BEGROTINGSVERWANTE VERORDENINGE EN BELEIDE
BUDGET RELATED BY-LAWS AND POLICIES
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In terms of section 74 of the Local Government: Municipal Systems Act, 2000, (Act 32 of 2000) the Municipality of Swartland adopts the following Tariff Policy –

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9. Notification of tariffs, fees and service charges

1. Objectives of policy
The objectives of this policy are –
(a) To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and
(b) To give guidance to the councilor responsible for finance regarding tariff proposals to be submitted to council annually during the budget process.

2. Tariff principles
The following principles shall apply –
(a) restricted free services to consumers and financial assistance to indigent households shall be considered only in as far as it can be financed from –
(i) financial allocations by the National Government; and
(ii) a grant for that purpose by the municipality, which shall be determined annually during the budget process.
(b) all consumers of municipal services must be treated equitably and the various categories of consumers must pay the same charges based on the same cost structure;
(c) the amount payable by consumers must be in proportion to usage of the service;
(d) indigent households must at least have access to basic services through lifeline tariffs or direct subsidisation;
(e) tariffs must reflect the total cost of services unless stated otherwise in this policy document;
(f) where provided for in this policy, consumers may choose a tariff from a range of applicable tariffs;

(g) tariffs must be set at a level that facilitates the sustainability of services by ensuring that –
   (i) cash inflows cover cash outflows which mean that sufficient provision for working capital and bad debts must be made; and
   (ii) access to the capital market is maintained by providing for the repayment of capital, maintaining sufficient liquidity levels and making profit on trading services.

(h) provision shall be made in appropriate circumstances for a surcharge on a tariff which will apply when a restriction of use is required which may include national disasters and periods of droughts;

(i) efficient and effective use of resources shall be encouraged by providing for penalties to prohibit exorbitant use;

(j) the extent of subsidisation of tariffs shall be disclosed;

(k) VAT is excluded from all tariffs and shall be additional to these tariffs when applicable.

3. Categories of consumers

- The tariff structure may provide for the following categories of consumers-
  
  (a) domestic consumers;
  (b) commercial consumers;
  (c) industrial consumers;
  (d) agricultural consumers;
  (e) municipalities;
  (f) consumers with whom special agreements were made;
  (g) consumers in certain geographical areas;
  (h) sport and recreation facilities;
  (i) educational and communal institutions; and
  (j) charitable and welfare institutions and organizations.

- The municipality may differentiate between different categories of consumers, debtors, service providers, services, service standards and other matters.

- The differentiation shall be based on one or more of the following elements
  
  (a) infrastructure costs;
  (b) volume usage; or
  (c) availability and service standards.

4. Service classification

The municipality may, subject to the guidelines provided by the National Treasury and the Mayoral Committee, make provision for the following classification of services:

(a) trading services
   (i) water
   (ii) electricity
   (iii) camping facilities

(b) economic services
   (i) refuse removal
   (ii) sewerage disposal

(c) community services
   (i) air pollution
   (ii) fire fighting services
   (iii) local tourism
   (iv) town planning
   (v) municipal public works
   (vi) storm water management system in built-up areas
   (vii) trading regulations
   (viii) fixed billboards and the display of advertisements in public places
   (ix) cemeteries
   (x) control of public nuisances
   (xi) control of undertakings that sell liquor to the public
   (xii) facilities for accommodation, care and burial of animals
   (xiii) fencing and fences
   (xiv) licensing and control of undertakings that sell food to the public
   (xv) local amenities
   (xvi) local sport facilities
   (xvii) municipal parks and recreation
   (xviii) municipal roads
   (xix) noise pollution
   (xx) pounds
   (xxi) public places
   (xxii) street trading/street lighting
   (xxiii) traffic and parking
   (xxiv) building control
   (xxv) licensing of motor vehicles and transport permits
   (xxvi) nature reserves

5. Expenditure classification

Expenditure may be classified as:

(a) Subjective classification which includes –
   (i) salaries, wages and allowances
   (ii) bulk purchases
   (iii) general expenditure
(iv) repairs and maintenance
(v) capital charges (interest and redemption) / depreciation
(vi) contribution to fixed assets
(vii) contribution to funds –
   (aa) bad debts;
   (bb) working capital; and
   (cc) statutory funds
(viii) contribution to reserves
(ix) gross expenditure
(x) less charge-out
(xi) net expenditure
(xii) income; and
(xiii) surplus/deficit

This classification of expenditure each with a unique vote must be applied to all cost centres.

(b) Objective classification in terms of which the following cost centres must be created to which the costs associated with providing the service can be allocated –
(i) department
(ii) section/service
(iii) division/service

6. Cost elements

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

(a) fixed costs which consist of the capital costs (interest and redemption) on external loans as well as internal advances or depreciation whichever are applicable to the service, and any other costs of a permanent nature as determined by the municipality;
(b) variable cost which includes all other variable costs that have reference to the service; and
(c) total cost which consists of the fixed and variable cost;
(d) a cost recovery tariff; or
(e) a combination of any of abovementioned tariffs.

7. Tariff types

In determining the type of tariff applicable to the type of service the municipality may make use of the following five options or a combination thereof –

(a) a single tariff which shall consist of a cost per unit consumed and which will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Director: Financial Services the municipality may approve profits on trading services which will be added to cost of the service for the purpose of calculating the tariffs.
(b) cost related two-to-three part tariff which shall consist of two to three parts –
   (i) management, capital, maintenance and operating costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers;
   (ii) variable costs may be recovered by a unit charge per unit consumed; and
   (iii) three part tariffs may be used to calculate the tariff for electricity and to provide for maximum demand and usage during periods of limited demand.
(c) inclining block tariff which is based on consumption levels being categorised into blocks, with the tariff increasing as consumption levels increase. The first step in the tariffs will be calculated at break-even point and subsequent steps will be calculated to yield a result that would discourage excessive use of the commodity.
(d) declining block tariff which is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit by the volume consumed and will only be used for special agreements;
(e) a cost recovery tariff; or
(f) a regulating tariff which is of a regulatory nature and the municipality may recover the full cost or a portion thereof associated with rendering the service.

8. Tariff structure and methods of calculations

The following tariff structure shall be applied to determine tariffs –

(1) Water

(a) Tariff structure-
   (i) fixed tariff per consumer plus a single tariff per unit used (kiloliters used);
   (ii) single tariff per consumer; or
   (iii) a cost recovery tariff;
(b) Method of calculation-
   (i) the fixed costs of the service shall consist of the costs indicated as such by the municipality;
   (ii) the number of consumers shall be used to determine the fixed costs per consumer;
   (iii) where a fixed cost per consumer is charged, the unit charge shall be calculated by dividing the variable cost by the volume consumed;
(iv) where a fixed cost per consumer is not charged, the unit charge shall be calculated by dividing the total cost by volume consumed;

(v) if for any reason a meter cannot be read or has not been read, the municipality shall be entitled to render an account based on the estimated consumption calculated on the last known 3 months' average consumption preceding the date on which the meter was last read;

(vi) where a property is not connected to the water reticulation system but can reasonably be so connected, an availability charge equal to the unit tariff per kiloliter, as determined annually by Council;

(vii) profit made on the service shall be added to the fixed and variable cost before tariffs are calculated.

- Electricity

(a) Tariff structure –
   (i) kWh – Active Energy;
   (ii) kVA – maximum demand (thermic or block) register in a half an hour period;
   (iii) kVArh – Reactive Energy;
   (iv) peak, standard and off-peak time periods – according to bulk purchase tariff structure;
   (v) high and low consumption seasons – according to bulk purchase tariff structure;
   (vi) allocation of holiday season – according to bulk purchase tariff structure;

(b) Method of calculation –
   (i) the guidelines and policy issued by the National Electricity Regulator shall form the basis for calculating tariffs;
   (ii) cross subsidisation between and within categories of consumers may be allowed based on the load factors of the categories and consumers within the category;
   (iii) portions of the fixed costs will be recovered through an energy or time-of-use charge.
   (iv) in applying the abovementioned principle, the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables shall be used-

<table>
<thead>
<tr>
<th>Tariff types</th>
<th>Fixed charge</th>
<th>Active Energy charge</th>
<th>Seasonally Time-of-use Energy</th>
<th>Capacity-charge</th>
<th>Reactive energy charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>One part</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One part block 1</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Block block 2</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Two part</td>
<td>X</td>
<td></td>
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<tr>
<td>Two part Block 1</td>
<td>X</td>
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<tr>
<td>Block 2</td>
<td>X</td>
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<tr>
<td>Block 3</td>
<td>X</td>
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<td>Block 4</td>
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<tr>
<td>Three part</td>
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<td></td>
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<tr>
<td>Three part time-of-use Peak</td>
<td>X</td>
<td>X</td>
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<tr>
<td>High season</td>
<td>X</td>
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<tr>
<td>Standard</td>
<td>X</td>
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<tr>
<td>Off-peak</td>
<td>X</td>
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<tr>
<td>Low season</td>
<td>X</td>
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<tr>
<td>Standard</td>
<td>X</td>
<td></td>
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<tr>
<td>Off-peak</td>
<td>X</td>
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</tr>
<tr>
<td>Four part time-of-use Peak</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>High season</td>
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<tr>
<td>Standard</td>
<td>X</td>
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<tr>
<td>Off-peak</td>
<td>X</td>
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<tr>
<td>Low season</td>
<td>X</td>
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<tr>
<td>Standard</td>
<td>X</td>
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<tr>
<td>Off-peak</td>
<td>X</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Three part time-of-use Net-Metering</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Import</td>
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</tr>
<tr>
<td>Export</td>
<td>X</td>
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</tr>
</tbody>
</table>

(aa) The one-part single energy rate tariff –
All costs allocated to a consumer category which normally makes use of a one-part single energy rate tariff shall be expressed in a single cents/kWh charge, calculated as follows –
(i) the maximum demand costs (rands/kVA/month) of all consumers that will normally use a single tariff will be calculated by considering the average load factor
applicable to the type of consumers and added to the variable cost;
(ii) the fixed cost (rand per consumer per month) and the energy cost (kWh) shall be added to the variable cost;
(iii) the total cost (maximum demand, fixed and energy costs) allocated to consumers which normally uses a one-part-single-energy tariff shall be calculated at a break-even point comparable with the number of kWh units determined by Eskom;
(iv) the total cost will be expressed in a cents/kWh tariff.

