services provided to an organ of state in the last five years; and
  - b) any similar consultancy services provided to an organ of state in the last five years.
- 4) The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.

**36 Deviation from, and ratification of minor breaches of procurement processes**

- 1) The Accounting Officer may –
  - a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
    - (i) in an emergency;
      - (a) Circumstances that warrant emergency dispensation, includes but are not limited to -
        - (i) the possibility of human injury or death;
        - (ii) the possibility of damage to property;
        - (iii) failure to take necessary action may result in the municipality not being able to render an essential community service;

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- (b) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.
  - (c) Procurement in the case of emergencies must be tacitly approved by the relevant director or his delegate prior to incurring the expenditure and must be reported to the Municipal Manager or delegated official on the ensuing business day.
- (ii) if such goods or services are produced or available from a single provider only;
  - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
  - (iv) acquisition of animals for zoos and/or nature and game reserves; or
  - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes,
- b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature; and
  - c) may condone any irregular expenditure incurred in contravention of, or that is not in accordance with a requirement of this Policy, provided that such condonation and the reasons therefore shall be reported to Council at the next ensuing meeting.
- 2) The Accounting Officer must record the reasons for any deviations in terms of sub-clauses (1)(a) and (b) of this policy and report them to the next Council Meeting and include as a note to the annual financial statements.
  - 3) Sub-clause (2) does not apply to the procurement of goods and services contemplated in clause 11(2) of this policy.

**37 Unsolicited bids**

- 1) In accordance with Section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- 2) The Accounting Officer may decide in terms of Section 113(2) of the Act to consider an unsolicited bid, only if –
  - a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - c) the person who made the bid is the sole provider of the product or service; and
  - d) the reasons for not going through the normal bidding processes are found to be sound by the Accounting Officer.
- 3) If the Accounting Officer decides to consider an unsolicited bid that complies with sub-clause (2) of this policy, the decision must be made public in accordance with Section 21A of the Municipal Systems Act, together with –
  - a) reasons as to why the bid should not be open to other competitors;
  - b) an explanation of the potential benefits if the unsolicited bid was to be accepted; and
  - c) an invitation to the public or other potential suppliers to submit their comments within 22 business days of the notice.
- 4) The Accounting Officer must submit all written comments received pursuant to sub-clause (3), including any responses from the unsolicited bidder, to the National Treasury and the Provincial Treasury for comment.
- 5) The bid adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Accounting Officer, depending on its delegations.
- 6) A meeting of the bid adjudication committee to consider an unsolicited bid must be open to the public.
- 7) When considering the matter, the adjudication committee must take into account –

- a) any comments submitted by the public; and
  - b) any written comments and recommendations of the National Treasury or the Provincial Treasury.
- 8) If any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Accounting Officer must submit to the Auditor General, the Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9) Such submission must be made within five business days after the decision on the award of the unsolicited bid is taken, but no contract committing the Municipality to the bid may be entered into or signed within 22 business days of the submission.

### **38 Combating of abuse of the supply chain management system**

- 1) The Accounting Officer is hereby enabled to –
- a) take all reasonable steps to prevent abuse of the supply chain management system;
  - b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
    - (i) take appropriate steps against such official or other role player; or
    - (ii) report any alleged criminal conduct to the South African Police Service;
  - c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - d) reject any bid from a bidder –
    - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other municipality or municipal entity are in arrears for more than three months; or
    - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
  - e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
  - f) cancel a contract awarded to a person if –
    - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
    - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
  - g) reject the bid of any bidder if that bidder or any of its directors –
    - (i) has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
    - (ii) has been convicted for fraud or corruption during the past five years;
    - (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
    - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- 2) The Accounting Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of sub-clauses (1)(b)(ii), (e) or (f) of this policy.

**Part 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT**

**39 Logistics management**

- 1) The Accounting Officer must establish and implement an effective system of logistics management, which must include -
  - a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
  - b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
  - c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
  - d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
  - e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
  - f) regular checking to ensure that all assets are properly managed and maintained in terms of Council's Asset Management Policy; and
  - g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

**40 Disposal management**

Assets must be disposed of in terms of Council's Asset Management Policy as well as the Administration of Immoveable Property Policy.

**41 Risk management**

The Accounting Officer must implement an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system as per Council's Risk Management Policy.

**42 Performance management**

The Accounting Officer must implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved in terms of the Performance Management System- Implementation Policy.

#### **Part 4: OTHER MATTERS**

##### **43 Prohibition on awards to persons whose tax matters are not in order**

- 1) Irrespective of the procurement process followed, the municipality may not make any award above R30 000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- 2) Before making an award to a person, the Municipality must first check with SARS whether that person's tax matters are in order.
- 3) If SARS does not respond within seven days, such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

##### **44 Prohibition on awards to persons in the service of the state**

- 1) Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
  - a) who is in the service of the state;
  - b) that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
  - c) a person who is an advisor or consultant contracted with the Municipality in respect of a contract that would cause a conflict of interest.

##### **45 Awards to close family members of persons in the service of the state**

- 1) The Accounting Officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (Incl. VAT) to a close family member of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
  - a) the name of that person;
  - b) the capacity in which that person is in the service of the state; and
  - c) the amount of the award.

##### **46 Ethical standards**

- 1) A code of ethical standards for supply chain management practitioners and other role players involved in supply chain management is hereby established in accordance with sub-clause (2) in order to promote –
  - a) mutual trust and respect; and
  - b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- 2) An official or other role player involved in the implementation of the supply chain management policy –
  - a) must treat all providers and potential providers equitably;
  - b) may not use his or her position for private gain or to improperly benefit another person;
  - c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
  - d) notwithstanding sub-clause (2)(c), must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
  - e) must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality;
  - f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - g) must be scrupulous in his or her use of property belonging to the municipality;
  - h) must assist the Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and

- i) must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
  - (i) any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) any alleged contravention of clause 47(1) of this policy; or
  - (iii) any alleged breach of this code of ethical standards.
- 3) Declarations in terms of sub-clauses (2)(d) and (e) -
  - a) must be recorded in a register which the Accounting Officer must keep for this purpose;
    - (i) by the Accounting Officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- 4) A breach of the code of ethics must be dealt with as follows -
  - a) in the case of an employee, in terms of the disciplinary procedures of the Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
  - b) in the case a councillor, in terms of Schedule 1 of the Systems Act;
  - c) in the case a role player who is not an employee, or a councillor through other appropriate means in recognition of the severity of the breach; and
  - d) in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

#### **47 Inducements, rewards, gifts and favours to municipal officials and other role players**

- 1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
  - a) any inducement or reward to the Municipality for or in connection with the award of a contract; or
  - b) any reward, gift, favour or hospitality to –
    - (i) any official; or
    - (ii) any other role player involved in the implementation of this Policy.
- 2) The Accounting Officer must promptly report any alleged contravention of sub-clause (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- 3) Sub-clause (1) does not apply to gifts less than R350 (Incl. VAT) in value.

#### **48 Sponsorships**

- 1) The Accounting Officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
  - a) a provider or prospective provider of goods or services; or
  - b) a recipient or prospective recipient of goods disposed or to be disposed.

#### **49 Objections and complaints**

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 10 business days of the decision or action, a written objection or complaint against the decision or action subject to the payment of applicable appeal deposit as per Council's approved tariffs.

#### **50 Resolution of disputes, objections, complaints and queries**

- 1) The Accounting Officer must appoint an independent and impartial person or persons, not directly involved in the supply chain management processes –
  - a) to assist in the resolution of disputes between the Municipality and other persons regarding -
    - (i) any decisions or actions taken in the implementation of the supply chain management system; or

**OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY – PART A**

- (ii) any matter arising from a contract awarded in the course of the supply chain management system;
- b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 2) The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- 3) The person appointed must –
  - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
  - b) submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.
- 4) A dispute, objection, complaint or query may be referred to the Provincial Treasury if –
  - a) the dispute, objection, complaint or query is not resolved within 46 business days; or
  - b) no response is forthcoming within 46 business days.
- 5) If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query will be referred to the National Treasury for resolution.
- 6) This clause must not be read as affecting a person’s rights to approach a court at any time.

**51 Contract management and Contracts providing for compensation based on turnover**

- 1) Contracts will be implemented in terms of the requirements of Section 116 of the Act and Council’s Contract Management Policy.
- 2) If a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Municipality must stipulate:-
  - a) A cap on the compensation payable to the service provider; and
  - b) That such compensation must be performance based.

**52 Public-Private Partnerships**

Public-Private Partnerships will be procured in terms of Part 2 of Chapter 11 of the Act.

**53 Short title and commencement**

This part of the policy is called the Overstrand Municipality **Supply Chain Management Policy**.

This policy will come into effect on 1 July 2014 and will be reviewed at least annually by way of a Council resolution.

<b>POLICY SECTION:</b>	Senior Manager: Supply Chain Management			<b>Current Update:</b>	May 2014	<b>Previous Review:</b>	29/05/2013
<b>Previous Review:</b>	28/11/2012	<b>Previous Review:</b>	26/07/2012	<b>Previous Review:</b>	30/05/2012	<b>Previous Review:</b>	30/11/2011
<b>Previous Review:</b>	04/05/2011	<b>Previous Review:</b>	26/05/2010	<b>Previous Review:</b>	27/05/2009	<b>Approval By Council:</b>	25/05/2008

**OVERSTRAND  
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**OVERSTRAND**



**SUPPLY CHAIN  
MANAGEMENT POLICY  
PART B**

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**PART B**

**PREFERENTIAL PROCUREMENT POLICY** adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2011

**PREAMBLE**

**WHEREAS** the Overstrand Municipality aims to improve the quality of life of the local community and to free the potential of each person within a framework of facilitating service delivery, through effective governance and the Council takes into account the need for transparent procedures that give the effect to the principle of preferential procurement;

**AND WHEREAS** local economic development plays a crucial role in creating a prosperous, equitable, stable and democratic society and the overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities;

**NOW THEREFORE** the Council of the Overstrand Municipality resolves in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 that the principles embodied in the Preferential Procurement Regulations, 2011 are herewith integrated into the Overstrand Municipality's Supply Chain Management Policy to form the basis of the evaluation criteria for quotations and competitive tenders.

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**OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY – PART B**

**PART ONE: DEFINITIONS AND APPLICATION**

**1 Definitions**

- 1) In this policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act bears the same meaning, and:

<b>"Act"</b>	means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
<b>"all applicable taxes"</b>	includes Value-Added Tax, Pay-as-you-Earn, Income Tax, Unemployment Insurance Fund Contributions and Skills Development Levies;
<b>"B-BBEE"</b>	means Broad-Based Black Economic Empowerment as defined in Section 1 of the Broad-Based Black Economic Empowerment Act;
<b>"B-BBEE status level of contributor"</b>	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;
<b>"Broad-Based Black Economic Empowerment Act" (B-BBEEA)</b>	means the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003);
<b>"Comparative price"</b>	means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;
<b>"Consortium or Joint Venture"</b>	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;
<b>"Contract"</b>	means the agreement that results from the acceptance of a tender by the Overstrand Municipality;
<b>"designated sector"</b>	means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;
<b>"Firm price"</b>	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;
<b>"Functionality"</b>	means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer;
<b>"imported content"</b>	means that portion of the tender price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad, plus freight and direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry;
<b>"local content"</b>	means that portion of the tender price which is not included in the imported content, provided that local manufacture does take place;
<b>"Non-firm prices"</b>	means all prices other than "firm" prices;
<b>"Person"</b>	includes reference to a juristic person;
<b>"Rand value"</b>	means the total estimated value of a contract in South African currency, calculated at the time of tender invitations and includes all applicable taxes and excise duties;
<b>"stipulated minimum threshold"</b>	means that portion of local production and content as determined by the Department of Trade and Industry;
<b>"Sub-Contract"</b>	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;
<b>"Tender"</b>	means a written offer in a prescribed or stipulated form in response to an invitation by the Overstrand Municipality for the provision of services, works or goods, through price quotations, advertised competitive tender processes or proposals;

<b>"Total revenue"</b>	bears the same meaning assigned to this expression as in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 and promulgated in the Government Gazette on 9 February 2007;
<b>"Trust"</b>	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
<b>"Trustee"</b>	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.

## 2 Application, Objectives & General Requirements

### 1) Application

- a) An organ of state contemplated in sub-regulation (1) must, unless the Minister of Finance has directed otherwise, only apply a preferential procurement system which is in accordance with the Act and these Regulations.

## **PART TWO: PREFERENCE POINT SYSTEM AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT STATUS, EVALUATION OF TENDERS ON FUNCTIONALITY, AWARD OF CONTRACTS TO TENDERERS NOT SCORING THE HIGHEST NUMBER OF POINTS AND THE CANCELLATION AND RE-INVITATION OF TENDERS**

### 3 Planning and stipulation of preference point system to be utilized

- 1) The Municipality must, prior to making an invitation for tenders -
  - a) properly plan for, and, as far as possible, accurately estimate the costs of the provision of services, works or goods for which an invitation for tenders is to be made;
  - b) determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of the tenders; and
  - c) determine whether the services, works or goods for which an invitation is to be made has been designated for local production and content in terms of paragraph 9.

### 4 Evaluation of tenders based on functionality

- 1) The Municipality must indicate in the invitation to submit a tender, if that tender will be evaluated on functionality;
- 2) The evaluation criteria for measuring functionality must be objective.
- 3) When evaluating tenders on functionality, the-
  - a) evaluation criteria for measuring functionality,
  - b) weight of each criterion,
  - c) applicable values; as well as
  - d) minimum qualifying score for functionality,
- 4) No tender must be regarded as an acceptable tender, if it fails to achieve the minimum qualifying score for functionality as indicated in the tender invitation; and
- 5) Tenders that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point systems prescribed in paragraphs 5 and 6.

### 5 The 80/20 preference point system for acquisition of services, works or goods up to a Rand value of R1,0 million

- 1) The following formula must be used to calculate the points for price in respect of tenders (including price quotations) with a Rand value equal to, or above R 30 000 and up to a Rand value of R1 000 000 (all applicable taxes included):

$$P_s = 80 \left( 1 - \frac{(P_t - P_{min})}{P_{min}} \right)$$

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Where;

*Ps* = Points scored for comparative price of tender / offer under consideration

*Pt* = Comparative price of tender / offer under consideration

*Pmin* = Comparative price of lowest acceptable tender / offer.

- a) The Municipality may apply this formula for price quotations with a value less than R30 000, if and when appropriate.
- 2) Subject to sub-paragraph (3), points must be awarded to a tenderer for attaining the B-BBEE status level of contributor in accordance with the table below:

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 maximum of 20 points may be allocated in accordance with sub-paragraph (2).
- 4) The points scored by a tenderer in respect of B-BBEE contribution contemplated in sub-paragraph (2) must be added to the points scored for price as calculated in accordance with sub-paragraph (1).
- 5) Subject to paragraph 7, the contract must be awarded to the tenderer who scores the highest total number of points.

