

ITEM A46/2017[3]

DRAFT ANNUAL BUDGET FOR 2017/2018

5/1/1-2017/2018

EXCO: 28 MARCH 2017

**REPORT OF THE CHAIRPERSON OF GOVERNANCE AND ADMINISTRATION
PORTFOLIO COMMITTEE**

1. PURPOSE

To present to Council the Draft Budget for the 2017/2018 financial term.
In terms of Section 16 of the Municipal Finance Management Act, 56 of 2003:

1. The Council of a Municipality must for each financial year approve an Annual Budget for the Municipality before the start of that financial year.
2. In order for the Municipality to comply with Subsection (1), the Mayor of the Municipality must table the Annual Budget at a Council meeting at least 90 days before the start of the Budget Year.

2. LEGAL/STATUTORY REQUIREMENTS

- Constitution of SA 1996
- MFMA 56/2003
- MFMA
- National Treasury Regulations

3. BACKGROUND

In terms of Section 24 of the same Act, the Municipal Council must at least 30 days before the start of the Budget year consider approval of the Annual Budget.

- The Council of a Municipality must for each financial year approve an Annual Budget for the Municipality before the start of that financial year.

The Annual Budget for the 2017/2018 with Operating Expenditure of R505, 5 million against total Operating Revenue of R461,334 million which result in the Net Operating deficit of R44,2 million. The more than expected deficit is due to the implementation of GRAP 17 which resulted in the assets of the Municipality being revalued. The revalued amount has resulted with an abnormal depreciation charge for the coming years.

3.1 CHALLENGES

High deficit on the operational budget.

3.2 WAY FORWARD

To avoid Unauthorised Expenditure.

4. STAFF IMPLICATIONS

Only three new positions for 2017/18 will be funded and they are as follows:

1. MPAC Coordinator
2. IT Manager
3. GIS specialist

5. FINANCIAL IMPLICATIONS

The Annual Budget for the 2017/2018 with Operating Expenditure of R505,5 million against total Operating Revenue of R461,334 million which result in the Net Operating deficit of R44,2 million. The more than expected deficit is due to the implementation of GRAP 17 which resulted in the assets of the Municipality being revalued. The revalued amount has resulted with an abnormal depreciation charge for the coming years.

Provision has been made in for employee cost to be adjusted by 7.4% in 2017/2018 financial year which is as per Circular 86.

All Tariffs have been adjusted with 6.4% for the current financial year except the Electricity with 8%.

Capital Expenses

The grants funding projects are as follows:

- MIG R44,3 million
- Electrification Grants R12 million
- Municipal Water Infrastructure Grants R50 million
- Bulk Infrastructure R1 million

The own funding project is equal to R1,3 million.

6. OTHER PARTIES CONSULTED

- Councillors
- Management

- Provincial Treasury
- NERSA

7. ATTACHMENTS

The following tables are attached as **ANNEXURES**:

- a) Mayor Report (**ANNEXURE 1**)
- b) Executive Summary (**ANNEXURE 2**)
- c) Overview of Annual Budget Processes for 2017/2018 (**ANNEXURE 3**)
- d) Overview of Alignment of Annual Budget with IDP (**ANNEXURE 4**)
- e) Overview of the budget related policies (**ANNEXURE 5**)
- f) Overview of the Budget assumptions (**ANNEXURE 6**)
- g) Expenditure Framework and Revenue Framework
- h) (**ANNEXURE 7**)
- i) Overview Budget Funding (**ANNEXURE 8**)
- j) Allocations and Grants by the Municipality (**ANNEXURE 9**)
- k) Budget Summary Tables A1-A10 (**ANNEXURE 10**)
- l) Tariffs (**ANNEXURE 11**)
- m) Tariff Policy (**ANNEXURE 12**)
- n) Credit Control and Debt Collection Policy (**ANNEXURE 13**)
- o) Indigent Policy (**ANNEXURE 14**)
- p) Property Rates Policy (**ANNEXURE 15**)
- q) Supply Chain Management Policy (**ANNEXURE 16**)
- r) Fixed Asset Management Policy (**ANNEXURE 17**)
- s) Banking and Investment Policy (**ANNEXURE 18**)
- t) Virement Policy (**ANNEXURE 19**)
- u) Unknown deposit Policy (**ANNEXURE 20**)
- v) Travel and Subsistence Policy (**ANNEXURE 21**)
- w) Determination of Property Rates in terms of Sec 14 of the MPRA (**ANNEXURE 22**)
- x) Organogram (**ANNEXURE 23**)

RECOMMENDED

1. That the Draft Annual Budget for 2017/2018 and indicative allocations for the two projected outer years 2018/2019 and 2019/2020 and related Policies be noted as contained in Budget Tables A1- A10 and Annexure of Policies in this report.
2. That the total Operating expenditure of R505,5 million and total operating income of R461,3 million resulting in a deficit of R44,2 million be noted.
3. That the capital expenditure of R106,4m be noted
4. That in terms of Section 23 of the MFMA, the tabled Draft Annual budget be send to the National and Provincial Treasury, and CoGHSTA.

5. That the following **ANNEXURES** be noted as part of the draft budget for 2017/2018:
- a) Mayor Report (**ANNEXURE 1**)
 - b) Executive Summary (**ANNEXURE 2**)
 - c) Overview of Annual Budget Processes for 2017/2018 (**ANNEXURE 3**)
 - d) Overview of Alignment of Annual Budget with IDP (**ANNEXURE 4**)
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 - x) Organogram (**ANNEXURE 23**)

1. REPORT OF THE HONOURABLE MAYOR

Budget Process for the municipalities is controlled by pieces of legislation. Key to those legislations are MFMA and Municipal Systems Act 32 of 2000. Section 24 of MFMA requires Council to consider approval of the annual budget at least 30 days before the start of the financial year while Section 17 (2) (b) of Municipal Systems Act requires Council to establish appropriate mechanism, processes and procedures to enable local communities to participate in the affairs of the municipality through notification and public procedures, when appropriate. Section 53 of MFMA requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget.

In terms of Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, the Mayor of a 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.

This budget process started with steering committees meetings where the priorities of the Municipality were identified and formed the basis for the priorities and allocation for the 2017/2018 were discussed. Service departments submitted their budget proposals for consideration to the portfolio committee.

In line with Section 17 of Municipal Systems Act, The Budget, IDP and tariff proposals will be published for comment and consultation as part of public comment and consultation process during April 2017.

Comments from the public will be considered by the steering committee and then presented to Council for approval.



2. EXECUTIVE SUMMARY

The preparation of the 2017/2018 Municipality's Medium Term Revenue and Expenditure Framework (MTREF) was an extremely challenging one as various factors, with considerable potential impacts on core service delivery cost and revenue components influenced the outcome of this MTREF. Some of the major factors are the increased demand in the basic services which puts a huge burden on the bulk and reticulation infrastructure of the municipality. The implementation of the pre-paid meter system will have a great impact on the operational expenditure of the municipality. The municipality is also faced with the future challenge in terms of the maintenance of the expected infrastructure under construction as this will have an impact on future services tariffs.

The 2017/2018 MTREF also has to take the National Development Plan and the National Priorities into consideration. The major contribution by the Municipality to the National Development Plan is through improving the lives of Lephalale Community through poverty alleviation and rural infrastructure development and thereby creating jobs for the previously disadvantaged.

A critical review was also undertaken of expenditure on noncore and nice to have items. The municipality has also taken a step in reducing the expenditure on social activities in the 2017/2018 financial year. In order to improve the financial viability and sustainability of services, the municipality has embarked on implementing a range of collection strategies to optimize collection of revenue owed by consumers.

The budget was prepared with an assumption that Medupi is scaling down and the growth associated with the new mines Boikarabelo will start to impact on the basic service delivery of the Municipality and will peak in the outer financial years.

The MTREF-based revenue and expenditure projections assumed inflation-linked annual adjustments of 6.4%, 6.2% and 5.9% respectively for the 3-years budget period of 2017/2018, 2018/2019 and 2019/2020.

Further key parameters applied to the municipality financial framework included the following for the 2017/2018 financial year:

- Revenue/tariff increases

Rates	6.4%
Electricity	1.88%



Water	8%
Sanitation	8%
Refuse	6.4%
• Salaries and Wages adjustments	7.4%
• General expenses	6.4%
• Repairs & maintenance	6.4%

Below is the table showing the operating budget for the MTREF 2017/2018:

	ADJUSTMENT BUDGET 2016/2017	DRAFT BUDGET 2017/2018
	R000	R000
Total Operating Revenue	436 875	461 334
Total Operating Expenditure	492 791	505 576
Surplus/ (Deficit) for the year	(55 915)	(44 242)
Total Capital Projects	150 468	106 451

The operating budget for the 2017/2018 shows an increase of 2.1% percentage compared to the adjustment budget for 2016/2017. Primary operating budget revenue and expenditure categories reflect the following year-on-year budget increases:

Percentage growth on revenue categories (year-on-year):

- Assessment Rates 0.9%
- Electricity 2.6%
- Water 5.5%
- Sanitation 6.60%
- Refuse 6.60%

Percentage growth on cost categories (year-on-year):

- Staff costs 6.4%
- General expenses -8.4%
- Repairs & Maintenance 06.4%

The budget has been prepared in terms of guidelines as contained in National Treasury Circular 86 for the 2017/2018 MTREF.

3. OVERVIEW OF THE ANNUAL BUDGET PROCESS FOR THE FY 2017/2018

Budget Process for the municipalities is controlled by pieces of legislation. Key to those legislations are MFMA and Municipal Systems Act 32 of 2000. Section 24 of MFMA requires Council to consider approval of the annual budget at least 30 days before the start of the financial year while Section 17 (2) (b) of Municipal Systems Act requires Council to establish appropriate mechanism, processes and procedures to enable local communities to participate in the affairs of the municipality through notification and public procedures, when appropriate. Section 53 of MFMA requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget.

In terms of Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, the Mayor of a 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.

This budget process started with steering committees meetings where the priorities of the Municipality were identified and formed the basis for the priorities and allocation for the 2017/2018 were discussed. Service departments submitted their budget proposals for consideration to the budget office.

In line with Section 17 of Municipal Systems Act, The Budget, IDP and tariff proposals will be published for comment and consultation as part of public comment and consultation process during April 2017.

Comments from the public will be considered by the steering committee and then presented to Council for approval.



4. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The budget of the municipality is aligned with the IDP. All the projects appearing in the budget are also appearing in the IDP. The IDP contains all the municipal projects funded and not funded for the next five years, while the budget contains only the funded projects. The budget schedules A1 – A5 from the annual budget schedules are also presented in the IDP. The Strategic goals and objectives of the municipality from the IDP are also linked to the Budget (refer to SA4 – SA6 in the budget schedules)



5. OVERVIEW OF BUDGET –RELATED POLICIES

General Tariff Policy

The Municipal System Act requires Council to adopt a Tariff policy. The general financial management function covered in section 62 of the MFMA includes the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy.

The General Tariff Policy is attached as Annexure

Credit Control and Debt Collection Policy

This Policy has been formulated in terms of section 96 (b) and 98 of the Local Government Municipal System Act, 2000 and the Credit Control and Debt Collection By-Law.

The Policy also includes the Indigent Policy as per Annexure

Other Budget related policies

The following budget related policies have been approved by Council, or have been reviewed/amended and or are currently being reviewed/amended, in line with National Guidelines and Legislation.

Supply Chain Management Policy

Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. The Supply Chain Management policy for the Municipality is attached as Annexure .

Rates Policy

Property Rates Policy in accordance with section 3 of MPRA has been approved during May 2013 and is attached as Annexure

Cash Management and Investment Policy

The Municipality's Investment Policy, which leads with the management of the municipality's surplus cash resources and the investment thereof, was approved by Council in March 2009 and is attached as Annexure .

Assets Management Policy

The objective of the Asset Management Policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant & Equipment. This policy is attached as annexure .

Budget implementation and Management (Virement) Policy

The objective of this Policy is regulating the management and the shifting of funds between votes and sub-votes of an approved budget. The policy is attached as Annexure



6. OVERVIEW OF BUDGET ASSUMPTIONS

Revenue Framework

Section 18 of the MFMA states that the budget can only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.

In addition, NT Circular 42 stipulates that the budget is to be managed in a full accrual manner, reflecting a transparent budget and accounting system approach.

The MFMA requires the municipality to adopt and implement a tariff policy. Council has approved such policies for all major tariff-funded services provided by the municipality, which are attached as annexure to this document.

Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source and per requirements of the MFMA (chapter 4, s17 (1) (a) (b)).

The MTREF model, which enables economics forecasts and the eventual medium term fiscal framework, was compiled under harsh external economic conditions. Budgetary constraints and economic challenges meant that the municipality applies a combination of cost-saving interventions to ensure an affordable credible and sustainable budget over the 2017/2018 MTREF.

The biggest challenge this year was the increasing need for services which resulted in a need to finance the increase of the *bulk* infrastructure and also a need to increase the personnel numbers.

Financial modeling

In addition to the above, further principles applied to the MTREF in determining the affordability envelope included:

- Higher than headline CPI revenue increases, to the extent that they affect and support Council's activities of relevant services.
- Credible collection rates, based on collection achievement to date, incorporating improved success anticipated on selected revenue items.

CPI projections adopted over MTREF

CPI projections over the 2017/2018 MTREF are 6.4% for 2018/2019, 5.7% for 2019/2020 and 5.6%.



EXPENDITURE FRAMEWORK

Salaries, wages and related staff cost

The promulgation of the Salary and Wage Collective Agreement by the South African Local Government Bargaining Council (SALGBC) provided the general salary adjustment guidelines for the period 01 July 2015 to 30 June 2018. In 2017/2018 a salary increase of 7.4% was calculated using National Treasury Circular 86.

Repairs and maintenance

The National Treasury Budget Circular 70 for the 2014/2015 MTREF stated, amongst other, that municipalities must "secure the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance".

REVENUE FRAMEWORK

Service growth

The municipality's revenue will increase by 6.4%. The municipality is facing a huge challenge as to the sustainability of the revenue levels after the Medupi expansion project are commissioned. Currently at Medupi there is a lot of demobilization, which makes the municipality not to increase their revenue higher.

Collection Rate

In accordance with relevant legislation and national directives the municipalities projected revenue recovery rates are based on realistic and sustainable trends.

The municipality's projected collection ratios are as per the table below.

SERVICE	2017/2018 %	2018/2019	2019/2020
Property Rates	95%	95%	95%
Electricity	95%	95%	95%
Water	95%	95%	95%
Sewerage	95%	95%	95%
Refuse	95%	95%	95%

The total collection rate for 2017/2018 is projected at an average of 95% and is based on a combination of actual collection rates achieved to date and the estimated outcomes for the current financial period. The better than current projected collection rate is based on the fact that the Municipality will be implementing a prepaid system for electricity and also have appointed a service provider for debt collection.

Depreciation

Depreciation on new capital expenditure is calculated at a varying rate ranging between 3 to 30 years depending on the nature of the asset. Actual depreciation was modeled on existing assets. An annual capital expenditure implementation rate of 100% was factored into the model. The higher than usual depreciation is as results of the implementation of GRAP17 where the Municipality's assets were revalued in the 2010/2011 financial year.



7. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

Operating budget – Expenditure

The operating budget increased from R492 791 million in 2016/2017 to R505 576 million in 2017/2018, R532 327 million 2018/2019 and R562 196 million in 2019/2020 respectively.

The growth is mainly attributable to:

- The increase in electricity and water cost
- Increase in employment cost due to increase approved by bargaining council for 2016/2017 financial year. Circular 76 had an annual increase of 7.4% which SALGA and Bargaining council had an annual increase of 7.4%.

CAPITAL EXPENDITURE

The aging infrastructure assets of the Municipality requires that there is a constant investment and maintenance program, therefore the municipality has provided R1.3 million from funded reserves for different capital expenditure in the year 2017/2018

The capital budget decreases from R150 million in 2016/2017 to R106 million in 2017/2018. The decrease is to the fact that the adjusted budget included roll-overs.

Capital Budget

	2017/2018 R'm	2018/2019 R'm	2019/2020 R'm
Capital Budget	106 452	94 470	160 945
Funded as follows:			
National Grant funding	105 152	94 470	160 945
Provincial Grant funding	0	0	0
Borrowings	0	0	0
Municipal own funding	1 300	0	0

Medium term capital budget and funding sources

The funding sources listed below are appropriated towards the following major projects on the capital budget:

National Grant Funded

- *Municipal Infrastructure grant to improve bulk infrastructure in support of housing opportunities*
- *Municipal Water Infrastructure Grants to improve the water infrastructure*

Own Capital funded

- *Purchasing of new equipment and machinery to improve service delivery*

Sources of funding

Rates, tariffs and other charges

Property Tax Rates

The proposed property rates are levied in accordance with existing council policies unless otherwise indicated and both the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

Property Rates Policy was approved by council during May 2013.

Property tax rates are based on values indicated in General Valuation Roll of 2013. The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplementary Valuation Rolls.

Rebates and concessions are granted to certain categories of property usage and/or property owner.

Water and Sanitation

The proposed Water and Sanitation Tariffs for 2017/2018 are consistent with National Policy on the provision of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent relief measures;

Rates, Tariff Policies and Equitable Service Framework.



The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

The progressive nature of existing domestic stepped tariff structure both for water and sanitation is pro-poor and allows for the needs of the indigents. In total the proposed Tariffs and Rates are cost-reflective and will provide the income to cover the costs of Water and Sanitation during the 2016/2017 financial year.

Electricity

The proposed revisions to the tariffs have been formulated in accordance with the Lephalale Local Municipality Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA)

The Electricity Regulation Act requires that the proposed revisions to the electricity consumption based tariffs be submitted to the Regulator as soon as possible.

Cash backed accumulated surplus

Cash backed accumulated revenue surpluses are used to provide working capital and to temporarily fund capital expenditure. Operational cash flow deficits and surpluses are forecasted and managed on a daily basis within available cash resources and banking facilities.

All statutory funds reserves, including unspent grants, are fully cash backed. Long term provisions are cash backed to extend that actual expenditure is projected for the budget year.



ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Grants-in-Aid refer to transfers of municipal funds to organizations or bodies assisting the Municipality in the exercise of powers of function in terms of Section 67 of MFMA and do not constitute commercial or business contracts and transactions. Specific provision must be made in the Municipality's annual operating budget for Grants-in-Aid in terms of provisions contained in Section 17(3) (j) of the MFMA.

11. COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

The salaries, allowance and benefits of the councilors for our municipality are informed by the government gazette no 39548 for the determination of upper limits of salaries, allowances and benefits. The annual increase as per circular 79 applies. Refer to SA23 on the budget supporting schedules.

12. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

The details of monthly targets for revenue, expenditure and cash flow is on budget supporting schedule SA25 – SA30.

13. DRAFT SDBIP

Draft SDBIP will be presented to council as a separate item. The draft SDBIP is linked to the budget; all the schedules required in the Draft SDBIP are linked to the budget schedules.

14. CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS

The municipality does not have any contract having future budgetary implications.

15. CAPITAL EXPENDITURE DETAILS

16. LEGISLATION COMPLIANCE STATUS

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

Budget and Treasury Office

A budget office and Treasury office has been established with the MFMA.

Budgeting

The annual budget is prepared in accordance with the requirements prescribed by the National Treasury and MFMA.

Financial reporting

100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral committee, Council, Provincial and National Treasury.

Annual Report

The annual report is prepared in accordance with the MFMA and National Treasury requirements.

Internship Programme

The Lephalale Local Municipality is participating in the Municipal Finance Management Internship Programme and has employed 5 interns undergoing training in various finance sections.