(bb) The two-part tariff –
(i) a portion of the fixed cost equal to the operating and administrative cost of the Electricity Department shall be recovered through a rands per consumer per month charge;
(ii) the remaining portion of the fixed cost will be added to the variable cost and recovered through a unit charge (cent/kWh charge);
(iii) the tariff consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.

(cc) The three-part tariff –
(i) a portion of the fixed cost as described in sub paragraph (2)(bb)(i) shall be recovered through a rand/consumer/month charge;
(ii) the remaining portion of the fixed cost shall be recovered through a unit charge (cent/kWh) and maximum demand charge (rand/kVA/month);
(iii) the maximum demand charge (rand/kVA cost) shall be recovered through the capacity charge where applicable;
(iv) the cent/kWh charges shall recover the total variable cost plus portions of re-allocated fixed and demand charges (rand/consumer/month and rand/kVA costs) where applicable.

(dd) Time-of-use tariff –
(i) time-of-use tariffs offered shall be based on the peak, standard and off-peak tariffs and time periods of the supply authority to maintain cost recovery in the event of load profile shifting. Transmission and distribution network charges may be recovered through rand/kVA charges;
(ii) the cents/kWh charge recovers the full variable costs as well as a portion of the reallocated rands/kVA charges where applicable;
(iii) the rands per consumer per month charge is not reallocated;
(iv) the structure of the time-of-use tariff will be calculated according to the purchase structure;
(v) the time-of-use tariff will only be offered in areas where similar tariffs are available to the municipality;
(vi) where a profit is made on the service it will be added to the fixed and variable cost before tariffs are calculated.
(vii) where a property is not connected to the electricity reticulation system but can reasonably be so connected, an availability tariff equal to the fixed costs calculated in accordance with the provisions of sub paragraph (2)(b) shall be payable.

(ee) Net metering –
(i) net-metering import tariff (energy supplied to the consumer) cent/kWh charges shall be based on the average cost of supply including a portion of operating cost, surplus and purchase cost allowing for time-of-use tariff variations;
(ii) net-metering export tariff (energy supplied by the consumer) cent/kWh charges shall not exceed the average cost of purchase allowing for time of use tariffs applicable during the time period of supply;
(iii) a portion of the fixed cost equal to the operating and administrative cost of the Electricity Department shall be recovered through a rand/consumer/month charge.

(3) Waste removal

(a) Unit of measurement-
(i) number of premises whether built on or not, is a basic unit;
(ii) bulk waste removal;
(iii) cost recovery tariff
(iv) special waste;
(v) gate levies/coupons

(b) Method of calculation –
(i) a cost recovery tariff equal to the unit tariff applicable to domestic consumers shall be levied on each premises whether built upon or not;
(ii) a unit tariff per premise, whether residential or other institution, shall be levied which will be calculated by dividing the total cost by the total number of premises;

(iii) where more than one dwelling unit, as defined in the municipality’s scheme regulations, are situated on premises (such as semi-detached units or blocks of flats), each such dwelling unit shall be regarded as separate premises for the purposes of this paragraph;

(iv) for each business on premises a compulsory waste removal tariff shall be charged that will be adjusted according to volume of waste removed. The waste unit for business is two plastic bags or two 85 litre waste bins or a 240 litre wheely bin per week. For residential premises it is unlimited.

(v) a waste tariff equal to the unit tariff levied in terms of sub paragraph (b)(ii) & (iv) in respect of the removal of waste on premises situated within the urban fringe areas of the towns of Malmesbury, Moorreesburg, Riebeek-Wes, Riebeek-Kasteel, Darling, Yzerfontein, Abbotsdale, Kalbaskraal, Chatsworth, Riverlands and Koringberg and Ongegund shall be applicable to waste removal once a week per premises.

(vi) with regard to premises situated outside the above mentioned urban fringe areas, or the occasional removal of refuse, a tariff based on a levy per load or part thereof shall be levied;

(vii) the tariff for special waste shall be levied by adding the cost of air space occupied, measured in tons, to the actual cost to treat and cover such waste;

(viii) the coupon prices for waste delivered personally at waste sites, shall be determined according to vehicle capacity, the air space occupied as well as the cost to cover such waste daily;

(ix) waste tariffs shall be levied monthly.

(4) Sanitation:

(a) Unit of measurement –

(i) number of toilets;

(ii) formula based water flow tariff; or

(iii) a cost recovery tariff.

(b) Method of calculation –

(i) an availability charge may be levied at a tariff equal to the unit tariff applicable to residential consumers where a property is not connected to the sewerage reticulation system but can reasonably be so connected;

(ii) a unit charge per consumer may be charged; the tariff will be calculated by dividing the total cost by the total number of premises connected to the sewerage reticulation system;

(iii) where more than one dwelling unit, as defined in the municipality’s zoning scheme regulations, is situated on premises (such as a semi-detached dwelling or a block of flats etc.), each such a dwelling unit shall for the purpose of this paragraph, be considered to be separate premises;

(iv) a surcharge of 15% shall be levied for each additional toilet in respect of consumers mentioned in paragraphs 3(1)(b) to 3(1)(k);

(v) the tariff payable for the removal of the contents of a conservancy tank shall be equal to the unit tariff levied in terms of sub paragraph 4(b)(i) in respect of conservancy tanks in use on premises situated within jurisdictional area of the municipality; where a third suction is done in the same month during Easter weekend or school holidays, such suction shall be done at no cost while a fourth suction in the same month shall be done at actual cost.

(vi) a tariff, based on a charge per load to be removed, may be levied for the emptying of conservancy tanks on premises situated outside the urban fringe areas or for the occasional removal of the contents of a septic tank on such premises;

(vii) charges payable in terms of sub paragraph (vi) must be levied by the Incident program monthly;

(viii) where requests by any consumer to whom a waste removal service is received by Emergency Services after ordinary office hours, the actual cost shall be levied by the Incident program;

(ix) industries classified as wet industries (water intensive industries) shall pay a treatment cost based on the following formula in addition to a tariff per cistern:

\[ B = \frac{0.85 \times V \times R \times COD}{1000} \]

where

- \( B \) = Treatment cost
- \( V \) = Volume of effluent in kiloliter
- \( R \) = Cost of treating of 1 Kilogram COD in R/kilogram COD
- \( COD \) = Chemical oxygen demand in milligram per litre

(x) industries classified as wet industries and equipped with a flow measurement device to record the effluent volume, the following shall apply:

\[ B = \frac{V \times R \times COD}{1000} \]

where

- \( B \) = Treatment cost
- \( V \) = Volume of effluent in kiloliter
- \( R \) = Cost of treating of 1 Kilogram COD in R/kilogram COD
- \( COD \) = Chemical oxygen demand in milligram per litre
(xi) sewerage tariffs shall be levied monthly.

c) Where property is not connected to any water bearing sanitation system or a sanitation pumping system, but can reasonably so connected, a monthly availability charge equal to the fixed cost calculated in terms of sub paragraph (1)(b), shall be levied, provided that such availability charge shall not be applicable not premises where french drains exist.

(5) Community services

(a) Tariff structure –
   (i) the tariff structure as reflected in table 1 below shall be used to determine regulatory community and subsidised services.

(b) Method of calculation –
   (i) these tariffs may be adjusted annually by a percentage as determined by the council during its budget process, or by a recalculation of the estimated actual cost.

Table 1

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>UNIT OF RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SUNDARY SERVICE CHARGES</td>
<td></td>
</tr>
<tr>
<td>1.1 Information regarding valuation of properties.</td>
<td>Fixed amount per enquiry per property.</td>
</tr>
<tr>
<td>1.2 Issuing of Valuation certificate of a property.</td>
<td>Fixed amount per certificate.</td>
</tr>
<tr>
<td>1.3 Issuing of Clearance valuation certificate of a property.</td>
<td>Fixed amount per certificate.</td>
</tr>
<tr>
<td>1.4 Issuing of second duplicate account / Payslip or IRP 5’s</td>
<td>Fixed amount per certificate.</td>
</tr>
<tr>
<td>1.5 Photocopying:</td>
<td></td>
</tr>
<tr>
<td>A4 size</td>
<td>Fixed amount per black/white or coloured photocopy.</td>
</tr>
<tr>
<td>A3 size</td>
<td>Fixed amount per black/white or coloured copy.</td>
</tr>
<tr>
<td>1.6 Copies of building plans and area maps</td>
<td>Fixed amount per black/white or coloured copy.</td>
</tr>
<tr>
<td>1.7 Dishonouring charges payable when bank dishonours a cheque and debit order per ACB system.</td>
<td>Amount equal to the costs levied by the bank plus 15% admin cost.</td>
</tr>
<tr>
<td>1.8 Collection of bank information – regarding unidentified direct bank/Internet payments in municipal bank account</td>
<td>Amount equal to the costs levied by the bank plus 15% admin cost.</td>
</tr>
<tr>
<td>1.9 Fax: Received and/or send</td>
<td>Fixed amount per fax, Actual cost, plus 15% Admin cost.</td>
</tr>
<tr>
<td>1.10 Cleaning of erven</td>
<td></td>
</tr>
</tbody>
</table>

2. LETTING OF TOWN HALLS AND COMMUNITY HALLS

2.1 Hall reservations, taking into account various uses thereof. | Fixed amount per reservation. |
| 2.2 Hall reservations, including kitchen by standing users. | Fixed amount per annum. |
| 2.3 Use of side halls additional to main hall. | Fixed amount per reservation. |
| 2.4 Use of kitchen in addition to main hall or side hall. | Fixed amount per reservation. |
| 2.5 Use of refreshment room in addition to main hall or side hall. | Fixed amount per reservation. |
| 2.6 Use of facilities one day prior to date of reservation. | Fixed amount per reservation. |
| 2.7 Deposit payable for the use of the hall and facilities. | Fixed amount per reservation. |
| 2.8 Use of Sound System at town and community halls. | Fixed amount per reservation. |
| 2.9 Nominal Tariff for day and evening reservations | Fixed amount per reservation. |
| 2.10 Exceeding of prescribed hours. | Fixed amount per reservation. |
| 2.11 Fees in respect of caretaker – functions on Sundays. | Fixed amount per reservation. |
| 2.12 Use of grand piano. | Fixed amount per reservation. |
| 2.13 Cancellation of hall reservation. | Fixed amount per reservation. |

3. LIBRARY FEES

3.1 Fine for the late return of books or CDs. | Fixed amount per week or portion of a week per item. |
| 3.2 Fine for late return of a CD, video or DVD | Fixed amount per day or portion of a day per CD or DVD video. |
3.3 Lost library lender card.