**6 The 90/10 preference point system for acquisition of goods, works and / or services with a Rand value above R1,0 million.**

- 1) The following formula must be used to calculate the points for price in respect of tenders with a Rand value above R1,000,000 (all applicable taxes included):

a) 
$$Ps = 90 \left( 1 - \frac{(Pt - Pmin)}{Pmin} \right)$$

Where

*Ps* = Points scored for comparative price of tender or offer under consideration;

*Pt* = Comparative price of tender or offer under consideration; and

*Pmin* = Comparative price of lowest acceptable tender or offer.

- 2) Subject to sub-paragraph (3), points must be awarded to a tenderer for attaining their B-BBEE status level of contributor in accordance with the table below:

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 maximum of 10 points be allocated in accordance with sub-paragraph (2).
- 4) The points scored by a tenderer in respect of the level of B-BBEE contribution contemplated in sub-paragraph (2) must be added to the points scored for price as calculated in accordance with sub-paragraph (1).

- 5) Subject to paragraph 7, the contract must be awarded to the tenderer who scores the highest total number of points.

#### **7 Award of contracts to tenders not scoring the highest number of points**

A contract may be awarded to a tenderer that did not score the highest total number of points, only in accordance with paragraph 2(1)(f) of the Act.

#### **8 Cancellation and re-invitation of tenders**

- 1) In the event that, in the application of the 80/20 preference point system as stipulated in the tender documents
  - a) all tenders received exceed the estimated Rand value of R1,000,000, the tender invitation must be cancelled.
  - b) If one or more of the acceptable tenders received are within the prescribed threshold of R1,000,000, all tenders received must be evaluated on the 80/20 preference point system.
- 2) In the event that, in the application of the 90/10 preference point system as stipulated in the tender documents,
  - a) all tenders received are equal to, or below R1,000,000 the tender must be cancelled.
  - b) If one or more of the acceptable tenders received are above the prescribed threshold of R1,000,000 all tenders received must be evaluated on the 90/10 preference point system.
- 3) In the event that the Municipality has cancelled a tender invitation as contemplated in sub-paragraph (1)(a) and 2(a), tenders must be re-invited and the tender documents must stipulate the correct preference point system to be applied.
- 4) The Municipality may, prior to the award of a tender, cancel a tender if:
  - a) due to changed circumstances, there is no longer a need for the services, works or goods requested, or
  - b) funds are no longer available to cover the total envisaged expenditure; or
  - c) no acceptable tenders are received.
- 5) The decision to cancel a tender in terms of sub-paragraph (4) must be published in the media in which the original tender invitation was advertised.

### **PART THREE: LOCAL PRODUCTION AND CONTENT, B-BBEE STATUS LEVEL CERTIFICATES, CONDITIONS, DECLARATIONS, REMEDIES, TAX CLEARANCE, MECHANISMS TO SUPPORT PREFERENTIAL PROCUREMENT, SHORT TITLE AND COMMENCEMENT**

#### **9 Local Production and Content**

- 1) The Municipality must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 2) The National Treasury will issue instructions, circulars and guidelines to all organs of state, with specific report mechanisms to ensure compliance with sub-paragraph (1).
- 3) Where there is no designated sector, the Municipality may include, as a specific tendering condition, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such pre-script and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.
- 4) Every tender issued in terms of paragraph 9 must be measurable and audited.
- 5) Where necessary, tenders referred to in sub-paragraph (1) and (3), a two-stage tendering process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second price and B-BBEE with the possibility of price negotiations only with the short listed tenderer/s.

## **10 Broad –Based Black Economic Empowerment Status Level Certificates**

- 1) Tenders with annual total revenue of R5 million or less qualify as Exempted Micro Enterprises (EMEs) in terms of the Broad-Based Black Economic Empowerment Act, and must submit a certificate issued by a registered auditor, Accounting Officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No.69 of 1984) or an accredited verification agency.
- 2) Tenders other than exempted Micro-Enterprises (EMEs) 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) B-BBEE status level verification certificates may be issued by SANAS accredited agencies or approved auditors registered with IRBA.
- 5) The B-BBEE status level attained by the tenderer must be used to determine the number of points contemplated in regulations 5(2) and 6(2).

## **11 Conditions**

- 1) Only a tenderer who has completed and signed the declaration part of the tender documentation may be considered.
- 2) The Municipality must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.
- 3) A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is processed.
- 4) Points scored must be rounded off to the nearest 2 decimal places.
- 5) In the event that two or more tenders have scored equal total points, the successful tender must
  - a) be the one scoring the highest number of preference points for B-BBEE.
  - b) However, when functionality is part of the evaluation process and two or more tenders have scored equal points including equal preference points for B-BBEE, the successful tender must be the one scoring the highest score for functionality.
  - c) Should two or more tenders be equal in all respects, the award shall be decided by the drawing of lots.
- 6) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 7) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate tender.
- 8) A person must not be awarded points for B-BBEE status level if it is indicated in the tender documents that such a tenderer intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a tenderer qualifies for, unless the intended sub-contractor is an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- 9) A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- 10) A person awarded a contract in relation to a designated sector, may not sub-contract 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.
- 11) When the Municipality is in need of a service provided by only tertiary institutions, such services must be procured through a tendering process from the identified tertiary institutions.
- 12) Tertiary institutions referred to in sub-paragraph (11) will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good practice.

- 13) Should the Municipality require a service that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a contractor must be
- a) done by means of a tendering process;
  - b) Public entities will be required to submit their B-BBEE status in terms of the specialised score-card contained in the B-BBEE Codes of Good Practice.

## 12 Declarations

- 1) A tender must, in the manner stipulated in the document, declare that-
  - a) the information provided is true and correct;
  - b) the signatory to the tender document is duly authorised; and
  - c) documentary proof regarding any tendering issue will, when required, be submitted to the satisfaction of the Municipality.

## 13 Remedies

- 1) The Municipality must, upon detecting that-
  - a) The B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis; or
  - b) any of the conditions of the contract have not been fulfilled,
 act against the tenderer or person awarded the contract.
- 2) The Municipality may, in addition to any other remedy it may have against the person contemplated in sub-paragraph (1) -
  - a) disqualify the person from the tendering process;
  - b) recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
  - c) cancel the contract and claim any damages it has suffered as a result of having to make less favourable arrangements due to such cancellation;
  - d) restrict the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
  - e) forward the matter for criminal prosecution.

## 14 Tax clearance

No tender may be awarded to any person whose tax matters have not been declared by the South African Revenue Services to be in order.

## 15 SHORT TITLE

This part of the policy is called the Preferential Procurement Policy of the Overstrand Municipality.

This policy will come into effect on 1 July 2014 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:	SENIOR MANAGER: SUPPLY CHAIN MANAGEMENT		
CURRENT UPDATE:	May 2014	PREVIOUS REVIEW:	30 November 2011
PREVIOUS REVIEW:	29 May 2013	PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	28 November 2012	PREVIOUS REVIEW:	26 MAY 2010
PREVIOUS REVIEW:	26 July 2012	PREVIOUS REVIEW:	27 MAY 2009
PREVIOUS REVIEW:	30 May 2012	APPROVAL BY COUNCIL:	25 MAY 2008

**OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY – ANNEXURE A**

**DELEGATION OF POWERS AND DUTIES CLAUSE 4.2.81**

**As far as contractual obligations are concerned:** Personnel to be nominated in writing by the Municipal Manager, and Directors, subject to the under-mentioned criteria, and further subject to the municipality's Supply Chain Management Policy, financial regulations and council resolutions where applicable.

<b>4.2.81.1.</b>	<b>APPROVAL / AWARD OF QUOTATIONS, FORMAL QUOTATIONS AND TENDERS</b>		
<b>RAND VALUE (VAT inclusive)</b>	<b>LEVEL OF APPROVAL (With due regard to proper segregation of duties)</b>	<b>QUOTATIONS / TENDERS PROCESS FOLLOWED</b>	
Up to R2 000	Level of approval as delegated by relevant director	Petty cash Purchases in terms of the Petty Cash Policy AND / OR One (1) written quotation by the Purchasing Section	
R2 000.01 – R30 000	Post level T12 and higher	Three (3) written price quotations in terms of Paragraph 17(1)(a)	
R30 000.01 – R200 000	Directors, subject to the recommendation of the Senior Manager: Supply Chain Management	Formal written price quotations in terms of Paragraph 18(b) – committee system	
R200 000.01 – R10 million	Bid Adjudication Committee	Competitive Bidding – committee system	
Over R10 million	Municipal Manager after recommendation from the Bid Adjudication Committee	Competitive Bidding – committee system	
<b>4.2.81.2</b>	<b>APPROVAL OF DEVIATIONS in terms of Clause 36 of the Supply Chain Management Policy.</b>		
<b>RAND VALUE (VAT inclusive)</b>	<b>LEVEL OF APPROVAL</b>		
R0 – R70 000	Senior Manager: Supply Chain Management		
Over R70 000 – R200 000	Chief Financial Officer (Director: Finance) after consultation with Senior Manager: Supply Chain Management		
Over R200 000	Accounting Officer		
<b>4.2.81.3</b>	<b>APPROVAL OF REQUESTS FOR ORDERS FOR DIRECT PURCHASES &amp; MUNICIPAL STORE ISSUES, after an award has been made in terms of sub-paragraphs 4.2.81.1 and 4.2.81.2 above</b>		
Up to R2 000	Level of approval as delegated by relevant director		
R2 000.01 – R30 000	Post level T12 and higher		
R30 000.01 – R70 000	Post level T13 and higher subject to the recommendation of the Senior Manager: Supply Chain Management		
Over R70 000	Post level T17 and higher		
<b>4.2.81.4</b>	<b>CERTIFICATION AND AUTHORIZATION OF PAYMENTS after an official order has been issued in terms of sub-paragraph 4.2.81.3 above</b>		
<b>RAND VALUE (VAT inclusive)</b>	<b>LEVEL OF APPROVAL (With due regard to proper segregation of duties)</b>		
R0 – R70 000	Post Level 13 and Higher		
R70 000.01 – R500 000	Post Level 16 and Higher		
Above R 500 000	Municipal Manager & Directors		
Eskom Bulk Electricity Purchases	Senior Manager: Electro-technical Services		

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: SUPPLY CHAIN MANAGEMENT</b>						
<b>CURRENT UPDATE:</b>	May 2014	<b>PREVIOUS REVIEW:</b>	26/07/2012	<b>PREVIOUS REVIEW:</b>	04/05/2011	<b>APPROVAL BY COUNCIL:</b>	25/05/2008
<b>PREVIOUS REVIEW:</b>	29/05/2013	<b>PREVIOUS REVIEW:</b>	30 May 2012	<b>PREVIOUS REVIEW:</b>	26/05/2010		
<b>PREVIOUS REVIEW:</b>	28/11/2012	<b>PREVIOUS REVIEW:</b>	30/11/2011	<b>PREVIOUS REVIEW:</b>	27/05/2009		

**OVERSTRAND  
MUNICIPALITY**



**CONTRACT MANAGEMENT  
POLICY**

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## 1. PRE-AMBLE

All transactions undertaken by the Overstrand Municipality involves a contract whether explicitly agreed in writing, or implicitly implied through actions.

Properly managed contracts by all stakeholders involved, can ensure that services are delivered within specifications as set and agreed by all during the specifications phase and at the agreed cost , (Inclusive of escalation clauses in contracts) time period and qualities of the goods and services procured.

All contracts must be managed throughout the contract Life Cycle, based on the level of management control appropriate for the classification of that contract.

Improperly managed contracts may impact negatively on service delivery. Adverse effects of ineffective contract management include but are not limited to:

- 1.1 goods and services outside of specification;
- 1.2 cost overruns;
- 1.3 poor suppliers-, buyer- or other stakeholder relations;
- 1.4 negative public perception, and
- 1.5 potentially complete service delivery failures.

Hence, good contract management by all stakeholders involved is essential for good financial management and will contribute greatly to the effectiveness and efficiency of service delivery. In effect it would give strategic direction to all directorates following a centralised strategy of contract management. This policy must be read in coincidence with the SCM Policy of the Overstrand Municipality.

**2. DEFINITIONS:**

In this Policy, unless the context indicates otherwise-

<b>Accounting Officer</b> <i>(in relation to a municipality)</i>	means the municipal official referred to in section 60 of the MFMA (2003); and include a person acting as the accounting officer.
<b>Act or MFMA</b>	Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
<b>Circular 62</b>	means communication from National Treasury by means of a Circular to enhance compliance and accountability to SCM Regulations and the MFMA of 2003.
<b>Construction Industry Development Board (CIDB):</b>	means the Construction Industry Development Board (CIDB), a national body established by an Act of Parliament (Act 38 of 2000) to oversee the sustainability and growth of construction enterprises across the country.
<b>Contract</b>	means the agreement that results from the acceptance of a bid by the Municipality (mutual agreement)
<b>Contract Alteration</b>	means changing technical writing or input errors to the agreement of the contract without changing the scope of contract.
<b>Contract Amendment</b>	means changing the scope, nature, duration, purpose or objective of the agreement or contract (In context of Circular 62 and section 116 (3) of the MFMA).
<b>Contract Champion</b>	means the official within a specific department, responsible for all day to day activities (including performance management and dispute resolution) during the life cycle of the contract (with delegated powers to perform this function).
<b>Contract Management</b>	means the holistic term of all role players involved in an agreement (SLA/SDA) or contract and include the; SCM contract manager, contract owner, contract champion and supplier.
<b>SCM Contract Manager</b>	means the SCM official responsible for monitoring, regulating and reporting on all contract related activities as set out in Section 116 of the MFMA.
<b>Contract Owner</b>	means the deputy director, senior manager or manager, as the case may be, that is ultimately accountable for all activities during the life cycle of the contract. The Contract Owner can also be seen as the Budget holder.
<b>Director</b>	Appointment according to sect 56 of the Systems Act
<b>Delegation</b> <i>(in relation to a duty)</i>	Includes an instruction or request to perform or to assist in performing the duty.
<b>Force Majure</b>	Is the expression used to denote irresistible superior force which might cause damage or prevent the execution of an obligation, therefore suppliers is not liable for damages caused by force majeure or for failure to carry out a contract if prevented (Term and conditions in this regard will be determined by every individual contract/s).
<b>Official</b> <i>(In relation to a municipality)</i>	means: <ul style="list-style-type: none"> <li>• an employee of a municipality;</li> <li>• a person seconded to a municipality to work as a member of the staff of the municipality; or</li> <li>• a person contracted by a municipality to work as a member of the staff of the municipality otherwise than as an employee.</li> </ul>
<b>Users</b>	Means all officials as set out in the organogram of the Overstrand Municipality involved with contracts.