LIM362 Lephalale - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	41 948	44 152	48 595	48 780	48 780	48 780	-	49 201	52 005	54 970
Service charges	163 782	183 959	206 481	209 707	234 340	234 340	-	241 175	254 922	269 452
Investment revenue	5 893	5 506	3 631	4 247	4 247	4 247	-	3 019	3 191	3 373
Transfers recognised - operational	92 654	98 515	94 028	99 172	99 172	99 172	-	114 381	134 460	148 821
Other own revenue	17 015	148 632	28 380	48 323	50 336	50 336	-	53 558	56 609	59 785
Total Revenue (excluding capital transfers and contributions)	321 293	480 763	379 114	410 230	436 875	436 875	-	461 334	501 187	536 401
Employee costs	113 126	127 368	149 879	181 092	156 422	156 422	-	176 977	187 086	197 543
Remuneration of councillors	6 704	8 150	8 923	8 554	8 939	8 939	-	9 740	10 295	10 871
Depreciation & asset impairment	64 514	63 290	70 492	68 954	72 954	72 954	-	72 623	76 762	81 061
Finance charges	14 391	15 593	17 028	11 466	11 466	11 466	-	11 342	11 988	12 660
Materials and bulk purchases	95 199	102 993	128 172	124 597	134 997	134 997	-	144 023	152 232	160 910
Transfers and grants	1 126	1 474	1 774	1 315	1 315	-	-	1 200	1 268	1 339
Other expenditure	88 520	109 328	94 559	99 600	106 697	106 697	-	89 671	92 715	97 812
Total Expenditure	383 579	428 196	470 828	465 678	482 791	482 791	-	506 576	532 327	562 196
Surplus/(Deficit)	(62 286)	52 568	(91 714)	(55 348)	(55 915)	(54 600)	-	(44 242)	(31 140)	(25 795)
Transfers and subsidies - capital (monetary allocation)	79 794	38 009	74 181	62 537	84 360	84 360	-	105 152	94 470	160 945
Contributions recognised - capital & contributed asset	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Capital expenditure & funds sources										
Capital expenditure	-	49 473	-	68 080	150 468	150 468	-	106 452	94 470	160 945
Transfers recognised - capital	-	37 932	-	62 537	83 840	83 840	-	105 152	94 470	160 945
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	11 541	-	5 543	66 628	66 628	-	1 300	-	-
Total sources of capital funds	-	49 473	-	68 080	150 468	150 468	-	106 452	94 470	160 945
Financial position										
Total current assets	198 964	201 633	193 893	219 567	193 884	193 884	-	176 065	226 087	328 470
Total non current assets	1 090 766	1 204 330	1 231 805	1 283 998	1 231 805	1 231 805	-	1 283 998	1 231 805	1 231 805
Total current liabilities	67 403	73 913	119 012	70 901	119 013	119 013	-	57 376	105 814	105 814
Total non current liabilities	130 414	133 426	140 444	129 238	140 444	140 444	-	129 238	140 444	140 444
Community wealth/Equity	1 091 914	1 198 624	1 166 242	1 303 425	1 166 232	1 166 232	-	1 273 449	1 211 634	1 314 017
Cash flows										
Net cash from (used) operating	202 424	30 993	68 800	88 009	94 832	94 832	-	104 976	109 340	183 155
Net cash from (used) investing	(85 418)	(47 128)	(75 811)	(68 080)	(160 417)	(160 417)	-	(106 452)	(75 671)	(80 772)
Net cash from (used) financing	(5 200)	(3 904)	(19 473)	(4 187)	(4 187)	(4 187)	-	-	-	-
Cash/cash equivalents at the year end	228 360	59 763	33 479	75 505	33 470	33 470	-	32 003	65 673	168 056
Cash backing/surplus reconciliation										
Cash and investments available	79 802	59 786	33 500	75 528	33 491	33 491	-	32 026	65 694	168 077
Application of cash and investments	(128 009)	(66 582)	(59 771)	(73 842)	(55 715)	(55 715)	-	(76 550)	(50 287)	(50 058)
Balance - surplus (shortfall)	207 811	126 368	93 271	149 170	89 206	89 206	-	108 576	115 981	218 135
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	11	11	7	7	7	7	5	5	5	5
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	17	17	22	25

LIM362 Lephalale - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
Governance and administration		55 035	194 271	77 579	80 881	81 447	81 447	84 118	90 529	96 407
Executive and council		11 850	142 623	24 727	24 959	25 526	25 526	27 348	30 620	33 181
Finance and administration		43 185	51 648	52 852	55 921	55 921	55 921	56 770	59 909	63 227
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		10 920	3 356	-	4 084	4 289	4 289	4 564	4 824	5 094
Community and social services		85	107	-	150	150	150	160	169	178
Sport and recreation		85	51	-	139	144	144	153	162	171
Public safety		10 751	3 198	-	3 795	3 995	3 995	4 251	4 493	4 745
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		97 573	20 589	-	31 781	47 184	47 184	56 144	59 255	62 528
Planning and development		2 054	2 192	-	2 865	2 802	2 802	3 266	3 448	3 638
Road transport		95 519	18 397	-	28 916	44 382	44 382	52 878	55 808	58 890
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		237 104	299 401	-	356 022	388 315	388 315	422 958	441 050	533 316
Energy sources		130 620	167 451	-	190 635	218 273	218 273	234 226	243 341	289 060
Water management		63 905	78 205	-	102 734	100 869	100 869	122 792	125 040	165 516
Waste water management		24 123	29 754	-	35 380	41 900	41 900	34 671	38 682	41 810
Waste management		18 456	23 990	-	27 273	27 273	27 273	31 269	33 986	36 931
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	400 633	517 617	77 579	472 767	521 235	521 235	567 784	595 657	697 346
Expenditure - Functional										
Governance and administration		80 368	126 966	-	121 307	128 135	128 135	130 460	117 215	123 684
Executive and council		34 543	53 448	-	50 923	56 793	56 793	52 964	55 877	59 006
Finance and administration		44 194	71 967	-	68 415	70 219	70 219	75 607	59 234	62 457
Internal audit		1 631	1 531	-	1 968	1 123	1 123	1 990	2 103	2 221
Community and public safety		28 059	34 020	-	40 637	38 379	38 379	41 339	43 695	46 142
Community and social services		3 800	5 593	-	5 816	5 389	5 389	5 680	6 004	6 340
Sport and recreation		9 232	8 542	-	9 748	9 910	9 910	11 195	11 833	12 496
Public safety		13 486	17 397	-	19 804	20 286	20 286	21 611	22 843	24 122
Housing		1 562	2 489	-	5 270	2 794	2 794	2 853	3 015	3 184
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		118 271	43 739	-	62 690	63 126	63 126	64 758	67 392	71 166
Planning and development		5 371	5 356	-	12 486	9 588	9 588	14 167	13 918	14 697
Road transport		112 900	38 384	-	50 204	53 537	53 537	50 591	53 474	56 469
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		156 881	220 041	-	240 944	263 151	263 151	269 019	283 068	299 072
Energy sources		84 229	123 035	-	143 389	153 042	153 042	161 348	170 545	180 235
Water management		47 181	63 951	-	62 320	72 444	72 444	69 575	73 541	77 671
Waste water management		14 098	16 986	-	20 203	22 315	22 315	22 376	23 651	24 976
Waste management		11 372	16 068	-	15 031	15 350	15 350	15 720	15 331	16 190
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	383 579	424 767	-	465 578	492 791	492 791	505 576	511 370	540 064
Surplus/(Deficit) for the year		17 053	92 850	77 579	7 189	28 444	28 444	62 208	84 287	157 281

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

LIM362 Lephalale - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		5 569	124 358	--	5 132	5 232	5 232	5 987	7 053	7 783
Vote 2 - BUDGET AND TREASURY		49 466	69 461	--	75 374	75 841	75 841	77 632	83 055	88 179
Vote 3 - CORPORATE SERVICES		--	452	--	374	374	374	398	421	445
Vote 4 - SOCIAL SERVICES		36 272	33 840	--	40 923	41 128	41 128	46 011	49 568	53 385
Vote 5 - INFRASTRUCTURE SERVICES		308 652	288 776	--	349 917	397 676	397 676	435 408	454 453	546 384
Vote 6 - PLANNING AND DEVELOPMENT		673	730	--	1 047	984	984	1 047	1 107	1 169
Vote 7 - OFFICE OF THE MAYOR		454	1 156	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Revenue by Vote	2	401 087	518 772	--	472 767	521 235	521 235	566 484	595 657	697 346
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL MANAGER		28 526	44 203	--	32 007	38 706	38 706	33 654	35 627	37 566
Vote 2 - BUDGET AND TREASURY		22 529	48 580	--	38 639	38 380	38 380	39 755	41 624	44 178
Vote 3 - CORPORATE SERVICES		18 108	22 221	--	25 044	27 040	27 040	28 851	30 495	32 203
Vote 4 - SOCIAL SERVICES		39 233	56 850	--	63 812	63 122	63 122	68 984	71 632	75 643
Vote 5 - INFRASTRUCTURE SERVICES		261 100	237 914	--	278 384	304 509	304 509	307 781	325 325	343 697
Vote 6 - PLANNING AND DEVELOPMENT		5 899	7 184	--	17 333	11 949	11 949	14 800	15 203	15 794
Vote 7 - OFFICE OF THE MAYOR		8 184	7 814	--	10 358	9 083	9 083	11 751	12 420	13 116
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Expenditure by Vote	2	383 579	424 767	--	465 578	492 791	492 791	505 576	532 327	562 196
Surplus/(Deficit) for the year	2	17 508	94 005	--	7 189	28 444	28 444	60 908	63 330	135 150

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

LIM362 Lephalale - Table A4 Budgeted Financial Performance (revenue and expenditure)

LM362 Lephahale - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	41 948	44 152	46 595	48 780	48 780	48 780	-	49 201	52 005	54 970
Service charges - electricity revenue	2	113 132	128 985	148 529	144 627	171 273	171 273	-	175 725	185 741	196 328
Service charges - water revenue	2	29 879	30 443	32 484	36 845	34 831	34 831	-	36 727	38 821	41 033
Service charges - sanitation revenue	2	12 837	14 636	14 731	16 930	16 930	16 930	-	16 694	17 646	18 661
Service charges - refuse revenue	2	7 934	9 894	10 736	11 305	11 305	11 305	-	12 029	12 714	13 439
Service charges - other											
Rental of facilities and equipment		227	195	221	288	293	293		312	330	348
Interest earned - external investments		5 893	5 506	3 631	4 247	4 247	4 247		3 019	3 191	3 373
Interest earned - outstanding debtors		5 149	19 505	16 343	21 190	21 532	21 532		22 910	24 215	25 577
Dividends received											
Fines, penalties and forfeits		787	344	882	370	370	370		393	416	439
Licences and permits		7 425	6 204	7 472	9 305	9 305	9 305		9 900	10 465	11 051
Agency services											
Transfers and subsidies		92 654	98 515	94 028	99 172	99 172	99 172		114 381	134 460	148 821
Other revenue	2	3 427	3 081	3 461	17 171	18 837	18 837	-	20 043	21 184	22 370
Gains on disposal of PPE			119 304								
Total Revenue (excluding capital transfers and contributions)		321 293	480 763	379 114	410 230	436 875	436 875	-	461 334	501 187	536 401
Expenditure By Type											
Employee related costs	2	113 126	127 368	149 879	161 092	156 422	156 422	-	176 977	187 066	197 543
Remuneration of councillors		6 704	8 150	8 923	8 554	8 939	8 939		9 740	10 295	10 871
Debt impairment	3	12 161	3 244	9 397	1 650	6 650	6 650		1 650	1 744	1 842
Depreciation & asset impairment	2	84 514	63 290	70 482	68 954	72 954	72 954	-	72 623	76 762	81 061
Finance charges		14 391	15 593	17 028	11 466	11 466	11 466		11 342	11 988	12 660
Bulk purchases	2	95 199	102 993	128 172	124 597	134 997	134 997	-	144 023	152 232	160 910
Other materials	8										
Contracted services		13 483	14 648	24 556	12 837	11 592	11 592	-	11 656	12 321	13 011
Transfers and subsidies		1 126	1 474	1 774	1 315	1 315	-	-	1 200	1 268	1 339
Other expenditure	4, 5	62 876	82 130	60 606	75 113	88 455	88 455	-	76 365	78 650	82 960
Loss on disposal of PPE			9 306						-		
Total Expenditure		383 579	428 196	470 828	465 576	492 791	491 475	-	505 576	532 327	562 196
Surplus/(Deficit)		(62 286)	52 568	(91 714)	(55 348)	(55 915)	(54 600)	-	(44 242)	(31 140)	(25 795)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		79 794	38 009	74 181	62 537	84 360	84 360		105 152	94 470	160 945
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Surplus/(Deficit) after capital transfers & contributions		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Taxation											
Surplus/(Deficit) after taxation		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)

2378 2514 2655

19375

LIM362 Lephalale - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	41 948	44 152	46 595	48 780	48 780	48 780	--	49 201	52 005	54 970
Service charges - electricity revenue	2	113 132	128 985	148 529	144 627	171 273	171 273	-	175 725	185 741	196 328
Service charges - water revenue	2	29 879	30 443	32 484	36 845	34 831	34 831	-	36 727	38 821	41 033
Service charges - sanitation revenue	2	12 837	14 636	14 731	16 930	16 930	16 930	-	16 694	17 646	18 651
Service charges - refuse revenue	2	7 934	9 894	10 736	11 305	11 305	11 305	-	12 029	12 714	13 439
Service charges - other											
Rental of facilities and equipment		227	195	221	288	293	293		312	330	348
Interest earned - external investments		5 893	5 506	3 631	4 247	4 247	4 247		3 019	3 191	3 373
Interest earned - outstanding debtors		5 149	19 505	16 343	21 190	21 532	21 532		22 910	24 215	25 577
Dividends received											
Fines, penalties and forfeits		787	344	882	370	370	370		393	416	439
Licences and permits		7 425	6 204	7 472	9 305	9 305	9 305		9 900	10 465	11 051
Agency services											
Transfers and subsidies		92 654	98 515	94 028	99 172	99 172	99 172		114 381	134 460	148 821
Other revenue	2	3 427	3 081	3 461	17 171	18 837	18 837	-	20 043	21 184	22 370
Gains on disposal of PPE			119 304								
Total Revenue (excluding capital transfers and contributions)		321 293	480 763	379 114	410 230	436 875	436 875	-	461 334	501 187	536 401
Expenditure By Type											
Employee related costs	2	113 126	127 368	149 879	161 092	166 422	156 422	--	176 977	187 066	197 543
Remuneration of councillors		6 704	8 150	8 923	8 554	8 939	8 939		9 740	10 295	10 871
Debt impairment	3	12 161	3 244	9 397	1 650	6 650	6 650		1 650	1 744	1 842
Depreciation & asset impairment	2	64 514	63 290	70 492	68 954	72 954	72 954	-	72 623	76 762	81 061
Finance charges		14 391	15 593	17 028	11 466	11 466	11 466		11 342	11 988	12 660
Bulk purchases	2	95 199	102 993	128 172	124 597	134 997	134 997	-	144 023	152 232	160 910
Other materials	8										
Contracted services		13 483	14 648	24 556	12 837	11 592	11 592	-	11 656	12 321	13 011
Transfers and subsidies		1 126	1 474	1 774	1 315	1 315	-	-	1 200	1 288	1 339
Other expenditure	4, 5	62 876	82 130	60 606	75 113	88 455	88 455	-	76 365	78 650	82 960
Loss on disposal of PPE			9 306						-		
Total Expenditure		383 579	428 196	470 828	465 578	492 791	491 475	-	505 576	532 327	562 196
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(62 286)	52 568	(91 714)	(55 348)	(55 915)	(54 600)	-	(44 242)	(31 140)	(25 795)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	79 794	38 009	74 181	62 537	84 360	84 360		105 152	94 470	160 945
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Taxation											
Surplus/(Deficit) after taxation		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		17 508	90 577	(17 533)	7 189	28 445	29 760	-	60 909	63 330	135 149

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)

LIM362 Lephalale - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	105 152	94 470	160 945
Vote 6 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	105 152	94 470	160 945
Single-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	100	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	1 200	-	-
Vote 6 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	1 300	-	-
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	106 452	94 470	160 945
Capital Expenditure - Functional											
Governance and administration		-	2 062	-	2 727	7 035	7 035	-	100	-	-
Executive and council			1 716						100		
Finance and administration			347								
Internal audit					2 727	7 035	7 035				
Community and public safety		-	1 004	-	-	8 782	8 782	-	-	-	-
Community and social services			516		-	8 782	8 782		-	-	-
Sport and recreation											
Public safety			489								
Housing											
Health											
Economic and environmental services		-	17 491	-	18 414	46 845	46 845	-	42 152	44 470	46 917
Planning and development			46		318	8 088	8 088		-	-	-
Road transport			17 446		18 098	38 757	38 757		42 152	44 470	46 917
Environmental protection											
Trading services		-	28 916	-	46 939	87 806	87 806	-	64 200	50 000	114 028
Energy sources			5 146		7 000	13 370	13 370		13 200	5 000	35 000
Water management			23 722		29 616	52 516	52 516		51 000	45 000	79 028
Waste water management			49		10 323	14 208	14 208		-	-	-
Waste management					-	7 712	7 712		-	-	-
Other											
Total Capital Expenditure - Functional	3	-	49 473	-	68 080	150 468	150 468	-	106 452	94 470	160 945
Funded by:											
National Government			37 932		62 537	83 840	83 840		105 152	94 470	160 945
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	37 932	-	62 537	83 840	83 840	-	105 152	94 470	160 945
Public contributions & donations	5										
Borrowing	6										
Internally generated funds			11 541		5 543	66 628	66 628		1 300	-	-
Total Capital Funding	7	-	49 473	-	68 080	150 468	150 468	-	106 452	94 470	160 945

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
3. Capital expenditure by functional classification must reconcile to the appropriations by vote
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
5. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
7. Total Capital Funding must balance with Total Capital Expenditure
8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

LIM362 Lephalale - Table A6 Budgeted Financial Position

2017/18 Medium Term Revenue & Expenditure Framework												
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
ASSETS												
Current assets												
Cash			79 802	58 763	33 479	75 505	33 470	33 470		32 003	65 673	168 056
Call investment deposits	1		—	—	—	—	—	—	—	—	—	—
Consumer debtors	1		76 759	87 345	124 741	130 000	124 741	124 741	—	130 000	124 741	124 741
Other debtors			40 809	52 506	33 822	11 543	33 822	33 822		11 543	33 822	33 822
Current portion of long-term receivables												
Inventory	2		1 595	2 019	1 851	2 519	1 851	1 851		2 519	1 851	1 851
Total current assets			198 964	201 633	193 893	219 567	193 884	193 884	—	176 065	226 087	328 470
Non current assets												
Long-term receivables												
Investments				23	21	23	21	21		23	21	21
Investment property												
Investment in Associate												
Property, plant and equipment	3		1 090 766	1 203 742	1 230 268	1 283 898	1 231 085	1 231 085	—	1 283 898	1 231 085	1 231 085
Agricultural												
Biological												
Intangible				488	622		622	622			622	622
Other non-current assets				77	874	77	77	77		77	77	77
Total non current assets			1 090 766	1 204 330	1 231 805	1 283 998	1 231 805	1 231 805	—	1 283 998	1 231 805	1 231 805
TOTAL ASSETS			1 289 730	1 405 963	1 425 698	1 503 565	1 425 689	1 425 689	—	1 460 063	1 457 892	1 560 275
LIABILITIES												
Current liabilities												
Bank overdraft	1											
Borrowing	4		—	4 080	10 615	3 835	10 615	10 615	—	3 835	10 615	10 615
Consumer deposits			9 985	10 862	11 388	11 503	11 386	11 386				
Trade and other payables	4		54 702	56 959	95 199	53 541	95 199	95 199	—	53 541	95 199	95 199
Provisions			2 716	2 022	1 813	2 022	1 813	1 813				
Total current liabilities			67 403	73 913	119 012	70 901	119 013	119 013	—	57 376	105 814	105 814
Non current liabilities												
Borrowing			94 457	90 643	88 621	86 456	88 621	88 621	—	86 456	88 621	88 621
Provisions			35 957	42 783	51 823	42 783	51 823	51 823	—	42 783	51 823	51 823
Total non current liabilities			130 414	133 426	140 444	129 238	140 444	140 444	—	129 238	140 444	140 444
TOTAL LIABILITIES			197 817	207 339	259 457	200 139	259 457	259 457	—	186 614	246 258	246 258
NET ASSETS	5		1 091 914	1 198 624	1 166 242	1 303 425	1 166 232	1 166 232	—	1 273 449	1 211 634	1 314 017
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			1 091 914	1 198 624	1 166 242	1 303 425	1 166 232	1 166 232		1 273 449	1 211 634	1 314 017
Reserves	4		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5		1 091 914	1 198 624	1 166 242	1 303 425	1 166 232	1 166 232	—	1 273 449	1 211 634	1 314 017

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

LIM362 Lephalale - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		197 651	44 100	46 084	46 341	46 341	46 341		46 741	49 405	52 221
Service charges		148 518	183 100	227 125	199 222	223 574	223 574		229 116	242 175	255 979
Other revenue		-	216	1 870	30 120	47 455	47 455		40 249	41 974	43 764
Government - operating	1	88 170	136 907	91 127	99 172	99 172	99 172		114 381	134 460	148 821
Government - capital	1	47 243	-	98 750	82 537	84 360	84 360		105 152	94 470	160 945
Interest		5 693	5 506	3 631	4 247	4 247	4 247		3 019	3 191	3 373
Dividends									-	-	-
Payments											
Suppliers and employees		(269 534)	(321 768)	(385 000)	(340 860)	(397 537)	(397 537)		(421 140)	(443 078)	(467 949)
Finance charges		(14 391)	(15 593)	(13 012)	(11 465)	(11 465)	(11 465)		(11 342)	(11 988)	(12 660)
Transfers and Grants	1	(1 126)	(1 474)	(1 774)	(1 315)	(1 315)	(1 315)		(1 200)	(1 268)	(1 339)
NET CASH FROM/(USED) OPERATING ACTIVITIES		202 424	30 993	68 800	88 009	94 832	94 832	-	104 976	109 340	183 155
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(85 418)	(47 128)	(75 611)	(68 080)	(150 417)	(150 417)		(106 452)	(75 671)	(80 772)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(85 418)	(47 128)	(75 611)	(68 080)	(150 417)	(150 417)	-	(106 452)	(75 671)	(80 772)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing		(2 509)	(2 980)						-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(2 691)	(924)	(19 473)	(4 187)	(4 187)	(4 187)		-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 200)	(3 904)	(19 473)	(4 187)	(4 187)	(4 187)	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	111 806	(20 039)	(26 284)	15 742	(59 772)	(59 772)	-	(1 476)	33 670	102 383
Cash/cash equivalents at the year end:	2	116 554	79 802	59 763	59 763	93 242	93 242	-	33 479	32 003	65 673
		228 360	59 763	33 479	75 505	33 470	33 470	-	32 003	65 673	168 056

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

LIM362 Lephalale - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and Investments available											
Cash/cash equivalents at the year end	1	228 360	59 763	33 479	75 505	33 470	33 470	-	32 003	65 673	168 056
Other current investments > 90 days		(148 558)	0	-	-	(0)	(0)	-	-	-	-
Non current assets - Investments	1	-	23	21	23	21	21	-	23	21	21
Cash and investments available:		79 802	59 786	33 500	75 528	33 491	33 491	-	32 026	65 694	168 077
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(128 009)	(66 582)	(59 771)	(73 642)	(55 715)	(55 715)	-	(76 550)	(50 287)	(50 058)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(128 009)	(66 582)	(59 771)	(73 642)	(55 715)	(55 715)	-	(76 550)	(50 287)	(50 058)
Surplus(shortfall)		207 811	126 368	93 271	149 170	89 206	89 206	-	108 576	115 981	218 135