3.4 Booking of library material-
    • material in stock
    • material not in stock

4. ELECTRICAL SERVICE CONNECTION
4.1 Service connections up to 30 metres 10 mm² x 2 core with standard credit meter.

4.2 Additional cable per metre – maximum 50 ampère (household).

4.3 Service connections more than 30 metres 16 mm² x 2 core with standard credit meter.

4.4 Additional cable per metre – maximum 60 ampère (household) and 80 ampère (business).

4.5 Service connections up to 30 metres 16 mm² x 4 core with standard credit meter.

4.6 Additional cable per meter – maximum 3 x 40 ampère household and 3 x 80 ampère business

4.7 Erven with installed service connections.
4.8 Single Relay – in areas where the geyser load management system is implemented, the applicant is responsible to install a load management relay for the control of the geyser.
4.9 Double Relay - in areas where the geyser load management system is implemented, the applicant is responsible to install a load management relay for the control of the geyser

4.10 Repair of cable and additional joint.
4.11 Damages to any electrical connections and reticulation – costs to be recovered.
4.12 Additional levy i.r.o tampering of -
    In the case where tampering to electrical equipment caused an incorrect electricity usage registered through the meter, an additional levy for the upgrading of a connection will be payable by the registered consumer before reconnection. I.r.o. indigent households, the consumers will pay this additional levy before the service will be restored.
4.13 Tampering Fees:
    In the case of tampering with electricity meters or where a consumer restored his or her own meter by breaking a seal, a tampering fee per meter is payable by the registered consumer before reconnection.

5. SALE OF PREPAID ELECTRICAL METERS
5.1 Pre-paid Single phase meter (programming included) – to service connection kWh maximum 100amp.
5.2 Pre-paid Three phase meter (programming included) to service connection kWh maximum 100amp.
5.3 Pre-paid 1-phase split meter (programming included).
5.4 Pre-paid 3-phase split meter (programming included).

6. SUNDAY SERVICES: ELECTRICITY DEPARTMENT
<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>UNIT OF RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Call-out fee payable for private queries and problems (municipal electrical supply or connections not included)</td>
<td>• Fixed amount per call</td>
</tr>
<tr>
<td>6.2 Application by consumers for circuit breakers with a higher or lower rating per phase</td>
<td>• Fixed amount per call</td>
</tr>
<tr>
<td>6.3 Services connections - connection for residential and business</td>
<td>• Fixed amount per connection</td>
</tr>
<tr>
<td>6.4 Testing of credit meter on request of consumer for accuracy: Single phase, three phase and maximum demand</td>
<td>• Fixed amount per application</td>
</tr>
</tbody>
</table>
| 6.5 Additions to service connections kWh maximum 100amp to-
  • Single phase credit meter with circuit breaker
  • Three phase credit meter with circuit breaker | • Fixed amount per application |

### ELECTRICITY DEPOSIT

7.1 Electricity deposit included in consumer services deposit (water, electricity, refuse removal and sewage).
7.2 Business – new consumers
- Fixed amount per consumer
- Double the amount of the average of the municipal account for three consecutive months’ i.e.o. electricity, water, sewerage and refuse removal.
- The deposit for newly erected buildings will be based on an estimate of the expected charges i.e.o. the mentioned services.

### WATER SERVICES CONNECTIONS

8.1 15 mm connection – low cost housing
- Fixed amount per call
8.2 15 mm connection – other connections
- Fixed amount per call
8.3 22 mm connection
- Fixed amount per connection
8.4 Connections 22 mm private development
- Fixed amount per application
8.5 Testing of water meters

### SERVICES DEPOSIT

9.1 Deposit for residential included in consumer services deposit (water, electricity, refuse removal, sewage), excluding indigents.
- Fixed amount per consumer
9.2 Deposit for residential and business services with a prepaid electricity meter, excluding indigents.
- Fixed amount per consumer,
9.3 Deposit for Business (conventional electricity services)
- Must be determined by demand.
<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>UNIT OF RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.4 Increased services deposits regarding arrears and no payment of accounts – excluding indigents.</td>
<td>Must be determined on a case by case basis based on defaulting consumer up to a maximum of 2.5 x the average monthly consumption over a period of 12 months.</td>
</tr>
<tr>
<td>9.5.2 Deposit - Letting of a municipal stand pipe.</td>
<td>Fixed amount per letting</td>
</tr>
<tr>
<td><strong>10. SANITATION SERVICE CONNECTIONS</strong></td>
<td></td>
</tr>
<tr>
<td>10.1 100mm Sewerage connections - PVC</td>
<td>Estimated actual cost plus % levy for administrative costs.</td>
</tr>
<tr>
<td>10.2 150mm Sewerage connections - PVC</td>
<td>Estimated actual cost plus % levy for administrative costs.</td>
</tr>
<tr>
<td>10.3 Damages to sanitation service connections and reticulation – costs to be recovered.</td>
<td>Estimated actual cost plus % levy for administrative costs.</td>
</tr>
<tr>
<td>10.4 Any private repairs to sanitation equipment (e.g. Toilet bowl etc.) by Swartland Municipality – costs to be recovered.</td>
<td>Estimated actual cost plus % levy for administrative costs.</td>
</tr>
<tr>
<td><strong>11. SUNDERY SERVICES SANITATION</strong></td>
<td></td>
</tr>
<tr>
<td>11.1 Emptying of sewerage tanks from Monday to Thursday from 08:00 to 17:00 and Friday from 08:00 to 15:45 including Grotto Bay and Jakkalsfontein</td>
<td>Fixed sanitation levy for 2 pumpings per month is applicable to residential or business premises excluding premises where French drains exist. For each pumping thereafter (from 3rd pumping) – Actual cost per suction pm.</td>
</tr>
<tr>
<td>11.2 Emptying of sewerage tanks during Easter weekend and school holidays.</td>
<td>Fixed sanitation levy for 3rd pumping per month. For each pumping thereafter (from 4th pumping) – Actual cost per suction pm.</td>
</tr>
<tr>
<td>12. SANITATION DEPOSIT</td>
<td>Fixed amount per consumer.</td>
</tr>
</tbody>
</table>

**FUNCTION**

11.3 Emptying of sewerage tanks (rural and non-urban areas, excluding Grotto Bay and Jakkalsfontein)

11.4 Emptying of sewerage tanks after ordinary office hours: Monday – Thursday from 17h00, Friday from 15h45 to Monday morning at 08:00.

11.5 Partial connections (pumping).

11.6 Industrial effluent per kl (COD)

11.7 Selling of treated waste water – all consumers, excluding Rooiheuwel JV treated waste water.

11.8 Selling of treated waste water – Only for Rooiheuwel JV – they are responsible for the maintenance, repair and replacement of assets as well as for the operating cost – contract conditions.

11.9 Sewerage blockages.

11.10 Sewerage blockages according Municipal flats: 96 and 56

11.11 Sewerage blockages (after hours) and Public holidays:

<table>
<thead>
<tr>
<th>UNIT OF RETURN</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11.3 Emptying of sewerage tanks (rural and non-urban areas, excluding Grotto Bay and Jakkalsfontein)</td>
<td>Fixed amount per consumer.</td>
</tr>
<tr>
<td>11.4 Emptying of sewerage tanks after ordinary office hours: Monday – Thursday from 17h00, Friday from 15h45 to Monday morning at 08:00.</td>
<td>Actual cost per suction.</td>
</tr>
<tr>
<td>11.5 Partial connections (pumping).</td>
<td>Actual cost per suction.</td>
</tr>
<tr>
<td>11.6 Industrial effluent per kl (COD)</td>
<td>Fixed cost per suction divided by two.</td>
</tr>
<tr>
<td>11.7 Selling of treated waste water – all consumers, excluding Rooiheuwel JV treated waste water.</td>
<td>Estimated actual cost plus % levy for administrative costs.</td>
</tr>
<tr>
<td>11.8 Selling of treated waste water – Only for Rooiheuwel JV – they are responsible for the maintenance, repair and replacement of assets as well as for the operating cost – contract conditions.</td>
<td>As per agreement according the following components - depreciation rate per kilolitre, operating cost per kilolitre and energy cost per kilolitre as determined by the municipality annually.</td>
</tr>
<tr>
<td>11.9 Sewerage blockages.</td>
<td>Fixed amount as determined by the municipality annually.</td>
</tr>
<tr>
<td>11.10 Sewerage blockages according Municipal flats: 96 and 56</td>
<td>Estimated actual cost plus % levy for administrative costs.</td>
</tr>
<tr>
<td>11.11 Sewerage blockages (after hours) and Public holidays: Monday – Thursday from 17h00, Friday from 15h45 to Monday morning at 08:00.</td>
<td>Free of charge.</td>
</tr>
<tr>
<td>12. SANITATION DEPOSIT</td>
<td>Estimated actual cost plus % levy for administrative costs.</td>
</tr>
</tbody>
</table>
13. SUNDRY ENGINEERING SERVICES
13.1 Construction of single motor vehicle entrance – 3m².
13.2 Construction of double motor vehicle entrance – 6m².
13.3 Construction of motor vehicle entrance with storm water grid.
13.4 Tarring and patch work.