**3. ABBREVIATIONS:**

<b>BEE</b>	Black economic empowerment
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>GCC</b>	means General Conditions of contract.
<b>MSA</b>	means Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
<b>NT</b>	means National Treasury established by section 5 of the Public Finance Management Act.
<b>SCC</b>	means Special Conditions of Contract.
<b>SCM</b>	means Supply Chain Management
<b>SDA</b>	means Service Delivery Agreement.
<b>SLA</b>	means Service Level Agreement.

**4. OBJECTIVES:**

- 4.1 To give effect to Section 217 of the Constitution of South Africa (1996) that stipulate:
  - 4.1.1 When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is:
    - 4.1.1.1 equitable
    - 4.1.1.2 transparent
    - 4.1.1.3 competitive
    - 4.1.1.4 cost-effective and
    - 4.1.1.5 fair
- 4.2 The effective and efficient control of contracts procured through the SCM system ensuring:
  - 4.2.1 proper recording and enforcement of contracts throughout the contract life cycle (specifications to contract reviews);
  - 4.2.2 support to the demand management framework as set out in Circular 62 of National treasury (August 2012), optimizing proper planning, resulting in effective service delivery;
  - 4.2.3 management of Contract Performance;
  - 4.2.4 compliance with the regulatory framework;
  - 4.2.5 to assist officials in understanding their legal and managerial responsibilities with regards to contract management;
  - 4.2.6 the optimization of efficient and sustainable financial wellbeing of the municipality, resulting in lower cost drivers, and
  - 4.2.7 the continuous development of effective Management Information systems, resulting in strategic support and risk preventions.
- 4.3 To ensure that no contract procurement of goods and services (excluding land sales or rentals of Overstrand Municipal Assets, which are managed by Property Management Services), takes place outside of the SCM System.

## 5. STATUTORY AND REGULATORY FRAMEWORK FOR MANAGING CONTRACTS

### 5.1 Application and Framework of the Contract Management Policy

5.1.1 All officials and other role players in the Supply Chain Management system of the Overstrand Municipality must implement this Policy in a way that gives effect to:

5.1.1.1 Section 217 of the Constitution;

5.1.1.2 Section 116 of the MFMA;

5.1.1.3 Section 33 of the MFMA;

5.1.1.4 SCM Policy;

5.1.1.5 SCM Regulations

5.1.1.6 any other legislation pertaining to SCM.

5.1.2 This Policy applies when the Municipality:

5.1.2.1 procures goods or services;

5.1.2.2 disposes of goods no longer needed; and

5.1.2.3 selects service providers and suppliers to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.

### 5.2 Adoption, Amendment and Implementation of the Contract Management Policy

5.2.1 The accounting officer must:

5.2.1.1 at least annually review the implementation of this Policy; and

5.2.1.2 when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to Council;

5.2.1.3 in terms of section 62(1) (f) (IV) of the Act, take all reasonable steps to ensure that the Contract Management Policy is implemented.

### 5.3 Conditions of Contract

5.3.1 A contract or agreement procured through the Supply Chain Management System of the Municipality must:

5.3.1.1 be in writing;

5.3.1.2 stipulate the terms and conditions of the contract or agreement, which must provide for:

5.3.1.2.1 the termination of the contract or agreement in the case of non- or underperformance;

5.3.1.2.2 dispute resolution mechanisms to settle disputes between the parties;

5.3.1.2.3 a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and

5.3.1.2.4 any other matters that may be prescribed.

- 5.4 Administrative Capacity
  - 5.4.1 The relevant Director, with delegated powers from the Municipal Manager, must establish capacity in his/her directorate to assist the accounting officer in carrying out the duties set out in section 116(2) of the MFMA.
  
- 5.5 Management of Contracts
  - 5.5.1 The accounting officer and delegated officials must take all reasonable steps to:
    - 5.5.1.1 ensure that a contract or agreement procured through the supply chain management policy of the municipality is properly enforced;
    - 5.5.1.2 monitor on a monthly basis the performance of the contractor under the contract or agreement.
    - 5.5.1.3 administrate the contract with the necessary competencies and delegations, ensuring effective management of contracts.
  - 5.5.2 The Contract Owner must ensure that contract champions submit suppliers' performance reports to the SCM contract manager within 5 business days after the end of each month.
  - 5.5.3 The SCM Contract Manager submits a consolidated report to the relevant Director and Contract Owner within 10 business days after the end of each month for purposes of Section 116 (2)(b) of the Act.
  - 5.5.4 The SCM Contract Manager submits a consolidated report on the performance of contracts or agreements for purposes of Section 116 (2)(d), to the Accounting Officer within 15 business days of the end of each quarter.
  
- 5.6 Amendment of Contracts
  - 5.6.1 A contract or agreement procured through the supply chain management policy of the municipality may be amended by the parties, in exceptional circumstances in order to mitigate abuse, in perception after the fact to prevent financial inefficiencies and influencing financial sustainability.
  - 5.6.2 In terms of Section 116(3) of the MFMA, (56 of 2003), amendments (in compliance with SCM procedures), may only be made after:
    - 5.6.2.1 the reasons for the proposed amendment have been tabled in the council; and
    - 5.6.2.2 the local community has been given reasonable notice of the intention to amend the contract or agreement; and
    - 5.6.2.3 has been invited to submit representations to the municipality.
  - 5.6.3 Amendments of contracts where the expansion or variation is not more than (NT Circular 62)
    - 5.6.3.1 20% (construction related goods, services and/or infrastructure projects), and
    - 5.6.3.2 15% (all other goods and/or services) of the original value of the contract, must be submitted directly to the Contract Man-

agement Office for approval and further reference to the SCM committee system for approval.

- 5.6.4 Amendments of contracts where the expansion or variation is more than the threshold prescribed by National Treasury (Circular 62), must be dealt with in terms of the provisions of section 116(3) of the MFMA, and are exempt from this process.
- 5.6.5 Amendments to the contract, without influencing the value or term of the contract, within the scope of the original terms and conditions, may be altered, provided that both parties have consensus on the amendment and the contract amendment is in writing and signed by both parties.
- 5.6.6 No agreement to amend or vary a contract shall be valid and of any force unless such agreement to amend or vary is entered into in writing and signed by the contracting parties.
- 5.6.7 When an amendment has a budgetary implication for a term longer than 3 (three) years, section 33 of the MFMA will apply to this amendment (Section 116 (3) of the MFMA will be followed with section 33, when amending an existing contract for longer than 3 years).

## 6. MAINTENANCE AND CONTRACT ADMINISTRATION

- 6.1 Contract administration includes all administrative duties associated with a contract once it is adjudicated and implemented.
- 6.2 No rights in terms of an awarded contract will accrue before the SCM appeal period and/or appeal has been finalised.
- 6.3 The contract should be signed by all parties concerned (The relevant official should also ensure that the suppliers have the delegated powers to sign and amend the contractual agreement).
- 6.4 The contract will only be enforceable after all the signatures of the relevant parties are documented.
- 6.5 A signed service level agreement (if applicable) must be compiled and signed which will incorporate all the relevant sections of the tender documentation.
- 6.6 All once-off purchases shall have a specified end delivery date.

## 7. ROLES AND RESPONSIBILITIES OF OFFICIALS:

- 7.1 SCM Contract Manager:
  - 7.1.1 The SCM Contract Manager is the SCM official responsible for system administration, status and SCM performance reporting on all contracts related activities.
  - 7.1.2 For the purposes of **contract management** activities performed by the relevant role players, the SCM contract manager will monitor and report on the following activities:
    - 7.1.2.1 identification and classification of contracts for management purposes in terms of the SCM processes;
    - 7.1.2.2 recognition, measurement and disclosure;
    - 7.1.2.3 oversight of contract management as is provided for in this policy;
    - 7.1.2.4 oversight of contract management as is provided for in this policy;
    - 7.1.2.5 document and information management;

- 7.1.2.6 relationship management;
  - 7.1.2.7 performance management;
  - 7.1.2.8 contract risk management.
- 7.2 Contract Champion:
- 7.2.1 The contract champion is responsible for the following activities:
    - 7.2.2.1 ensuring that all the necessary legal formalities in entering into the contract are adhered to;
    - 7.2.2.2 ensuring that purchase orders are processed on the financial system in accordance with the pricing schedule;
    - 7.2.2.3 maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;
    - 7.2.2.4 inform the Asset Management section of the Expenditure Department of the location of newly procured assets for asset register and insurance purposes; and
    - 7.2.2.5 where appropriate, in terms of Council's Delegations, authorise invoices due for payment.
    - 7.2.2.6 to take appropriate action in consultation with the contract owner and the SCM contract manager, where a contractor is underperforming or is in default or breach of the contract.
    - 7.2.2.7 ensure performance of suppliers is managed appropriately to the terms and conditions of the contract.
- 7.3 Contract Owner:
- 7.3.1 The contract owner is responsible for ensuring that contract champions are assigned to all contracts.
  - 7.3.2 The contract owner is ultimately responsible for management of the activities.
- 7.4 Director
- 7.4.1 The director is responsible for signing of contracts with the relevant service provider, in line with the Delegation of Powers and Duties Policy.
  - 7.4.2 The director is ultimately accountable for the contract.

## 8. RECORD KEEPING

- 8.1 Proper records regarding all aspects of the contract must be maintained and kept in accordance with relevant legislation.
- 8.2 All communication related to contracts should be linked to the master document on the electronic system.
- 8.3 Safe custody of all contract documents must be enforced by all relevant users.
- 8.4 Contract Champions and Contract Owners are responsible for the electronic capturing and feedback of contract/s to the Contract Management system in conjunction with the records department.
- 8.5 The original signed contract should be sent to the records department (by the user departments) for safekeeping and storage.

8.6 The records department is responsible for the booking systems of contracts.

## **9. CONTRACTS HAVING BUDGETARY IMPLICATIONS BEYOND THREE FINANCIAL YEARS**

Overstrand Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of Section 33 of the Municipal Finance Management Act have been fully complied with.

## **10. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES:**

The accounting officer is responsible to establish a dispute resolution mechanism as per paragraph 5.3.1.2.2 and also as required by section 116(1) of the MFMA and paragraph 50 of the SCM Policy.

## **11. CONTRACT PRICE ESCALATIONS:**

- 11.1 An appropriate contract price adjustment formula must be specified in the bid documents if deemed necessary.
- 11.2 Escalation notification must be in writing and presented before the implementation date thereof.
- 11.3 User departments are responsible to manage, verify and implement price escalations as per originally agreed terms and conditions set out in the specifications of the contract and keep proof of evidence to the newly agreed escalations on the system for all other relevant stakeholders to access.

## **12. PERFORMANCE ON CONTRACTS:**

12.1 In terms of the SCM Policy and the Municipal Systems Act, the accounting officer must implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved in terms of the Performance Management System Implementation Policy (Paragraph 9).

### **12.1.1 Municipality's Performance:**

- 12.1.1.1 The municipality is required to pay creditors within 30 days of receiving all relevant invoice statements.
- 12.1.1.2 The municipality is also required to create a favourable environment to receive services and goods without preventing the supplier to perform their duties.
- 12.1.1.3 All parties involved must perform according to the terms and conditions of the relevant contract, while the contract is alive.

### **12.2.1 Supplier Performance:**

- 12.2.1.1 The supplier of goods and services is required to perform as per terms and conditioned agreed upon and should inform the municipality if circumstances prevents them to perform, with reasons provided, within 5 working days (to be included in all contracts).
- 12.2.1.2 For all relevant deviations from the agreed terms and conditions of any contract, the key performance indicators (KPI's)

should be reviewed as well as the alignment with the strategic objectives established in the IDP.

12.2.1.3 Suppliers performance will be reviewed by Overstrand Officials on a monthly basis (every 25<sup>th</sup> of the month) giving effect to section 116 of the MFMA, 2003 and the Performance Management System Implementation Policy

12.2.1.4. Prescribed procedures to evaluate service providers must be complied with.  
(Refer to the Performance Management Framework Policy)

**The following procedures need to be followed:**

1. The requirements of this policy must be included in the contract of the service provider.
2. The performance of the service provider under the contract or service level agreement must be assessed monthly by the Reporting Officer.
3. The assessment must be completed in the contract management system.
4. The Reporting Officer must complete the Service Provider Assessment on the contract management at the end of each month.
5. The quarterly assessment and reporting must be completed within 15 working days after the end of each quarter. (Refer to the Performance Management Framework Policy, paragraph 9.2.1).
6. The Reporting Officer must provide a copy of the assessment to the Service Provider at the end of each quarterly assessment period and on completion or termination of the contract.
7. Supply Chain Management Unit (Contract Management Office) will review the quarterly Service Provider assessments within 20 days after the end of each quarter and submit a summary report to Council.
8. The Accounting Officer need to develop the necessary forms and report structures to be utilised to manage the above processes. The forms and reporting requirements need to be reviewed on a regular basis.
9. In the instance of under-performance:
  - a. The Municipality will facilitate support interventions to service providers in the identified areas of underperformance
  - b. Service providers who have been identified as under-performing in identified areas must be informed of these support interventions.
  - c. The impact of support interventions must be monitored by the Reporting Officer.
  - d. Corrective action should be documented in writing within the contract management system
  - e. The records of the support interventions must be documented, signed by both parties and appropriately filed in the contract management system.

**13. REVIEW OF CONTRACTS**

- 13.1 In terms of section 116 (1) of the MFMA, a contract or agreement procured through the Supply Chain Management system must have a periodic review once every three years in the case of a contract or agreement that are longer than three years.
- 13.2 The contract owner or champion must conduct, as appropriate, within 3 months after the expiry of contracts, post contract reviews.

**14 IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2014;

This policy will be reviewed at least annually or when required by way of a Council resolution.

<b>POLICY SECTION:</b>	<b>MANAGER: CONTRACTS</b>
<b>CURRENT UPDATE</b>	
<b>PREVIOUS REVIEW</b>	<b>29 MAY 2013</b>
<b>APPROVAL BY COUNCIL</b>	<b>26 MAY 2010</b>

**OVERSTRAND  
MUNICIPALITY**



**INVESTMENT & CASH MANAGEMENT  
POLICY**

## **PREAMBLE**

**Whereas** section 13 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) determines that a municipality must introduce appropriate and effective investment arrangements;

**And whereas** a municipality must disclose its investment details;

**And whereas** councillors and officials as trustees of public funds, have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible;

**Now therefore** the Overstrand Municipality adopts the following Investment Policy:

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## OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

### 1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

<b>“Accounting Officer”</b>	a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structure Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
<b>“Chief Financial Officer”</b>	an officer of the municipality appointed as the Head of the Finance Department and includes any person:- a) acting in such position; and b) to whom the Chief Financial Officer has delegated a power, function or duty in respective of such a delegated power, function or duty.
<b>“Council” or “municipal council”</b>	a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
<b>“Councillor”</b>	a member of the Municipal Council
<b>“Investments”</b>	funds not immediately required for the defraying of expenses and invested at approved financial institutions.
<b>“Municipal Manager”</b>	the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- a) acting in such position; and b) to whom the Municipal Manager has delegated a power, function or duty in respective of such a delegated power, function or duty.
<b>“municipality”</b>	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
<b>“public funds”</b>	all monies received by the municipality to perform the functions allocated to them.