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

LIM362 Lephalale - Table A9 Asset Management

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE											
Total New Assets		1	46 080	–	47 956	58 922	81 481	81 481	24 043	75 671	80 772
Infrastructure - Road transport			7 062	–	16 333	24 066	24 066	24 066	5 500	38 671	40 772
Infrastructure - Electricity			7 692	–	5 145	2 893	7 615	7 615	7 000	–	–
Infrastructure - Water			15 140	–	23 361	10 615	12 386	12 386	8 500	37 000	40 000
Infrastructure - Sanitation			7 898	–	49	3 275	6 669	6 669	–	–	–
Infrastructure - Other			2 224	–	–	5 000	5 000	5 000	–	–	–
Infrastructure			40 016	–	44 888	45 849	55 737	55 737	21 000	75 671	80 772
Community			5 264	–	3 068	5 620	20 291	20 291	–	–	–
Heritage assets			–	–	–	–	–	–	–	–	–
Investment properties			–	–	–	–	–	–	–	–	–
Other assets		6	800	–	–	5 454	5 454	5 454	3 043	–	–
Agricultural Assets			–	–	–	–	–	–	–	–	–
Biological assets			–	–	–	–	–	–	–	–	–
Intangibles			–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets		2	–	–	–	18 982	34 138	34 138	44 037	–	–
Infrastructure - Road transport			–	–	–	6 426	10 421	10 421	12 598	–	–
Infrastructure - Electricity			–	–	–	–	–	–	–	–	–
Infrastructure - Water			–	–	–	12 557	23 717	23 717	21 116	–	–
Infrastructure - Sanitation			–	–	–	–	–	–	10 323	–	–
Infrastructure - Other			–	–	–	–	–	–	–	–	–
Infrastructure			–	–	–	18 982	34 138	34 138	44 037	–	–
Community			–	–	–	–	–	–	–	–	–
Heritage assets			–	–	–	–	–	–	–	–	–
Investment properties			–	–	–	–	–	–	–	–	–
Other assets		6	–	–	–	–	–	–	–	–	–
Agricultural Assets			–	–	–	–	–	–	–	–	–
Biological assets			–	–	–	–	–	–	–	–	–
Intangibles			–	–	–	–	–	–	–	–	–
Total Capital Expenditure		4	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport			7 062	–	16 333	30 492	34 487	34 487	18 098	38 671	40 772
Infrastructure - Electricity			7 692	–	5 145	2 893	7 615	7 615	7 000	–	–
Infrastructure - Water			15 140	–	23 361	23 172	36 103	36 103	29 616	37 000	40 000
Infrastructure - Sanitation			7 898	–	49	3 275	6 669	6 669	10 323	–	–
Infrastructure - Other			2 224	–	–	5 000	5 000	5 000	–	–	–
Infrastructure			40 016	–	44 888	64 631	89 875	89 875	65 037	75 671	80 772
Community			5 264	–	3 068	5 620	20 291	20 291	–	–	–
Heritage assets			–	–	–	–	–	–	–	–	–
Investment properties			–	–	–	–	–	–	–	–	–
Other assets			800	–	–	5 454	5 454	5 454	3 043	–	–
Agricultural Assets			–	–	–	–	–	–	–	–	–
Biological assets			–	–	–	–	–	–	–	–	–
Intangibles			–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		2	46 080	–	47 956	75 905	115 619	115 619	68 080	75 671	80 772
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport		5	–	–	–	–	–	–	–	–	–
Infrastructure - Electricity			–	–	–	–	–	–	–	–	–
Infrastructure - Water			–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation			–	–	–	–	–	–	–	–	–
Infrastructure - Other			–	–	–	–	–	–	–	–	–
Infrastructure			–	–	–	–	–	–	–	–	–
Community			–	–	–	–	–	–	–	–	–
Heritage assets			–	–	–	–	–	–	–	–	–
Investment properties			–	–	–	–	–	–	–	–	–
Other assets			–	–	–	–	–	–	–	–	–
Agricultural Assets			–	–	–	–	–	–	–	–	–
Biological assets			–	–	–	–	–	–	–	–	–
Intangibles			–	–	488	–	488	488	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	–	–	488	–	488	488	–	–	–
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment		3	55 521	64 514	63 290	60 158	68 659	68 659	68 954	73 229	77 550
Repairs and Maintenance by Asset Class			14 496	13 823	27 283	22 607	23 872	23 872	21 254	22 571	23 904
Infrastructure - Road transport			2 099	1 724	3 322	4 021	4 921	4 921	5 249	5 574	5 903
Infrastructure - Electricity			2 668	4 993	2 028	2 262	2 789	2 789	2 973	3 158	3 344
Infrastructure - Water			2 122	1 651	2 311	1 941	2 438	2 438	2 597	2 758	2 920
Infrastructure - Sanitation			3 410	3 530	4 435	3 863	3 611	3 611	3 849	4 087	4 328
Infrastructure - Other			714	875	1 272	760	540	540	576	611	647
Infrastructure			11 033	12 774	13 368	12 847	14 297	14 297	15 243	16 188	17 144
Community			428	359	354	444	236	236	252	267	283
Heritage assets			–	–	–	–	–	–	–	–	–
Investment properties			–	–	–	–	–	–	–	–	–
Other assets		6, 7	3 035	690	13 641	9 516	9 339	9 339	6 759	6 115	6 477
TOTAL EXPENDITURE OTHER ITEMS			70 017	78 337	90 553	82 965	92 531	92 531	90 207	95 800	101 453
Renewal of Existing Assets as % of total capex			0.0%	0.0%	0.0%	25.0%	29.5%	29.5%	64.7%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn			0.0%	0.0%	0.0%	31.6%	49.7%	49.7%	63.9%	0.0%	0.0%
R&M as a % of PPE			1.3%	1.3%	2.3%	2.1%	2.0%	2.0%	1.7%	1.7%	1.7%
Renewal and R&M as a % of PPE			0.0%	0.0%	5584.0%	0.0%	11882.0%	11882.0%	0.0%	0.0%	0.0%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Donated/contributed and assets funded by finance leases to be allocated to the respective category

LIM382 Lephalale - Table A10 Basic service delivery measurement

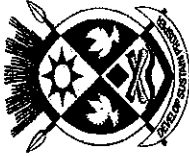
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		8 387	8 387	12 494	12 494	12 494	12 494	12 168	12 280	12 398
Piped water inside yard (but not in dwelling)		—	—	—	—	—	—	4 595	4 638	4 682
Using public tap (at least min.service level)	2	6 893	6 893	10 586	10 586	10 586	10 586	6 559	6 621	6 683
Other water supply (at least min.service level)	4	—	—	—	—	—	—	1 716	1 732	1 748
<i>Minimum Service Level and Above sub-total</i>		15 280	15 280	23 080	23 080	23 080	23 080	25 038	25 271	25 509
Using public tap (< min.service level)	3	6 253	6 253	6 800	6 800	6 800	6 800	768	773	780
Other water supply (< min.service level)	4	4 606	4 606	—	—	—	—	3 280	3 311	3 342
No water supply		—	—	—	—	—	—	798	808	813
<i>Below Minimum Service Level sub-total</i>		10 859	10 859	6 800	6 800	6 800	6 800	4 844	4 890	4 935
Total number of households	5	26 139	26 139	29 880	29 880	29 880	29 880	29 880	30 161	30 444
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		13 000	13 000	15 000	15 000	15 000	15 000	15 141	15 283	15 426
Flush toilet (with septic tank)		—	—	20	20	20	20	20	20	20
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		14 000	14 000	16 020	16 020	16 020	16 020	16 161	16 303	16 446
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	14 000	14 000	16 020	16 020	16 020	16 020	16 161	16 303	16 446
Energy:										
Electricity (at least min.service level)		3 000	3 000	3 000	3 000	3 000	3 000	3 600	3 850	4 200
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		3 000	3 000	3 000	3 000	3 000	3 000	3 600	3 850	4 200
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	3 000	3 000	3 000	3 000	3 000	3 000	3 600	3 850	4 200
Refuse:										
Removed at least once a week		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week		—	—	—	—	—	—	16 652	21 652	24 652
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	16 652	21 652	24 652
Total number of households	5	—	—	—	—	—	—	16 652	21 652	24 652
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided		—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	—	—	—	—	—	—	—	—
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided	6	—	—	—	—	—	—	—	—	—

References

1. Include services provided by another entity, e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service



LEPHALALE MUNICIPALITY



That in terms of the stipulations of Section 75A of the Local Government: Municipal Systems Act, 2000 the charges for the under mentioned consumer services be determined as follows for the 2017/2018 financial year (VAT excluded)

	TARIFFS 2015 / 2016	TARIFFS 2016 / 2017
1. PROPERTY RATES That the general rate for the tax period be determined as follows in terms of Sections 2 and 7 of the Local Government: Municipal Property Rates Act, 2004 on the market value of rateable immovable property situated in the Lephalale area of jurisdiction: cent for each Rand valued : A. Residential B. Business / Industrial C. Government D. Vacant / Open land E. Agricultural F. Education / Training G. Mining H. Communal land I. Public service infrastructure J. Privately owned towns K. State Trust land L. Formal / Informal Settlements M. Sectional Titles Exemptions, rebates and reductions on the payment of rates may only be granted in terms of Section 7.4 of the Municipality's Rates	0.0071 0.0079 0.0073 0.0100 0.0018 0.0053 0.0080 0.0073 0.0018 0.0073 0.0015 0.0073 0.0073	0.0076 0.0084 0.0078 0.0106 0.0019 0.0056 0.0085 0.0078 0.0019 0.0078 0.0016 0.0078 0.0078
2. CHARGES FOR WATER SUPPLY A. BASIC CHARGE A.1 A basic charge shall be payable per month by the owner where any erf, stand, lot or other area, with improvements, which is, or in the opinion of the Council can be connected to the main supply, whether water is consumed or not: (i) Lephalale Town (ii) Marapong (iii) Thabo Mbeki	46.32 41.18 41.18	50.03 44.47 44.47

A.2	(iv)	Indigents	R	20.60	22.25
	(v)	Villages	R	41.18	44.47
	(vi)	New Developments	R	68.65	74.14
			R	73.06	78.90
B. CHARGE FOR THE PROVISION OF WATER PER MONTH					
B.1	Domestic:				
	(i)	0 - 6kl, per kl:	R	4.87	5.26
	(ii)	Credit for first 6kl, per kl: (only for indigents)	R	4.87	5.26
	(iii)	7 - 20kl, per kl:	R	5.61	6.06
	(iv)	21 - 40kl, per kl:	R	6.17	6.66
	(v)	41 - 60kl, per kl:	R	6.70	7.23
	(vi)	61 - 120kl, per kl:	R	7.64	8.25
	(vii)	Above 120kl, per kl:	R	9.95	10.75
		Commercial, per kl:	R	7.30	7.88
		Unproclaimed areas and temporary consumers (whether from a temporary connection or fire hydrant), per kl:	R	9.57	10.34
B.2		Municipal, per kl:	R	4.81	5.19
B.3		Pipelines, per kl as per purchase price determined by Iscor.	R	4.75	5.13
B.4		Schools, pensioners and institutions, per kl:	R	4.75	5.13
B.5		That in terms of Section 75A of the Local Government Municipal Systems Act, 2000, the tariff per month be levied against every small business person who is using municipal water in the practising of his/her business.	R	154.44	166.79
B.6		Sport Club, per kl:	R	5.83	6.30
B.7		Fiat rate: Villages	R	22.98	24.82
C. CHARGES FOR WATER CONNECTIONS					
C.1		For the provision and laying of a 15mm or 20mm connection pipe and meter:	R	1 340.09	1 447.30
C.2		For the provision and laying of a connection pipe larger than 20 mm and a meter:		Actual cost plus 15%	Actual cost plus 15%
C.3		Reconnection fees:			

(i)	For the reconnection of a supply temporary disconnected on request of a consumer	R	145.50	217.41
(ii)	For the reconnection of a supply temporary disconnected as a result of non-payment of an account before or on the 15th day of each month or the non-compliance with any of the by-laws or regulations of the Council, as follows:			
	<u>Office hours:</u>			
	Domestic Consumers	R	154.44	217.41
	Commercial and other	R	212.78	370.64
	<u>After hours:</u>			
	Domestic Consumers	R	201.30	217.41
	Commercial and other	R	343.19	370.64

Except in the case of the Government of the Republic of South Africa (including the Provincial Administration and the South African Railway and Harbour Administration) or any other class consumer approved by the Council, every applicant for a supply must, before such supply takes place, deposit with the Council an amount on the basis of the cost of the maximum water consumption which the applicant, in the opinion of the Chief Financial Officer, shall likely consume during two consecutive months: provided that such amounts may not be less than:

TOWN & ONVERWACHT

Residential	R	1 060.00	1 200.00
Business/ Commercial	R	2 000.00	2 200.00
Employees	R	150.00	200.00
Flats	R	1 350.00	1 500.00
MAPONG & THABO MBEKI			
Residential	R	150.00	180.00
Business/ Commercial	R	865.00	1 000.00
Employees	R	150.00	200.00

D. SPECIAL METER READING

D.1	For the special reading of a meter on request of a consumer:	R	154.44	166.79
D.2	For the re-reading of a meter on request of a consumer where a reading of the meter is in dispute and the reading is	R	240.23	259.45

E. TESTING OF METERS

E.1	For the testing of meters up to sizes of 25mm supplied by the Council on request of a consumer:	R	257.40	277.99
E.2	For the testing of a meter supplied by the Council where the functioning is in dispute, and where it is found that the meter does not show an error of more than 5 percent:	R	428.98	463.30
E.3	For the testing of private meter of sizes 15mm, 20mm or 25mm:	R	223.07	240.92
E.4	For the testing of a meter of all sizes over 25mm and for a special test, such price as be determined by the Council's Manager: Technical Services, having regard to the size of the meter and/or the nature of the test, not less than :	R	223.07	240.92

F. INSTALLATION OR REMOVING OF A METER

For the installation or removing of a meter on request of the consumer:

TAMPER WITH METER

Any sign indicating tampering with the meter by the consumer, will be fined with :
Residential
Commercial and Industrial

R	223.07	240.92
R	1 372.77	1 482.59
R	2 477.43	2 675.63
R	0.84	0.84
R	1.06	1.08
R	1.44	1.49
R	1.78	1.82
R	100.54	102.43
R	700.00	700.00
R	1.57	1.63
R	2 000.00	2 000.00
R	173.91	178.82
R	0.99	1.01
R	1 800.00	1 800.00
R	164.07	168.70
R	0.92	0.95

CHARGES FOR ELECTRICITY SUPPLY

A. Domestic Tariffs

A.1 Domestic Prepaid & Conventional

Block 1 (0-50 kWh)
Block 2 (51 - 350 kWh)
Block 3 (351 - 600 kWh)
Block 4 (>600)

Basic Charge:

**A.2 Commercial Tariffs
A.2.1 Commercial Prepaid & Conventional**

Basic Charge:
Energy charge:

A.3 Industrial Tariffs

A.3.1 Industrial Low Tension Prepaid & Conventional

Basic Charge
Demand Charge
Energy Charge

A.3.2 Industrial High Tension Prepaid & Conventional

Basic charge:
Demand Charge:
Energy Charge

E. CONNECTION FEES

Connections within the municipal boundaries, as well as the temporary consumers and pre-paid consumers will be liable to the following stipulations:		
E.1	A levy is payable by the consumer for every connection to the main supply of the Municipality and such levy will include	
E.2	The consumer's main supply cable will be connected to the supply cable of the Council.	364.98
E.3	A bulk consumer must build a suitable building for a substation with a separate suitable room to house the switch gear and meter equipment of the Council when required by the Manager Technical Services.	
E.4	The construction and situation of each connection must be approved by the Manager Technical Services of the	388.34

F. RECONNECTION FEES				
F.1	For the reconnection of a supply temporarily disconnected on request of a consumer or contractor, except where the consumer or contractor request a disconnection to safeguard people or equipment.	406.61		655.00
F.2	For the reconnection of a supply, temporary disconnected, as a result of non payment an account before or on the 15 th day of each month or the non compliance of the by-laws or regulations of the Council.			
	Domestic	509.31		655.00
	Commercial and Bulk	509.31		1 053.00
F.3	For the investigation of a complaint of a consumer of an electricity interruption where it is found that the interruption in the electricity supply was caused by a fault in the installation of the consumer or by the malfunction of an apparatus used by the consumer in the installation:			
	(i)	406.61		655.00
	(ii)	496.82		1 053.00
G. SPECIAL READING OF METERS				
	For a special or re - reading of a meter at the request of a consumer and when the reading is confirmed to be in order :	406.61		414.26
H. TESTING METERS				
	The following charges are payable in advance for the testing of a meter:	406.61		414.26
I. INSPECTION OF INSTALLATIONS				
	Inspection of installation on request. Only visual inspection :	406.61		414.26
J. DEPOSIT				
	TOWN AND ONVERWACHT			
	Residential	1 135.00	R	1 200.00
	Business/ Commercial	2 155.00	R	2 200.00
	Employees	150.00	R	180.00
	Flats	1 455.00	R	1 500.00
L. GENERAL				
	Tampering & Penalties			

CHARGES FOR REFUSE REMOVAL

A. REFUSE REMOVAL PER CONTAINER PER MONTH

Tyre: Rim size up to 110cm in diameter(Normal truck tyre)	R	35.19	37.45
Tyre: Rim size up to 116cm in diameter(earthmoving tyre)	R	281.55	299.56
Tyre cut or shredded per 1 000 kg or part thereof	R	211.16	224.67
Disposal charge for less than 1 000kg of waste	R	-	-
Disposal charge for 1 000kg- 1500kg of waste	R	132.80	141.30
Disposal charge for 1 501kg - 2 000kg of waste	R	199.21	211.96
Disposal charge for 2 001kg - 5 000kg of waste	R	332.01	353.26
Disposal charge for 5 001kg - 10 000kg of waste	R	531.22	565.22
Disposal charge for more than 10 000kg of waste	R	796.83	847.82
Additional Refuse Removal of twice a week	add R106.17 to normal tariff		add R112.65 to normal tariff
Additional Refuse Removal of 3 X a week	add R300.83 to normal tariff		add R305.68 to normal tariff
Additional Refuse Removal of 4 X a week	add R401.10 to normal tariff		add R425.57 to normal tariff
Additional Refuse Removal of 5 X a week	add R500.49 to normal tariff		add R553.60 to normal tariff
Additional Refuse Removal of 6 X a week	add R601.66 to normal tariff		add R638.36 to normal tariff
Additional Refuse Removal of 7 X a week	add R701.93to normal tariff		add R744.75 to normal tariff
Disposal of General waste weighing between 1 and 100 KG	R	125.29	133.31
Disposal of General waste weighing between 100 and 200 KG	R	187.93	199.96
Disposal of General waste weighing between 200 and 300 KG	R	250.57	266.61
Disposal of General waste weighing between 300 and 400 KG	R	375.86	399.92
Disposal of General waste weighing between 400 and 500 KG	R	501.15	533.22
Disposal of General waste weighing between 500 and 600 KG	R	626.44	666.53
Disposal of General waste weighing between 600 and 700 KG	R	751.72	799.83
Disposal of General waste weighing between 700 and 800 KG	R	877.01	933.14
Disposal of General waste weighing between 800 and 900 KG	R	1 002.30	1 066.45
Disposal of General waste weighing between 900 and 1000 KG	R	1 127.59	1 199.75
Disposal of General waste weighing between 1000 and 5000 KG	R	1 879.31	1 999.58
Disposal of General waste weighing between 5000 and 10000 KG	R	3 132.18	3 332.64
Disposal of General waste weighing between 10000 and 20000 KG	R	4 009.19	4 265.78
Disposal of General waste weighing more than 20 000KG by business	R	5 637.93	5 998.75
Refuse transportation permit	R	626.44	666.53
Adverts on municipal refuse bin	R	1 002.30	1 066.45
	R	171.64	182.63

B. SPECIAL REFUSE REMOVAL SERVICES

Per 1m; or part thereof:

C. REMOVAL OF REFUSE IN DISTRICT

Actual Cost as quoted by Mananger Social & Community Services.

5. CHARGES FOR SEWER

A. LEPHALALE

A.1	Basic Charge			
	A basic charge for all available street sewers, per erf, per month:			
	(i) Residential	R	188.19	181.64
	(ii) Commercial	R	433.92	468.63
A.2	Additional Charges			
	For the first two toilets or urinals, per erf, per year:	R	528.49	570.77
	Thereafter, per toilet or urinal, per erf, per year:	R	283.12	305.77

A.3	Charges for Work			
	(i) Sealing of connections, if the Council seals it in terms of Regulation P5 of the National Building Regulations, 1977, per connection:	R	157.27	169.85
	(ii) Removing of blockage in terms of Section 4(1) of the Drainage By-laws: - plus costs of material and labour for such removal , as determined by the Manager: Technical Services.	R	148.59	160.47

	(iii) Providing of connections in terms of Regulation P1 of the National Building Regulations, 1977 for 100 mm and 150 mm connections :		Actual cost plus 15%	Actual cost plus 15%
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(iv) Where the Council installs a sewerage scheme, every erf, whether or not there are any improvements on it, shall be provided with a connection and the charges thereof shall be included in the tender amount and form part of the contract. In such cases the first connection shall be free of charge, but should a second connection in a different position be requested, the charges in terms of sub item (C.3.1) shall be applicable.

B. MARAPHONG

B.1 Basic Charge

A basic charge for all available street sewers, per erf, per month:

(i)	Marapong Town					
	Residential:			R	77.20	83.38
	Commercial:			R	402.75	434.97
	Indigents:			R	14.03	15.15
				R	14.03	15.15
(ii)	Marapong Extension 1					
	Residential:			R	77.20	83.38
	Commercial:			R	402.75	434.97
	Indigents:			R	14.03	15.15
				R	14.03	15.15
	Marapong Extension 2					
	Residential:			R	77.20	83.38
	Commercial:			R	402.75	434.97
	Indigents:			R	14.03	15.15
				R	14.03	15.15
	Marapong Extension 3					
	Residential:			R	77.20	83.38
	Commercial:			R	402.75	434.97
	Indigents:			R	14.03	15.15
				R	14.03	15.15
	Marapong Extension 3					
	Residential:			R	77.20	83.38
	Commercial:			R	402.75	434.97
	Indigents:			R	14.03	15.15
				R	14.03	15.15
B.2	Additional Charges					
	(i)	For the first two toilets or urinals, per erf, per year:		R	391.74	423.07
	(ii)	Thereafter, per toilet or urinal, per erf, per year:		R	210.57	227.42
B.3	Charges for Work					
	(i)	Sealing of connections, if the Council seals it in terms of Regulation P5 of the National Building Regulations, 1977, per connection:		R	154.32	166.66
	(ii)	Removing of blockage in terms of Section 4(1) of the Drainage By-laws: - plus costs of material and labour for such removal , as determined by the Manager: Technical Services.		R	154.32	166.66

		Actual cost plus 15%	Actual cost plus 15%
(iii)	Providing of connections in terms of Regulation P1 of the National Building Regulations, 1977: 100 mm and 150 mm connections :		
(iv)	Where the Council installs a sewerage scheme, every erf, whether or not there are any improvements on it, shall be provided with a connection and the charges thereof shall be included in the tender amount and form part of the contract. In such cases the first connection shall be free of charge, but should a second connection or a connection in a different position be requested, the charges in terms of sub-item (C.3.1) shall be applicable.		
C. VILLAGES			
C.1 BASIC CHARGES			
(i)	Residential:	48.96	52.88
(ii)	Commercial:	34.13	36.86
(iii)	Indigents:	35.61	38.46
C.2 ADDITIONAL CHARGES			
(i)	For the first two toilets or urinals, per erf, per year:	33.59	36.28
(ii)	Thereafter, per toilet or urinal, per erf, per year:	44.50	48.06
D. NEW DEVELOPMENTS			
D.1 BASIC CHARGES			
(i)	Residential:	216.63	233.96
(ii)	Commercial:	56.39	60.90
(iii)	Indigents:	59.35	64.10
D.2 ADDITIONAL CHARGES			
(i)	For the first two toilets or urinals, per erf, per year:	62.32	67.30
(ii)	Thereafter, per toilet or urinal, per erf, per year:	71.21	76.91
E. VACUUM TANK SERVICES			
E.1	The maximum radius from the municipal workshop to place of service is 25KM.		