13.1 Construction of single motor vehicle entrance – 3m².
13.2 Construction of double motor vehicle entrance – 6m².
13.3 Construction of motor vehicle entrance with storm water grid.
13.4 Tarring and patch work.

14. CEMETERY FEES
- Application for the preparation of grave(s) must be done at least 2 days prior to the funeral date at/before 12h00.
- Weekend arrangements for funerals:
  - Application for the preparation of a reserved grave – before/on Wednesday, 12h00.
  - Covering of graves:
    - The covering of graves will only be done during normal office hours.

14.1 Single grave site – purchase price.
14.2 Single grave – children under 12 years.
14.3 Reservation of site.
14.4 Applications for a single grave burial on approval from Non-Swartland Inhabitants.
14.5 Reservation Application for a single grave burial on approval from Non-Swartland Inhabitants.
14.6 Digging of grave – 1.8m
14.7 Covering of grave.
14.8 Pointing out of grave site.

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14.2 Single grave – children under 12 years.
14.3 Reservation of site.
14.4 Applications for a single grave burial on approval from Non-Swartland Inhabitants.
14.5 Reservation Application for a single grave burial on approval from Non-Swartland Inhabitants.
14.6 Digging of grave – 1.8m
14.7 Covering of grave.
14.8 Pointing out of grave site.

15. SWIMMING POOL FEES
15.1 Per ticket and per Class I or Class II swimming pool.
15.2 Per seasonal ticket per Class I or Class II swimming pool.
15.3 For galas – during the week per Class I or per Class II swimming pool.
15.4 For galas – weekends (Saturdays and Sundays) per Class I or per Class II swimming pool.
15.5 For 2/3 camp gatherings (max 3 hours) per Class I or Class II swimming pool – during week and weekends (Saturdays and Sundays).
15.6 Season fee for clubs and schools – 1 to 6 days per week per Class I or Class II swimming pool.
15.7 Uplifting projects (non-exclusive usage max of 30 persons per day) per Class I or Class II swimming pool.
15.8 Churches, Youth, Crèches, Sport Clubs – per person per Class I or Class II swimming pool.

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15.6 Season fee for clubs and schools – 1 to 6 days per week per Class I or Class II swimming pool.
15.7 Uplifting projects (non-exclusive usage max of 30 persons per day) per Class I or Class II swimming pool.
15.8 Churches, Youth, Crèches, Sport Clubs – per person per Class I or Class II swimming pool.
16. **FUNCTION**
16.1 Minor building work.
16.2 Boundary walls.
16.3 Extension of validity period, within 12 months.
16.4 Extension of validity period (after 12 months but before 24 months, 50% but not less than minimum fees).
16.5 Building plan fees: low cost housing.
16.6 Additional building fees – Start building without approval – Step 1: Capture the Process.
16.7 Additional building fees – Start building without approval – Step 2: Follow-up the Process.
16.9 List of approved building plans (annual fees).
16.10 Approval of building plan fees.
16.11 Approve - Minimum building plan fees.
16.12 Approval of building plan fees: rural areas.
16.13 Approval: building plan fees (architectural design manual).
16.14 Issue of certificate of occupation i.t.o. A20 NBR for buildings where the total floor space is 500 square metres or less.
16.15 Issue of certificate of occupation i.t.o. A20 NBR for buildings where the total floor space is more than 500 square metres.

**UNIT OF RETURN**
- Fixed amount per building plan.
- Fixed amount per running metre.
- Fixed amount per application.
- Fixed amount per m², less 50% of per m².
- Fixed amount per building plan.
- That 50% of the actual cost tariff structure will be applicable on minor building works.
- That 50% of the actual cost tariff structure will be applicable on minor building works.
- Fixed amount per building plan.
- Fixed amount per m².
- Fixed amount per m².
- Fixed amount per m².
- Fixed amount per permission.
- Fixed amount per permission.
- Fixed amount per permission.
- A permission required in terms of the conditions of approval – Section 25(2)(l).
- A permission required for the reconstruction of an existing building that constitutes a non-conforming use that is destroyed or damaged to the extent that it is necessary to demolish a substantial part of the building – Section 25(2)(s).
- Application for consent uses.
- Application for consent use – Day Care Centre only.
- Applications for extension of the validity period of approvals for rezoning and consent uses.
- Application for extension of validity period – consent use – House shop / erected without approval.
- Application for extension of validity period – consent use – House shop / erected without approval.

17. **FUNCTION**
17.1 Advertising signs.
17.2 Application fees - advertising signs

**UNIT OF RETURN**
- Fixed amount per sign.
- Fixed amount per application.
- Fixed amount – annual, excluding sign deposit.
- Fixed amount per application.
- Fixed amount per black and white or coloured.
- Fixed amount per pdf.file.
- Fixed amount per application.
- Fixed amount per application plus additional amount per land use.
- Fixed amount per permission.
- Fixed amount per determination.
- Fixed amount per approval.
- Fixed amount per permission.
- Fixed amount per permission.
- Fixed amount per application.
- Fixed amount for House Shops ONLY.
- Fixed amount per application for Day Care Centre.
- Fixed amount per application.
<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>UNIT OF RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.19 An extension of the validity period of an approval - Section 25(2)(i); (Of a temporary departure)</td>
<td>Fixed amount per extension period of a temporary departure</td>
</tr>
<tr>
<td>17.20 Subdivisions and Registration of Servitude / Lease Agreement</td>
<td>Fixed amount per Subdivisions and Registration</td>
</tr>
<tr>
<td>17.21 Applications for sub-division:</td>
<td>Fixed amount per sub division above 10 erven</td>
</tr>
<tr>
<td>• Above 10 erven</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>• Plus: above 10 erven – per erf</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>17.22 An amendment or cancellation of an approved subdivision plan or a part thereof, including a general plan or diagram – Section 25(2)(k).</td>
<td>Fixed amount per amendment or cancellation of an approved subdivision plan or a part thereof, including a general plan or diagram.</td>
</tr>
<tr>
<td>17.23 Application for extension of validity period of sub-divisions.</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>17.24 Applications for departures:</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>• erven &lt; 500 m²</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>• erven 501 m² – 750 m²</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>• erven &gt; 750 m²</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>17.25 Application for departure (By-Law)</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>17.26 Application for departure (House Shop ONLY)</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>17.27 An occasional use of land – Section 25(2)(p)</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>17.28 Application for removal of restricting</td>
<td>Fixed amount per amendment</td>
</tr>
<tr>
<td>17.29 Closure of Public Place</td>
<td>Fixed amount per amendment</td>
</tr>
<tr>
<td>17.30 Consolidation of Land Units</td>
<td>Fixed amount per application</td>
</tr>
<tr>
<td>17.31 Amendment/Cancellation of General Plan</td>
<td>Fixed amount per amendment</td>
</tr>
<tr>
<td>17.32 Exemptions - Section 34</td>
<td>Fixed amount per amendment</td>
</tr>
<tr>
<td>17.33 Appeals - Section 89(2)</td>
<td>Fixed amount per amendment</td>
</tr>
<tr>
<td>17.34 Disestablish Home Owner’s Association – Section 25(2)(q)</td>
<td>Fixed amount per amendment</td>
</tr>
<tr>
<td>17.35 To rectify a failure by a home owner’s association to meet its obligations</td>
<td>Fixed amount per amendment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>UNIT OF RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.36 Cost of advertisements - payable with application (Spluma/Lupa/By-Law) (rezoning, sub-division, consent uses and departures) – Cost per single application – News papers</td>
<td>Fixed amount per single application - newspapers.</td>
</tr>
<tr>
<td>17.37 Cost of advertisements – payable with application (Spluma/Lupa/By-Law)( rezoning, sub-division, consent uses and departures) – Combination application - newspapers</td>
<td>Fixed amount per application – Provincial Gazette</td>
</tr>
<tr>
<td>17.38 Cost of advertisements in regard to the advertising of applications for rezoning, sub-division, consent uses and departures– Provincial Gazette</td>
<td>Fixed amount per application – Provincial Gazette</td>
</tr>
<tr>
<td>17.39 Postage Fees (Subject to Quantity postage)</td>
<td>Price per unit (subject to quantity postage)</td>
</tr>
<tr>
<td>17.40 Issue of section 38 (BY-LAW)</td>
<td>Fixed amount per Erf</td>
</tr>
<tr>
<td>17.41 Amendment, deletion or imposition of conditions – application fee will only be considered if the application requires a public participation process</td>
<td>Fixed amount per amendment, deletion or imposition if requires a public participation process</td>
</tr>
<tr>
<td>17.42 Amendment, deletion or imposition of conditions – application fee will only be considered if the application requires a public participation process</td>
<td>Fixed amount per amendment, deletion or imposition without a public participation process</td>
</tr>
<tr>
<td>17.43 Approval of a Constitution</td>
<td>Fixed amount per approval</td>
</tr>
<tr>
<td>17.44 Approval of an architectural design manual</td>
<td>Fixed amount per approval</td>
</tr>
<tr>
<td>17.45 Amendment of a constitution or an architectural design.</td>
<td>Fixed amount per approval</td>
</tr>
<tr>
<td>17.46 Additional Fees for unauthorised land use – per day</td>
<td>Fixed amount per approval</td>
</tr>
<tr>
<td>17.47 Zoning Certificate.</td>
<td>Fixed amount per approval</td>
</tr>
</tbody>
</table>
### Function: Return

#### Unit of Return

- Fixed amount per zoning certificate.
- Fixed amount per CD.
- Fixed amount per application.
- Fixed amount per amendment.