### 2. OBJECTIVE OF POLICY

The objectives of the Investment Policy are:-

- 2.1 to manage the investments of the municipality in such a manner that it will not tie up the municipality’s scarce resources required to improve the quality of life of the citizens;
- 2.2 to manage the investments of the municipality in such a manner that sufficient cash resources are available to finance the capital and operating budgets of the municipality; and

## OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

- 2.3 to gain the highest possible return on investments during periods when excess funds are not being used, without unnecessary risk.

### 3. SCOPE OF POLICY

- 3.1 The Policy deals with:-
- 3.2 Responsibility / accountability;
- 3.3 Investment instruments;
- 3.4 Cash flow estimates;
- 3.5 Investment ethics and principles;
- 3.6 Investment procedures;
- 3.7 Other external deposits; and
- 3.8 Control over investments.

### 4. RESPONSIBILITY / ACCOUNTABILITY

- 4.1 The Municipal Manager as the Accounting Officer of the municipality is accountable for investment management.
- 4.2 The municipal council must approve a policy directing procedures, processes and systems required to ensure efficient and effective management of investments.
- 4.3 Efficient and effective investment management include:-
- a. Accurately forecasting the institution's cash flow requirements.
  - b. Timing of the in- and outflow of cash.
  - c. Recognising the time value of money.
  - d. Taking any other action that avoids locking up money unnecessarily and inefficiently.
  - e. Avoiding bank overdrafts.

### 5. INVESTMENT INSTRUMENTS

- 5.1 The Minister of Provincial and Local Government may with the concurrence of the Minister of Finance by notice in the Gazette determine instruments or investments other than those referred to below in which Municipality may invest:-
- a. Deposits with banks registered in terms of the Banks Act, 1990 (Act No 94 of 1990);

## **OVERSTRAND MUNICIPALITY – INVESTMENT POLICY**

- b. Securities issued by the National Government;
- c. Investments with the Public Investment Commissioners as contemplated by the Public Deposits Act, 1984 (Act No 46 of 1984);
- d. A municipality's own stock or similar type of debt; internal funds of a municipality which have been established in terms of a law to pool money available to the municipality and to employ such money for the granting of loans or advances to departments within a municipality, to finance capital expenditure;
- e. Bankers' acceptance certificates, negotiable certificates or deposits of banks;
- f. Long-term securities offered by insurance companies in order to meet the redemption fund requirements of municipalities; and
- g. Any other instruments or investments in which a municipality was under a law permitted to invest before the commencement of the Local Government Transition Act, 1996: provided that such instruments shall not extend beyond the date of maturity or redemption thereof.

### **6. CASH FLOW ESTIMATES**

- 6.1 Before money can be invested, the Municipal Manager must determine whether there will be surplus funds available for the term of the investment.
- 6.2 In order to be able to make investments for any fixed term, it is essential that cash flow estimates be drawn up.
- 6.3 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality:-
  - a. The operating requirements must include provisions for:-
    - i. Payment of monthly salaries.
    - ii. Payment for bulk purchases of electricity and water.
    - iii. Interest on long-term loans.
    - iv. Maintenance of assets.
    - v. General expenditure.
    - vi. Expected daily and monthly income.
  - b. Capital requirement must provide for:-
    - i. The anticipated cash flow requirements for each capital project.

### **7. INVESTMENT ETHICS AND PRINCIPLES**

- 7.1 The Municipal Manager will be responsible for the investment of funds, and he/she has to steer clear of outside interference, regardless of whether such interference comes from individual councillors, agents or any other institution.

## OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

- 7.2 Under no circumstances may he/she be forced or bribed into making an investment.
- 7.3 No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so, and can merely be seen as goodwill.
- 7.4 A certificate in respect of any gifts received should be furnished to the Municipality.
- 7.5 Interest rates offered should never be divulged to another institution.
- 7.6 Long-term investments should be made with an institution with at least a minimum BBB rating (where BBB refers to low risk institutions).
- 7.7 Short-term investments should be made with an institution with at least a minimum F3 rating (where F3 refers to low risk institutions).
- 7.8 Not more than 50% of the municipality's available funds should be placed with a single institution if the available funds exceed R50m.
- 7.9 The maximum amount invested with a financial institution should not exceed 10% of the relevant institution's shareholder's funds (capital and reserves).
- 7.10 The municipality may not borrow money specifically for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 7.11 If the Municipal Manager invests with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act, 1990 (Act No 94 of 1990) and that they are approved financial institutions, as approved by the Reserve Bank of South Africa from time to time.
- 7.12 When making growth related investments, the Municipal Manager must obtain a guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

## 8. INVESTMENT PROCEDURES

After determining whether there is cash available for investment and fixing the maximum term of investment, the Municipal Manager must consider the way in which the investment is to be made.

- 8.1 Short-term investments:
  - a. Quotations should be obtained from a minimum of three financial institutions (local banks), for the term of which the funds will be invested.
  - b. Should one of the institutions offer a better rate for a term, other than what the municipality had in mind, the other institutions which were approached, should also be asked to quote a rate for the other term.
  - c. Quotations should be obtained in writing or electronic medium.

## OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

- d. Quotations from institutions must include the following:-
  - i Name of institution;
  - ii Name of person quoting rates;
  - iii Period of the investment;
  - iv Relevant conditions; and
  - v Other facts, such as interest payable monthly or on maturation date.
- e. Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.
- f. The best offer must under normal circumstances be accepted, with thorough consideration of investment principles.
- g. No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.
- h. The investment capital must only be paid over to the institution with which it is to be invested and not to an agent or third party.
- i. The financial institution where the investment is made must issue a confirmation stating the details of the investments.
- j. The Municipal Manager must make sure that the investment document, if issued, is a genuine document and issued by the approved institution.
- k. The financial institution, where the investment is made, must issue a certificate for each investment made stating that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.
- l. The municipality must be given a monthly report on all investments.
- m. The Municipal Manager must obtain information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

### 8.2 Long-term investments:

- a Written quotations must be obtained for all investments made for periods longer than twelve months.
- b The municipal council must approve all investments made for periods longer than twelve months after considering the cash requirement for the next three years.
- c The municipality must within 30 days after an investment with a term of 12 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

### 8.3. Withdrawals

All investment amounts withdrawn and not to be reinvested at the same institution at the time of withdrawal, shall be paid into the primary bank account.

All interest shall be paid into the primary bank account at the time of withdrawal of an investment, irrespective of the capital being reinvested.

## OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

### 9. OTHER EXTERNAL DEPOSITS

The principles and procedures set out above must apply to other investment possibilities subject to the applicable legislation, which is available to the municipality, including debentures and other securities of the state as well as other municipalities or statutory bodies in the Republic of South Africa, instituted under and in terms of any law.

### 10. CONTROL OVER INVESTMENTS

10.1 An investment register should be kept of all investments made. The following information must be recorded:-

- a. name of institution;
- b. capital invested;
- c. date invested;
- d. interest rate;
- e. maturation date;
- f. interest received;
- g. capital repaid; and
- h. balance invested.

10.2 The investment register and accounting records must be reconciled on a monthly basis.

10.3 The investment register must be examined on a weekly basis to identify investments falling due within the next week.

10.4 Interest, correctly calculated, must be received timeously, together with any distributable capital.

10.5 Investment certificates, if issued, must be kept in a safe place with dual custody.

10.6 The following documents must be safeguarded:-

- a. Fixed deposit letter or investment certificate;
- b. Receipt confirmation for capital invested;
- c. Copy of electronic transfer or cheque requisition;
- d. Schedule of comparative investment figures;
- e. Commission certificate indicating no commission was paid on the investment; and
- f. Interest rate quoted.

### 11. IMPLEMENTATION AND REVIEW OF POLICY

This policy shall be implemented on 1 July 2014 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

## OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

### 12. SHORT TITLE

This Policy shall be called the **Investment Policy of the Overstrand Municipality**.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: FINANCIAL SERVICES</b>
<b>CURRENT UPDATE</b>	
<b>PREVIOUS REVIEW:</b>	29 MAY 2013
<b>PREVIOUS REVIEW:</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	4 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
<b>APPROVAL BY COUNCIL:</b>	27 MAY 2009

**OVERSTRAND  
MUNICIPALITY**



**BUDGET POLICY**

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## OVERSTRAND MUNICIPALITY – BUDGET POLICY

### PREAMBLE

In the spirit of the Municipal Finance Management Act, (No.56 of 2003), to modernise budget and financial management practices by placing local government finances on a sustainable footing in order to maximize the capacity of municipalities to deliver services to all residents customers, users and investors, and,

Whereas chapter 4 of the Municipal Finance Management Act, (No 56 of 2003) determines that a municipality may, except where otherwise provided in the Act, incur expenditure only in terms of an approved budget; and within the limits of the amounts appropriated for the different votes in an approved budget,

Therefore the Overstrand Municipality adopts the budget policy set out in this document.

## OVERSTRAND MUNICIPALITY – BUDGET POLICY

### 1. OBJECTIVES OF POLICY

The policy sets out the budgeting principles which Overstrand Municipality will follow in preparing each annual budget. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act in terms of the planning, preparation and approval of the annual budgets.

The policy shall apply to all the relevant parties within the Overstrand Municipality that are involved throughout the budget process.

A Budget Steering Committee will be established to guide the budget process.

### 2. BUDGET PRINCIPLES

#### 2.1. Capital Budget

The capital budget refers to the allocations made to specific infrastructural projects and the purchase of equipment and other forms of assets having a lifespan of more than one year and a cost value of more than R2 000.

##### 2.1.1 Basis of Calculation

- a. The current three year MTREF budget is the departure point in preparing the subsequent annual capital budget.
- b. The annual capital budget shall be based on realistically anticipated revenue, which should be equal to the anticipated capital expenditure in order to result in a balanced budget.
- c. The impact of the capital budget on the current and future operating budgets in terms of finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets and any other operating expenditure to be incurred resulting directly from the capital expenditure, should be carefully analyzed when the annual capital budget is being compiled.
- d. In addition, the council shall consider the likely impact of such operational expenses, net of any revenues expected to be generated by such items on future property rates and service tariffs.

##### 2.1.2 Financing

###### Own Financing Sources

Own financing consists of the following sources:

- a. Unappropriated cash-backed surpluses from previous financial years, to the extent that such surpluses are not required for operational purposes and cash resources are adequate for cost coverage and liquidity ratio.
- b. Borrowing (External Loans)

## OVERSTRAND MUNICIPALITY – BUDGET POLICY

- c. Proceeds on the sale of fixed assets, less cost to sell, in terms of the Asset Management-, Administration of Immovable Property- and Accounting policies.**Other Financing Sources (External)**

The external funded capital budget shall be financed from external sources such as the following:

- a. Grants and subsidies as allocated in the annual Division of Revenue of Act.
- b. Grants and subsidies as allocated by Provincial government.
- c. Public contributions and donations.
- d. Any other external financing source secured by the local authority.

### 2.1.3 Process and responsible parties

The process to be followed in the compilation of the capital budget is as follows:

- a. The CFO, in conjunction with the Senior Manager: Financial Services and the Manager: Budget Office, and after consultation with the Budget Steering Committee sets the reasonable growth level of the capital budget to be financed out of own and external sources.
- b. The draft capital budget is compiled based on the projects that emanated out of the engagements with the different stakeholders.
- c. The CFO, together with the Senior Manager: Financial Services and the Manager: Budget Office, engage with the Directors and the Senior Manager: Strategic Services in order to determine the priorities for a particular financial year and to determine the ranking of projects based on these priorities.
- d. The draft capital budget is submitted to the Budget Steering Committee for perusal and suggestions.
- e. The draft capital budget is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- f. After the draft budget is tabled in Council, it is advertised for public comment for a period of 30 days.
- g. Once the comments from the public have been received, noted and considered, any amendments and the final budget are tabled in Council for final approval, at least 30 days (31 May) before the start of the financial year.

### 2.1.4 Implementation

- a. After the budget has been approved, the service delivery and budget implementation plan (SDBIP) is finalised.
- b. The SDBIP must be submitted to the Mayor within 14 days after

## OVERSTRAND MUNICIPALITY – BUDGET POLICY

aforementioned approval, for approval within a further 14 days.

- c. Each director indicates the intended spending for both capital and operating budgets.
- d. Cash flows are included in the Service Delivery and Budget Implementation Plan of the organisation.
- e. The SDBIP is monitored on a monthly basis.
- f. Each project manager uses the respective vote numbers as indicated on the capital budget

### 2.2. Operational Budget

The operational budget refers to the funds that would be generated for the delivery of basic services, grants & subsidies and any other municipal services rendered. These funds are in turn used to cover the expenses incurred in the day to day running of the organization.

#### 2.2.1. Basis of Calculation

- a. The zero based and incremental approach is used by budget holders in preparing the annual operating budget, depending on the type of revenue or expenditure.
- b. The annual operating budget shall be based on realistically anticipated revenue, which should at least be equal to the anticipated cash operating expenditure in order to result in a balanced budget.
- c. An income based approach shall be used where the realistically anticipated revenue would firstly be projected. The level of operating expenditure will then be based on the projected revenue, thus resulting in a balanced budget.

#### 2.2.2. Financing

The operating expenditure shall be financed from the following sources:

##### a. Service Charges

- (i) Property Rates
- (ii) Electricity Charges
- (iii) Water Sales
- (iv) Refuse Removal Fees
- (v) Sewerage Fees

Service charges shall be based on the tariff growth rate as agreed upon plus a

## OVERSTRAND MUNICIPALITY – BUDGET POLICY

growth rate of the town.

### **b. Grants, Subsidies, Conditional Receipts & Awards**

Grants and subsidies shall be based on all the gazetted grants and subsidies plus all other allocations received by the organization.

### **c. Interest on Investments**

The budget for interest on investments shall be in accordance with the Investment and Cash Management Policy of the organization.

### **d. Rental Fees**

Fees for rentals will be determined based on the percentage growth as determined by contracts for a particular budget year

### **e. Fines**

Revenue from fines will be budgeted for based on the projected fines that will be issued during the financial year.

### **f. Other Income**

All other income items will be budgeted for based on the historic trends.

## **2.2.3 Budget Categories**

The following expenditure categories shall be accommodated in the operating budget:

### **a Salaries, Wages and Allowances**

The salaries and allowances are calculated based on the percentage increases as per the collective agreement between organised labour and the employer for a particular period. The remuneration of all political office bearers is based on percentages as gazetted.

### **b Bulk Purchases**

The expenditure on bulk purchases shall be determined using the tariffs as stipulated by NERSA from time to time.