(i)	For every kilolitre or part thereof:	R	32.64	35.25
(ii)	For every machine hour of service or part thereof	R	204.77	221.15
		R	42.11	45.48
		R	0.59	0.64

F. DISPOSAL OF SEWER

The Disposal of Sewerage into Municipal sewer treatment plant or system per kl
The Sewage Road hauling Using Municipal Vacuum jet truck at 6000 litre capacity

CHARGES FOR BUILDING SERVICES (VAT EXCLUDED)

6.

LAND USE APPLICATIONS				
APPLICATION TYPE		2016/2017	2017/2018	
1	Subdivision of land provided for in land use scheme or town planning scheme	R 914.80	R 973.35	
2	Consolidation of land	R 653.60	R 695.43	
3	Subdivision and consolidation of land	R 1 568.40	R 1 668.78	
4	The removal, amendment or suspension of a restrictive title condition relating to the density of residential development	1238.74	R 1 318.02	
5	Temporary use: prospecting rights	1290.00	R 1 372.56	
6	Temporary use: other rights (Townships)	R 915.50	R 971.35	
7	Temporary use: other rights (Agricultural use zone/farm portions)	R 2 949.40	R 3 129.31	
8	Material amendments to original application prior to approval/refusal	50% of original application fee	50% of original application fee	
9	Application for the relaxation of building line	R1969,60 plus R61,10/m²	R2089,75,60 plus R64,83/m²	
10	If a building line is transgressed without prior approval and the applicant wants to legalize the situation	R3 938,10 plus R123,30/m²	R4 178,33 plus R130,82/m²	
11	Relaxation of height restrictions	R 1 211.00	R 1 288.50	
12	Erection of a second dwelling unit	R 1 185.00	R 1 260.84	
13	Consent use (Townships)	R 1 769.62	R 1 882.88	
14	Consent use (Agricultural use zone/farm portions)	R 2 614.33	R 2 781.65	
15	Consideration of a Site Development Plan	R 1 192.00	R 1 268.29	
16	Extension of validity period of approval	R 1 185.00	R 1 260.84	

17	Certificates: (a) Zoning certificate (per certificate) (b) Any other certificate Per certificate	R 0.00 R 130.80 R 139.17 R 276.15 R 3 703.78 R 1 882.22 R 273.45
18	Public hearing and inspection	R 3 481.00
19	Reason for decision of municipal planning tribunal, and development	R 1 769.00
20	Re-issuing of any notice of approval of any application	R 257.00
21	Way leave application (application to determine where the Council's services are located or a specific area where new services are to be installed)	R 2 509.00
22	Any other application not provided for elsewhere in this schedule of fees	R 3 481.00 R 2 669.58 R 3 703.78

LAND DEVELOPMENT APPLICATIONS		
1	Establishment of a township	R 12 525.00 R 13 326.60
2	Extension of the boundaries of a township	R 12 525.00 R 13 326.60
3	Division of township	R 12 525.00 R 13 326.60
4	Phasing/cancellation of approved layout plan	R 1 593.00 R 1 694.95
5	Amendment of a township establishment application	R 0.00
6	a) if already approved by the Municipality b) if not already approved by the Municipality	R 12 525 R 3 800.00 R 4 043.20 R 5 092.00 R 5 417.89
7	Rezoning per erf	R 1 238.74 R 1 318.02
8	Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of land	R 1 755.00 R 1 867.32
9	Amendment or cancellation of a general plan of a township	R 3 800.00 R 4 043.20
10	Division of farm land	R 914.80 R 973.35
11	Subdivision of land	R 653.60 R 695.43
12	Consolidation of land	R 2 496.36 R 2 656.13
13	Simultaneous consolidation & subdivision	R 531.00 R 564.98
14	Permanent closure of a public place (per closure)	R 5 092.00 R 5 417.89
15	Development on communal land	50% of original application fee 50% of original application fee
COPIES		
1	Material amendments to original application prior to approval/refusal	R 1,22 per A4 page for black and white R 1,30 per A4 page for black and white
2	Copy of Scheme Clauses (Hard)	R 1,22 per A4 page for black and white R 1,30 per A4 page for black and white
3	Copy of the Spatial Development Framework - Document (Hard)	R 1,22 per A4 page for black and white R 1,30 per A4 page for black and white
3	Copy of Spatial Development Framework - Compact disk	R 82.60 R 87.65

PLACEMENT NOTICES		
Provincial Gazette, Local newspaper	R244,40 plus the	R260 plus the actual

OUTDOOR ADVERTISING			
Pamphlets			
	Irrecoverable inspection fee of R314.80 for any form of advertising plus R314.80 for every 1000 or part of that number.	Irrecoverable inspection fee of R334.00 for any form of advertising plus R334.00 for every 1000 or part of that number.	Removal by the municipality plus R668.43
Pavement posters notices and lamposts	A) An irrecoverable inspection fee of R314.80 for any form of advertising plus a deposit of R16.80 per poster. B) Agreement with the municipality for the use of municipal property plus.	A) An irrecoverable inspection fee of R334.00 for any form of advertising plus a deposit of R17 per poster. B) Agreement with the municipality for the use of municipal property plus.	1. Removal plus R62.92 of per poster 2. Removal of posters: R62.92 per poster that has been approved but not removed 3 (three) days after the event
banners, flags and inflables		Irrecoverable inspection fee of R316.40 for any form of advertising plus R382.17 for a banner smaller than 2sqm. R764.35.40 for a banner larger than 2sqm.	Removal plus R716.60 for a banner smaller than 2sqm and R1433.20 for a banner larger than 2sqm.
Municipal advertisement walls		R26 611.05 per year (the advertising sign to be provided by the applicant)	Removal by the municipality plus R5322.30 per sign
Illuminated indicator with limited advertising space	R25081.10 per year (the advertising sign to be provided by the applicant)	As per concluded agreement with the Municipality	As per concluded agreement with the Municipality
Super billboards		R3562.70 plus an amount of R292.60/sqm	Removal plus R5930.0
Custom made billboards		R2971.70 plus an amount of R247.60/sqm	Removal plus R6291.73

Large billboards	R2352.90 plus an amount of R217.40/sqm	R2496.43 plus an amount of R230.66/sqm	Removal by the municipality plus R4992.85 per sign
Small billboards	R1884.10 plus an amount of R202.0/day	R1999.03 plus an amount of R214.32/day	Removal plus R1890.07
Larger posters and signs on street furniture	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Suburban signs	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Estate agents boards	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Estate Agent Registration fee/ annum for display of an show' boards	R 1 248	R 1 324	Removal by the municipality plus R2519.98 per sign
Sale of goods property or livestock signs	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Project boards	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Temporary window signs	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Street name advertisement signs	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Neighbourhood watch signs relating to similar schemes	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Sky signs	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Roof signs	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Flat signs	R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign

Projecting signs		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Veranda balcony, canopy and underawning signs		R947.80 plus an amount of R189.50/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Signs painted on walls and roofs		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign

Window signs				Removal by the municipality plus R1890.07 per sign
Signs incorporated in the fabric of building		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Signs on forecourts and pavements of business premises		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Signs for residential - oriented land use and community services		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
On premises business sign		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Signs on towers, bridges and pylons		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Signs on construction site boundary walls and fences		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Sponsored road traffic projects signs		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Services facility signs		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Functional advertising signs by public bodies		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Aerial signs		R1010.30 plus an amount of R202.0/sqm	R1071.93 plus an amount of R214.32/sqm	Removal by the municipality plus R1890.07 per sign
Vehicular advertising		R3138.10 per sign As per traffic department/division	R3329.53 per sign As per traffic	Removal by the municipality plus R3991.70.2 payable per sign
Trailer advertising		R1869.80 plus an amount of R203.90/day amount	R1983.86 plus an amount of R216.35/day amount	Removal by the municipality plus R3991.70.2 payable per sign
Other		R1869.80 plus an amount of R203.90/day amount	R1983.86 plus an amount of R216.35/day amount	Removal by the municipality plus R3991.70.2 payable per sign

Penalty for erecting without municipal approval			R25 per poster, R1600 boards, billboard R5500, banner R1200
25% of nett profits per erected billboard structure and Ad-lytes be paid to council on monthly or annual basis			25% of nett profit

PROPOSED TARRIFS: BUILDING CONTROL

ACTIVITY	CURRENT FEES	PROPOSED FEES
Building work without approved building plans	R 11 864.30	12 623.6
Building in contravention of a notice counted on each day from the date of the first notice	R 1 314.32	1 398.4
Minor building work	R 131.46	139.9
Occupancy or use of building without an Occupation Certificate	R 2 628.54	2 796.8
Preventing the local authority's official in the execution of his/her duties.	R 6 571.42	6 992.0
Failure to give notice of intention to erection or demolition of a building, and a notice of inspections. A22	R 2 628.54	2 796.8
Use of a building for the purpose other than the purpose shown on the approved plans. A25(2)	R 1 971.38	2 097.5
Deviation from approved building plans without approval thereof. A25(5)	R 1 971.38	2 097.5
Failure to comply with provision of any notice issued in terms of Regulation A25 General Enforcement	R 1 971.35	2 097.5
Failure to apply for written permission for demolition. E1	R 1 314.32	1 398.4
Failure to safeguard demolition work. E1(3)	R 2 628.54	2 796.8
Failure to comply with any provision of or any notice issued in terms of Regulation F1 Protection of the public.	R 2 628.54	2 796.8
Failure to comply with a notice to remove waste material on site. F8	R 1 316.56	1 400.8
Failure to comply with any provision of or any notice issued in terms of Regulation F10 Builder's sheds	R 1 314.32	1 398.4
Failure to comply with any provision of or any notice issued in terms of Regulation F11 Sanitary facilities.	R 1 314.32	1 398.4

Failure to comply with any provision of or any notice issued in terms of Regulation P1 Compulsory drainage of buildings.	R	1 314.32	1 398.4
Failure to comply with any provision of or any notice issued in terms of Regulation P3 Control of objectionable discharge.	R	6 571.42	6 992.0
Failure to comply with any provision of or any notice issued in terms of Regulation P4 Industrial effluent.	R	1 314.32	1 398.4
Failure to comply with any provision of or any notice issued in terms of Regulation P5 Disconnections.	R	1 314.32	1 398.4
Failure to comply with any provision of or any notice issued in terms of Regulation P6 Unauthorized drainage work.	R	1 314.32	1 398.4
Failure to comply with any provision of or any notice issued in terms of Regulation P7 Inspection and testing of drainage installations.	R	1 314.32	1 398.4
Failure to comply with any provision of or any notice issued in terms of Regulation F5 Soil poisoning.	R	1 314.32	1 398.4

Practising the trade of plumbing without authority. A18	R	2 628.54	2 796.8
Extension of time to commence with building work	R	667.17	699.2
For every re-inspection	R	262.92	278.7
Basic levy: Building plan fees	R	328.53	349.6
Minor building work	R	328.53	349.6
Alterations	R	65.72	69.9
Additions	R	65.72	69.9
Minimum charge for additions and alterations to existing buildings	R	328.53	349.6
The charges payable for the building plan of a building with regard to a low cost	R	65.72	69.9
Charges payable for submission of New Building Plans		86.60/10m2	91.88/10m2
PROPOSED TARIFFS: HAWKERS STALLS			

Attention.

ACTIVITY	CURRENT FEES	PROPOSED FEES
7 x Marapong stalls	R 111.30	118.42
14 x Shoprite/Boxer Stalls	R 111.30	118.42
10 x Thabo Mbeki Stalls	R 111.30	118.42
6 x Shongoane taxi rank stalls	R 111.30	118.42

7. CHARGES FOR CEMETRY

That in terms of the stipulations of Section 75A of the Systems Act, 2000, the charges for the cemetery be determined as follows: (VAT

A. PURCHASE OF GRAVE AND INTERMENT

The following charges are payable for the purchase of a grave for immediate use as well as for a grave that has been

A.1

BURIAL FEE: 6 FEET

RESIDENTS

Adult:

Child:

A1.1
(i)

1 434.59
956.39

667.79
508.80

BURIAL FEE: 8 FEET

Adult

Child

A1.2

(i)
(ii)

2 151.88
1 075.94

2 151.88
1 075.94

BURIAL FEE IN RESERVED GRAVE(OPENING) 6 FEET

A.1.3

667.79

A.1.4	BURIAL FEE IN RESERVED GRAVE(OPENING)8 FEET	1 195.49	1 195.49	1 195.49
	RESERVATION OF GRAVE 6 FEET	381.60	657.52	381.60
	RESERVATION OF GRAVE 8 FEET	956.39	956.39	956.39
	MEMORIAL WALL			
A.1.5	Vault space with granite tile excluding engraving	1 907.99	1 793.23	1 907.99
A.2	MARAPONG, STEENBOKPAN AND THABO MBEKI CEMETERIES			
	BURIAL FEE: 6 FEET			
	Adult	667.79	627.63	667.79
	Child	508.80	478.20	508.80
A.2.2	BURIAL FEE IN RESERVED GRAVE OPENING			
	Adult	667.79	478.20	667.79
	Child			
A.2.3	RESERVATION OF GRAVE			
	Adult	381.60	358.65	381.60
	Child			
A.3	RUPERT STREET CEMETERY			
	BURIAL FEE: UNRESERVED GRAVE:6 FEET OPENING			
	Adult	1 017.59	956.39	1 017.59
	Child	699.60	657.52	699.60
A.3.2	RESERVATION			
	Adult			
	Child			
A.4	PIONEER CEMETERY			

A.5	MISCELLANEOUS		Closed for burials and reservations		
	A.5.1	For aperture of larger and deeper dimensions than prescribed in the By laws			
	(i)	Width (>800mm), and Length (>2300mm) 6Feet		836.84	836.84
	(ii)	Width (>800mm), and Length (>2300mm) 8Feet		1 075.94	1 144.80
	A.5.2	For the consideration of approval of a plan for a memorial stone		95.64	101.76
B.	A.5.3	Definition of a child: To be under the age of 12 years			
	A.5.4	Cost for non-residents are to be twice (double) any residents tariffs			
	B. CHARGES FOR REMOVAL OF GARDEN REFUSE				
	B.1	3 - 3,5 ton truck fully loaded or portion thereof	R	2 390.98	2 544.00
C. RESERVATION OF FACILITIES: THABO MBEKI, GA-SELEKA AND SHONGOANE SPORTS STADIUM					
C.1	<u>Fees</u>				
	Day tariff (between sunrise and sunset) (NO LIGHTS)		R	1 195.49	1 272.00
	Night tariff (after sunset until 24:00)		R	1 793.23	1 908.00
	Day/night combo		R	2 390.98	2 544.00
	All events other than sporting events (Ga-Seleka only)		R	-	10 000.00
	Thabo Mbeki Community Hall		R	-	500.00
	Mokuruanyane Community Hall		R	-	300.00
	Steenbokpan Community Hall		R	-	300.00
	<u>Deposits (Refundable)</u>				
	Day tariff (between sunrise and sunset) (NO LIGHTS)		R	-	1 272.00

8.	Night tariff (after sunset until 24:00)	R	-	1 908.00
	Day/night combo	R	-	2 544.00
	All events other than sporting events (Ga-Seleka only)	R	-	10 000.00
<u>CHARGES FOR MISCELLANEOUS SERVICES (VAT EXCLUDED)</u>				
A.	Any certificate in terms of the Local Government Ordinance, 1939, or under any other Ordinance or Act, applicable to the Council, for	R	21.52	22.90
	B. Copies of or extracts from the minutes of the annual statement or extract of the accounts of the Council and copies of the report of	R	21.52	22.90
	C. For the written furnishing of information:			
	C.1 of any name, either of a person or property;			
	C.2 or any address;			
	C.3 of the number of any erf;			

C.4	of any valuation of every separate surveyed erf, with or without improvements thereof;			
	by standard form, letter, folio or otherwise, containing a maximum of four of any one or more of the above-mentioned sub-items:	R	39.45	41.98
D.	The inspection of any deed, document or diagram or any details relating thereto:	R	22.71	24.17
E.	Written information (other than that referred to in items A, B, D, G and H), in addition to the fees prescribed in terms of items 4 and 6,	R	22.71	24.17
F.	Any continuous search for information, per hour:	R	82.49	87.77
G.	Any set of by-laws or regulations or amendments thereto, in terms of, per folio:	R	22.71	24.17
H.	For the reproduction of plans/information:			
H.1	Plans - each			
	(i) AO Paper	R	60.19	64.05
	(ii) AO Film	R	173.08	184.16
	(iii) A1 Paper	R	37.62	40.03
	(iv) A1 Film	R	97.83	104.09
	(v) A2 Paper	R	30.09	32.02
	(vi) A2 Film	R	60.16	64.01
H.2	Enlargements / reductions : - plus paper size	R	60.19	64.05
H.3	Photostatic copies, each			
	(i) A4:	R	1.32	1.40
	(ii) A3:	R	1.91	2.04
H.4	Valuation roll			
	(i) Copies of the complete valuation roll, each:	R	602.05	640.58
	(ii) Copies of the valuation roll, per page:	R	22.71	24.17
	(iii) Copies of valuation roll, wards:	R	52.60	55.97
H.5	Faxes			
	(i) Sending of A4 per page:	R	3.59	3.82
	(ii) Receipt of A4 per page:	R	2.99	3.18
H.6	Tender documents			
	Below R1 Million	R	150.00	200.00
	Above R1 Million	R	250.00	350.00
	Between R 30 000 and R 200 000 (RFQ)	R	-	50.00

R	-	50.00
R	-	500.00
R	211.00	224.51
R	283.93	302.10
	18%	18%

Supplier Database Entry form

H.7 Opening of Consumer account

Administration Fee

I. Re-inspection fees in terms of Regulation 4(6) of the National Regulations for Food Premises (R918 of 30 July 1999):

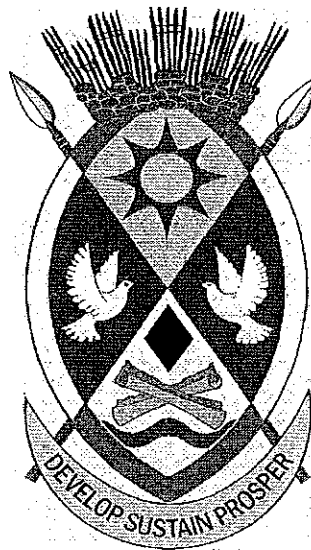
I.1 Formal food premises:

I.2 Informal food premises:

J. That the determination of rates of interest in respect of overdue rates and taxes and sewerage in terms of Section 27 of the Local Authorities Rating Ordinance, 1977 as well as the interest on overdue debtors, be determined at : - per annum.

LEPHALALE

LOCAL MUNICIPALITY



TARIFF POLICY

TARIFF POLICY

To provide for the control over determination of tariffs in the Lephalale Local Municipality; and for matters connected therewith.

BE IT ENACTED by the Lephalale Local Municipality, as follows:-

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CHAPTER 1

DEFINITIONS AND APPLICATION

1. Definitions

In this policy, any word or expression to which a meaning has been assigned in the Municipal Systems Act, 2000 (Act No. 32 of 2000) (herein referred to as the “**Act**”) bears the same meaning, and unless the context otherwise indicates –

“**Annual budget**” shall mean the budget approved by the municipal Council for any particular financial year, and shall include any adjustments to such budget.

“**Basic municipal services**” shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

“**Policy**” shall mean policy approved by the Council of the municipality, and which shall be binding on the municipality and on the persons and institutions to which it applies.

“**Consumer price index**” shall mean the CPIX as determined and gazetted from time to time by the South Bureau of Statistics.

“**Councillor**” shall mean a member of the Council of the municipality.

“**Domestic consumer or user**” of municipal services shall mean the person or household which municipal services are rendered in respect of “residential property” as defined below.

“**Financial year**” shall mean the period starting from 1 July in any year and ending on 30 June on the following year.

“**Integrated development plan**” shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000.

“**Local community**” or “**community**”, in relation to the municipality, shall mean that body of persons comprising the residents of the municipality, the ratepayers of the municipality, any civic organisations non- and governmental, private sector or labour organisations or bodies involved in local affairs within the municipality, and visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality.

“**Month**” means one of twelve months of a calendar year.

“**Municipality**” or “municipal area” shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the municipality.

“**Municipal council**” or “**council**” shall mean the municipal Council as referred to in Section 157(1) of the Constitution.

“**Municipal entity**” shall mean (a) a company, co-operative, trust, fund or any other corporate entity established in terms of any applicable national or provincial legislation, and which operates under the ownership control of one or more municipalities; or (b) a service utility.

“Municipal manager” shall mean the person appointed in terms of Section 82 of the Municipal Structures Act, 1998.

“Municipal service” has the meaning assigned to it in terms of Section 1 of the Municipal Systems Act.

“Municipal tariff” shall mean a tariff for services which the municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the municipality in respect of other services supplied including services incidental to the provision of the major services.

2. Application of the policy

(1) This policy only applies in respect of the tariffs the municipality set: –

- (a) Electricity
- (b) Water
- (c) Refuse Removal
- (d) Sewerage

(2) This policy also applies to any municipal service provided through pre-paid meters, in so far as the policy may be relevant.

CHAPTER 2

GENERAL CONDITIONS

3. Services Charge

- (a) Service tariffs imposed by the local municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).
- (b) The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- (c) Tariffs for the four major services rendered by the municipality, namely:
 - 1. Electricity
 - 2. Water
 - 3. Sewerage
 - 4. Refuse Removal
- (d) The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- (e) The municipality shall develop, approve and at least annually review an Indigency Support Programme for the municipal area. This programme shall clearly stipulate the municipality's cost recovery plan in respect of the tariffs which it levies on registered indigents, and the implications of such policy on the tariffs which it imposes on other users and consumers in the municipal region.
- (f) In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.
- (g) The municipality's tariff policy shall be transparent. The extent to which there is cross-subsidization between categories of consumers or users shall be evident to all consumers or users of the service in question. Inclining block tariffs shall be applied on all domestic consumers.
- (h) The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.
- (i) The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- (j) 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. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.