---

### Caravan Park and Chalets: Tariffs

18.1 Camping sites for caravans and/or tents (out of season):
   - limited to 4 persons per site.
   - more than 4 persons per site.

18.2 Camping sites for caravans and/or tents (in season):
   - limited to 4 persons per site.
   - more than 4 persons per site.

18.3 Chalets (out of season):
   - limited to 6 persons per chalet

18.4 Chalets (in season):
   - limited to 6 persons per chalet

18.5 Entrance fees for visitors
   - entrance fees for motor vehicles
   - plus entrance fees per person.

18.6 Camping site without any facilities for cyclists with one-person tents.

18.7 Storage place for caravans.

18.8 Washing machine fees.

18.9 Fees payable at reservation

<table>
<thead>
<tr>
<th>Chalets – December/January Easter week-end</th>
</tr>
</thead>
</table>

### Display of Posters and/or Banners on Municipal Commonsage

19.1 Deposit payable for events of a non-commercial nature (Religious, sport, tourism etc.).

19.2 Deposit payable for election purposes, by political parties for National and Provincial Elections and Local Government Elections (excluding By-Elections).

19.3 Deposit payable by political parties for By-Elections.

19.4 Charge payable for display of posters and banners for Election purposes

19.5 Levy for the non-removal of posters/banners on due date.

### Ad Hoc Letting of Commonsage, Camping Sites, Hawkers Area

20.1 Hiring of circus sites.

<table>
<thead>
<tr>
<th>Other periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camping sites – December/January Easter week-end</td>
</tr>
<tr>
<td>Cancellation of reservations for chalets/camping sites.</td>
</tr>
</tbody>
</table>

### Rebate for Pensioners and Groups:

- Pensioners:
  - Groups:
    - 10 – 15 caravans
    - 16 – 25 caravans
    - 26 – 50 caravans
    - More than 50 caravans

40% for persons 60 years and older during "out of season" period.

10% rebate.
15% rebate.
20% rebate.
25% rebate.

### Entrance Fees for Visitors

- Entrance fees for motor vehicles
- Plus entrance fees per person.
- Fixed cost per item
- Fixed cost per application per night.
- Fixed amount per storage place.
- Fixed amount per wash.
- 100% of amount payable for reserved period
- 100% of amount payable for reserved period
- Fixed amount per reservation per day.
29

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>UNIT OF RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.2 Hiring of Riebeeck Kasteel Town Square.</td>
<td>Fixed amount per hiring per day.</td>
</tr>
<tr>
<td>20.3 Hiring of open spaces for church services. Chemical toilet must be provided.</td>
<td>Fixed amount per reservation per day or part of a day. Chemical toilet provided by Lessee at own cost.</td>
</tr>
<tr>
<td>20.4 Hiring of site for merry-go-round.</td>
<td>Fixed amount per site.</td>
</tr>
<tr>
<td>20.5 Use of coastal area and/or other municipal open spaces in respect of:</td>
<td>Fixed amount per reservation type per day.</td>
</tr>
<tr>
<td>• Film shooting</td>
<td>50% rebate on student filming</td>
</tr>
<tr>
<td>• Still photos</td>
<td>Fixed amount per open space.</td>
</tr>
<tr>
<td>• Weddings</td>
<td>Actual cost plus 15% of seasonal fees.</td>
</tr>
<tr>
<td>• Other: Concession: 50% rebate on student filming</td>
<td>Fixed costs per sport ground; per sport type – per year or per occasion.</td>
</tr>
<tr>
<td>20.6 Hiring of hawkers' sites. (Open spaces)</td>
<td>Fixed costs per season or per occasion.</td>
</tr>
<tr>
<td>20.7 Cancellation of sports grounds lease.</td>
<td>Fixed costs per road closing application.</td>
</tr>
<tr>
<td>20.8 Rental of sport grounds as per tariff list classification.</td>
<td>Free of Charge per issuing of a disabled sticker.</td>
</tr>
<tr>
<td>20.9 Rental of Sport Club facilities.</td>
<td>Fixed amount per test, per light vehicle.</td>
</tr>
<tr>
<td>20.10 Sport Club deposit</td>
<td>Fixed amount per test, per heavy vehicle.</td>
</tr>
<tr>
<td>20.11 Levy for the Provision of additional ablution facilities, temporary fencing and parking arrangements during special / large events.</td>
<td>Fixed amount per hour per officer.</td>
</tr>
<tr>
<td>20.12 Recovery of breakages at sport grounds.</td>
<td>Fixed amount per hour per officer per occasion.</td>
</tr>
<tr>
<td>21. APPLICATION FOR EXTENDED TRADING HOURS into SECTION 9(1) OF BY-LAW TO LIQUOR TRADE</td>
<td>Fixed costs per season or per occasion.</td>
</tr>
<tr>
<td>21.1 Application for extended trading hours.</td>
<td>Fixed costs per special / large events.</td>
</tr>
<tr>
<td>9. Notification of tariffs, fees and service charges</td>
<td></td>
</tr>
</tbody>
</table>
MUNISIPALITEIT SWARTLAND
EIENDOMSBELASTINGBELEID

Ingevolge artikel 3 van die Wet op Plaaslike Regering: Munisipale
Eiendomsbelasting, 2004 (Wet 6 van 2004), aanvaar die Munisipaliteit van
Swartland die volgende Eiendomsbelastingbeleid–

Inhoudsopgawe
1. Woordomskrywings
1A. Doel van die beleid
2. Beleidsbeginsels
3. Die hef van belastings
4. Kategorieë van eiendomme
5. Kategorieë van eienaars
6. Differensieë
7. Vrystellings
8. Korstings
9. Aansoeke om vrystelling of korting
10. Verminderings
11. Belastingsaanpassings
12. Meerdelige gebruik van eiendomme
13. Koste van vrystellings, kortings, verminderings en infasering van
belasting
14. Betalingsreëlings
15. Gebraai aanwending van eiendom

1. Woordomskrywings

In hierdie beleid gely het die Afrikaanse teks in die geval van enige teenstrijdigheid
met die Engelse teks, en tensy die konteks anders aandui, beteken–
“agent” met betrekking tot die eienaar van eiendom, ’n persoon deur die
eienaar van die eiendom aangewys om–
(a) huur of ander betalings ten opsigte van die eiendom namens die
eienaar te ontvang; of
(b) om betalings ten opsigte van die eiendom namens die eienaar te maak;

“belasting” ’n munisipale belasting op eiendom soos beoog in artikel 229(1)(a)
van die Grondwet en “belasting” het ’n ooreenstemmende betekenis;

“belasbare eiendom” eiendom waarop ’n munisipaliteit ingevolge artikel 2 van
die Wet belasting moet hef, met die uitsluiting van eiendom wat ten volle van
die hef van belasting uitgesluit word ingevolge artikel 17 van die Wet;

“bewaringsgebied”–
(a) ’n beskermde gebied soos gelys by artikel 10 van die Wet op
Beskermsgebiede, 2003 (Wet 52 van 2003);
(b) ’n natuurreservaat gestig ingevolge die Ondernemers op Natuur- en
Omgewingsbewarings, Nr 19 van 1974; of
(c) enige grondgebied wat as oop ruimte sone II of III ingevolge die
munisipaliteit se soneringskemaregulasies gesee is; of dien
verstande dat sodanige beskermde gebiede, natuurreservate of
groengebiede, met uitsondering van toerisme-fasiliteite wat daarop
opgerig mag wees, uitsluitlik gebruik word vir die bewaring van die
fauna en flora en die produkte van sodanige grondbesit gestig
kommersiële gewin verhandel word nie.

“die Wet” beteken die Wet op Plaaslike Regering: Munisipale
Eiendomsbelasting, 2004 (Nr 6 van 2004);

eieniaar”–
(a) ten opsigte van eiendom gemeld in paragraaf (a) van die omskrywing van
“eiendom”, ’n persoon in wie se naam eienaarskap van die eiendom
geregistrer is; of
(b) ten opsigte van ’n reg gemeld in paragraaf (b) van die omskrywing van
“eiendom” ’n persoon in wie se naam die reg geregistrer is; of
(hA) met betrekking tot ’n tyddeelbelang soos bedoel in die Wet op die Beheer
van Eiendomtydsdeling, 1983 (Wet 75 van 1983), die bestuursvereniging
soos bedoel in die regulasies uitgevaardig ingevolge artikel 12 van
belasting

(bB) met betrekking tot ’n aandeel in ’n aandeleblokmaatskappy soos bedoel in
die Wet op Beheer van Aandeleblokke, 1980 (Wet 59 van 1980), die
aandeleblokmaatskappy soos omskryf in wet.
(bC) met betrekking tot geboue, ander onroerende structure en infrastruktuur
soos bedoel in artikel 17(1)(f) van die Wet, die houer van ’n mynboureg of
mynboupermit; of
(c) ten opsigte van ’n grondbesitreg gemeld in paragraaf (c) van die
omskrywing van “eiendom” ’n persoon in wie se naam die reg
geregistrer is of aan wie dit ingevolge wetgewing toegestaan is; of
(d) ten opsigte van openbare dienste infrastruktuur gemeld in paragraaf (d) van

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gevalle as die eienaar van 'n eiendom deur 'n munisipaliteit beskou sal word–