### **c Impairment**

Impairment losses will be budgeted for to the extent that Assets and other financial assets, such as Debtors and receivables from Fines, are impaired.

## OVERSTRAND MUNICIPALITY – BUDGET POLICY

### **d Other General Expenditure**

A percentage growth for all other general expenditure shall be based on budget requests to be considered by the Budget Steering Committee in line with growth rates and the CPI.

### **e Repairs and Maintenance**

The budget of repairs and maintenance shall be based on budget requests to be considered by the Budget Steering Committee in conjunction with the needs of the departments in terms of repairing and maintaining their assets.

### **f Capital Expenses**

Capital expenses refer to:

- i) Interest payable on external loans taken up by Council. The budget for interest on external loans will be determined by the repayments that the municipality is liable for based on the agreements entered into with the lenders.
- ii) Interest on Finance Leases
- iii) Depreciation, based on the estimated useful lives of assets

### **g Contributions to Provisions**

Refers to the contribution made to provisions (e.g. leave, bonus, rehabilitation of land-fill sites, clearing of alien vegetation) on an annual basis and is calculated from relevant data and any other factors that could have an effect.

### **h Recharges**

This category refers to interdepartmental charges (Overheads) within the organization. The performance of each of the line items is analyzed and then the budget is based on the preceding year's performance.

#### **2.2.4. Process**

- a. The CFO, in conjunction with the Senior Manager: Financial Services and the Manager: Budget Office, and after consultation with the Budget Steering Committee, sets the reasonable growth level of the operational budget based on the current financial performance and the prevailing industry growth levels. (i.e. CPI).
- b. After the income has been determined, an acceptable growth level for the operating expenditure is determined and the draft operating budget is discussed with the relevant Directors for their perusal and amendments.
- c. The draft operating budget is compiled based on the submissions from the engagements with the different stakeholders.

## **OVERSTRAND MUNICIPALITY – BUDGET POLICY**

- d. The draft operating budget is submitted to the Budget Steering Committee for perusal and suggestions.
- e. The draft operating budget is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- f. The draft SDBIP is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- g. After the draft budget is tabled in Council, it is advertised for public comment for a period of 30 days.
- h. Once the comments from the public have been received, noted and considered, the final budget (inclusive of any amendments) is tabled in Council for adoption, at least 30 days (31 May) before the start of the financial year.
- i. Sect 25(1) of the Municipal Finance Management Act (56 of 2003) states that “if a municipal council fails to approve an annual budget, including revenue raising measures necessary to give effect to the budget, the Council must reconsider the budget and again vote on the budget, or on an amended version thereof, within 7 days of the Council meeting that failed to approve the budget.”

### **2.2.5. Implementation**

- a. After the budget has been approved, the service delivery and budget implementation plan (SDBIP) is finalised.
- b. The SDBIP must be submitted to the Mayor within 14 days after aforementioned approval, for Mayoral approval with a further 14 days.
- c. Each director indicates the intended spending for both capital and operating budgets.
- d. Cash flows are included in the Service Delivery and Budget Implementation Plan of the organisation.
- e. The SDBIP is monitored on a monthly basis.
- f. Each directorate uses their respective vote numbers as indicated on the operational budget.

### **2.3. Adjustments Budget**

- 2.3.1 A general adjustments budget may be tabled once a year by 28 February.
- 2.3.2 The adjustments budget process shall be aligned to the annual budget in terms of consideration by the Budget Steering Committee.
- 2.3.3 The adjustments budget must be approved by Council before implementation.

## OVERSTRAND MUNICIPALITY – BUDGET POLICY

2.3.4 Any consequential amendment of the SDBIP necessitated by the adjustments budget must be published together with the adjustments budget within 5 days after the Municipal Council has approved an adjustments budget.

### 3. IMPLEMENTATION AND REVIEW OF POLICY

This policy shall be implemented on 1 July 2014 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: FINANCIAL SERVICES</b>
<b>CURRENT</b>	
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS</b>	30 MAY 2012
<b>APPROVAL BY</b>	04 MAY 2011

**OVERSTRAND  
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**VIREMENT POLICY**

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## OVERSTRAND MUNICIPALITY – VIREMENT POLICY

### 1 DEFINITIONS

“Accounting officer”	The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA
“Approved budget”	means an annual budget approved by a municipal council.
“Budget-related policy”	means a policy of a municipality affecting or affected by the annual budget of the municipality
“Chief financial officer”	means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
“Capital Budget”	This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods
“Council”	means the council of a municipality referred to in section 18 of the Municipal Structures Act.
“Financial year”	means a 12-month year ending on 30 June.
“Line Item”	an appropriation that is itemized on a separate line in the internal budget document for the purpose of greater control over expenditure <b>[See annexure “B1” for Item structure]</b>
“Operating Budget”	the Municipality’s financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.
“Ring Fenced”	an exclusive combination of line items grouped for specific purposes for instance salaries and wages.
“Service delivery and budget implementation plan”	means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget.
“Virement”	is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
“Vote”	means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different Directorates or GFS classifications of the municipality; and which specifies the total amount that is appropriated for the purposes of the Directorates or GFS classifications concerned. <b>[See annexure “A1” for Vote structure]</b>

### 2 ABBREVIATIONS

“CFO”	Chief Financial Officer
“GFS”	Government Financial Statistics
“IDP”	Integrated Development Plan
“MFMA”	Municipal Finance Management Act No. 56 of 2003
“SDBIP”	Service delivery and budget implementation plan

## OVERSTRAND MUNICIPALITY – VIREMENT POLICY

### 3 OBJECTIVE

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

### 4 VIREMENT CLARIFICATION

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Director and CFO, in certain instances, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA)

### 5 FINANCIAL RESPONSIBILITIES

Strict budgetary control must be maintained throughout the financial year in order that potential overspends and / or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Chapter 4 of the MFMA) The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

It is the responsibility of each manager or head of a directorate or activity to which funds are appropriated, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 32.

### 6 VIREMENT RESTRICTIONS

- (a) A virement of funds between votes (Directorates) will not be allowed without approval in an adjustments budget.
- (b) Cumulative virements may not exceed a maximum of 10% of the total approved operating budget per Directorate.
- (c) A virement may not create new policy, significantly vary from current policy or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
- (d) Virements resulting in adjustments to the approved SDBIP need to be submitted to the Municipal Manager after an adjustments budget, with altered outputs and measurements for approval. (MFMA Circular 13 page 3 paragraph 3)
- (e) No virement request may be effected in the current year which will increase the approved budget in future financial years without the prior approval of the Municipal Manager and the Mayor. This refers to expenditure such as entering into lease- or rental agreements for vehicles, photo copier's or fax machines, operational contracts.
- (f) No virement may be made where it would result in unauthorised expenditure. (section 32 MFMA)
- (g) No virement shall add to the staff establishment of the Municipality without the approval of the Municipal Manager.
- (h) Budget may only be transferred from Salaries if approved by the Municipal Manager and the Director: Finance.

- (i) If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- (j) Virements may not be made in respect of ring-fenced allocations.
- (k) No virements are permitted from Support service (interdepartmental) costs, Capital financing, Depreciation, Provisions, Contributions, Grant Expenditure and Income Foregone.
- (l) Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- (m) No virements are permitted in the first three months or the final month of the financial year without the express approval of the CFO.
- (n) No virement proposal shall affect amounts to be paid by another Department without the agreement of the Manager of that Department, as recorded on the signed virement form. (Section 15 MFMA)
- (o) Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
- (p) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement / supply chain management policy of Council as periodically reviewed.
- (q) Virements may not be made between Expenditure and Income.
- (r) Virements may not be made between capital and operational budgets.
- (s) Virements from services such as electricity, water, sewage and refuse may only be considered after the submission of full details of the impact of the reduced expenditure for that service, and the impact has been duly considered, and approved by the Director: Finance.

## **7 VIREMENT PROCEDURE**

- (a) All virement proposals must be completed on the appropriate documentation and forwarded to the Budget Office for checking and implementation.
- (b) All virements must be approved by the Vote holder and/or relevant Manager (Section 79 MFMA) in the case of a departmental budget transfer, and also by the relevant Director in the case of a transfer within a Directorate relating to the operational budget.
- (c) Capital Budget Virement within a GFS Classification must be approved by the relevant manager and Director, the Municipal Manager and Director: Finance and, in cases where the amount exceeds R100 000, by the Executive Mayor.
- (d) A virement form must be completed for all Budget Transfers.
- (e) Virements in excess of R 50,000 with a maximum as determined under section 6b. requires the approval of the relevant Director for Inter-departmental transfers, as well as the express approval of the Chief Financial Officer. (Section 79 MFMA).
- (f) Virement transfers must be taken into consideration by the respective managers with regards to the SDBIP.
- (g) Virements in respect of Ward specific projects must be approved by the Chief Financial Officer, Municipal Manager and the Mayor.
- (h) Virements between Capital and Operation will only be allowed if it qualifies as an Adjustment Budget request and will then be done as part of the official Adjustment Budget

**OVERSTRAND MUNICIPALITY – VIREMENT POLICY**

**ANNEXURE A**

- (i) All virement documentation must be in order and approved before any expenditure may be committed or incurred. (Section 79 MFMA).
- (j) After all virement documentation has been duly completed, including all authorizations, the budget transfers must be effected within three working days.
- (k) The Director: Finance must report to the Municipal Manager and the Mayor on a monthly basis in respect of virements in excess of R50 000 per item.

**8. IMPLEMENTATION AND REVIEW OF THIS POLICY**

- (a) This policy shall be implemented once approved by Council.
- (b) In terms of section 17(1)(e) of the MFMA this policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: FINANCIAL SERVICES</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW:</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	4 MAY 2011
<b>APPROVAL BY COUNCIL:</b>	26 MAY 2010

ANNEXURE A1 – VOTE CLASSIFICATION

**CAPITAL BUDGET - GFS CLASSIFICATIONS**

	GFS
Executive & Council	100
Budget and treasury office	200
Corporate Services	300
Community and social services	400
Sports & Recreation	500
Public Safety	600
Housing	700
Health	800
Planning and development	900
Road Transport	1000
Environmental Protection	1100
Electricity	1200
Water	1300
Waste Water Management	1400
Waste Management	1500

**OPERATING BUDGET - DIRECTORATES**

	VOTE
Council	1
Municipal Manager	2
Management Services	3
Finance	4
Community Services	5
Local Economic Development	6
Infrastructure & Planning	7
Protection Services	8

**OVERSTRAND MUNICIPALITY – VIREMENT POLICY**

**ANNEXURE A**

**VOTE CLASSIFICATION – CONTINUED**

**CAPITAL BUDGET - GFS CLASSIFICATION**

<b>SERVICES</b>	<b>GFS</b>	<b>CODE</b>	<b>SERVICES</b>	<b>GFS</b>	<b>CODE</b>
<b>Executive &amp; Council</b>	<b>Vote1</b>	<b>100</b>	<b>Public Safety</b>	<b>Vote6</b>	<b>600</b>
Council General Mayor's Office Municipal Manager Area Managers			Traffic Law Enforcement Vehicle testing Fire Brigade & Disaster Management Director: Protection Services		
<b>Budget and treasury office</b>	<b>Vote2</b>	<b>200</b>	<b>Housing</b>	<b>Vote7</b>	<b>700</b>
Finance: Director Finance: Deputy Director Finance: Accounting Services Finance: Expenditure & Asset Management Finance: Revenue Finance: Supply Chain Management			Housing Administration Housing All Schemes  Overstrand Housing Development		
Data Control Assessment Rates			<b>Health</b>	<b>Vote8</b>	<b>800</b>
<b>Corporate Services</b>	<b>Vote3</b>	<b>300</b>	<b>Planning and development</b>	<b>Vote9</b>	<b>900</b>
Director: Management Services Municipal Court Communication Legal Services Strategic Services Internal Audit Director: Community Services Deputy Director: Operational Services Control Room Fleet Management Sports & Recreation Manager: Corporate Projects Risk Management Human Resources			Director: Economic Development & Planning Tourism Parking Services Director: Infrastructure & Planning Engineering Services Town Planning & Property Admin Deputy Director: Engineering Planning Geographical Info System (GIS) Building Control Services		
Info & Communication Technology Council Support Services Social Development Operational Managers Office Buildings Corporate Buildings: Hermanus Municipal Properties Vehicles Minor Assets			<b>Road Transport</b>	<b>Vote10</b>	<b>1000</b>
<b>Community and social services</b>	<b>Vote4</b>	<b>400</b>	Streets: Provincial Main Road Streets Overstrand Roads Streetlights		
Libraries Post Office Agency: Stanford Parks & Townlands Community Buildings Multi- purpose centre: Hawston Cemeteries Auditorium & Banqueting Hall			<b>Environmental Protection</b>	<b>Vote11</b>	<b>1100</b>
<b>Sports &amp; Recreation</b>	<b>Vote5</b>	<b>500</b>	Environmental Management Services		
Beaches Swimming Pools Sportsgrounds Slipway: Kleinbaai Stoney Point: Betty's Bay Caravan Parks & Sites			<b>Electricity</b>	<b>Vote12</b>	<b>1200</b>
			Electricity Administration- Area 1 (HM/KM) Electricity Administration- Area 2 (GB/ST) Electricity (Distribution) Electricity ( Purchases) Elect ( Serv & Con)		
			<b>Water</b>	<b>Vote13</b>	<b>1300</b>
			Water ( Treatment) Water (Distribution) Overstrand: Water Water (Serv & Con) Water (Raw wat dams): Gansbaai		
			<b>Waste Water Management</b>	<b>Vote14</b>	<b>1400</b>
			Public Toilets: Hermanus Sewage ( Distribution) Sewage ( Serv/Con) Sewage (Tankers) Sewage (Treatment) Stormwater		
			<b>Waste Management</b>	<b>Vote15</b>	<b>1500</b>
			Solid Waste Planning Refuse Removal Solid Waste Disposal Waste Management: GB Landfil site Solid Waste Disposal: Overstrand		