- (k) The municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with its appropriate policies. Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.
- (l) In considering the costing of its water, electricity and sewerage services, the municipality shall take due cognizance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services.
- (m) The municipality's tariffs for electricity services will be determined to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall therefore install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

4. Calculation of Tariffs for Major Services

In order to determine the tariffs which must be charged for the supply of the four major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:

- (a) Cost of bulk purchases in the case of water and electricity.
- (b) Distribution costs.
- (c) Distribution losses in the case of electricity and water.
- (d) Depreciation expenses.
- (e) Maintenance of infrastructure and other fixed assets.
- (f) Administration and service costs, including:
 - (i) service charges levied by other departments such as finance, human resources and legal services;
 - (ii) reasonable general overheads, such as the costs associated with the office of the municipal manager;

- (iii) adequate contributions to the provisions for bad debts and obsolescence of stock;
 - (iv) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).
- (g) The intended surplus to be generated for the financial year, such surplus to be applied:
- (i) as an appropriation to capital reserves; and/or
 - (ii) generally in relief of rates and general services.
- (h) The cost of approved indigency relief measures.

5. Structure of Tariffs

- (a) The Municipality shall provide the first 50kWh of electricity per month and the first 6 kl of water per month free of charge to all consumers registered as indigents in terms of the municipality's indigency relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the Council deems such relief affordable in terms of each annual budget, but on the understanding that such relief shall not be less than a discount of 50% on the monthly amount billed for the service concerned.
- (b) Tariffs for pre-paid meters shall be the same as the ordinary consumption tariffs levied on the category of consumer concerned.
- (c) Basic charges for water, electricity and sewerage shall be levied to the owner on all properties.
- (d) On sectional titles, the Body corporate shall pay basic charges for per unit water, electricity, sewerage and refuse removal.

CHAPTER 3

CATEGORIES OF CONSUMPTIONS AND CHARGES

6. Electricity

- (a) The various categories of electricity consumers, as set out in sub-section (c) below, shall be charged at the applicable tariffs, as approved by the Council in each annual budget.
- (b) Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter.
- (c) Categories of consumption and charges shall be as follows:
 - 1. With the exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
 - 2. All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive the first 50kWh (fifty) of electricity consumed per month free.
 - 3. All commercial, industrial and other non-domestic properties shall additionally be billed a monthly basic charge per meter installed and, where applicable, a demand charge appropriate to their respective levels of consumption.

7. Water

- (a) The categories of water consumers as set out in sub-section (c) below shall be charged at the applicable tariffs, as approved by the Council in each annual budget.
- (b) Tariff adjustments shall be effective from 1 July each year.
- (c) Categories of consumption and charges shall be:
 - 1. All domestic water consumers registered as indigents with the municipality shall receive the first 6 (six) kl of water consumed per month free. Thereafter a stepped tariff per kl as determined by the Council from time to time shall be applicable on metered water consumption.
 - 2. All other domestic consumers shall be charged for actual water consumption at a stepped tariff per kl as determined by the Council from time to time.
 - 3. All other consumers, including businesses, industries and institutional consumers shall pay the same fixed tariff per kl, irrespective of the volume of water consumed.
 - 4. A basic charge per water meter, as determined by the Council from time to time, shall be charged on all businesses, industries and institutional consumers.

8. Refuse removal

- (a) The categories of refuse removal users as set out in sub-section (c) below shall be charged at the applicable tariffs, as approved by the Council each annual budget.
- (b) Tariff adjustments shall be effective from 1 July each year.
- (c) A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:
 - a) Domestic and other users
 - b) Business and other users
- (d) Registered indigents may receive such discount on this charge as the Council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed as a refuse removal charge.

9. Sewerage

- (a) The categories of sewerage users as set out in sub-section (c) below shall be charged per month at the applicable tariff as approved by the Council in each annual budget.
- (b) Tariff adjustments will be effective from 1 July each year.
- (c) Categories of usage and charges shall be:
 - 1. A basic (availability) charge per month shall be charged for undeveloped erven, irrespective of their permitted or intended use.
 - 2. Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed for this service.
 - 3. A fixed monthly charge based shall be charged for domestic users plus an additional charge based on the number of sewer points.
 - 4. A fixed monthly charge based on the costs of the service per sewer point/toilet shall be charged to all businesses, industries and institutional users.
 - 5. 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 the purification.

CHAPTER 4

MISCELLANEOUS TARIFFS

10. Standardization

- (a) All miscellaneous tariffs shall be standardized within the municipal region.
- (b) All miscellaneous tariffs shall be approved by the Council in each annual budget, and shall, when deemed appropriate by the council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
- (c) All miscellaneous tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

11. Subsidized Services

- (a) The following services shall be considered as subsidized services, and the tariffs levied shall cover 50% or as near as possible to 50% of the annual operating expenses budgeted for the service concerned:
 - (i) burials and cemeteries
 - (ii) rentals for the use of municipal sports facilities.

12. Community Services

- (a) The following services shall be considered as community services, and no tariffs shall be levied for their use:
 - (i) disposal of garden refuse at the municipal tip site
 - (ii) municipal reference library
 - (iii) municipal lending library
 - (iv) municipal botanical garden, and all other parks and open spaces.

13. Economic Services

- (a) The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:
 - (i) maintenance of graves and garden of remembrance (cremations)
 - (ii) housing rentals
 - (iii) rentals for the use of municipal halls and other premises (subject to the proviso set out below)
 - (iv) building plan fees
 - (v) sales of plastic refuse bags
 - (vi) sales of refuse bins
 - (vii) cleaning of stands
 - (viii) electricity, water, sewerage: new connection fees

- (ix) photostat copies and fees
- (x) clearance certificates.

14. Regulatory or Punitive Tariffs

- (a) The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:
 - (i) fines for lost or overdue library books
 - (ii) advertising sign fees
 - (iii) pound fees
 - (iv) electricity, water: disconnection and reconnection fees
 - (v) penalty and other charges imposed in terms of the approved policy on credit control and debt collection
 - (vi) penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

15. Rental of Municipal Property

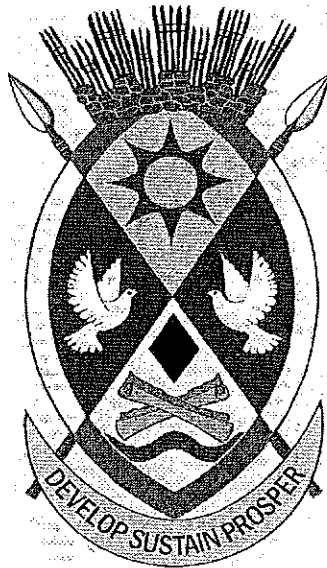
- (a) Market-related rentals shall be levied for the lease of municipal properties.
- (b) In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the municipal manager may waive 50% of the applicable rental.
- (c) The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality's sustaining damages as a result of the use of the facilities concerned.

SIGNED AT LEPHALALE ON _____

**E M TUKAKGOMO
MUNICIPAL MANAGER**

LEPHALALE

LOCAL MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

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PREAMBLE

WHEREAS section 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a Municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including –

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS section 4 (1) (c) of the Local Government: Municipal Systems Act 33 of 2000 (*the Systems Act*) provides that the Council of a Municipality has the right to finance the affairs of the Municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the Municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the Municipality;

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a Municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the Municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority.

IT IS HEREBY ADOPTED: a credit control and debt management policy of the Lephalale Municipality.

DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

“Act”	The Local Government Act: Systems Act 2000 (Act No 32 of 2000) as amended from time to time;
“Arrangement”	A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.
“Arrears”	Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.
“Authorised Representative”	Person or instance legally appointed by the Council to act or to fulfill a duty on its behalf;
“CFO”	Person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.
“Council”	The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996, of the Lephalale Municipality established by part 7 of provincial notice 80, dated 27 September 2000;
“Credit Control”	All the functions relating to the collection of monies owed by ratepayers and the users of municipal services.
“customer”	Any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the Municipality;
“defaulter”	Any Person who owing the Council arrear monies in respect of rates and/ or service charges;
“engineer”	The person in charge of the civil and/or electrical component of Council;
“equipment”	A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;
“Implementing Authority”	Means the Municipal Manager or his or her nominee, acting in terms of section 100 or the Systems Act.
“interest”	A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;

- “municipal account”*** An account rendered specifying charges for services provided by the Municipality, or any authorised and contracted service provider, and/or assessment rates levies;
- “Municipality”*** Means the Lephalale Municipality.
- “Municipal Manager”***
The person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998 (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;
- “municipal services”***
Those services provided by the Municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;
- “occupier”*** Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property.
- “owner”***
- (a) The person in whom from time to time is vested the legal title to premises;
 - (b) In case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
 - (c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
 - (d) In the case of premises for which a lease of 30 years or more has been entered into the lessee thereof;
 - (e) In relation to
 - i. A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
 - ii. A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
 - (f) Any legal person including but not limited to-
 - i. A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association.
 - ii. Any department of State;
 - iii. Any Council of Board established in terms of any legislation applicable to the Republic of South Africa;
 - iv. Any Embassy or other foreign entity

“premises

Includes any piece of land, the external surface boundaries of which are delineated on-

- a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or
- b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

“Supervisory Authority”

Means the Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act.

1. PRINCIPLES

The administrative integrity of the Municipality must be maintained at all costs.

The democratically elected councilors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.

- 1.2 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.
- 1.3 A copy of the application form, conditions of services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer on request as such fees as may be prescribed by Council.
- 1.4 Billing is to be accurate, timeous and understandable.
- 1.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 1.6 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.
- 1.7 Enforcement of payment must be prompt, consistent and effective.
- 1.8 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 1.9 Incentives and disincentives may be used in collection procedures.
- 1.10 The collection process must be cost-effective.
- 1.11 Application forms will be used to, inter alia, categorise customers according to Credit risk and to determine relevant levels of services and deposits required.
- 1.12 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

2. DUTIES AND FUNCTIONS

2.1 Duties and Functions of Council

- 2.1.1 To approve a budget consistent with the needs of communities, ratepayers and residents.
- 2.1.2 To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- 2.1.3 To facilitate sufficient funds to give access to basic services for the poor.
- 2.1.4 To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the Municipality.
- 2.1.5 To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.
- 2.1.6 To approve a reporting framework for credit control and debt collection.
- 2.1.7 To consider and approve by-laws to give effect to the Council's policy.
- 2.1.8 To monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.
- 2.1.9 To revise the budget should Council's targets for credit control and debt collection not be met.

- 2.1.10 To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.
- 2.1.11 To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Mayor and Municipal Manager and Service Provider respectively.
- 2.1.12 To provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection. Alternatively to appoint a Service Provider or debt collection agent.
- 2.1.13 To assist the Municipal Manager in the execution of his duties, if and when required.
- 2.1.14 To provide funds for the training of staff.

2.2 Duties and functions of Mayor

- 2.2.1 To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.
- 2.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- 2.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- 2.2.4 To report to Council.

2.3 Duties and functions of the Municipal Manager

- 2.3.1 To implement good customer care management systems.
- 2.3.2 To implement council's credit control and debt collection policy.
- 2.3.3 To install and maintain an appropriate accounting system.
- 2.3.4 To bill customers
- 2.3.5 To demand payment on due dates.
- 2.3.6 To raise penalties for defaults.
- 2.3.7 To appropriate payments received.
- 2.3.8 To collect outstanding debt.
- 2.3.9 To provide different payment methods.
- 2.3.10 To determine credit control and debt collection measures.
- 2.3.11 To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- 2.3.12 To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.)
- 2.3.13 To set performance targets for staff.
- 2.3.14 To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- 2.3.15 To delegate certain functions to heads of departments.
- 2.3.16 To determine control procedures.
- 2.3.17 To monitor contracts with service providers in connection with credit control and debt collection.
- 2.3.18 To report to the Mayor.

2.4 Duties and functions of communities, ratepayers and residents

- 2.4.1 To fulfill certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- 2.4.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the Municipality.
- 2.4.3 To observe the mechanisms and processes of the Municipality in exercising their rights.
- 2.4.4 To allow municipal officials access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials.
- 2.4.5 To comply with the by-laws and other legislation of the Municipality.
- 2.4.6 To refrain from tampering with municipal services and property.

2.5 Duties and functions of ward councillors

- 2.5.1 To hold regular ward meetings.
- 2.5.2 To adhere to and convey council policies to residents and ratepayers.
- 2.5.3 To adhere to the Code of Conduct for Councillors.
- 2.5.4 Ward Committees will act in terms of roles and functions as approved by Council.

3. AREA OF APPLICATION

This policy applies throughout the area of the Municipality.

4. APPLICATION FOR SERVICES

- 4.1 Consumers who require a service must enter into a written agreement with the Municipality.
- 4.2 The process must occur ten (10) days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.
- 4.3 The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.
- 4.4 Consumers who illegally consume services without this agreement will be subject to punitive action.

5. CUSTOMER SERVICE AGREEMENTS

5.1 Customer service agreements are those agreements that will be entered into from time to time between the customer and the Municipality for the supply of municipal services.

5.2 The contents of the agreement includes: An undertaking by customers:

- That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees;
- That any alleged non-receipt of an account does not stop the collection process;

An undertaking by Council:

- That it will deliver accounts to customers.
- That it will inform customers that they are required to request statements in the event that they do not receive an account.

6. DEPOSITS AND GUARANTEES

- 6.1. The deposits are payable when new customers sign-on and when existing customers move to a new supply address. Guarantees are only permitted for businesses and only under circumstances as determined by Council from time to time.
- 6.2 Customers must pay a deposit equal to an amount as determined by Council from time to time.
- 6.3 The Municipality may increase or decrease deposits and guarantees to suit the particular circumstances.

7. ACCOUNTS AND BILLING

- 7.1 Customers will receive one consolidated bill for all services to a property, which is situated within the boundaries of the Municipality.
- 7.2 Accounts are produced in accordance with the meter reading cycles .
- 7.3 An account will be rendered each month in cycles of approximately 30 days.
- 7.4 The Municipality will undertake to have the accounts delivered to all consumers. However non-receipt of an account does not prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the account before the due date.
- 7.5 Accounts must be paid on the due date as indicated on the account. Interest on arrears will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.
- 7.6 Payments for accounts must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via agents, the money must be received in the municipal bank account on or before the due date and not later than the close of Business
- 7.7 Consumers will be notified of their unpaid accounts date prior to the commencement of the debt collection process however in certain circumstances the supply of services may be disconnected without notice.
- 7.8 Non-payment of the account will result in debt collection action in terms of section 5 of this policy.

8. METERING OF CONSUMABLE SERVICES

- 8.1 The Municipality may introduce various metering equipment and customers may be encouraged to convert to a system preferred by the Municipality.
- 8.2 Meters (postpaid) will be read monthly. Should circumstances prevent meter reading the Municipality may estimate an average reading that is comparable to past consumption.
- 8.3 A Customer is responsible to ensure access to metering equipment at a time that is agreeable by the consumer and the municipal officials and will accept any cost to ensure access (such as relocating the meter) if satisfactory access is not possible.
- 8.4 Voluntary readings:

- These will be permitted provided that the Municipality obtains any final reading should the customer move to another supply address.
- Customers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.
- The Municipality is entitled to make suitable adjustments to the readings should the debtor fail to ensure that a final reading is obtained.
- An audit reading during the normal reading cycles must be obtained once every six months. If a special audit reading becomes necessary this will be done at the cost of the consumer.

8.5 Routine or special maintenance of metering equipment will be communicated to the customer. The meter replacement advice will indicate the removal reading.

9. VALUATION OF PROPERTIES

9.1 All properties within the boundaries of the Lephalale Municipality are to be valued in terms of the legislation, applicable to the valuation of properties for the purpose of levying property rates.

10. CUSTOMER ASSISTANCE PROGRAMMES

These are programmes that the Municipality has designed to assist customers meet their obligations, such as:

- 10.1 Rates rebates;
- 10.2 Arrangements for settlement;
- 10.3 Payment of rates by instalments;
- 10.4 Indigent assistance scheme,
- 10.5 Free basic services

10.1 Rates Rebate

Rebates on rates may be granted by Council in terms of Council's rating policy.

10.2 Arrangements for settlement

- 10.2.1 Arrangements are permissible for debtors who experience difficulties in paying their accounts.
- 10.2.2 The terms applicable for the settlement of arrear debt will be as approved by Council from time to time.

10.3 Payment of rates by instalments

- 10.3.1 Owners may pay the property rates annually or in equal monthly instalments over a period of 12 months.
- 10.3.2 Interest shall accrue on all monthly paid rates accounts if they are not paid by the due date as indicated on the account.

10.4 Indigent assistance scheme

An account holder may apply to the Municipality, in the prescribed manner, to be declared indigent provided that the following conditions are applied.

- That the gross household income must not exceed the poverty threshold value as determined by Council from time to time.
- That the Municipality may inspect the property occupied by the applicant and in respect of which municipal services are rendered to assess the merits of the application.
- Any aggrieved person who was not successful in the application to be regarded as indigent may lodge an appeal to the Chief Financial Officer within a period of ten (10) days from the date on which the aforesaid decision has been communicated to him/her.

10.5 Free basic services

Council will provide free basic services to domestic debtors, on a monthly basis in quantities as determined from time to time.

11. COMUNICATION

11.1 Councillors must from time to time, address ward committees on the contents of the policy and any amendments thereto.

12. PAYMENT FACILITIES AND METHODS

12.1 Municipal payment and enquiry facilities will be maintained subject to acceptable levels of activity when compared to the operational costs. The Municipal Manager or his/her designate has the discretion to open and close offices as required.

12.2 The consumer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the consumer. In addition the consumer must take into account the transfer time of the particular agent.

12.3 A range of payment methods are available and may be extended as required subject to financial implications. The Municipality shall actively monitor the effectiveness of payment facilities, methods and convenience for consumers.

12.4 The Chief Financial Officer shall allocate payments according to pre-determined priorities.

13. ENQUIRIES AND APPEALS

13.1 Any resident or consumer who may feel aggrieved concerning his/her account may address a grievance/ appeal to the Municipal Manager or Chief Financial Officer or visit any Office provided by the Municipality.

13.2 A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment of the account. An interim payment similar to the average account must be paid by the due date pending finalisation of the enquiry. Failure to make a payment will result in debt collection action being instituted against the customer.

13.3 Depending on the nature of the enquiry and the resources available, the enquiry must receive a response within 10 working days.

13.4 If a customer has received a response and is still not convinced that the account is not correct, the customer may approach the relevant Ward Councillor to assist with the enquiry.

14. DEBT COLLECTION

The Chief financial Officer is authorised to institute these mechanisms without exception and with the intention of proceeding until the debt is collected. The following mechanisms are to be used to collect.

- 14.2 Disconnection/ restriction of metered services for all overdue rates and service charges.
- 14.2 Emolument attachment orders on debtors' salaries.
- 14.3 Withholding of rates clearance certificates under certain conditions. (Refer to section 118 of the Systems Act of 2000.)
- 14.4 Legal process, including the attachment and sale of goods or immovable property.
- 14.5 Withholding payments of grants-in-aid.
- 14.6 Withholding payment on contract.
- 14.7 For consumers that buy water and electricity on prepaid, the Municipality may take a certain percentage, determined by Council, of the amount sold to the consumer to settle the arrears.
- 14.8 Any other method authorised by Council from time to time.

16. THEFT AND FRAUD

- 16.1 The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
- 16.2 The Council may approve specific penalties and distinguish between cases of vandalism and theft.
- 16.3 Subsequent acts of tampering may lead to refusal to supply certain services by the Municipality.

17. REPORTING AND PERFORMANCE MANAGEMENT

- 17.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:
- 17.2 Cash collection statistics, collection rate and debtors age analysis. Where possible the statistics should be divided into, domestic, business (commerce and industry), farms, government and other such divisions.
- 17.3 If in the opinion of the Chief Financial Officer, Council 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 agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 17.4 The Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

18. INCOME COLLECTION TARGET

The long-term target is a debtor turnover ratio of 30 days, that is, debtors are expected to pay for services on average in a month and a half.

19. APPLICATION OF THE POLICY

The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying the Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution

SIGNED AT LEPHALALE ON _____

**E M TUKAKGOMO
MUNICIPAL MANAGER**

ANNEXURE

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DEBT COLLECTION PROCEDURES

The debt collection policy determines that municipal accounts be paid on the due date as indicated on the account and that non-payment of accounts will result in debt collection action.

1. ARRANGEMENTS – DEBT COLLECTION

1.1 A customer who cannot pay the municipal account may enter into an arrangement agreement to pay the account over an extended period of time. Council will only entertain one arrangement.

1.2 The customer must:

- 1.2.1 Sign an acknowledgement of debt.
- 1.2.2 Acknowledge that interest will be charged at the prescribed rate.
- 1.2.3 Acknowledge that if the arrangements being negotiated later are defaulted on, restrictions of water supply and disconnection of electricity will follow immediately, as will legal proceedings.
- 1.2.4 Acknowledge liability of all legal costs incurred.

1.3 Broken arrangement

- 1.3.1 In the event that an arrangement has been broken, all arrear arrangement instalments plus the current monthly account has to be paid before the arrangement is reinstated. If the required payments are not made, debt collection action will be instituted immediately.
- 1.3.2 The Municipality may change the electricity supply from conventional to prepaid if should the debtor default on the arrangement.

1.4 Customers have been categorized into the following income categories:

- 1.4.1 Households
- 1.4.2 Households (Indigents)
- 1.4.3 Businesses/Industries
- 1.4.4 Non domestic (includes farms).
- 1.4.5 Government Departments.

1.5 Arrangements by non indigent customers(owners)

- 1.5.1 The arrangement by non indigent customers must include the following:
 - Payment of the current monthly account, plus
 - Payment of arrears, payable as follows:
 - 20% of the arrears of total outstanding debts shall be payable upon signing arrangement forms. However incase were the services have been discontinued as a result of non-payment, 50% of total outstanding debt will be required.
 - Income group R3500 – R5 000 – over maximum period of 24 months, payments are made monthly by the due date.
 - Income group R5 000 and more –over a maximum period of 12 months
 - Customers may be required to prove levels of income but must make reasonable payment of arrears as stated above.

- Customers with arrangement must have their conventional electricity meters converted to prepayment electricity meters.
- In case of occupant arrangement for the payment of debt will be as determined for the payment of arrears on the prepayment system as stipulated under section 1.7 of this policy.