(i) 'n trustee, in die geval van 'n eiendom in 'n trust, met uitsluiting van staatstrustgronde;
(ii) 'n eksekuteur of administratief in 'n bestorwe boedel;
(iii) 'n trustee of likwidateur, in 'n insolvente boedel of in likwidasie;
(iv) 'n geregtelike bestuurder, in die boedel van 'n persoon onder geregtelike bestuur;
(v) 'n kurator in die boedel van 'n persoon wat onder kuratorskap verkeer;
(vi) 'n vruggebruiker of ander persoon in wie se naam 'n vruggebruik of ander persoonlike serwituut geregistreer is, in die geval van 'n eiendom wat aan vruggebruik of 'n ander persoonlike serwituut onderworpe is;
(vii) 'n koper, in die geval van 'n eiendom wat verkoop is en waarvan besit gegee is aan die koper hangende registrasie van eienaarskap in die naam van die koper;

“eiendom”–

(a) onroerende eiendom geregistreer in die naam van die persoon, met inbegrip van, in die geval van 'n deeltitelskema, 'n deeltiteleenheid wat in die naam van 'n persoon geregistreer is;
(b) 'n reg geregistreer teen onroerende eiendom in die naam van 'n persoon, met uitsluiting van 'n eiendomsverband wat teen die eiendom geregistreer is;
(c) 'n grondbesitstreg geregistreer in die naam van 'n persoon of wat ingevolge wat in die naam van 'n persoon verleen word; of
(d) openbare dienste infrastruktuur;

“finansiële jaar” die tydperk wat op 1 Julie in 'n jaar 'n aanvang neem tot 30 Junie van die volgende jaar;

“gestremde persoon” 'n persoon wat 'n ongeskiktheidstoelaag van die Departement van Sosiale Ontwikkeling ontvang;

“grondbesitstreg” 'n grondbesitstreg soos omskryf in artikel 1 van die Wet op Plaaslike Reëling: Munisipale Strukture, 1998 (Wet 117 van 1998);

“kleinhoewe” 'n gebied wat hoofsaaklik landelik of soortgelyk gesoneer is met die doel om kleiner landelike eiendomme te akkommodeer wat gebruik mag word vir landbou- en residensiële doeleindes deur persone wat 'n landelijke leefstyl verlyk;

“korning” 'n korting op die belastingbedrag wat op die eiendom betaalbaar is;

“landbou eiendom” met betrekking tot die gebruik van eiendom, eiendom wat primêr vir landboudoeleindes gebruik word, maar sonder om afbreuk te doen aan die belappings van artikel 9 van die Wet, word enige deel daarvan wat kommersieel gebruik word vir die akkommodasie van gaste uitgesluit asook die gebruik van die eiendom vir die doeleindes van ekotoerisme of die handel in of die jag van wild;

“markwaarde” ten opsigte van 'n eiendom, die waarde van die eiendom wat ooreenkomstig artikel 46 van die Wet bepaal word;

“meerdouele doeleindes” ten opsigte van 'n eiendom, die gebruik van 'n eiendom vir meer as een doel soos bedoel in artikel 9 van die Wet;

“munisipale bestuurder” 'n persoon wat in die naam van die Munisipale Stelsels, 2000, (Wet 32 van 2000) aangestel is;

“munisipale eiendom” eiendom wat geregistreer of gevestig is in die naam van die Munisipaliteit Swartland;

“munisipaliteit” die Munisipaliteit Swartland en sluit enige gedelegeerde amptenaar of diensverskaffer van die munisipaliteit insoos ingestel ingevolge artikel 12 van die Wet op Plaaslike Reëling: Munisipale Strukture, 1998 (Wet 117 van 1998);

“mynbou eiendom” eiendom wat vir mynboudoeleindes gebruik word soos omskryf in die Wet op Petroleumprodukte en Ontwikkeling, 2002 (Wet 28 van 2002);

“netto inkomste” die hoofinkomste verkry/ontvang deur 'n senior burger vanuit 'n pensioenbron;

“okkupeerder” 'n persoon wat in werklike okkupasie of beheer daarvan is, ongeag of sodanige persoon die reg het om die eiendom te okkupeer al dan nie;

“openbare dienste infrastruktuur” infrastruktuur wat van owerheidsweë beheer word vir die volgende doeleindes-

(a) nasionale, provinsiale of ander openbare paie waarop goedgee, dienste of arbeid oor munisipale grense beweeg;
(b) water- of rioolpype, kanale of ander geleikanale, damme, watervoorsieningsreservoirs, waterbehandelingsaanlegte of waterpompe wat deel vorm van 'n water- of riool skema wat die publiek bedien;
(c) kragstasies, substasies of kraglyne wat deel vorm van 'n elektrisiteitskema wat die publiek bedien;

“jaarliks” eenkeer elke finansiële jaar;

“jaarlik” eenkeer elke finansiële jaar;

“categorie”–

(a) ten opsigte van 'n eiendom, 'n eiendomskategorie bepaal ingevolge artikel 8(2) van die Wet;
(b) ten opsigte van die eienaars van eiendom, 'n kategorie eienaars bepaal ingevolge Artikel 15(2) van die Wet;
(d) gas of vloeistof aanlegte of raffinaderye of pyleidings vir gas of vloeibare brandstof wat deel vorm van 'n skema wat sodanige brandstowwe veroor;
(e) spoorlyne wat deel vorm van 'n nasionale spoorwegsisteem;
(f) kommunikasietorings, maste, sentrales of lyne wat deel vorm van 'n kommunikasiestelsel wat die publiek bedien;
(g) aanloopbane, blaai en die lugverkeerbeheereenheid by 'n nasionale of provinsiale lughawe, insluitend die vakante grond bekend as die obstruksievrye sone wat dit omring, wat vakant moet wees vir linguagiesiedoeleinders;
(h) breekwaters, seemure, kanale, hawekomme, kaaimure, hawehowe, paie spoorweë of infrastruktuur wat gebruik word vir die voorsiening van water, ligtorings, boeie, bakens of enige ander toerusting of stelsel wat gebruik word vir die veilige en doeltreffende navigasie van vaartuie;
(i) enige ander infrastruktuur wat van owerheidsweë beheer word word voorgeskryf mag word; of
(j) 'n reg geregistreer teen onroerende eiendom ten opsigte van infrastruktuur in sub-paragrawe (a) tot (i);
“openbare diensdoeleinders” met betrekking tot die gebruik van eiendom, eiendom wat deur 'n staatsorgaan besit en gebruik word vir-
(a) hospitale of klinieke;
(b) skole, voorskool, vroeë kinderjare ontwikkelingsentrum of verdere onderwys- en opleidingskolleges;
(c) nasionale en provinsiale biblioteke en argiewe;
(d) polisiesstaties;
(e) korrektiewe fasiliteite;
(f) hoeve;
maar uitgesluit die armes en voorheen benadeelde van sodanige groep persone in; "raad" die munisipale raad van Munisipaliteit Swartland;
“residensiële eiendom” eiendom wat ingevolge artikel 48(2)(b) van die Wet as residensiële residensiële ingesluit is in 'n waardasielys ten opsigte waarvan die primêre gebruik of toegelate gebruik vir residensiële residensiële doeleinders is sonder om afrek te doen aan artikel 9 van die Wet;
“senior burger” 'n persoon wat 65 jaar of ouer is;
“toegelate gebruik” ten opsigte van 'n eiendom, die beperkte doeleindes waarvoor die eiendom gebruik mag word ingevolge—
(a) enige beperkings opgelê deur—
(i) 'n titelvoorwaarde;
(ii) 'n bepaling van 'n dorpse plannings- of grondgebruikskema; of
(iii) enige gewiging van toepassing op enige spesiﬁsche eiendom of eiendomme; of
(b) enige versagting van enige sodanige beperkings;
“uitsluiting” ten opsigte van 'n munisipaliteit se bevoegdheid om belasting te hef, 'n bepaling van daardie mag soos bepaal in artikels 16 en 17 van die Wet;
“vakante grond” alle onontwikkelde vakante grond, ingesluit onontwikkelde residensiële erwe wat nie aan 'n bukklousule onderwonne is nie;
“vrystelling” ten opsigte van die bepaling van belasting, 'n vyraalting wat in groep van 'n munisipaliteit se bevoegdheid om belasting te hef, 'n belastingverhoging of belastingvermindering, of belastingverligging of belastingverligging; of
vermindering” die verligging van die bedrag waarvoor die eiendom gewaardeer is en die hef van 'n belasting op die eiendom op sodanige laer bedrag.

1A. Doel van die beleid
Die doel van die beleid is:
(a) om te voldoen aan die bepaling van artikel 3 van die Wet;
(b) om kriteria te bepaal wat toepas moet word vir—
(i) die hef van verschillende koers vir verschillende kategorieë van eiendomme; en
(ii) vrystellings;
(iii) verminderings en kortings; en
(iv) belastingverligging of belastingverligging;
(c) om kriteria vir die vaststelling van die volgende te bepaal of te voorsien—
(i) kategorieë van eiendomme vir die doel van die hef van verschillende belastinges; en
(ii) kategorieë van eienaars van eiendomme of kategorieë van eiendomme vir die doel van die toestaan van vrystellings, kortings en vermindering.
(d) om te bepaal hoe die munisipaliteit se magte ten opsigte van meerdoelige eiendomme uitgeoefen moet word;
(e) om die volgende vir die munisipaliteit te identifiseer en te kwantifiseer in terme van koste en die voordeel vir die gemeenskap–
   (i) vrystellings, kortings en verminderings;
   (ii) uitsluitings; en
   (iii) belastings op eiendomme wat ingefaseer moet word;
(f) om die uitwerking van belasting op die arme in aanmerking te neem;
(g) om die uitwerking van belasting op organisasies wat bepaalde openbare weldaadsaktiwiteite verrig en geregistreer is ingevolge die Inkomstebelastingwet vir belasting vrystellings as gevolg van die aktiwiteite, in die geval van eiendom wat deur sodanige organisasies vir sodanige aktiwiteite besit en gebruik word, in aanmerking te neem;
(h) om die uitwerking van belasting op die openbare dienste infrastructuur in aanmerking te neem;
(i) om die munisipaliteit in staat te stel om plaaslike ekonomiese en maatskaplike ontwikkeling bevorder;
(j) om alle belasbare eiendom te identifiseer;
(k) om te verseker dat vrystellings, kortings en verminderings waarvoor in hierdie beleid voorsiening gemaak word voldoen aan engeïmplementeer word volgens 'n nasionale raamwerk wat voorgeskryf kan word na raadpleging van georganiseerde plaaslike bestuur; en
(l) om te verseker dat die munisipaliteit nie 'n verligting toestaan ten opsigte van die betaling van belasting–
   (i) aan 'n kategorie van eienaars van eiendomme, of aan die eienaars van 'n kategorie van eiendomme, anders as by wyse van 'n vrystelling, korting of vermindering waarvoor in hierdie beleid voorsiening gemaak word en toegestaan word ingevolge artikel 15 van die Wet nie; of
   (ii) aan die eienaars van eiendomme op 'n individuele basis nie.