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

ANNEXURE A

VOTE CLASSIFICATION – CONTINUED

**OPERATIONAL BUDGET - DIRECTORATES**

DEPT	DIRECTORATE	CODE	DEPT	DIRECTORATE	CODE
	<b>Council</b>	<b>1 01</b>		<b>Local Economic Development</b>	<b>6 30</b>
0001	Council General	1 01	0111	Director: Economic Develop. & Planning	6 30
0005	Mayor's Office	1 01	0112	Tourism	6 30
0006	Pensioners & Continued Members	1 01	0113	Parking Services	6 30
	<b>Municipal Manager</b>	<b>2 04</b>		<b>Infrastructure &amp; Planning</b>	<b>7 40</b>
0010	Municipal Manager	2 04	0146	Streetlights	7 40
0014	Internal Audit	2 04	0218	Director: Infrastructure & Planning	7 40
	<b>Management Services</b>	<b>3 05</b>	0219	Engineering Services	7 40
0008	Municipal Court	3 05	0220	Town Planning & Property Admin	7 40
0009	Communication	3 05	0221	Deputy Director: Engineering Planning	7 40
0011	Director: Management Services	3 05	0222	Geographical Info System (GIS)	7 40
0012	Legal Services	3 05	0225	Building Control Services	7 40
0013	Strategic Services	3 05	0230	Environmental Management Services	7 40
0065	Human Resources	3 05	0299	Overstrand Housing Development	7 40
0066	Info & Communication Technology	3 05	0420	Electricity	7 40
0067	Council Support Services	3 05	0224	Solid Waste Planning	7 40
0068	Social Development	3 05	0364	Solid Waste Disposal: Overstrand	7 40
0069	Risk Management	3 05		<b>Protection Services</b>	<b>8 50</b>
	<b>Finance</b>	<b>4 10</b>	0070	Director: Protection Services	8 50
0015	Director	4 10	0071	Traffic	8 50
0016	Finance: Deputy Director	4 10	0072	Law Enforcement	8 50
0018	Accounting Services	4 10	0074	Licencing & Vehicle testing	8 50
0019	Expenditure & Asset Management	4 10	0080	Fire Brigade & Disaster Management	8 50
0020	Revenue	4 10			
0021	Supply Chain Management	4 10			
0022	Data Control	4 10			
0025	Assessment Rates	4 10			
	<b>Community Services</b>	<b>5 20</b>			
0053	Director & Administration	5 20			
0190	Offices & Community Buildings	5 20			
0164	Parks & Townlands, Cemeteries	5 20			
0096	Libraries	5 20			
0063	Sport & Recreation	5 20			
0290	Housing	5 20			
0136	Roads & Stormwater	5 20			
0450	Water	5 20			
0375	Sewerage	5 20			
0330	Refuse	5 20			

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

ANNEXURE A

VOTE CLASSIFICATION – CONTINUED

**OPERATIONAL BUDGET – DIRECTORATES (DETAILED DEPT'S)**

DEPT	DIRECTORATE	CODE	DEPT	DIRECTORATE	CODE
	<b>Council</b>	<b>1 01</b>			
0001	Council General	1 01	0143	Streets: Stanford	5 20
0005	Mayor's Office	1 01	0144	Streets: Gansbaai	5 20
0006	Pensioners & Continued Members	1 01	0145	Overstrand Roads	5 20
	<b>Municipal Manager</b>	<b>2 04</b>	0456	Water ( Treat): Kleinmond	5 20
0010	Municipal Manager	2 04	0459	Water ( Treat): De Bos / P{reekstoel	5 20
0014	Internal Audit	2 04	0462	Water ( Treat): Gansbaai/ Franskraal	5 20
	<b>Management Services</b>	<b>3 05</b>	0480	Water (Distribution): Kleinmond	5 20
0008	Municipal Court	3 05	0481	Water (Distribution): Hermanus	5 20
0009	Communication	3 05	0482	Water (Distribution): Stanford	5 20
0011	Director: Management Services	3 05	0483	Water (Distribution): Gansbaai	5 20
0012	Legal Services	3 05	0485	Overstrand: Water	5 20
0013	Strategic Services	3 05	0489	Water Income	5 20
0014	Internal Audit	3 05	0490	Water (Serv & Con): Kleinmond	5 20
0065	Human Resources	3 05	0491	Water (Serv & Con): Hermanus	5 20
0066	Info & Communication Technology	3 05	0492	Water (Serv & Con): Stanford	5 20
0067	Council Support Services	3 05	0493	Water (Serv & Con): Gansbaai	5 20
0068	Social Development	3 05	0497	Water (Raw wat dams): Gansbaai	5 20
0069	Risk Management	3 05	0320	Public Toilets: Hermanus	5 20
	<b>Finance</b>	<b>4 10</b>	0375	Sewerage ( Distribu): Kleinmond	5 20
0015	Finance: Director	4 10	0376	Sewerage ( Distribu): Hermanus	5 20
0016	Finance: Deputy Director	4 10	0377	Sewerage ( Distribu): Stanford	5 20
0018	Finance: Accounting Services	4 10	0378	Sewerage ( Distribu): Gansbaai	5 20
	Finance: Expenditure & Asset		0386	Sewerage ( Serv/Con): Hermanus	5 20
0019	Management	4 10	0395	Sewerage (Tankers): Kleinmond	5 20
0020	Finance: Revenue	4 10	0396	Sewerage (Tankers): Hermanus	5 20
0021	Finance: Supply Chain Management	4 10	0397	Sewerage (Tankers): Stanford	5 20
0022	Data Control	4 10	0398	Sewerage (Tankers): Gansbaai	5 20
0025	Assessment Rates	4 10	0405	Sewerage (Treatment): Kleinmond	5 20
	<b>Community Services</b>	<b>5 20</b>	0406	Sewerage (Treatment): Hawston	5 20
0050	Director: Community Services	5 20	0407	Sewerage (Treatment): Hermanus	5 20
0051	Deputy Director: Operational Services	5 20	0408	Sewerage (Treatment): Stanford	5 20
0053	Area Manager: Kleinmond	5 20	0409	Sewerage (Treatment): Gansbaai	5 20
0054	Area Manager: Hermanus	5 20	0410	Sewerage Income	5 20
0055	Area Manager: Stanford	5 20	0150	Stormwater: Kleinmond	5 20
0056	Area Manager: Gansbaai	5 20	0151	Stormwater: Hermanus	5 20
0061	Control Room	5 20	0153	Stormwater: Stanford	5 20
0062	Fleet Management	5 20	0154	Stormwater: Gansbaai	5 20
0063	Sports & Recreation	5 20	0330	Refuse Removal: Kleinmond	5 20
0064	Manager: Corporate Projects	5 20	0331	Refuse Removal: Hermanus	5 20
0130	Operational Manager: Kleinmond	5 20	0332	Refuse Removal: Stanford	5 20
0131	Operational Manager: Hermanus	5 20	0333	Refuse Removal: Gansbaai	5 20
0132	Operational Manager: Stanford	5 20	0340	Solid Waste Disposal: Betty's Bay	5 20
0133	Operational Manager: Gansbaai	5 20	0341	Solid Waste Disposal: Hawston	5 20
0190	Office Buildings: Kleinmond	5 20	0342	Solid Waste Disposal: Voelklip	5 20
0191	Office Buildings: Hermanus	5 20	0343	Solid Waste Disposal: Stanford	5 20
0192	Office Buildings: Stanford	5 20	0344	Solid Waste Disposal:Pearly Beach	5 20
0193	Office Buildings: Gansbaai	5 20			
0194	Corporate Buildings: Hermanus	5 20			

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

ANNEXURE A

VOTE CLASSIFICATION – CONTINUED

**OPERATIONAL BUDGET - DIRECTORATES (DETAILED DEPT'S)**

DEPT	DIRECTORATE	CODE	DEPT	DIRECTORATE	CODE
0095	Library: Betty's Bay	5 20	0350	Solid Waste Disposal: Kleinmond	5 20
0096	Library: Kleinmond	5 20	0351	Solid Waste Disposal: Hermanus	5 20
0097	Library: Hawston	5 20	0362	Solid Waste Disposal: Gansbaai	5 20
0098	Library: Mount Pleasant	5 20	0364	Solid Waste Disposal: Overstrand	5 20
0099	Library: Zwelihle	5 20	0365	Refuse Income	5 20
0100	Library: Hermanus	5 20	<b>Local Economic Development</b>		<b>6 30</b>
			Director: Economic Development & Planning		
0101	Library: Stanford	5 20	0111	Director: Economic Development & Planning	6 30
0102	Library: Gansbaai	5 20	0112	Tourism	6 30
110	Post Office Agency: Stanford	5 20	0113	Parking Services	6 30
0164	Parks & Townlands: Kleinmond	5 20	<b>Infrastructure &amp; Planning</b>		<b>7 40</b>
0165	Parks & Townlands: Hermanus	5 20	0146	Streetlights: Kleinmond	7 40
0166	Parks & Townlands: Stanford	5 20	0147	Streetlights: Hermanus	7 40
0167	Parks & Townlands: Gansbaai	5 20	0148	Streetlights: Stanford	7 40
0180	Community Buildings: Kleinmond	5 20	0149	Streetlights: Gansbaai	7 40
0181	Community Buildings: Hermanus	5 20	0218	Director: Infrastructure & Planning	7 40
0182	Community Buildings: Stanford	5 20	0219	Engineering Services	7 40
0183	Community Buildings: Gansbaai	5 20	0220	Town Planning & Property Admin	7 40
0175	Multi- purpose centre: Hawston	5 20	0221	Deputy Director: Engineering Planning	7 40
0184	Auditorium & Banqueting Hall	5 20	0222	Geographical Info System (GIS)	7 40
0250	Cemetries: Kleinmond	5 20	0225	Building Control Services	7 40
0251	Cemetries: Hermanus	5 20	0230	Environmental Management Services	7 40
0252	Cemetries: Stanford	5 20	0299	Overstrand Housing Development	7 40
			Electricity Administration- Area 1 (HM/KM)		
0253	Cemetries: Gansbaai	5 20	0420	Electricity Administration- Area 1 (HM/KM)	7 40
0160	Beaches: Kleinmond	5 20	0421	Electricity Administration- Area 2 (GB/ST)	7 40
0161	Beaches: Hermanus	5 20	0425	Electricity (Distr): Kleinmond	7 40
0162	Beaches: Gansbaai	5 20	0426	Electricity (Distr): Hermanus	7 40
0199	Swimming Pool: Hawston	5 20	0427	Electricity (Distr): Stanford	7 40
0210	Sportsgrounds: Kleinmond	5 20	0428	Electricity (Distr): Gansbaai	7 40
0211	Sportsgrounds: Hermanus	5 20	0435	Electricity ( Purch/Sales) Kleinmond	7 40
0212	Sportsgrounds: Stanford	5 20	0436	Electricity ( Purch/Sales) Hermanus	7 40
0213	Sportsgrounds: Gansbaai	5 20	0437	Electricity ( Purch/Sales) Stanford	7 40
0214	Swimming Pool: Hermanus	5 20	0438	Electricity ( Purch/Sales) Gansbaai	7 40
0215	Slipway: Kleinbaai	5 20	0443	Elect ( Serv & Con): Kleinmond	7 40
0216	Stoney Point: Betty's Bay	5 20	0444	Elect ( Serv & Con): Hermanus	7 40
0260	Caravan Park: Palmietcamp	5 20	0445	Elect ( Serv & Con): Stanford	7 40
0261	Caravan Park: Kleinmond	5 20	0446	Elect ( Serv & Con): Gansbaai	7 40
0262	Camping Site: Hawston	5 20	0224	Solid Waste Planning	7 40
0263	Caravan Park: Onrus	5 20	0364	Solid Waste Disposal: Overstrand	7 40
0266	Caravan Park: Gansbaai	5 20	<b>Protection Services</b>		<b>8 50</b>
0290	Housing & Social Upliftment	5 20	0070	Traffic	8 50
0291	Housing All Schemes	5 20	0071	Law Enforcement	8 50
0136	Streets: Provincial Main Road	5 20	0072	Vehicle testing	8 50
0140	Streets: Kleinmond	5 20	0074	Fire Brigade	8 50
0141	Streets:Hermanus	5 20	0080	Director: Protection Services	8 50

**ANNEXURE B1 – ITEM CLASSIFICATION  
EXPENDITURE**

Item	Description	Item	Description
<b>1</b>	<b>SALARIES &amp; WAGES</b>	<b>2</b>	<b>GENERAL EXPENSES</b>
1	SALARIES & WAGES	68	NEWSLETTERS
2	OVERTIME	69	OCCUPATIONAL HEALTH & SAFETY
3	BONUSES PAID	70	OFFICE TEAS
4	ALLOWANCES (ACTING)	71	PLOT CLEARING: NON MUNICIPAL PROPT
5	ALLOWANCES (SCARCITY)	72	POSTAGE & COURIER SERVICES
6	ALLOWANCES (HOUSING/SUBSIDY)	73	LLP PROJECTS
8	ALLOWANCES (STANDBY SERVICES)	74	PRINTING & STATIONERY
9	ALLOWANCES (SUNDRY)	75	CONTRACTED SERVICES
10	ALLOWANCES (VEHICLE)	76	PROFESSIONAL SERVICES
11	LONG SERVICE BONUS	77	FUNCTIONS
15	COMP CONTR (GROUP LIFE ASSURANCE)	79	REFERENCE LIBRARY
16	COMP CONTR (INDUSTRIAL COUNCIL)	80	REFUSE/ RECYCLE BAGS
17	COMP CONTR (MEDICAL AID FUND)	81	REMOVAL COSTS
18	COMP CONTR (PENSION FUND)	82	HIRE (VEHICLES)
19	COMP CONTR (U I F)	83	RENTALS (EQUIPMENT&OFFICES)
20	SALARY CONTINGENCY	84	SECURITY SERVICES
21	TEMPORARY WORKERS	86	REWARDS & INCENTIVES
22	COUNCILLORS REMUNERATION	87	SPORTS& REC/ SOCIAL DEV. PROJECTS
24	COUNCILLORS CELLPHONE ALLOWANCE	88	MANAGEMENT OF INFORMAL SETTLEMENTS
<b>2</b>	<b>GENERAL EXPENSES</b>	89	SUBSCRIPTIONS
25	ADVERTISING COSTS	90	SUBSIDY LOW INCOME CONSUMERS
26	DISASTER RELIEF/SPECIAL PROJECTS	91	SUBSISTENCE & TRANSPORT
28	AUDIT FEES (EXTERNAL)	92	SUNDRIES
29	BANK CHARGES	93	TELEPHONE
30	BABOON PROOF BINS	95	UNIFORMS & OVERALLS
31	CELLPHONE	96	WARD COMMITTEE MEETINGS
32	CHEMICALS	97	VEHICLE TESTING (SABS)
33	CHIPPING	98	WATER (CATCHMENT LEVY)
35	COMMISSION	99	WATER (TESTING)
36	GRANTS IN AID TO ORGANISATIONS	100	WATER (RESEARCH)
37	CONTR TO SKILLS DEVELOPMENT FUND	101	WORKMEN'S COMPENSATION ASSURANCE
38	DEBT IMPAIRMENT	102	TRAFFIC (TOW IN FEES)
39	COURSES - TRAINING	105	MARKETING EXPENSES
40	CRIME PREVENTION	107	GENERAL VALUATION EXPENSES
41	DELEGATES EXPENSES (CONFERENCES)	108	JUNIOR COUNCIL
42	DEPARTMENTAL CHARGES	109	HIRE OF GENERATORS
43	DIESEL FOR BOILERS/GENERATORS	111	CONTROL ITEMS >R500-<R2000
44	VEHICLES- FUEL	112	CLEARING OF ALIENS
46	ESKOM PURCHASES (BULK SUPPLY)	<b>3</b>	<b>REPAIRS &amp; MAINTENANCE</b>
47	ANIMAL WELFARE	136	MAINTENANCE MATERIALS
48	HR RELATED PROJECTS	151	MAINTENANCE CONTRACTORS
49	COMMUNITY ORGANISATIONS/EVENTS	155	VEHICLE MAINTENANCE
50	HAULAGE	660	WARD PROJECTS
52	HERMANUS PUBLIC PROTECTION	<b>4</b>	<b>CAPITAL CHARGES</b>
53	TOURISM	166	DEPRECIATION
54	INSURANCE	167	INTEREST PAID (EXTERNAL LOANS)
55	INTERIM VALUATION EXPENSES	168	INTEREST PAID (FINANCE LEASES)
56	KARWYDERSKRAAL (DUMPING FEES)	<b>6</b>	<b>CONTRIBUTION TO PROVISIONS</b>
57	KARWYDERSKRAAL (FIXED COST)	7	LEAVE
58	DEED OFFICE COSTS	23	POST RETIREMENT BENEFITS
59	LED PROJECT IMPLEMENTATION	120	CLEARING OF ALIENS
60	LEGAL EXPENSES	130	REHAB LANDFILL SITE
62	LOST LIBRARY BOOKS	<b>14</b>	<b>RECHARGES</b>
66	MUNICIPAL ELECTRICITY PURCHASES	185	OTHER DEPARTMENTS