1.6 Arrangements by Business

- 50% of the arrears of total outstanding debts shall be payable upon signing arrangement forms.
- Balance of the account be paid over period of twelve (12) months, plus current monthly account, payment should be made monthly by the due date.

1.7 Debt Arrangement-Prepayment system

17.1 The prepayment electricity system implemented by Council has a debt management facility. The Debt Management facilities are various blocking type, which can be utilized to collect outstanding debts.

17.2 The various blocking type can be described as follows:

17.2.1 Total Block

The consumer is blocked from buying electricity due to arrear debt and can be unblocked when:-

- The arrear debt is paid in full.
- Arrangements have been made to pay off the arrear debt and the arrangements have been captured on the system.

17.2.2 Percentage Blocking

- Everytime the consumer makes a purchase a percentage of the amount tendered for the purchase of electricity is allocated to arrear debt. This type of block is another method to collect arrear debt but does not collect the monthly account. Council will apply a system where 40% of each purchase of electricity is allocated to debtors arrear balance and debtors are also blocked from buying electricity for monthly charges.

2. THEFT/FRAUD AND METER TAMPERING

2.1 The Municipality does not condone theft and fraud of Municipal services and will monitor the service network for signs of tampering or irregularities.

2.2 Meter tampering are detected as follows:

2.2.1 Visiting premises on house-to-house bases to detect tampers.

2.2.2 Follow up after meters have been disconnected for non-payment of accounts.

2.3 Tampering of electricity meters:

- 2.3.1 The electricians visit the premises to check the meter for any irregularities.
- 2.3.2 If any irregularities are found a photo is taken of the suspected tampering.
- 2.3.3 A tamper query form is completed and passed on to the electricity distribution section.
- 2.3.4 An electrician inspects the suspected tamper and confirms the tamper if the meter was tampered with.
- 2.3.5 On confirmation the tampered meter is disconnected.
- 2.3.6 The meter will only be reconnected on the payment a fine, and the settlement of the arrear account or after suitable arrangement to settle the arrears.
- 2.3.7 The fine payable for this offence is determined annually by Council.
- 2.3.8 On regular tampering by the consumer the meter is removed and the consumer will have to negotiate with the Municipality on the penalties and the reconnection cost to be paid before the electricity is reconnected. The municipal account will also have to be settled in full.

2.4 Tampering with water meters:

- 2.4.1 When a water meter tamper is found a restriction washer is placed in the pipes, the meter is locked and bypassing pipes are removed.
- 2.4.2 The water flow will only be restored on the payment of the relevant tamper fees, and the settlement of the arrear account or after a suitable arrangement to settle the arrears.
- 2.4.3 The fine payable for this offence is determined annually by Council.
- 2.4.4 On regular tampering by the consumer the water meter connection is removed and the consumer will have to negotiate with the Municipality on the penalties and the reconnection cost to be paid before the water supply is reconnected. The municipal account will also have to be settled in full.

3.5 Charges for tampering

The electricity and water consumption not charged due to tampering will be calculated and the consumer will have to pay the amount before the services are restored.

4. FINAL ACCOUNTS

4.1 Electricity and Water accounts

- 4.1.1 When electricity and water consumers leave town or move from one premises to another an application for disconnection of services must be completed by the consumer, which must indicate the forwarding address of the consumer and the date of the cancellation of the service.
- 4.1.2 On the indicated date of cancellation of services a final reading will be taken of the electricity and water consumption and the consumer will be billed for the consumption until the final reading.
- 4.1.3 The consumer deposit, which is held by Council, is appropriated against the account.
- 4.1.4 After the appropriation of the deposit and a credit balance remains on the account, the credit balance will be refunded to the consumer.
- 4.1.5 The debit balance that remains on the account must be paid by the consumer.
- 4.1.6 The debit balance that remains unpaid of a consumer that left town must be handed over within 90 days for legal proceedings to be instituted to collect the amount due.

- 4.1.7 The debit balance that remains unpaid of a consumer that moved from one premises to another, must be transferred to the current account of that consumer.

4.2 Absconded Debtors

- 4.2.1 On a regular basis Council has to deal with accounts where the person that had applied for the services and no longer residing on the premises and current occupant of that particular premises had not applied for the services but is making use of the services. In such case the services will be discontinued immediately.
- 4.2.2 On becoming aware that the person that applied for the service had absconded a final reading of services must be taken, a final account must be produced and the consumer deposit must be appropriated.
- 4.2.3 A credit balance on the account must be refunded to the consumer and the arrear balance on the account must be handed over for legal proceeding to be instituted to recover the arrear amounts.
- 4.2.4 The service to the premises must be disconnected in such a way to prevent persons moving onto the premises and consuming services without the required application for connection of services.
- 4.2.5 Council regularly finds that people moving into premises connect the services without applying for the services. On becoming aware of the situation the services must be disconnected.
- 4.2.6 In the case of a lease property, it is also the responsibility of the owner to monitor the consumption account of the leasee.

4.3 Rates Clearance Certificates

- 4.3.1 When an owner of a property wants to sell the property a rates clearance is obtained from Council by the conveyancing attorney.
- 4.3.2 Section 118 of the Municipal Systems Act, No 32 of 2000 determines the following regarding

Restraint on transfer of property:

"118. (1) A registrar of deeds or other registration officer of immovable property may not register the transfer of property except on production to that registration officer of a prescribed certificate -

- (a) issued by the Municipality in which that property is situated; and
- (b) which certifies that all amounts due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.
- (2) In case of a transfer of immovable property by a trustee of an insolvent estate, the provisions of this section are subject to section 9 of the Insolvency Act, 1936 (Act No. 24 of 1936).
- (3) An amount due for municipal service fees, surcharges on fees, property municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

- 4.3.3 Council must certify that all municipal charges during the two years preceding the date of the application for the clearance certificate have been fully paid.
- 4.3.4 The amount due for municipal charge enjoys preference over any mortgage bond registered against the property.
- 4.3.5 The owner is required that before a clearance certificate is issued that Municipal charges during the two years preceding the date of application for the certificate have been fully paid.
- 4.3.6 A judgement must be obtained for debt older than two years to instruct the conveyancing attorney to deduct the amount due to Council from the proceeds of the Sale of the property.
- 4.3.7 Where property is sold in sale of execution the Sheriff must be informed of the amount due to Council and the Sheriff will have to deduct the amount due from the proceeds of the sale of the property due to the preference municipal charges enjoys over the mortgage bond registered against the property.

5. LEGAL ACTION PROCEDURES

5.1 Confirmation of hand over

The Attorney is to confirm receipt of the Handover list either by email or letter within three (3) days from date of handover, which list of hand overs will exclude all indigent debtors. The Municipality will endeavour to ensure that the handover list contains the correct name, physical address and postal address of the current registered owner(s) of the property, as well as correct details of amounts outstanding.

5.2 Procedure

- 5.2.1 Attorneys are to immediately peruse the handover list and advice the Municipality of any obvious problem matters within 7 (seven) days of receipt of the handover. The Municipality will then revert to the Attorney with specific written instructions in respect of those matters within seven days. Failing such response the Attorney shall be entitled to close the file.
- 5.2.2 The Attorney is to commence by way of letter of demand sent by ordinary mail to the debtors and must include in the letter reference to the Municipality's indigency policy.
- 5.2.3 If there is no response to the letter of demand the summonses must be delivered to the clerk of the court within 7 (seven) days of expiry of the demand period.
- 5.2.4 If there is no response to the summons then an application must be made for default judgment immediately the time allowed for entering an appearance to defend has expired.
 - 5.2.4.1 If any matters are defended then these must be reported to the Municipality immediately, together with a blank affidavit in support of an application for summary judgment, which will then be returned to the Attorney, duly signed and commissioned, should the Municipality be of the view that the debtor has no defence to the matter.
 - 5.2.4.2 The Municipality must be informed of all applications for default judgment.
- 5.2.5 Once default judgment has been granted the Attorney must
 - 5.2.5.1 check the municipal system once again for payments or indigency, and
 - 5.2.5.2 if insufficient payments have been recorded, or if there is no record of Indigency or any other impediment preventing the Attorney from proceeding, then

5.2.5.3 the Attorney shall first proceed by way of writ against movable property should the capital be less than R3000.00 (Three Thousand Rand).

5.2.5.4 In the event that the capital is R3000.00 or more, then the Attorney may proceed by way of writ against immovable property, or may, exercising its discretion, proceed by way of writ against movable property.

5.2.6 Before drafting the notice of sale in execution for the sale of immovable property an approval from council should be obtained.

5.2.7 Before each step in the process is taken, the Attorney shall check the municipal accounting system, in order to check for details of the debtor/consumer's status, namely indigency, arrangements made etc.

5.2.8 The Municipality undertakes to inform the Attorney in writing immediately if any files are to be closed.

5.2.8.1 Files are only to be closed upon the written instruction of the Municipality or as provided in 5.2.10 hereunder.

5.2.9 Should the debtor not be traceable, the Municipality shall be informed and shall then issue an instruction within seven days failing which the Attorney may assume that the file may be closed. The file should not be closed if the debtor is possessed of immovable assets, which it would be economically viable to proceed against.

5.2.10 The Attorney shall inform the Municipality immediately it forms the opinion that the debt has become irrecoverable, and the reasons therefore.

5.2.11 The Municipality reserved the right to close any file at any point in time by instructing the Attorney concerned in writing.

5.3 Fees

5.3.1 The Attorneys shall only be entitled to charge in terms of the Law Society's recommended guidelines for collection fees.

5.3.2 The Municipality undertakes to pay all fees and disbursements as and when incurred by the Attorney and these shall be invoiced to the Municipality Monthly.

5.4 Statements of account

5.4.1 The Attorney shall submit a statement of account in the form of a VAT invoice to the Municipality at least monthly, and more frequently if called upon to do so by the Municipality.

5.4.2 The statement shall detail the payments received, collection commission, fees and any disbursements that may be incurred for each account since the previous statement of account. The statement must be accompanied with a cheque for the amounts due to Council and the Attorney may not set off fees against monies collected. The Municipality undertakes to effect payment of the Attorneys fees within 30 days of receipt of invoicing.

6. APPLICATION FOR RATES REBATE

6.1 Annually Council grants a rebate a rebate on rates to pensioners and persons receiving a Government disability pension.

6.2 The conditions to qualify for the rebate on rates are as follows:

6.2.1 The person must be 60 years of age and older.

6.2.2 Must occupy the property registered in their name.

6.2.3 Income from all sources not exceeding R3500 per month.

6.2.4 Some of the sources of income from the applicant and the spouse of the applicant the following;

- Income from employment
- Income from self-employment
- Income from pension(all types of pension)
- Income from rental
- Child Grant
- Income from investment

6.2.5 Persons who are under the age of 60 years and receive a Government disability pension (grant) also qualifies for the pensioners rebate.

6.3 Application

6.3.1 The applicant must complete an indigent form, which is available at municipal enquiry office.

6.3.2 The application must be submitted before 31 May each year and must be accompanied by documents as stated in our indigent policy.

7 Water Leaks

7.1 Water leaks on a property and after the meter is the responsibility of the consumer on that Property.

8. ANNUAL RATES, REFUSE AND SEWERAGE CHARGES

8.1 Annual rates refuse and sewerage charges become due and payable on 1 July of every year and are extended to 30 September for debtors who have not made applications to pay rates in instalments.

8.2 If the annual rates, refuse and sewerage charges remain unpaid after 30 September a letter of final demand per registered mail shall be served on the debtor liable to pay the amounts due. The debtor will be given 14 days after receipt of the demand to pay the amount payable.

8.3 Debtors who fail to respond to the final demand will be handed over for legal action to collect the arrears.

8.4 Interest on arrears will be charged on annual charges, which remain unpaid after 30 September and will be charged until the account is settled in full.

8.5 Arrangements for the settlement of the accounts which have been handed over to the attorneys must be dealt with by the attorneys and must not be entertained by the Municipality's staff.

9. **ANNUAL RATES, REFUSE AND SEWERAGE CHARGES TO BE PAID IN TWELVE (12) MONTHLY INSTALMENTS**

- 9.1 Annual rates refuse and sewerage charges become due and payable on 1 July of each year and are extended to 30 September for debtors who have not made application to pay rates in instalments.
- 9.2 Ratepayers/customers may make use of the facility available to pay annual charged property rates, refuse and sewerage charges in twelve (12) monthly instalments.
- 9.3 Ratepayers/Customers to qualify for the payment of annual charges in twelve monthly instalments must do the following:
- 9.3.1 Complete a form – Application to pay assessment rates by instalments form is available at all municipal enquiry offices.
- 9.3.2 The form must be completed and handed in at Councils enquiry offices before 31 May preceding Councils financial year in which the ratepayer/customer wishes to commence with the payment annual rates and service charges in twelve monthly instalments.
- 9.3.3 The Ratepayer/Customer agree: -
- That the monthly installment will be paid on or before the due date as indicated on the account.
 - That interest on arrears will be charged on unpaid installments after the due date as indicated on the account.
 - That the facility will be withdrawn if more than three installments, whether consecutive or not, remains unpaid.
- 9.3.4 The rates and service charges for the previous financial years must be paid before the facility can be implemented.
- 9.3.5 The facility will be applicable until withdrawn in writing by the ratepayer/customer.
- 9.4 If more than three instalments, whether consecutive or not, are unpaid or paid in arrears during any financial year, a notice in writing shall be served on the debtor to withdraw the right to pay annual rates and service charges by instalment and after no response from the debtor within 14 days the monthly instalment facility must be cancelled and the total annual charge becomes due and payable, after which total amount due must be handed over for legal action to be instituted to collect the arrears.
- 9.5 Arrangements for the settlement of the accounts which have been handed over to the attorneys must be dealt with by the attorneys and must not be entertained by Councils staff.

10. MONTHLY RATES, REFUSE AND SEWERAGE ACCOUNTS

- 10.1 The rates refuse and sewerage account of Indigent Customers will be converted to monthly on approval of the Indigent application.
- 10.2 Monthly charges accounts are due by the due date as indicated on the account.
- 10.3 Interest on arrears will be charged on charges unpaid after the due date, except Indigent customer accounts.
- 10.4 Consumers with credit electricity meters will have their electricity supply disconnected after the due date for non-payment of the monthly charges accounts and will only be reconnected after the account has been settled in full or until acknowledgement of debt has been signed on a payment as approved by Council has been agreed to.
- 10.5 Consumers who fail on their arrangement to repay the debt will have their electricity supply again disconnected and will not be reconnected until all arrear arrangement instalments plus the current months account has been paid.
- 10.6 Consumers with prepayment electricity meters will be dealt with in terms of the debt collection facilities available on the prepayment system if their monthly charge accounts remain unpaid after the due date as indicated on the account.
- 10.7 If the above actions failed to collect the arrears within 90 days the accounts must be handed over for legal action to collect the arrears. Indigent consumer accounts will not be handed over for legal action.

11. MONTHLY ELECTRICITY AND WATER CHARGES

- 11.1 The due date for the payment of accounts for electricity and water charges for any month will be the date as stated on the accounts.
- 11.2 If the account due is not paid by the due date as stated on the account the electricity service to the consumer will be disconnected until the debt has been settled in full or until acknowledgement of debt has been signed and a payment arrangement as approved by Council has been agreed to.
- 11.3 Only electricity supply to consumers with credit electricity meters will be disconnected.
- 11.4 Electricity supply to consumers can be disconnected for all municipal charges i.e. rates, refuse, sewerage, electricity, water and sundry debtors. Section 102 of the Municipal Systems Act, Act 32 of 2000 determines that the accounts of the various service charges shall be consolidated and any of the debt collection measures can be applied when a consumer defaults.
- 11.5 The disconnection of electricity service will be done in two phases i.e. first line and second line disconnections and will apply as follows:

11.5.1 When a consumer defaults on the payment of the amounts due the first line disconnection will apply. First line disconnection means that the pole fuse or the circuit breaker and the bridge piece will be removed.

11.5.2 Any consumer who unlawfully reconnects the electricity supply after been disconnected for an overdue account will be disconnected on second line. The second line disconnection means that the electricity service to the property will be removed.

11.5.3 On first line disconnection, a disconnection and reconnection fee is payable and will be debited to the debtors account.

11.5.4 On second line disconnections penalties and reconnection fees are payable and reconnection of electricity will only be done when the penalty, reconnection fee and total amount due is paid in full.

12. SUNDRY DEBTOR ACCOUNTS

12.1 All debt that falls in this category is payable on presentation of an invoice (e.g. damage to municipal property, such as electricity poles, traffic lights etc).

12.2 The relevant department that initiates this type of transaction must forward all the relevant documentation to the Office of the Chief Financial Officer.

12.3 All debt that has not been settled within one month from the date of invoice must be referred to the Debt Management Section for collection.

12.4 Depending on the circumstances of each case and the amount involved, arrangement can be made to redeem the debt in terms up to a maximum period of 6 months.

12.5 Debt of 90 days and over must be handed over for legal action to be instituted to collect the debt.

13. DISHONoured DEBTOR CHEQUES (R/D CHEQUES)

12.1 Dishonoured cheque by bank must be regarded as a fraudulent act by debtor.

12.2 On receipt of a bank dishonoured cheque the payment must be reversed on the debtors account.

12.3 Services to the debtor's premises – must be disconnected and only reconnected when the debtor's account has been settled in full.

12.4 No arrangement to pay arrears must be entertained.

12.5 The debtor must be informed that only cash will be accepted in future.

14. ALLOCATION OF PAYMENT RECEIVED

14.1 Settlement of an account clears all charges, which includes interest on arrears.

14.2 Part payment of an account will be allocated at the discretion of Council.

14.1 The priority allocation of part payments currently applicable are as follows:

- Rates
- Annual rates

- Miscellaneous charges
- Miscellaneous non vat
- Sewerage
- Refuse
- Water
- Electricity
- Loan Debtors
- Housing
- Vacuum Tanks

The selected payment of certain charges is not entertained.

15. IRRECOVERABLE DEBTS

15.1. IMPAIRMENT OF DEBTORS

Consumer debtors and other debtors are stated at cost less provision for doubtful debt. The Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment loss is recognized as an expense in the statement of financial performance.

15.1.1. Significant debtors are defined as follows:

Households: A household debt is regarded as significant if such debt is more than R20 000 and over 90 days in arrears.

Businesses: A business debt is regarded as significant if such debt is more than R60 000 and over 90 days in arrears.

Industrial: A household debt is regarded as significant if such debt is more than R200 000 and Over 90 days in arrears.

Debtors are evaluated at the end of the reporting period and impaired as follows:

Category of debtor	Percentage of debt provided for as doubtful
Lephalele Town and Onverwacht	50%
Farms	75%
Marapong and Thabo Mbeki	100%

15.1.2. Insignificant debtors

Provision for impairment shall be made on insignificant debtors that are older than 120days at a rate of 100%

15.1.3. Methodology

The Municipality will make provision for doubtful debts by first assessing significant debtors individual. The following will be taken into consideration when debtors are being assessed.

- Aging of the debt
- Payment rate of the debtor.
- Property location.
- Account status (Whether active or inactive).
- Whether the debtor is the owner or is renting the property.

Provision for doubtful debts on significant debtors that are more than 90days overdue will be calculated as follows:

1. 100% of the total debt -If the payment rate is less than 100%, the property is in Marapong or Thabo Mbeki
2. 100% of the total debt – If the payment rate is less than 100%, the property is in Lephalale/Onverwacht, the account is inactive and the debtor was renting the property.
3. 80% of the total debt – If the payment rate is less than 100%, the property is in Lephalale/Onverwacht, the account is active and the debtor was renting the property.
4. 80% of the total debt - If the payment rate is more than 100%, the property is in Marapong or Thabo Mbeki.
5. 75% of the total debt - If the payment rate is less than 100%, the property is a farm.
6. 50% of the total debt- If the payment rate is less than 100%, the property is in Lephalale/Onverwacht, the account is active and the debtor is the owner of the property.
7. 50% of the total debt – If the payment rate is more than 100%, the property is in Lephalale/Onverwacht, the account is active and the debtor is renting the property.
8. 50% of the total debt - If the payment rate is more than 100%, the property is a farm.
9. 25% of the total debt- If the payment rate is than more 100%, the property is in Lephalale/Onverwacht, the account is active and the debtor is the owner of the property.

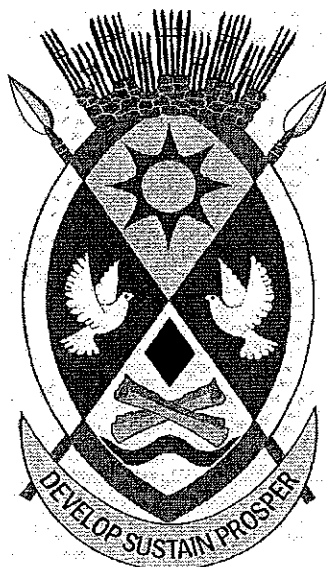
15.2. IRRECOVERABLE DEBTS WRITE-OFF

A debt can be considered for write-off if:

- It can be proven that all avenues have been exhausted to recover the debt.
- The debtor is deceased.
- The debtor is untraceable.
- The debtor is registered as an indigent consumer.
- The cost to recover the debt is more than the debt itself.
- The debt has prescribed in terms of the Prescription Act.

LEPHALALE

LOCAL MUNICIPALITY



INDIGENT POLICY

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1. PURPOSE

The purpose of this policy is to determine how the Municipality will assist the members of the Lephalale community that cannot afford basic municipal services. It will help the Municipality to fulfill its obligation of service delivery and eventually improve the lives of the under-privileged people.

2. BACKGROUND

Section 74.2(c) of the Local Government Municipal Systems Act, 32 of 2000 states that poor households must have access to at least basic services through:

- Tariffs that cover only operating and maintenance costs;
- Special tariffs or life line tariffs for low levels of use or consumption of services of for basic levels of services; and
- Any other direct or indirect method of subsidization of tariffs for poor households.

Section 97(c) of the Local Government Municipal Systems Act, 2000 states that a municipality must make provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

3. POLICY INTENTIONS

The primary intention of the policy is to ensure that no one is completely denied access to a basic service for reasons of inability to pay for such a service. Underlying this policy is the recognition that the supply of a "basic" service assists in alleviating poverty and improves level of the communities within the Area.

Free Basic Services will be implemented progressively in accordance with the ability of Council to render any of the specific services in various areas within its jurisdiction, in accordance with the levels of service which are appropriate and affordable.

4. DEFINITION : INDIGENT

Indigents refer to those households who due to socio economic factors are unable to make a full and required monetary contribution towards services provided by the Municipality.