2. Beleidsbeginsels
   (1) Die heffing van belasting op 'n eiendom is 'n uitsluitlike reg van die munisipaliteit wat optimaal en omvattend binne die munisipaliteit en met oorweging van die totale inkomstebasis van die munisipaliteit aangewend sal word.
   (2) Die belasting van eiendomme sal onafhanklik, regverdig, billik en sonder voorkeur gedoen word en die beginsels sal ook toegepas word by die bepaling van kriteria vir vrystellings, verminderings en kortings soos bepaal in artikel 15 van die Wet.
   (3) Die hef van eiendomsbelasting moet op so 'n wyse toegepas word dat–
      (a) dit ontwikkelingsgerig is;
      (b) volhoubare plaaslike regering daardeur bevorder word deurdat 'n stabiele en konstante bron van inkomste tot die diskresionêre beheer van die munisipaliteit gestel word, en
      (c) ekonomiese en maatskaplike plaaslike ontwikkeling daardeur bevorder word.
   (4) EIendomsbelasting sal gehef word om ongelijkhede van die verlede reg te stel en die effek van belasting op behoeftiges te minimaliseer.
   (5) Belasting sal gehef word in verhouding tot die markwaarde van die eiendom.
   (6) Die belastingtarief sal gebaseer word op die waarde van alle belasbare eiendomme en die bedrag wat die munisipaliteit nodig het om die bedryfsbegroting te balanseer, met inagneming van die surplus wat uit die handels- en ekonomiese dienste verkry is en die bedrae wat vereis word om vrystellings, kortings, verminderings en infasering van belasting, soos deur die raad goedgekeur, te finansië.
   (7) Handels- en ekonomiese dienste sal afgebaken word en tariewe en dienekoste sal op so 'n wyse bereken word dat die inkomste wat tegemoet geneem word, die koste van die dienste dek of 'n surplus genera.
   (8) EIendomsbelasting sal gebruik word om gemeenskapsdienste te finansië.
   (9) Winstes uit handels- en ekonomiese dienste mag gebruik word om gemeenskapsdienste te subsidieer.
   (10) Die voorsoning van bedryfskapitaal en slegte skulde moet verband hou met die vereistes vir gemeenskapsdienste en mag nie voorsienings in verband met handels- en ekonomiese dienste insluit nie.
   (11) Die inkomstebasis van die munisipaliteit moet beskerm word deur vrystellings, kortings en verminderings te beperk.

3. Die hef van belastings
   (1) Onderworpe aan die bepalingens van subparagraaf (2) moet die munisipaliteit belastings op alle belasbare eiendom in sy regsgebied hef teen 'n koers wat ooreenkomstig met die bepalingens van artikel 14 van die Wet vasgestel word.
   (2) Geen belasting mag gehef word nie–
      (a) soos bepaal in artikel 17 van die Wet;
      (b) op die munisipaliteit se eiendom;
      (c) op openbare dienste infrastructuur wat die eiendom is van 'n munisipale entiteit;
      (d) op eiendomme in artikel 7(2)(a)(iii) en (iv) van die Wet; en
      (e) op eiendomme wat kragtens paragraaf 7 hiervan vrygestel is.
4. **Kategorieë van eiendomme**

Eiendomme mag soos volg gekategoriseer word ooreenkomstig die gebruik daarvan, die toegelate gebruik daarvan of ’n kombinasie van die twee-

(a) residensiële eiendomme;
(b) vakante grond en vakante residensiële eiendom;
(c) industriële eiendomme;
(d) sake-eiendomme;
(e) eiendomme in landelike gebied wat gesoneer is vir besigheidsdoeleindes of eiendom ten opsigte waarvan vergunningsgebruik ingevolge die munisipaliteit se soneringskemaregulasies goedgekeur is;
(f) landbou-eiendomme;
(g) staatsesiendom, uitgesluit staatsesiendom vermeld in subparagraaf (l) hieronder;
(h) munisipale eiendom wat in die Munisipaliteit Swartland se naam geregistreer is of by die munisipaliteit berus;
(i) openbare dienste infrastruktuur ;
(j) informele nedersettings, insluitend die wat voorkom op grond wat nie in residensiële erwe onderdeel is nie;
(k) eiendom–
   (i) verky deur die Wet op Voorsiening van Grond en Bystand, 1993 (Wet 126 van 1993) of die Wet op die Herstel van Grondregte, 1994 (Wet 22 van 1994); of
   (ii) wat onderworpe is aan die Wet op Gemeenskaplike Eiendomsassosiasie, 1996 (Wet 28 van 1996);
(l) bewaringsgebiede;
(m) eiendomme waarop nasionale monumente geproklameer is;
(n) eiendomme wat deur die volgende openbare welaardsorganisasies besit word en vir die ooreenstemmende openbare welaardsaktyiwiteite soos vermeld in Deel 1 van die Negende Skedule tot die Inkomstebelastingwet, 1962 (Wet 58 van 1962) gebruik word–
   (i) welsyn en humanitêre organisasies;
   (ii) kulturele organisasies;
   (iii) sportorganisasies;
   (iv) bewarings-, omgewings- en dierebeskermingsorganisasies;
   (v) gesondheidsorganisasies; en
   (vi) onderwys en ontwikkeling.
(o) eiendomme wat vir meerdere doeleindes gebruik word ooreenkomstig die munisipaliteit se soneringskemaregulasies.

5. **Kategorieë van eienaars**

Vir die doeleindes van die beleid sal die volgende kategorieë van eienaars in terme van artikel 15(2) van die Wet erken word:

(a) eienaars wat vir deernishulp kwalifiseer ooreenkomstig die Kredietbeheer en Skuldinvorderingsbeleid van die munisipaliteit;
(b) eienaars van eiendomme wat binne ’n gebied geleë is wat geëorfakteer is deur
   (i) ’n ramp soos omskrywe in die Rampbestuurswet, 2002 (die Wet 57 van 2002); of
   (ii) enige ander onaanvaardbare sosiale of ekonomiese omstandighede;
(c) eienaars van residensiële eiendomme waarvan die markwaarde laer is as ’n bedrag wat deur die munisipaliteit aangestaan is; en
(d) ’n eienaars van residensiële eiendom wie 65 jaar of ouer is wat ’n senior burger is.

6. **Gedifferensieerde belasting**

(1) In terme van artikel 8 van die Wet mag die munisipaliteit gedifferensieerde belasting hef op verskillende kategorieë belasbare eiendom.
(2) ’n Belastingkoers gelykstaande aan 25%, of enige ander laer koers waarop die munisipaliteit mag besluit, van die koers betaalbaar ten opsigte van residensiële eiendomme, mag gehef word op–
   (a) landbou-eiendomme; en
   (b) daardie gedeelte van ’n eiendom in die kategorie “meerdoelige doeleindes” wat in terme van artikel 15(2) van die Wet vir landboudoeleindes toegewys is.

7. **Vrystellings**

(1) Om die belastinglas en koste van diensheffings te verminder, word alle munisipale eiendomme vrygestel van eiendomsbelasting insluitende munisipale eiendom wat verhuur word.
(2) Die volgende eiendomme sal ook vrygestel word van eiendomsbelasting:
   (a) eiendom toegeken aan die kategorie soos bepaal in paragraaf 4(m), mits–
      (i) die organisasie wat sodanige eiendom besit, vir belastingvrystelling geregistreer is in terme van die Wet op Inkomstebelasting;
      (ii) ’n geldige sertifikaat, uitgereik deur die SA Inkomstediens, bevestig dat sodanige registrasie toegestaan is; en
      (iii) ’n aansoek om belastingvrystelling vir die volgende finansiële jaar jaarliks voor of op 30 September ingediend is.
   (b) eiendom geregistreer in die naam van ’n openbare welaardorganisasie (welsyn en humaniteï) wat vir die volgende openbare welaardsaktyiwiteite aangewend word–
(i) die sorg vir of berading van, of die voorsiening van
opvoedingsprogramme met betrekking tot verlate, mishandelde, verwaarloosde, wees- of hawelose kinders;
(ii) die sorg vir of berading van arm en behoeftige persone waar minstens 90% van die persone aan wie die sorg of berading voorsien word, bo die ouderdom van 60 jaar is;
(iii) die sorg vir of berading van, of die voorsiening van
opvoedingsprogramme met betrekking tot fisies of emosioneel mishandelde en getraumatiseerde persone;
(iv) die voorsiening van rampverligting;
(v) die redding van of sorg aan persone in nood;
(vi) die voorsiening van armoedeverligting;
(vii) die sorg vir of berading of ontwikkeling van gevangenes,
voormalige gevangenes en veroordeelde misdadigers en
verhoorafwagende persone;
(viii) die rehabilitasie, sorg vir of berading van persone verslaaf aan 'n
gewoontevormende middel of die voorsiening van voorkomende
en opvoedingsprogramme met betrekking tot verslawing aan
gewoontevormende middels;
(ix) konflikbeslegting, die bevordering van versoening, wedersydse
respek en verdraagsaamheid tussen die verskillende volke van
Suid-Afrika;
(x) die bevordering van van of voorspraak vir menseregte en
demokrasie;
(xi) die bevordering van die veiligheid van die algemene publiek;
(xii) die bevordering of beskerming van gesinstabiliteit;
(xiii) die voorsiening van selfhelp, bemagtiging, uitbreiding van
vermoëns, vaardighedsentwikkeling of teen-armoede;
(xiv) die voorsiening van selfhelp, bemagtiging, uitbreiding van
vermoëns, vaardighedsentwikkeling of teen-armoede;

(c) eiendom geregistreer in die naam van 'n openbare
weldaadsorganisasie (kultureel) wat vir die volgende openbare
weldaadsaktiwiteite gebruik word–
(i) die bevordering, aanmoediging of bewaring van die kuns,
kultuur of gewoontes;
(ii) die bevordering, vestiging, beskerming, bewaring of
instandhouding van gebiede, versamelings of geboue van
historiese of kulturele belang, nasionale monumente, nasionale
erfenisterreine, museums, insluitend kunsgalerye, argiewe
en biblioteke; en
(iii) die voorsiening van jeugleierskap- en ontwikkelings-programme.