**OVERSTRAND MUNICIPALITY – VIREMENT POLICY**

**ANNEXURE B**

**ITEM CLASSIFICATION CONTINUED**

<b>REVENUE</b>			
<b>Item</b>	<b>Description</b>	<b>Item</b>	<b>Description</b>
16	INCOME	296	VEHICLE REGISTRATION AGENCY FEES
201	ADDRESS INDEXES	302	POUND/HOLDING FEES
202	ADMINISTRATION CHARGES	312	INTEREST (INVESTMENTS)
203	ADMISSION FEES	313	INTEREST (CURRENT)
204	ASSESSMENT RATES	314	INTEREST (STAFF LOANS)
205	BUILDING CLAUSE LEVY	315	INTEREST (SUNDRY RECEIPTS)
206	CID	316	INTEREST (ORGANISATIONS)
207	BOAT LAUNCHING PERMITS	344	T/P ADVERTS,CES,VALUATIONS
208	RATES INCOME FOREGONE	346	RENTALS (TAXI TRIANGLE)
209	IMPROVEMENT REBATE (20%)	347	DRIVERS LICENCES
210	RATES REBATES (% DISCOUNTS)	348	EQUITABLE SHARE
211	BUILDING PLAN FEES	361	ELECTRICITY (KWH RES & COM)
212	BURIAL FEES	363	ELECTRICITY (TIME OF USE)
219	CONSTRUCTION OF BENCHES	364	ELECTRICITY (KWH PRE-PAID)
220	COMMISSION	365	ELECTRICITY (KVA)
221	FINES	366	ELECTRICITY (FIXED INFRA BASIC CHARGE)
223	INDICATION OF GRAVES	367	ELECTRICITY (BASIC RES & COM)
224	COLLECTION CHARGES	368	ELECTRICITY (BASIC BULK CONS)
225	DUPLICATING CHARGES	369	ELECTRICITY (AVAILABILITY)
226	DOG TAX	371	ELECTRICITY (CONNECTION FEES)
227	FINES	372	ELECTRICITY (SUNDRY CHARGES) ELECT (REMEDIAL ACTION FEE)
230	GARDEN OF REMEMBRANCE FEES	373	TAMPERING
236	LEGAL FEES	374	ELECT (ILLEGAL CONNECTION CHARGE)
237	INTEREST: ARREAR CHARGES	375	ELEC: DEMAND SIDE MANAGEMENT FEE
239	INTEREST: RATES & TAXES	378	ELECTRICITY: FREE UNITS
241	PARKING FEES	379	MUNICIPAL SERVICES
242	LICENCES: TRADING & GENERAL	385	WATER (CONSUMPTION)
243	LOST BOOKS RECOVERD	386	WATER (FIXED INFRA BASIC CHARGE)
244	APPLICATION FEES	387	WATER (IRRIGATION)
248	PLAN PRINTING FEES	388	WATER (RUE BASIC)
249	PLOT CLEARING CHARGES	389	WATER (AVAILABILITY)
252	RECONNECTION FEES	390	WATER (CONNECTION FEES)
255	RENTALS	391	WATER (SUNDRY CHARGES) WATER: (REMEDIAL ACTION FEE)
256	SALE OF STAMPS / POST ORDERS	395	TAMPERING
257	RENTALS (SEMI-PERMANENT)	396	WATER: FREE UNITS
259	ROADWORTHY CERTIFICATES	399	MUNICIPAL SERVICES
262	PAMPHLETS	401	SEWERAGE (BASIC)
264	STATISTIC FEES	402	SEWERAGE (FIXED INFRA BASIC CHARGE)
265	AGENCY FEES	403	SEWERAGE (VOLUMETRIC)
271	BABOON PROOF BINS	406	SEWERAGE (AVAILABILITY NETWORK)
272	SETA CLAIMS	419	SEWERAGE (SEPTIC TANKS)
273	SALE OF SCRAP	422	SEWERAGE (CONNECTION FEES)
277	SEARCHING FEES	429	MUNICIPAL SERVICES
282	SWIMMING POOL FEES	437	REFUSE (REMOVAL SERVICE)
284	SUBDIVISION FEES	484	REFUSE (AVAILABILITY)
285	SUBSCRIPTIONS	485	REFUSE (SUNDRY CHARGES)
288	SUNDRY INCOME	486	REFUSE (GARDEN)
290	SURPLUS CASH	489	MUNICIPAL SERVICES
291	TEMPORARY & SPECIAL PERMITS	490	DEVELOPERS CONTRIBUTION
292	TELEPHONE/CELL (PRIVATE CALLS)	879	PUBLIC CONTRIBUTIONS (CASH)
293	VALUATION CERTIFICATES	880	PUBLIC CONTRIBUTIONS (NON-CASH)

# OVERSTRAND MUNICIPALITY



## BORROWING POLICY

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# OVERSTRAND MUNICIPALITY – BORROWING POLICY

## 1 PURPOSE

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

## 2 OBJECTIVES OF POLICY

The objectives of this Policy are to:-

- a manage interest rate and credit risk exposure;
- b maintain debt within specified limits and ensure adequate provision for the repayment of debt;
- c to ensure compliance with all Legislation and Council policy governing borrowing of funds.

## 3 SCOPE OF THE POLICY

The primary goal in the borrowing of funds is to ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorized borrowings.

### 3.1 Risk Management

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

### 3.2 Cost of Borrowings

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

### 3.3 Prudence

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

## 4 LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY

The relevant Legislation in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.

The Municipal Regulations on Debt Disclosure has been promulgated (Government Gazette no. 29966, 15 June 2007) and has been effective from 01 July 2007 for a municipality or municipal entity. *Refer to Annexure A2, Municipal Finance Management Act: Municipal Regulations on Debt Disclosure.*

## OVERSTRAND MUNICIPALITY – BORROWING POLICY

### 5 TYPES OF LOANS AND FINANCING

#### 5.1 Annuity loans

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

#### 5.2 Bullet payment redemption

In this instance, the total capital is usually repaid at the end of the term and interest on the total amount borrowed is paid annually or semi annually. The interest rate can be fixed and the interest payable is known for the duration of the loan. Cash has to be set aside to repay the capital at the end of the term.

The lender could require security in the form of an investment (sinking fund).

#### 5.3 Bonds

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

## OVERSTRAND MUNICIPALITY – BORROWING POLICY

given time on the market is a function of prevailing interest rates. Bond prices move inversely to movements in interest rates.

### 5.4 Use of Internal Funds

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail. The use of internal funds impacts negatively on surplus cash for return of interest and should be within limits to reduce the impact on the Current Ratio, ideally to be at a ratio of 1,5 : 1, and the Cost Coverage, ideally to be between 1 – 3 months.

## 6 OTHER CONSIDERATIONS

The Municipality has by the judicious use of surplus funds and external long term debt implemented its Integrated Development Plan, which has facilitated the much needed service delivery program.

### Factors to be considered when borrowing:

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

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

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

## OVERSTRAND MUNICIPALITY – BORROWING POLICY

The use of external loans should be limited to financing infrastructure where a return can be realised from tariffs to service the debt, or major infrastructure exceeding R10 million for a single project, with long term benefits to the community as a whole, where indirect revenue streams are evident.

The current gearing for external loans (total outstanding debt to operating revenue, including recurrent grants) should not exceed 60% as at 30 June 2012. To reduce the reliance on external long term borrowing this percentage must reduce by 1% each year till a level of 50% or less is attained by 30 June 2022.

### **7 REFINANCING DEBT**

Section 46 of the Municipal Finance Management Act provides that the Overstrand Municipality may refinance existing long term debt, if such refinancing is in accordance with the framework as prescribed by the Municipal Finance Management Act, as follows:

- The Municipality may borrow money for the purpose of refinancing existing long term debt, provided the existing long term debt was lawfully incurred and the refinancing will not extend the term of the debt beyond the useful life of the infrastructure, property, plant or equipment for which the money was originally borrowed.

Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the financial feasibility assessment. No loans will be prematurely redeemed unless there is a financial benefit to the Municipality.

### **8 DEBT REPAYMENT PERIOD**

Whilst the period for which loan debt may be received will vary from time to time according to the needs of the various Lenders, presently the typical debt repayment period for loans is fifteen years, though not closely matching the underlying asset lives serviced by the loans.

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

### **9 SECURITY**

In terms of the Municipal Finance Management Act the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may

## **OVERSTRAND MUNICIPALITY – BORROWING POLICY**

require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

### **10 SHORT TERM DEBT**

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.

The municipal council may approve an individual transaction or a credit facility for a line of credit or overdraft facility.

The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt if it will have the effect of extending the short term debt into a new financial year.

### **11 DISCLOSURE**

The Municipality must, when interacting with a prospective Lender or when preparing documentation for consideration by a prospective Investor, disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

### **12 GUARANTEES**

The Municipal Finance Management Act provides that the Municipality may not guarantee any debt of any entity unless the entity is a Municipal entity under its sole ownership control. The debt must be reflected in the approved business plan of the entity. The guarantee must be authorised by the Municipality. This must be done in the same manner and subject to the same conditions applicable to any other borrowings. Neither the National nor Provincial Government may guarantee the debt of any Municipality.

### **13 APPROVAL OF LOANS BY THE MUNICIPALITY**

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the

## **OVERSTRAND MUNICIPALITY – BORROWING POLICY**

Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt.

A copy of the information statement submitted to Council at least 21 days prior to the meeting to approve the loan agreement must contain particulars of -

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

### **14 PROVISION FOR REDEMPTION OF LOANS**

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

### **15 NON-REPAYMENT OR NON-SERVICING OF LOAN**

Overstrand Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favourable costs of borrowing.

Failure to pay any loan instalment, even by one day, and even if only through administrative oversight, will have severe repercussions, and may jeopardise the Municipality's credit rating.

In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.

### **16 PROHIBITED BORROWING PRACTICES**

Overstrand Municipality shall not borrow for investment purposes, with the sole purpose of investing to earn a return. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments.

Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt must be denominated in Rand and is not

## OVERSTRAND MUNICIPALITY – BORROWING POLICY

indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

### 17 NATIONAL TREASURY AND OTHER REPORTING AND MONITORING REQUIREMENTS

The Municipality submits returns to National Treasury quarterly and annually, as well as submissions to Council. It is mainly coordinated by the Financial Services Department.

### 18 IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2014;

This policy will be reviewed at least annually or when required by way of a Council resolution.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: ACCOUNTING SERVICES</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW:</b>	29 May 2013
<b>APPROVAL BY COUNCIL:</b>	27 June 2012

# **OVERSTRAND MUNICIPALITY**



## **FUNDING & RESERVES POLICY**

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## **FUNDING AND RESERVES POLICY**

### **1. INTRODUCTION AND OBJECTIVE**

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

### **2. SECTION A: FUNDING POLICY**

#### **2.1 LEGISLATIVE REQUIREMENTS**

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- 2.1.1 Realistically anticipated revenues to be collected, including grants;
- 2.1.2 Cash backed accumulated funds from previous years' surpluses not committed for other purposes, and
- 2.1.3 Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are clear in that the budget must be cash – funded, i.e. cash receipts inclusive of prior period cash surpluses committed to this specific budget, must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

#### **2.2 STANDARD OF CARE**

Each functionary in the budgeting and accounting process must do so with judgment and care with the primary objective of ensuring that the objectives of this policy are achieved.

#### **2.3 STATEMENT OF INTENT**

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance and provided that the requirements of the MFMA must at all times be adhered to.

## **2.4 CASH MANAGEMENT**

Cash must be managed in terms of the municipality's Investment and Cash Management Policy.

## **2.5 LIABILITY MANAGEMENT**

Debt must be managed in terms of the municipality's Borrowing Policy, together with any requirements in this policy.

## **2.6 FUNDING THE OPERATING BUDGET**

### **2.6.1 INTRODUCTION**

The municipality's objective is that the user of municipal resources must pay for such usage in the period in which it will occur.

The municipality recognises the plight of the poor, and in line with national and provincial objectives, commits itself to subsidising services to the poor. This may necessitate cross- subsidisation in some tariffs to be calculated in the budget process.

### **2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET**

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any transfers from other municipalities.
- e) Projected revenue from services charges must be reflected as net (i.e. all billing less revenue foregone, including free basic services).
- f) Projected revenue from property rates must include all rates to be levied.
- g) For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.
- h) Only changes in fair values related to cash may be included in the cash

flow budget. Changes to unamortized discount must be included in the Operating Budget. Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality. It is therefore determined that the short term expenditure portion of employee benefits be funded from the current year operating cash surplus.

- i) Depreciation must be fully budgeted for in the operating budget.
- j) Contributions to provisions (non-current and current) do not form part of the cash flow for provisions with a non-current portion, except for the current portion of post retirement benefits relating to continued members for medical aid and long service awards. It is necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

## **2.7 FUNDING THE CAPITAL BUDGET**

### **2.7.1 INTRODUCTION**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non-existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

### **2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE**

The capital budget can be funded by way of own cash, grants, public contributions as well as external loans.

#### **Cash**

The capital budget or portions thereof may also be funded from surplus cash generated in previous financial years. The cash must already be available and not be committed for other purposes or expected to be generated in the current or future years. The allocations of the funding sources from own contributions will be determined during the budget process.

#### **Grants (Including Public Contributions)**

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are

welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

The accounting officer will annually evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

Depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer will put such accounting measures in place as to comply with this requirement as far as possible.

### **External Loans**

The municipality may only raise loans in accordance with its Borrowing Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans raised, be included in the cash surplus for the year.