The following requirements must be met before a person can be regarded as an indigent:

- 4.1 The applicant/person must be over eighteen (18) years of age;
- 4.2 The total household income per month must be less than R3,500.00, subject to annual adjustment by council
- 4.3 The applicant/person must have an active services account with the Municipality.
- 4.4 The applicant/person must occupy the site legally and be a full-time occupant of the property concerned.
- 4.5 The applicant must not own any other property in or out of the parameters of the Municipality.

5. BENEFITS OF AN INDIGENT

Upon approval as an indigent, an applicant will receive the following benefits:

5.1 Free Basic Services which consists of:

5.1.1 Six (6) kilo-liters of water per month

5.1.2 50 kwh of electricity per month

5.1.3 Subsidy on property rates and service charges for sewerage and refuse removal. The amount of subsidy will be determined and adjusted by council on a yearly basis.

5.2 All outstanding arrears of the approved indigent will be written off against the provision for bad debts.

6. APPLICATION OF THE POLICY (SUBSIDY)

Subsidies on rates and service charges will be determined as follows:

6.1 Water : A 100% subsidy up to 6 kl per household per month; however if consumption exceeds 6kl per month, the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding the stipulated figure.

6.2 Electricity : A 100% subsidy up to 50 kwh per household per month; however if consumption exceeds 50 kwh per month the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding the stipulated figure.

6.3 Sewerage and Refuse Removal : It shall be more than 50% on the monthly amount billed for the service concerned.

6.4 Property rates : A rebate of 100% of the rates based on the rateable value up to R30 000 and 75% of the rates based on the rateable value of above R30 000.

6.5 The overall subsidy shall be determined by Council from time to time based on the South African Local Government Association (SALGA) policy proposal for indigent debtors..

6.6 If the household uses more than the free allocation and does not pay for the additional service by the due date shall have supply of the service disconnected until such the suitable payment arrangements are made.

6.7 No interest is payable on the arrears of consumers who are approved as indigents.

7. REGISTRATION FOR INDIGENCY

7.1 The applicant must personally complete and sign the registration form provided by the Municipality.

7.2 The following documents must be submitted with the application form:

7.2.1 Applicant's identity document

7.2.2 Latest municipal account

7.2.3 Token slip for Electricity

7.2.4 Documentary proof of total monthly income of the household (e.g. UIF card, salary advice, letter from the employer, etc) or declaration to the effect that no income is currently generated by the household.

7.2.5 An affidavit to the effect that all information supplied is true and that income from all sources has been declared.

7.2.6 A recommendation from a Ward Councillor.

- 7.3 The application forms will be processed and information provided will be assessed and screened by the Indigent committee
- 7.4 The Indigent Committee will therefore approve or reject the applications and forward information to finance to implement.
- 7.5 Indigent households must re-apply for indigent support before the end of March each year.
- 7.6 In case where the owner of the property passed away, the person who inherited the property will be allowed to apply for indigent assistance, provided all the aforementioned conditioned are met.
- 7.7 All applicants will be informed in writing about the outcome of their applications.
- 7.8 The approved applicants will be entered into the municipal indigent register which will be updated at least once a year.

8. AN INDIGENT COMMITTEE

A ward committee which comprises of the following people will be formed:

- A councilor
- Ward committee member
- A municipal official
- Village Committee member

9. DE-REGISTRATION OF AN INDIGENT

9.1 The following conditions can result in an indigent been de-registered:

- 9.1.1 By failing to comply with the terms of the policy agreement;
- 9.1.2 By tampering with the installations of the Municipality.
- 9.1.3 By providing fraudulent information to the Municipality in regard to any material condition for registration as an indigent. In this instance, the person will immediately be removed from the register and shall be liable to repay to the Municipality with immediate effect all indigency relief received from the date of such fraudulent registration. Moreover such person may not again be considered for indigency relief for a period of five (5) years.
- 9.2 The indigent must immediately request de-registration if the financial situation within the household has changed to an extent that they no longer meet the requirements to be regarded as indigents.

10 . CONCLUSION

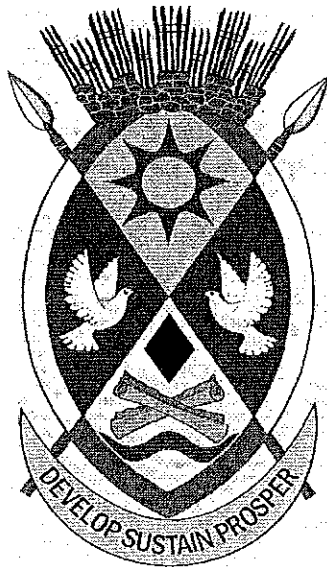
Through this policy, Council endeavour to ensure the equitable treatment of all people residing in the area of jurisdiction of the Lephalale Municipality, and to improve the level of cost recovery for services rendered other than free basic services. The policy will promote consistency, clarity and achievement of the mission and objectives of the Lephalale Municipality.

SIGNED AT LEPHALALE ON _____

E M TUKAKGOMO
MUNICIPAL MANAGER

LEPHALALE

LOCAL MUNICIPALITY



PROPERTY RATES POLICY

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1. NOTE

The present valuation roll of the Municipality was compiled in accordance with provisions of the Local Authorities Rating Ordinance, No. 11 of 1977 (TVI) (the Ordinance). This roll remains valid until a new valuation roll has been compiled in terms of the Local Government: Municipal Property Rates Act, No. 6 of 2004 (the MPRA).

The Ordinance did not require that a municipality adopt a rates policy. Aspects relating to the imposition of property rates were usually done as part of the budget process. This rates policy was, however, compiled to cover both the Ordinance and the MPRA.

In respect of the Ordinance it inter alia deals with a sliding scale for agricultural holdings and, by way of an extension, also to agricultural land (farms).

The issue of the compulsory phasing-in or certain rates (e.g newly rateable property), affects both the current (Ordinance) valuation roll as well as the roll to be prepared in terms of the MPRA.

This policy, although only strictly required for the 2008/9 financial year when it is envisaged that the valuation roll prepared in terms of the MPRA will become effective, was also prepared to assist the appointed valuer to compile the valuation roll.

Being aware of what the Municipality's policy is, should assist the valuer e.g the different categories of properties and the basis for determining rates on agricultural land. As a result this policy in its current format will have a limited application for the 2007/8 financial year, but will have to be reviewed for the 2008/9 financial year when all aspects relating to the Ordinance will have to be deleted and be further amended due to the compulsory review process.

2. INTRODUCTION

In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (the Constitution), a municipality may impose rates on property.

When imposing rates on property a municipality may not exercise that power in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour.

Section 3(1) of the Local Government: Municipal Property Rates Act 2004 (Act 6 of 2004) (MPRA) and Section 62(1)(f) of the Local Government Municipal Finance Management Act 2003 (Act 56 of 2003 (MFMA) provide that a municipality should adopt and implement a policy on the levying of rates on rateable properties. This document sets out the policy of Lephalale Municipality with regard to levying rateable properties. In applying this policy, the Municipality will meet all requirements of the MPRA and the MFMA, including any regulations made in terms of these Acts.

The Municipality will, as part of its annual operating budget process, impose a rate in the Rand on the market value of all rateable properties as recorded in the Municipality's

valuation roll or supplementary valuation roll(s). Rateable property includes any rights registered against the property, with the exception of a mortgage bond. Generally, all land within the municipal area is rateable unless it is specifically exempted in terms of Section 15 of the MPRA.

The Municipality must, in accordance with section 3 of the MPRA, adopt a rates policy that sets out the broad policy framework within which the Municipality rates its area and must, in accordance with Section 5 of the MPRA, review and, if necessary, amend its rates policy annually.

3. DEFINITIONS

Definitions, words and expressions as used in the Act are applicable to this policy document wherever it is used. However, the following definitions pertinent to the policy are not covered within the Act:

“Agricultural smallholding” means a small farm larger than one hectare and less than 10 hectares and be deemed to be agricultural land when the owner thereof is a bona fide farmer.

“Bona fide farmer” is a person farming with the intention of making a living from the development, cultivation and utilisation of agricultural land and includes a subsistence farmer.

“Business” in relation to property, means the use of the property for the activity of buying, selling or trading in goods or services on a property and includes any office or other accommodation on the same property, the use of which is incidental to such activity but does not include the business of agriculture farming or any other business consisting of the cultivation of the soil, the gathering-in of crops, the rearing of livestock or game or the propagation and harvesting of fish or other aquatic organisms.

“Community participation” – means participation in accordance with the provisions of chapter 4 of the Local Government: Municipal Systems Act, No. 32 of 2000.

“Farming community” means the owners of agricultural land and their dependants.

“Government” in relation to property, means property owned and exclusively used by an organ of state.

“Illegal use” means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property, whether in terms of the title deed of the property or in terms of the applicable town planning scheme.

“Improvement” means any building or permanent structure on or under a property but excludes

- (a) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
- (b) any building, structure or equipment or machinery referred to in section 46(3) of the MPRA.

"Indigent debtor" means a debtor who is a poor private household as defined by the Municipality's Indigent policy.

"Industrial use" means the use of the property for a branch of trade or manufacturing production, assembly or processing of finished or semi-finished goods or from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation, the use of which is incidental to the use of a factory.

"Lodge" means accommodation in a non-urban area provided for paying visiting guests with a focus on aspects of nature and/or places of interest, and includes a restaurant and conference facilities.

"Multi purposes", in relation to property, means the use of the property for more than one purpose and the property thus not being assigned to a single category of property and, where one use represents on average 90% or more of the property's value, the property is rated as though it were used for that use only. This definition is only applicable to property defined as "urban land".

"Municipal" in relation to property, means the land owned and exclusively used by the Municipality.

"Municipality" means the Municipality of Lephalale.

"Non-urban land" means land that is not situated in a proclaimed township, but that is used for residential or agricultural purposes or is not in use. Where the whole or a portion of non-urban land is used for business, industrial or mining purposes, the market value of such land or portion of it, must be recorded separately in the valuation roll and rated according to the applicable category.

"Rates policy" means a document compiled by the Municipality in a transparent and participative manner, encompassing all aspects pertaining to the MPRA with regard to the payment of rates.

"Remainder of township" means the remaining extent of an approved proclaimed township which is still registered in the name of the applicant for township development and which has not yet been transferred to another owner and on which no improvements have been erected except for public service infrastructure.

"Residential", means in relation to property whether urban or non-urban, a property having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple of such units, but does not refer to a hotel, commune, boarding or lodging undertaking, hostel or place of instruction.

"Residential smallholding" means a property of less than 10 hectares, which is exclusively used for residential purposes and where no bona fide farming takes place.

"Urban land" means land that is situated within a proclaimed township.

"Vacant land" means

- (a) land on which no immovable improvements have been erected; or
- (b) land where the value added by immovable improvements is less than 10% of the value of the land with no immovable improvements on it.

4. STRATEGIC FOCUS

In determining the rates, exemptions, rebates and reductions, the Municipality will consider the following:

- ♦ the impact of rates on the community,
- ♦ the impact of rates on business,
- ♦ the Integrated Development Plan (IDP) of the Municipality,
- ♦ the Local Economic Development (LED) strategy of the Municipality,
- ♦ the impact of the new rating system on poor private households, agricultural communities and owners of communal land, and
- ♦ the prevention of major shocks to ratepayers when moving from a site rating system to a system based on a rating on the market value of the property as a whole.

5. ANNUAL ADOPTION OF THE POLICY

The rates policy will be reviewed annually in compliance with section 5(1) of the MPRA and according to the time schedule tabled by the Mayor in accordance with section 21(1)(b) of the MFMA. Community participation will take place in accordance with Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). For this purpose public meetings will be advertised in local newspapers in the Lephalale area including those in Vaalwater, Lephalale, Thabazimbi and Koedoesrand and also local agricultural publications and organisational newsletters.

The rates policy will be approved with the annual budget in compliance with section 24(2)(c)(i) of the MFMA.

The rates policy will be available for perusal, free of charge, at:

- (i) The Municipality's head office and pay points;
- (ii) Municipal libraries;
- (iii) Customer Care Centres of the Municipality;
- (iv) Municipal website.

Copies of the rates policy will be available for purchase at all the pay points at the applicable charge, as determined by the Municipality from time to time.

6. KEY PRINCIPLES

The following principles will ensure that the Municipality treats persons liable for rates equitably:

➤ Equity

- Equity means that each ratepayer will be fairly treated relative to other ratepayers. The fundamental principle is that ratepayers in similar circumstances will pay similar levels of rates and ratepayers with greater ability to pay, will pay greater amounts of rates.
- Rates are levied on an ad valorem (by value) basis i.e pro rata to the value of the property. This literally means that a ratepayer with a higher valued property will pay proportionally more than a ratepayer with a lower valued property.
- The following are the reasons why ratepayers may pay different rates –
 - Different rates levied on different categories,
 - Exemptions,
 - Rebates, and
 - Reductions.

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

➤ Affordability

- The ability of ratepayers to pay for their total municipal services will be taken into account by the Municipality. In dealing with the poor and indigent ratepayers, the Municipality will provide relief measures through exemptions, reductions or rebates.
- The Municipality will endeavour to limit the annual increase in revenue from the property rates to the increase in the consumer price index (CPI), and the budget growth guidelines provided by National Treasury, except when the integrated development plan (IDP) of the Municipality provides for a greater increase.

➤ Poverty alleviation

- The effect of rates on the poor/indigent ratepayers will be taken into account through the Municipality's indigent policy. **(Note: This policy must be an attachment to this policy document.)** All residential properties with a value below an amount to be determined during the budget process, are exempted from assessment rates which amount should not be less than R30 000.

➤ Limitation of rates increases

- The transformation from a site rating system to a system where the total value (land and buildings) is rated, could cause major shifts in the rates burden on owners of certain properties.

Guidelines from national government are that the implementation of the MPRA should not lead to an onerous increase in income from assessment rates and it

should also not result in major shocks to ratepayers. To give effect to these guidelines, it is necessary to set limits on the increase in rates for the financial years in which the first valuation roll prepared in terms of the MPRA is implemented.

7. IMPOSITION OF PROPERTY RATES

7.1 Determination of a rate

The Municipality shall, as part of its annual operating budget process, impose a rate expressed as cents-in-a-Rand on the market value of all rateable immovable properties recorded in the valuation roll and supplementary valuation roll(s) of the Municipality.

In determining the rate the Municipality shall take into account the following:

- the estimated income and expenditure for the particular financial year,
- the cost of rendering and maintaining services,
- the overall financial situation of the Municipality,
- the services that do not generate income or that are being rendered at a loss,
- the impact of the proposed rate on indigent members of the community,
- the limitation on increases permissible in terms of section 20 of the MPRA,
- the current inflation level as prescribed by the Minister of Finance in terms of section 20(1)(b)(iii) of the MFMA,
- inputs and/or comments of the public on the proposed rate,
- the determination of an upper limit for property rates by a national or provincial organ of state in terms of section 43(1) of the MFMA.

7.2 Properties not rated

The rates impermissible in terms of Sections 16 and 17 of MPRA.

Section 16

Constitutionally impermissible rates include those that materially and unreasonably prejudice –

- (a) national economic policies;
- (b) economic activities across its boundaries; or
- (c) the national mobility of goods, services, capital or labour.

Section 17

- (a) the first 30% of public service infrastructure;
- (b) any part of the seashore; [not applicable];
- (c) any part of the territorial waters; [not applicable];
- (d) any islands [not applicable];
- (e) special nature reserve, national park, or a national botanical garden; (Limited applicability).
- (f) mineral rights;

- (g) property belonging to a land reform beneficiary for the first 10 (ten) years;
- (h) on the first R30 000 of a property assigned for residential purposes;
- (i) a place of public worship including an official residence owned by the relevant church and occupied by the religious officer.

Rates are not levied on the transportation corridors of public service infrastructure.

7.3 Categories of properties

7.3.1 The Municipality has in terms of Section 8(1) of the MPRA determined the categories of properties based on the use of the properties so as to enable the Municipality, should the need therefor arise, to determine different rates for the different categories of properties. The following are the determined categories of properties by the Municipality.

- Residential properties 1, 2 and 3.
- Business / Industrial properties.
- Government properties.
- Vacant land.
 - urban
 - non-urban
- Agricultural properties used for
 - Business and commercial uses
 - Eco-tourism, game hunting and/or trading
 - agricultural uses.
- Properties for education and training.
- Municipal properties.
- Mining and related uses properties.
- Communal land.
- Public Service Infrastructure.
- Illegal use.
- Privately owned towns.
- State trust land.
- Formal and informal settlements.
- Sectional titles

7.3.2 In determining the category referred to in 7.3.1 the Municipality shall take into account the following criteria, or a combination thereof:

- The formal zoning of the property;
- Township establishment approvals;
- The lawful use of the property;
- Township development area(remainder of township)
- Permitted use of the property; and
- The geographical area in which the property is situated.

7.4 Exemptions, Reductions and rebates as Relief Mechanisms

The following will be taken into account for the purpose of granting exemptions, rebates and reductions:

- Indigent status of the owner of the property.
- Sources of income of the owner of the property.
- Social or economic conditions of the area where the property is located or of the property owner.
- **Exemptions**

The Municipality grants an exemption from the payment of rates in respect of the following:

- (a) any rateable property registered in the name of a welfare organisation registered in terms of National Welfare Legislation.
- (b) any hospital, health clinic or institution for mentally ill persons that is operated not with the intention to make profit and is registered for tax exemptions in terms of the Income Tax Act because of those activities;
- (c) any rateable property registered in the name of a public benefit organisation that carries out specified public benefit activities and is registered for tax exemptions in terms of the Income Tax Act because of those activities;
- (d) Any museum, art gallery, library or botanical garden that is registered in the name of a private person and that is open to the public, whether admission is charged or not;
- (e) Any national monument, including ancillary business activity conducted at a national monument;
- (f) Any rateable property registered in the name of a trustee or trustees or any organisation that is being maintained for the welfare of war veterans.
- (g) any sports grounds used for the purposes of amateur sport or any social activity connected with such sport.
- (h) any rateable property registered in the name of a youth organisation or any organisation that promotes the welfare of the youth or any rateable property let by the Municipality to any such organisation.
- (i) any rateable property registered in the name of a cultural institution, declared as such in terms of relevant legislation.

- (j) on the first R30 000 of the market value of any residential property, whether the property is improved or unimproved, and non-urban property on which the owner resides. (Only as from 1 July 2008 in respect of the 2008/9 financial year).
- (k) any person who is the owner of a residential property and who -
 - i) has reached the age of 55 years or more during the financial year; or
 - ii) is physically or mentally disabled and can prove that he/she receives a social pension; or
 - iii) is certified by a district medical officer, as being physically or mentally handicapped.

subject to the following conditions

- (aa) the joint income of that person and his/her spouse, if any, for the year ended 30 June may not exceed R36 000 (thirty six thousand Rand) per year or such higher amount as may be determined in the Municipality's budget;
- (bb) the rateable property in question may be occupied only by that person and his/her spouse, if any, and by dependants of that person who have no income, or by other people due to circumstances that, in the opinion of the Municipality's Chief Financial Officer, are specific to that person;
- (cc) there may not be more than one dwelling unit on the rateable property in question;
- (dd) the application for exemption from rates for the financial year must be received prior to 30 September of that financial year, alternatively: (...prior to 31 March in the financial year preceding the new financial year under consideration), on a form made available for this purpose by the Municipality's Chief Financial Officer and the information provided in the application must be substantiated by an affidavit by the applicant;
- (ee) 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;
- (ff) the value of the rateable property in question, as reflected in the valuation roll or a supplementary valuation roll, may not exceed R250 000 on the person's first application;
- (gg) that person's current services account must be paid in full; and
- (hh) the rateable property in question must be categorised as residential;

The exemption in (a) to (k) will be granted after an application with all required documentation has been considered and approved by the Municipal Manager or delegated official.

- (l) Owners of residential property with a market value below R30 000 as determined by the MPRA.
- (m) Owners of property situated within an area affected by a disaster within the meaning of the Disaster Management Act 2002 (Act 57 of 2002).
- (n) Municipal properties that are not leased or rented out by the Municipality.

Rebates

When a specific category of owners of properties or the owners of a specific category of properties qualify for more than one rebate at a given time, the next rebate is calculated on the previously rebated rates amount payable. The order in which the rebates are calculated is as follows:

(a) Rebate for indigent debtors

The rebate is as determined by the Municipality's policy on indigent debtors. (Refer also to the definition of "indigent debtor").

(b) Rebate to limit the increase in rates

Note:

This is not related to the provisions of Section 21 of the MPRA regarding the compulsory phasing in of rates.

The rebate to limit the increase in rates when moving from the site rating system to the system of rating the total value of the property in the event of such increase being 40% (forty percent) or more will be calculated by phasing in the amount in excess of 40% (forty percent) at 25% (twenty five percent) per year over 4 (four) years commencing 1 July 2008.

This rebate does not apply to an increase in rates owing to a supplementary valuation made in terms of section 78(1) of the MPRA.

(c) Rebates for State Property

Until the current valuation roll (prepared in terms of the Ordinance) expires, all property owned by the State as provided for in the Rating of State Property Act, No. 79 of 1984 will be eligible for the rebates provided for in the act.

(d) Rebates for Residential Properties

No rebate to be given to residential properties, but a separate rate in the Rand to be calculated for this category of property.

(e) **Rebates for township developments(areas)**

The developer shall be given a rebate of 40% on the ervens to be developed while they are still registered in his name until they are sold to the new owner. In the event where the developer keep the erven for himself, the rebate will last for a period of three(3) years where after it lapses.

Reductions applicable to non-urban land

(a) **Reduction based on section 22 of the Ordinance**

The reductions referred to in section 22 of the Ordinance will continue to apply to the 2007/8 financial year, whereafter it shall lapse.

(b) **Reduction based on the guidelines provided in Section 3(4) of the MPRA**

(i) The extent of services provided by the Municipality in respect of agricultural properties.

Where the Municipality doesn't provide any of the undermentioned services, the relevant indicated reduction will apply.

Roads maintenance	-	7,5%
Water	-	20%
Electricity	-	7,5%
Sewerage	-	7,5%
Refuse collection	-	7,5%
Housing	-	5%

(ii) The contribution of agriculture to the local economy:

Where the bona fide farmer is

- a registered taxpayer with SARS – 5%
- registered for VAT with SARS – 5%
- registered for UIF in respect of farm workers – 5%
- registered for WCA in respect of farm workers – 5%

(iii) The contribution of agriculture to the social and economic welfare of farm workers.