## **2.8 FUNDING COMPLIANCE MEASUREMENT**

### **2.8.1 INTRODUCTION**

The municipality must ensure that the annual budget or any subsequent adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as any additional indicators detailed in this policy.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless those negative indicators can be reasonable explained and any future budget projections address the turn-around of these indicators to within acceptable levels.

### **2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

A positive Cash and Cash Equivalents position should be maintained throughout the year.

### **2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS**

The overall cash position of the municipality must be sufficient to include:

- a) unspent conditional grants;
- b) unspent conditional public contributions;
- c) unspent borrowings;

- d) VAT due to SARS;
- e) ceded investments;
- f) the cash portion of statutory funds such as the Housing Development Fund;
- g) other working capital requirements; and
- h) the cash position must be sufficient to back reserves as approved by the municipality and those portions of provisions as indicated elsewhere in this policy.

## **INDICATORS**

### **2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS (“CASH COVERAGE”)**

This indicator shows the level of risk should the municipality experience financial stress.

### **2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS**

It is probable that the operating budget including depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that residents be burdened with tariff increases to provide for such depreciation charges. In order to ensure a “balanced” budget, the cash position must be determined.

Should a budget result in a deficit cash position, the budget will be deemed unfunded and must be revised.

### **2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET**

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area are realistically calculated.

### **2.8.7 CASH COLLECTION % RATE**

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the current rate. Any improvement in collection rates during the budget year may be appropriated in an Adjustments Budget.

### **2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE**

This indicator provides information as to whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance can have an influence on it. Any difference must be motivated in the budget report.

### **2.8.9 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)**

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Borrowing Policy.

### **2.8.10 GRANT REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE**

The percentage attained should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

### **2.8.11 CONSUMER DEBTORS CHANGE (CURRENT AND NON-CURRENT)**

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

Any unacceptably high increase in either current or non-current debtors' balances should be investigated and reported.

### **2.8.12 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL**

Property Plant and Equipment should be maintained properly at all times in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

### **2.8.13 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL**

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

### **3 SECTION B: RESERVES POLICY**

#### **3.1 INTRODUCTION**

Fund accounting historically formed the major component of municipal finance in the IMFO standards.

After the change to General Recognised Accounting Practices (GRAP), fund accounting is no longer allowed.

The municipality, however, recognizes the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy therefore aims to provide for a measure of protection by creating certain reserves and provisions.

#### **3.2 LEGAL REQUIREMENTS**

There are specific legal requirements for the creation of reserves, such as the Housing Development Fund. The GRAP Standards themselves do not provide for reserves, although certain provisions are required in terms of GRAP.

#### **3.3 TYPES OF RESERVES/PROVISIONS**

Reserves/Provisions can be classified into two main categories being “cash funded” and “non–cash funded”.

##### **3.3.1 CASH FUNDED RESERVES**

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

##### **a) Statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

##### **b) Self-Insurance reserves**

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. This Reserve is ring-fenced within the accumulated surplus. Contributions to the Fund are considered annually during the Budget process.

##### **3.3.2 NON – CASH FUNDED RESERVES / PROVISIONS**

On occasion it is necessary to create non – cash funded reserves. The Accounting Officer must create any reserves prescribed by the accounting standards, such as

the Revaluation Reserve, if required and provisions such as post-retirement benefits and rehabilitation of land fill sites.

### **3.4 ACCOUNTING FOR RESERVES AND PROVISIONS**

#### **3.4.1 REVALUATION RESERVE**

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

#### **3.4.2 OTHER RESERVES**

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

#### **3.4.3 PROVISIONS**

Provisions are established from contributions appropriated in the annual budget. Currently, the long term portions of provisions are non-cash funded and are covered by non-current assets.

### **4. SECTION C: REVIEW OF THE POLICY**

This policy must be reviewed and submitted for consideration by Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

<b>POLICY SECTION:</b>	<b>MANAGER: ACCOUNTING SERVICES</b>
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW:</b>	29 MAY 2013
<b>PREVIOUS REVIEW:</b>	30 MAY 2012
<b>APPROVAL BY COUNCIL:</b>	04 MAY 2011

# **OVERSTRAND MUNICIPALITY**



## **LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY**

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**OVERSTRAND MUNICIPALITY**  
**LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY**

**1. INTRODUCTION**

- 1.1 In essence a financial plan encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets. Such a plan aims to help Municipal Councillors and other decision makers make informed choices about the provision of basic services and capital assets and to promote stakeholder participation in the process.
- 1.2 The financial plan should set out the Municipality's estimated expenditure over the medium- term, based on its goals and objectives, as well as the resources necessary to achieve this. In addition, the financial plan must set out where funding for the planned expenditure will come from.
- 1.3 The compilation of a financial plan is a core component of an Integrated Development Plan(IDP). The envisaged timeframe allocations for a long term financial plan are:-
  - 1.3.1 Immediate (12 months).
  - 1.3.2 Medium term (3 years).
  - 1.3.3 Long term (4 years onwards).

**2. PURPOSE**

- 2.1 The Policy on Long Term Financial Planning is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets. The purpose of the Policy on Long Term Financial Planning is therefore to:-
  - 2.1.1 Ensure that all long term financial planning is based on a structured and consistent methodology in order to ensure the long term financial sustainability of Overstrand Municipality.
  - 2.1.2 Identify capital investment requirements and associated funding sources to ensure the future sustainability of the Municipality;
  - 2.1.3 Identify revenue enhancement and cost saving strategies in order to improve service delivery at affordable rates; and
  - 2.1.4 Identify new revenue sources as funding for future years.

**3. GUIDING PRINCIPLES**

- 3.1 The policy on Long Term Financial Planning is based on the following principles:-
  - 3.1.1 Future financial sustainability;
  - 3.1.2 Annual growth in population and consumer base;

## OVERSTRAND MUNICIPALITY

### LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY

3.1.3 Optimal collection of revenue, taking into consideration the socio economic environment;

3.1.4 Optimal utilisation of grant funding and public donations; and

3.1.5 Continuous improvement and expansion in service delivery framework.

3.2 The Financial Plan needs to be reviewed on an annual basis as part of the annual review of the IDP.

#### 4. DEVELOPMENT OF A FINANCIAL PLAN

4.1 The phases for development of the Financial Plan are set out below.

<b>Phase One</b>	→	<b>Compile a Status Quo assessment of the municipality's current financial status and key challenges</b>
<b>Phase Two</b>	→	<b>Conduct financial modelling to determine financial viability</b>
<b>Phase Three</b>	→	<b>Analyse outcomes and ratios</b>
<b>Phase Four</b>	→	<b>Prepare a long term financial plan</b>

#### 4.2 Phase One: Status Quo Assessment

4.2.1 Perform a Status Quo assessment under the following criteria:-

- (a) The Municipality's current financial status;
- (b) Current revenue sources, internal and external;
- (c) Main cost drivers impacting on the sustainability of the municipality
- (d) Status of municipal infrastructure;
- (e) Ability to finance capital expenditure; and
- (f) Municipal service delivery backlogs.

4.2.2 The financial viability and creditworthiness of the Municipality is measured against a number of nationally recognised key ratios. These key ratios should include for example the following:-

- a) Gross debtors to annual revenue;

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### LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY

- b) Gross Debtors Collection Period Days);
- c) Net debtors to annual revenue;
- d) Net Debtors Collection Period (Days);
- e) Annual Collection Rate;
- f) Service Charges and Property Rates Revenue Budget Implementation Indicator;
- g) Cash Coverage Ratio;
- h) Personnel Costs to Total Operating Expenditure;
- i) Repairs and Maintenance to PPE;
- j) Liquidity Ratio (Current Ratio); and
- k) Net Asset Position.

4.2.3 The objective of the status quo report is to assess the current financial position and to identify the key challenges faced by the Municipality. The status quo report will aim to identify issues which impact on the overall financial stability of the Municipality and will include a historical analysis and assessment of financial results (based on financial statements).

#### **4.3 Phase Two: Planned Finance and Financial Modelling**

4.3.1 Upon completion of the status quo assessment, resulting in an understanding of the Municipality's financial position, the next phase is to determine the Municipality's financing need over the medium-term.

4.3.2 This entails determining what expenditure the Municipality plans to undertake over the medium-term and what its financing requirements are likely to be and how these can be funded either internally or externally.

4.3.3 As the Municipality evolves and expands its service delivery framework, so do those of the National Government. Long term community development and economic development projects will therefore also be included under this phase.

#### **4.4 Phase Three: Analyse Outcomes and Ratios**

4.4.1 Evaluate the short-term financial viability (6 months to 12 months):-

- (a) Develop a financial forecast model to identify immediate opportunities and risks;
- (b) Perform scenario planning to identify the optimum balance between revenue

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collection and municipal spending; taking into account the following:-

- (c) Potential revenue enhancement strategies which may have an immediate impact on the revenue base of the Municipality;
- (d) Evaluate cost saving mechanisms to minimise the cost of effective service delivery;
- (e) Current infrastructure investments and maintenance programs which may influence revenue streams or the cost of service delivery;

4.4.2 Evaluate the medium and long term financial viability (1 year to 10 years):-

- (a) Develop a financial forecast model to identify future opportunities and risks;
- (b) Perform scenario planning to identify the optimum balance between revenue collection and municipal spending, taking into account the following:-
  - i. The impact each scenario has on the financial viability ratios of the Municipality;
  - ii. Potential revenue enhancement strategies which may have a long term impact on the revenue base of the Municipality;
  - iii. Cost saving mechanisms to minimise the cost of effective service delivery; taking into account potential infrastructure developments and renewals;
  - iv. The impact of current infrastructure investments and maintenance programs on future revenue streams or cost of service delivery;
  - v. The impact of envisaged future infrastructure investments on the revenue stream and cost of service delivery; and
  - vi. The impact of national and municipal priorities over the medium and long term.

#### 4.5 Phase Four: Develop a Long Term Financial Plan

4.5.1 Once the Municipality has finalised the prioritisation of initiatives and projects; a comprehensive long term financial plan will have to be developed to indicate the envisaged impact it will have on the financial status of the Municipality. An overall financial forecast will then have to be done in order to illustrate the projected result of the implementations throughout the five year period.

4.5.2 Although a long term financial plan provides a forecast of potential outcomes, it has to be emphasised that the success of the financial plan remains in continuous

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revision. As is the case with any forecast model, the financial plan should be seen as a moving target and should be subject to honest and realistic assessments of successes and failures on a regular basis.

- 4.5.3 The fourth phase involves finalising a medium-term income and expenditure plan based on the various alternative service delivery options.
- 4.5.4 A key component in determining future options, potential problems and opportunities is the forecast of revenues and expenditures. The revenue and expenditure plan essentially involves combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast.
- 4.5.5 Finalisation of the Financial Plan includes collating all short, medium and long term financial data and develop a long term financial plan that:-
  - (a) Identifies future revenue projections based on current and projected revenue streams, as well as those projects required to achieve these projections;
  - (b) Identifies future expenditure frameworks and cost of service delivery based on current and projected expenditure patterns;
  - (c) Identifies the level of infrastructure development required to achieve the municipal priorities, within the funding restrictions; and
  - (d) Identifies external funding requirements required for capital investment.

## 5. ANNUAL REVIEW

- 5.1 The financial plan must be reviewed on an annual basis as part of the annual review of the IDP and updated with at least the following information:-
  - 5.1.1 any direct change in financial status or internal factors, other than previously predicted, which may influence the financial status and viability of the Municipality;
  - 5.1.2 any changes in the economic and socio economic environment, other than previously predicted, which may influence the financial status of the Municipality;
  - 5.1.3 any changes in the revenue base or composition which may have an impact on the financial viability of the Municipality;
  - 5.1.4 any changes in the national or municipal priorities as previously identified; and
  - 5.1.5 any factors which may have an impact on the ability to implement previously identified projects.

**OVERSTRAND MUNICIPALITY**  
**LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY**

**6. IMPLEMENTATION AND REVIEW OF THIS POLICY**

This policy shall be implemented on 1 July 2014.

- 6.1 In terms of section 17(1)(e) of the MFMA this policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: FINANCIAL SERVICES</b>
<b>CURRENT UPDATE:</b>	
<b>APPROVAL BY COUNCIL:</b>	29 MAY 2013

**DRAFT OPERATING AND CAPITAL BUDGET FOR 2014/2015, INDICATIVE BUDGET FORECASTS FOR 2015/2016 TO 2016/2017 AND DRAFT BUDGET RELATED POLICIES**

**5/1/14-2014/2015**

**BA King**

**(028) 313 8154**

**Finance Directorate**

**13 March 2014**

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**1. Executive Summary**

The purpose of this report is to table the draft Operating and Capital Budget for 2014/2015, indicative budget forecasts for 2015/2016 to 2016/2017 and draft budget related policies.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Finance  
Department: Accounting Services & Budget Office

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services  
Creation and maintenance of a safe and healthy environment  
The encouragement of structured community participation in the matters of the municipality  
Promotion of tourism, economic and social development

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA)  
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

**6. Background/Introduction/Discussion/Motivation/Proposal**

Sections 21 to 23 of the MFMA provides for the budget preparation process, the publication of annual budgets for comment and consultations to take place on tabled budgets.

The budget has been compiled taking into account the draft IDP and all inputs from the Budget Steering Committee, Ward Committees and the administration.

## **AGENDA of the Mayoral Committee Meeting: 20 March 2014**

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The report referred to in the Executive Summary will be tabled in Council on 20 March 2014. After the report has been tabled at the Council meeting, same will lie open for inspection for the community and all other stakeholders to make representations during the period 1 April to 30 April 2014. All managers and other officials of the municipality are also encouraged to study the content of the draft budget for review of their budget submissions and to submit any comments to the Director: Finance on or before 25 April 2014.

After taking into account the comments and submissions made by the community and all other stakeholders, Council will consider the final 2014/2015 budget proposals at a meeting to be held on 28 May 2014.

### **7. Financial Implications**

None

### **8. Staff Implications**

None

### **9. Comments from other Departments, Divisions and Administrations**

Comments by officials to be submitted to the Director: Finance on or before 25 April 2014.

### **10. Annexures**

Draft Operating and Capital Budget Report for 2014/2015, indicative budget forecasts for 2015/2016 to 2016/2017 and draft budget related policies (**to be tabled at the Council meeting**).

### **RECOMMENDATION TO THE COUNCIL:**

1. that the draft Operating and Capital Budget for 2014/2015, indicative budget forecasts for 2015/2016 to 2016/2017 and the draft budget related policies **be noted**, and
2. that the final budget proposals and budget related policies, taking into account the comments and submissions received from the community and all other stakeholders, be considered by Council, at the meeting scheduled to take place on 28 May 2014.

**RESPONSIBLE OFFICIAL :**

**S REYNEKE-NAUDE**

**TARGET DATE FOR IMPLEMENTATION :**

**TO BE NOTED**