Where the owner provides land for a cemetery, or a clinic, or a school on the said property, a further reduction of 5% respectively will be made.

Note:

- (1) Agricultural land used for game farming, game hunting or eco-tourism will also qualify for the abovementioned reductions after the portion with the improvements thereon used for purposes related to the abovementioned uses (e.g slaughter facilities, cold storage areas, lapas, lodges and other forms of accommodation facilities), has been deducted from the remainder of the agricultural property. The portion so deducted will be fully rated.
- (2) Any portion used for any illegal use (e.g business or industrial) will also be fully rated.

8. LIABILITY FOR RATES

- The owner of the property shall be liable for the payment of rates levied on the property.
- If the owner of the property fails to pay the amount due, the Municipality may recover the amount from the tenant/occupier of the property or from his agent as per sections 28 and 29 of the MPRA.
- For joint property owners, the liability for rates will be dealt with in the context of their agreement regarding payment. Such agreement must be in writing and signed by all affected parties and a certified copy must be submitted to the Municipality.
- In the circumstances where joint owners of an agricultural property that meets the requirements of the Subdivision of Agricultural Land Act, No. 70 of 1970 have not informed the Municipality in writing about who is liable for rates, the Municipality will apply section 24(2)(b)(ii) of the MPRA.
- If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire or part of the property, the Municipality will hold that joint owner liable for the total rates bill for that entire property.
- The recovery of rates by the Municipality will be in accordance with the credit control and debt collection policy of the Municipality as determined in terms of the MFMA.

9. PHASING IN OF RATES

- 9.1 The rates to be levied on newly rateable property and property of specified public benefit organisations shall be phased in as provided for in section 21 of the MPRA.

10. GENERAL VALUATION OF RATEABLE PROPERTY

- The Municipality shall undertake a general valuation of all rateable properties as defined by the MPRA and prepare a valuation roll every 4 (four) years.
- Supplementary valuations will be undertaken on an ongoing basis and a supplementary valuation roll will be prepared annually.
- Amendments to the valuation roll will be made annually in accordance with section 79 of the MPRA, and only the electronic copy of the valuation roll will be updated.
- The first valuation roll prepared in terms of the Property Rates Act, 2004 (Act 6 of 2004) will take effect from the start of the financial year following completion of the public inspection period.

- As the Municipality does not have the human resource capacity to compile its own valuation roll, the services of a suitable qualified valuer shall be obtained in accordance with its supply chain management policy.
- Rates on a sectional titles shall be paid by the owner of the unit.

11. DISCLAIMER AND APPENDIX

Rates cannot be challenged or withheld on the basis of non-compliance by the Municipal Council with this rates policy and must be paid in accordance with the payment requirements.

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

Any decision of the Municipal Manager in favour of the ratepayer who raised the matter shall be applied retrospectively to 1 July of the relevant financial year.

APPENDIX: SUMMARY OF THE LEGAL POSITION RELATING TO THE SETTING AND COLLECTION OF RATES

LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, 2004 (ACT 6 OF 2004 ("MPRA"))

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 53 OF 2003) ("MFMA")

This is a summary of the legal position and is not intended to cover the full content of either the MPRA or the MFMA. The summary focuses on those requirements that are immediately relevant to a municipality's rates policy.

A municipality may levy rates in its municipal area. It must exercise its power to levy rates subject to section 229 and any other applicable provisions of the Constitution, the provisions of the MPRA and its rates policy.

In terms of section 46 of the MPRA, the basis of valuation is market value. Property must be valued by a valuer engaged or employed by the Municipality in terms of section 33 of the MPRA. Anyone may lodge an objection to an entry in the valuation roll that is prepared by the municipal valuer.

Rates are based on the market value of a property, multiplied by a rate in the Rand set each year by the Municipality in question in terms of section 7 of the MPRA. The owner of the land (unless the Municipality is advised otherwise) is the principal ratepayer, and rates may be recovered as a debt against the principal ratepayer. In certain cases the occupier of the land may be classed as the principal ratepayer in terms of sections 24 and 25 of the MPRA.

Section 26 of the MPRA provides that rates may be paid either monthly or annually, but section 64 of the MFMA currently requires that accounts for municipal tax be prepared on a monthly basis or less often as may be prescribed. A municipality may also make payment

arrangements with ratepayers if an instalment of rates is not paid by the due date. A municipality's credit control and debt collection by-laws must prescribe the process for recovering rates in the case of non-payment.

In terms of section 3 of the MPRA, the council of a municipality must adopt a policy consistent with the MPRA on the levying of rates on rateable property in the Municipality. The rates policy must take effect on the effective date of the first valuation roll prepared by the Municipality in terms of the MPRA, and the policy must accompany the Municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the MFMA.

The rates policy must treat persons liable for rates equitably and determine the criteria for levying different rates for different categories of property and granting exemptions, rebates or reductions. The effect of rates on poor residents and organisations conducting specified public benefit activities must also be considered.

Any exemptions, rebates or reductions granted under and provided for in the rates policy adopted by a municipality, must comply and be implemented in accordance with a national framework that may be prescribed after consultation with local government.

No municipality may grant relief in respect of the payment of rates to the owners of properties on an individual basis.

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). The draft policy must be displayed for a period of at least 30 (thirty) days at the Municipality's head office, satellite offices and libraries and on the official website of the Municipality. An advertisement informing the community of this must be placed in the media.

The rates policy must be reviewed annually and by-laws must be adopted to give effect to the policy.

The MPRA provides for the exclusion of certain properties from the payment of rates. The first R15 000 of the value of residential properties is excluded and land belonging to land reform beneficiaries is excluded for the first 10 (ten) years of ownership.

A municipality may not levy different rates on residential properties.

The Minister of Provincial and Local Government may set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased.

Rates levied on newly rateable property and on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

A register in respect of all properties situated within a municipality must be maintained. Part A of the register is the current valuation roll and supplementary valuation rolls, and

Part B contains those properties that are exempted, receive a rebate or reduction, are subject to phasing or are excluded from rates.

Written accounts must be issued by the Municipality and a ratepayer is obliged to make enquiries if an account is not received.

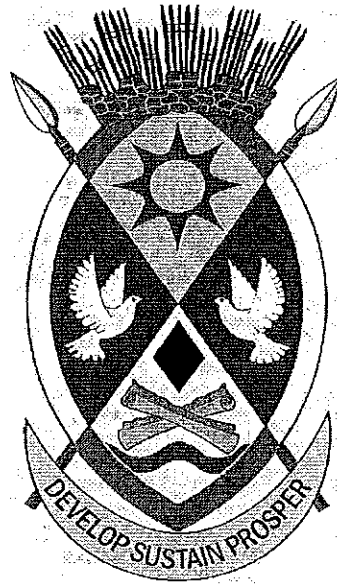
If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the Municipality, the Municipality may recover the amount in whole, or in part from a tenant, occupier or agent of the owner, despite any contractual obligation to the contrary. The amount recovered is limited to the amount of the rent or other money due.

SIGNED AT LEPHALALE ON _____

**E M TUKAKGOMO
MUNICIPAL MANAGER**

LEPHALALE

LOCAL MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption: 01November 2005

Council resolved in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the **LEPHALALE MUNICIPALITY**.

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Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and-

“Competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1)(d) of this Policy;

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

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

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

“In the service of the state” means to be –

(a) a member of-

- (i) any municipal council;
- (ii) any provincial legislature; or
- (iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999)

(e) a member of the accounting authority of any national or provincial public entity; or

(f) an employee of Parliament or a provincial legislature;

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

“List of accredited prospective providers” means the list of accredited prospective providers, which the **LEPHALALE MUNICIPALITY** must keep in terms of paragraph 14 of this policy;

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

- (a) The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)

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

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

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

“Written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy.

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the **LEPHALALE MUICIPALITY** 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;
- (b) is fair, equitable, transparent, competitive and cost effective;
- (c) Complies with -
 - (i) The Treasury Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) Is consistent with other applicable legislation;
- (e) Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) Is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the **LEPHALALE MUNICIPALITY** -

- (a) procures goods or services;
- (b) Disposes goods no longer needed;
- (c) Selects contractors and suppliers to provide assistance in the provision of municipal services
Otherwise than in circumstances where Chapter 8 of the Municipal Systems Act
applies; or
- (d) Selects external mechanisms referred to in section 80 (1) (b) of the Municipal
Systems Act for the provision of municipal services in circumstances contemplated in
section 83 of that Act.

(4) This Policy, except where provided otherwise, does not apply in respect of the Procurement of goods and services contemplated in section 110(2) of the Act, including -

- (a) Water from the Department of Water Affairs or a public entity, another municipality
or a municipal entity; and

(b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

Adoption and amendment of the supply chain management policy

3. (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 the **Council**.

(2) If the accounting officer submits proposed amendments to the **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 relevant 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.

Delegation of supply chain management powers and duties

4. (1) The **Council** hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer -

(a) To discharge the supply chain management responsibilities conferred on accounting officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) This Policy;

(b) To maximise administrative and operational efficiency in the implementation of this Policy;

(c) To enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and

(d) To comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The council or accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of **LEPHALALE MUNICIPALITY** or to a committee, which is not exclusively composed of officials of the **municipality**;

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

Sub delegations

5. (1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award -

(a) Above R10 million (VAT included) may not be sub delegated by the accounting officer;

(b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –

(i) the chief financial officer;

(ii) a senior manager; or

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

(c) Not exceeding R2 million (VAT included) may be sub delegated but only to-

(i) The Chief Financial Officer;

(ii) A senior manager;

(iii) A manager directly accountable to the chief financial officer or a senior manager; or

(iv) A bid adjudication committee.

(d) Between R30 000 and R200 000.00 shall be delegated to chief financial officer.

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including-

(a) The amount of the award;

(b) The name of the person to whom the award was made; and

- (c) The reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted -
- (a) To the accounting officer, in the case of an award by -
- (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (b) To the financial officer or the senior manager responsible for the relevant bid, in the case of an award by -
- (i) manager referred to in subparagraph (2)(c)(iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- 6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

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

Supply chain management unit

7. (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for -

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

Part 1: Demand management

System of demand management

10. (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.

(2) The demand management system must -

- (a) Include timely planning and management processes to ensure that all goods and Services required by the **municipality** are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) Take into account any benefits of economies of scale that may be derived in case of acquisitions of a repetitive nature; and
- (c) Provide for the compilation of the required specifications to ensure that its needs meet the planning and management process..
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximised.

Part 2: Acquisition management

System of acquisition management

11. (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 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.

Range of procurement processes

12. (1) Goods and services may only be procured by way of-

- (a) Petty cash purchases, up to transaction value of R300.00 (VAT included);
- (b) Written quotations for procurements of a transaction value over R 300 up to R10 000 (VAT included);
- (c) Formal written price quotations for procurements of a transaction value over R10 000 up to R30 000 (VAT included);
- (d) Formal written price quotations for procurements of a transaction value over R30 000 up to R200 000 (VAT included); and
- (e) A competitive bidding process for-
 - (i) procurements above a transaction value of R200 000 (VAT included); and
 - (ii) The procurement of long-term contracts.

(2) The accounting officer may, in writing-

(a) Lower, but not increase, the different threshold values specified in subparagraph (1); or

(b) Direct that -

- (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R 300;
- (ii) formal written price/ verbal quotations be obtained for any specific procurement of a transaction value higher than R300 but lower than R10 000; or
- (iii) formal written price quotations be obtained for any specific procurement of a transaction value higher than R10 000 but lower than R30 000
- (iv) a competitive bidding process be followed for any specific procurement of a transaction value over than R200 000

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

(4) The range of procurement processes set out in paragraph 12(1) above can graphically be set out as follows:

PROCESS	VALUE	ADVERTISEMENT
Petty Cash Purchases	Up to R 300 [VAT included]	No
Written/verbal Quotations	Over R3 00 [VAT included] up to R 10 000 [VAT included]	No
Written Quotations	Over R10 000 [VAT included] up to R 30 000 [VAT included]	No
Formal Written Price Quotations	Over R 30 000 [VAT included] up to R 200 000 [VAT included]	Yes
Competitive Bidding	Over R 200 000 [VAT included] or Long Term Contracts exceeding one [1] year	Yes

General precondition for consideration of written quotations or bids

13. 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 CK;
- (iii) Valid and original tax clearance certificate and VAT registration number, if any;

- (iv) Municipality rates and taxes are in order, i.e. are not in arrears and are not older than three months from the date of issue. Proof of residents bearing the traditional authority letterhead or stamp will suffice for rural areas residents and
- (c) Has indicated -
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. (1) The accounting officer must -

- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
 - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) Specify the listing criteria for accredited prospective providers; and
 - (d) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (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.
- (4) .The Lephalale local municipality shall use only the Service Providers that are registered on National Treasury Suppliers Central Data Base.
- (5) The Verification of the Service providers shall be done daily as and when the orders are issued.

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows -

- (a) Petty cash resides in Financial Services;
- (b) Excludes subsistence and travel claims; and
- (c) A monthly reconciliation report from dedicated officials must be provided to the chief financial officer, including -
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) Receipts and appropriate documents for each purchase.

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations 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 paragraph 14(1)(b) and (c) of this Policy;
- (b) To the extent feasible, providers must be requested to submit such quotations in writing;
- (c) If it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) The accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) If a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

Formal written price quotations

17. (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 paragraph 14 (1) (b) and (c) 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 subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written or verbal quotations of formal written price quotations, is as follows:

- (a) When using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a **rotation** basis;
- (b) All requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice boards of the **municipality**; and be evaluated, approved and awarded by chief financial officer or the delegated official.
- (c) Offers 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) Offers below R30 000 (VAT included) 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) Acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points.
- (g) Council requirements for proper record keeping.

Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement / service level agreement
- (h) Proper record keeping
 - (i) Original/ legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. 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 in case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

- (b) Include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation.
- (c) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-
 - (i) if the bidder s required by law to prepare annual financial statements for auditing, their audited annual financial statements-
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (d) 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.

Public invitation for competitive bids

22. (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 in newspapers commonly circulating locally, the website of the **municipality** or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement, must include-

- (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
- (ii) a statement that bids may only be submitted on the bid documentation provided by the **municipality**; and
- (iii) Date, time and venue of any proposed site meetings or briefing sessions.

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. (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 at the same time and as soon as possible after the period for the submission of bids has expired; and
- (iii) received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the provisions in subparagraph (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) Late Bids

(a) Bids or quotation 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) Bid documents must clearly state the venue where the bidding box is situated for each bid. Any bid delivered to the wrong bid box will not be considered, even if it was delivered on time.

(c) Where it's 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 initialed in like manner and must be retained for record purposes.

(3) Amendments before the closing date

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 registered post or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason employees 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.

(4) Dealing with bids and quotations if the closing date thereof has been extended

Where the closing date of a bid or quotation is extended, the notice which makes known such extensions shall also mention the 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 requests that such bid or quotation to be returned to the bidder or unless the bidder cancels it by submitting a later dated bid or quotation before the extended closing date.

(5) No amendments after the closing date allowed

The municipality is not entitled to amend any bid condition, validity period, specification or plan after the closing date of the bid and before the acceptance of a bid or quotation has been notified.

Negotiations with preferred bidders

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

Two-stage bidding process

- 25.** (1) A two-stage bidding process is allowed for-
- (a) Large complex projects;
 - (b) Projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) Long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications 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.

Committee system for competitive bids

- 26.** (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
- (a) A bid specification committee;
 - (b) A bid evaluation committee; and
 - (c) A bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with-
- (a) Paragraph 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.

Bid specification committees

27. (1) A bid specification committee must compile the specifications for each procurement of goods or services by the **municipality**.

(2) Specifications-

(a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

(b) Must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) May not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

(e) May not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent",

(f) Must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and

(g) Must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A bid specification committee must be composed of one or more officials of the **municipality**, preferably the en-user responsible for the function involved, and may, when appropriate, include external specialist advisors.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

28. (1) A bid evaluation committee must-

(a) Evaluate bids in accordance with-

- (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
- (b) Evaluate each bidder's ability to execute the contract;
- (c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears and valid, and;
- (d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible in addition to members appointed by accounting officer be composed of-
- (a) Officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the **municipality**.
- (3) 50 + 1 of the members shall form a quorum.

Bid adjudication committees

29. (1) A bid adjudication committee must-

- (a) Consider the report and recommendations of the bid evaluation committee; and
 - (b) Either-
 - (i) Depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) Make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the **Municipality** which must include-
- (a) The chief financial officer or, if the chief financial officer is not available another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the **municipality**; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid-
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are no in arrears, and;
 - (ii) notify the accounting officer
- (b) The accounting officer may -
- (i) after due consideration of the reasons of the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days.

Procurement of banking services

30. (1) A contract for banking services-

- (a) Must be procured through competitive bids;
 - (b) Must be consistent with section 7 or 85 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 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990(Act No. 94 of 1990).

Procurement of IT related goods of services

31. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

- (2) Both parties 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 IT needs if-
- (a) The transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) The transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the **municipality** disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

- 32.** (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.
- (2) Subparagraphs (1)(c) and (d) do not apply if-
- (a) A municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) A municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

- 33.** (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel should be avoided wherever 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 accounting officer.

Proudly SA Campaign

34. The **municipality** supports the Proudly SA Campaign to the extent that all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

Appointment of consultants

35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if

(a) The value of the contract exceeds R200 000 (VAT included); or

(b) The duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -

(a) All consultancy service 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 of 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**.

35.2 .Engagement of Consultants

(a) Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.

(b) Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality.

(C) Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those:

- (i).determined in the “Guidelines on fees for audits done on behalf of the Auditor-General South Africa”, issued by the South African Institute of Chartered Accountants (SAICA);
- (ii) .set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); or
- (iii)Prescribed by the body regulating the profession of the consultant.
- (d)Ensure an exacting “specification” of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored.
- (e)Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.
- (f) It is mandatory that accounting officers of municipalities conclude on the best “value for money”, i.e. matching fees against quality and against benchmarked practices.
- (g) Accounting officers of municipal must appoint consultants on a time and cost basis with specific start and end dates.
- (h)Travel and subsistence costs for the appointment of consultants will be in accordance with the travel policy of government and the contract price shall specifies all travel & subsistence costs
- (I)• If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions:
 - (i) Hotel accommodation may not exceed the amount mentioned in table 1 of the policy (national treasury circular 4 of 2016/2017);
 - (ii) Only economy class air tickets may be purchased for flights;
 - (iii) Only group B vehicles or lower may be hired for engagements, as mentioned in this policy ;
 - (iv) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time.
- (J) Accounting officer to develop and implement consultancy reduction plans (which must include factors such as skills transfer with specific time frames).
- (K) Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality's SCM policy

Deviation from and ratification of minor breaches of, procurement processes

36. (1) The accounting officer may –

- (a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only -
- (i) in an emergency
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (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; and
- (b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties, which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

37. (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 subparagraph (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 were accepted; and
 - (c) An invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The 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 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 relevant 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 relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the **municipality** to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38. (1) The accounting officer must-

- (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 willfully 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 of Combating of Corrupt Activities Act (No12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii),(e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

39. 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, in coding of items to ensure that each item has a unique number;

- (b) The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) The placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) Appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased.
- (f) Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal management

40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:

Assets may be disposed of by –

- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (iii) selling the asset; or
- (iv) Destroying the asset.

(3) The accounting officer must ensure that -

- (a) Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

- (d) Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

41. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

Risk management must include –

- (a) The identification of risks on a case-by-case basis;
- (b) The allocation of risks to the party best suited to manage such risks;
- (c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

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

Part 4: Other matters

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

43. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy -

- (a) Who is in the service of the state;
- (b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) A person who is an advisor or consultant contracted with the **municipality**.

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

45. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 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.

Ethical standards

46. (1) A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of the **municipality** in order to promote –

- (a) Mutual trust and respect; and
 - (b) An environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of this Policy -
- (a) Must treat all providers and potential providers equitably;
 - (b) May not use his or her position for private gain or to improperly benefit another person;

- (c) May not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) Notwithstanding subparagraph (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 **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 paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2) (d) and (e) -
- (a) Must be recorded in a register, which the accounting officer must keep for this purpose;
 - (b) 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) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of ethics must be dealt with as follows -
- (a) in 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 role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

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

47. (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 subparagraph (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) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

48. 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.

Objections and complaints

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

Resolution of disputes, objections, complaints and queries

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

- (a) To assist in the resolution of disputes between the **municipality** and other persons regarding-

- (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
- (b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions 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 relevant provincial treasury if -
- (a) The dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) No response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

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

Payment of sub-contractors or joint venture partners

- 52.** The chief financial officer or an official designated by the chief financial officer may consent to the direct payment of sub-contractors or joint venture partners by way of:
- (a) an approved cession; or
 - (b) an agreement for direct payment.

Extending or varying a contract

- 53.** (1) Subject to subsection (2), the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:-
- (a) The circumstances as contemplated in paragraph 36[1][a] prevail; or
 - (b) With due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.
- (2) The municipality may not extend or vary a contract:-
- (a) More than once;
 - (b) For a period exceeding the duration of the original agreement; or
 - (c) For an amount exceeding twenty [20] percent of the original bid value.
- (3) Within one [1] month of the decision referred to in sub-paragraph (1), the matters specified in sub-paragraph (4) must be:-
- (a) Published by the municipality at least in an appropriate newspaper circulating within the boundaries of the municipality; and
 - (b) Displayed at a prominent place that is designed for that purpose by the municipality.
- (4) The matters to be published or displayed are:-
- (a) The reasons for dispensing with the prescribed procedure;
 - (b) a summary of the requirements of the goods or services; and
 - (c) the details of the person, body, organization or corporation supplying the goods or services.
- (5) The functions of the accounting officer in terms of this section may not be assigned nor delegated.

54. Strip and Quote

- (a) Repairs that cannot be seen or easily identifiable.

Quote can only be sourced from one service provider after stripping.

Data base for Service Providers to be rotated.

55. Transportation and catering for public participation meetings

- (a). The three quotation are required per route for transportation and this will not be regarded as the contravention of section 12 (3) / 19 (2) of SCM

(b). Catering should be restricted to the minimum of 150 people unless if the total number of attendees is less than 300, then a lessor of higher minimum can be allowed.

This will not be regarded as contravention of section 12 (3) / 19 (2) of the SCM as this is done to promote local companies.

Commencement

This Policy takes effect on **1 July 2017** subject to annual review.

SIGNED AT LEPHALALE ON _____

E M TUKAKGOMO
MUNICIPAL MANAGER