(d) eiendom geregistreer in die naam van 'n openbare
weldaadsorganisasie (sport) wat gebruik word vir die administrasie,
ontwikkeling, koördinasie of bevordering van sport of rekreasie
waaraan deelnemers op 'n nie-professionele basis as 'n tydverdryf
deelneem.

(e) eiendom geregistreer in die naam van 'n openbare
weldaadsorganisasie (bewaring, omgewings- en dierebeskerming) wat
vir die volgende openbare weldaadsaktiwiteite gebruik word–
(i) deelname aan die bewaring, rehabilitasie of beskerming van die
natuurlike omgewing, insluitend flora, fauna en die biosfeer;
(ii) die versorging van diere, insluitend die rehabilitasie of
voorkoming van die mishandeling van diere; en
(iii) die bevordering van, en opvoedings- en opleidingsprogramme
met betrekking tot, omgewingsbewustheid, vergroening,
skoonmaak of volhoubare ontwikkelingsprojekte.

(f) eiendom geregistreer in die naam van 'n openbare
weldaadsorganisasie (gesondheidsorg) wat vir die volgende openbare
weldaadsaktiwiteite gebruik word–
(i) die voorsiening van gesondheidsorgdienste aan arm en
behoeftige persone;
(ii) die sorg vir of berading aan persone wat terminaal siek is of
persone met 'n ernstige fisiese of geestelike aantasting,
insluitend die berading van hulle gesinne in die verband;
(iii) die voorkoming van MIV-infeksie of die voorsiening van
voorkomende en opleidingsprogramme met betrekking tot
MIV/VIGS.
(iv) die sorg, berading of behandeling van persone aangetas deur MIV/VIGS, insluitend die sorg of berading vir hulle gesinne en afdanklikes in die verband;
(v) die voorsoening van bloedoortappings-, orgaankskensings- of soortgelyke dienste;
(vi) die voorsoening van primêre gesondheidsorgopvoeding, geslagsoorlooting of gesinsbeplanning.

e) eiendom geregistreer in die naam van ’n landbouvereniging wat by die Suid-Afrikaanse Landbou-Unie geaffilieer of deur die Unie erken word en wat vir die doeleindes van sodanige vereniging gebruik word, sal vygestel word van belasting, mits die eienaar daarvan jaars op of voor 30 September aansoek om vrystelling doen vir die daaropvolgende finansiële jaar.

(h) eiendomme wat aan die volgende kategorieë behoort–
(i) “informele nedersettings” ingevolge paragraaf 4(j);
(ii) “bewaringsgebiede” ingevolge paragraaf 4(l), of daardie gedeelte van ’n eiendom wat in terme van artikel 9 van die Wet as bewaringsgebied toegeweys is in die kategorie “meerdoelige doeleindes” ingevolge paragraaf 4(o); en
(iii) “openbare dienste infrastruktuur” ingevolge paragraaf 4(i).

8. Kortings

(1) Die munisipaliteit kan kortings toestaan aan nywerheidsondernemings wat plaaslike, maatskaplike of ekonomies ontwikkeling binne die munisipale jurisdictiegebied bevorder.

(2) Die volgende kriteria sal in aanmerking geneem word vir aansoeke van nywerheidsondernemings:
(a) werkskepping in die munisipale gebied;
(b) maatskaplike opheffing van die plaaslike gemeenskap; en
c) daarstel van infrastruktuur tot voordeel van die gemeenskap.

(3) Vir kortingsoorloeting van nywerheidsondernemings word ’n onderneming te wees wanneer dit inligging van die munisipaliteit se soneringsskema wettiglik op ’n perseel wat vir nywerheidsdoeleindes gesoneer is, bedryf word en wat minstens 25 of meer voltydse werknemers by sodanige perseel in diens het.

(4) Kortings toegestaan aan nywerheidsondernemings binne vyf jaar vanaf die datum waarop die korting vir die eerste keer toegestaan is, uitgefaceer word.

(5) Kortings toegestaan aan nywerheidsondernemings op aansoek toegekan word onderwag aan–
(a) die indien van ’n besigheidsplan waarin daar aangedui word hoe die plaaslike, sosiale en ekonomiese doelwitte van die munisipaliteit bereik gaan word;
(b) die indien van ’n voortsettingsplan, gesertifiseer deur die maatskappy te oordrae waarin aangedui word dat die doelwitte binne die eerste jaar na toestandkoming bereik is en hoe die maatskappy beplan om dit voort te sit by die voorbereiding van die volgende jaar.

(c) ’n assessering en bevestiging deur die munisipale bestuurder dat die maatskappy kwalifiseer.

(6) Kortings toegestaan aan nywerheidsondernemings op die volgende kategorieë bepaal in paragraaf 4(m), mits–
(a) die organisasie wat sodanige eiendom besit, vir belastingvrystelling geregistreer is volgens die Wet op Inkomstebelasting;
(ii) ’n geldige sertifikaat uitgereik deur die SA Inkomstediens bevestig dat sodanige registrasie toegestaan is; en
(iii) ’n aansoek om belastingvrystelling vir die daaropvolgende jaar jaarliks voor of op 30 September ingediend word.

(b) die indien van ’n openbare weldaadsorganisasie (onderwys en ontwikkeling) wat vir die volgende openbare weldaadsaktiviteite gebruik word–
(i) die voorsoening van onderrig in die Suid-Afrikaanse Skolewet, 1996 (Wet 84 van 1996), omkryf;
(ii) die voorsoening van hoër onderwys in die Wet op Hoër Onderwys, 1997 (Wet 101 van 1997), omkryf;
(iii) basiese onderwys en opleiding vir volwassenes in die Wet op Basiese Onderwys en Opleiding vir Volwassenes, 2000 (Wet 52 van 2000), omkryf, wat geletterdheids- en gesyferdheidsopleiding insluit;
(iv) verdere onderwys en opleiding deur ’n openbare instigering vir verdere onderwys en opleiding voorsoen in die Wet op Verder Onderwys en Opleiding, 1998 (Wet 98 van 1998), omkryf;
(v) opleiding vir werklose persone met die doel om hulle in staat te stel om werk te kry;
(vi) die opleiding van of onderwys aan persone met ’n ernstige fisiese of geestelike aantasting;
(vii) die voorsoening van oorbruggingskursussen om onderrigbenedeelde persone in staat te stel om toegang tot inrigtings vir hoër onderwys soos in subparagraaf (ii) beoog, te verkry;
(viii) die voorsoening van onderrig en versorging van vroeë kindontwikkelingsdienste vir voorskoolse kinders;
(ix) opleiding van persone in die nasionale, provinsiale en plaaslike regeringsfere, vir doeleindes van kapasiteitsbou in daardie regeringsfere;

(x) die voorsiening van skoolgeboue of toerusting vir openbare skole en opvoedkundige inrigtings betrokke by openbare weldaadsaktiwiteite in subparagrawe (i) tot (viii) bedoel;

(xi) bereispvoortligting en beradingsdienste voorsien aan persone vir doeleindes van die bywoon van skole of inrigtings vir hoër onderwys in subparagrawe (i) en (ii) beoog;

(xii) die voorsiening van koshuisverblyf aan studente van 'n openbare weldaadsorganisasie, instituut, raad of liggaam;

(xiii) programme wat die behoeftes in onderrigvoorsiening, onderrig, leer, opleiding, kurrikulumondersteuning, beheer, heelskoolontwikkeling, veiligheid en sekuriteit by skole, voorskoolse of opvoedkundige instansies soos beoog in subparagrawe (i) tot (viii) aanspreek;

(xiv) opvoedingsverryking, akademiese ondersteuning, bykomende onderrig of uitreikingsprogramme vir die armes en behoeftiges.

c) eiendome toegedeel tot die kategorie volgens die bepaling van paragrawe 4(f) en 4(l);

d) eiendome wat gebruik word vir openbare diensdoeleindes;

e) residensiële eiendome van eienaars soos gekategoriseer in paragraaf 5(a) en onderwiergig aan nakoming van aan ooreenstemming met die volgende vereistes–

(i) 'n aansoek om korting moet jaarliks voor 30 September ingedien word van die daaropvolgende fiscale jaar;

(ii) die applikant moet die geregistreerde eienaar van die eiendom wees en

(iii) die eienaar moet die eiendom bewoon;

(iv) in die geval van 'n skakelhuis waarvan 'n gedeelte uitverhuur word, sal die korting slegs van toepassing wees op die gedeelte wat deur die eienaar bewoon word;

(f) eiendome genoem in paragraaf 5(a), tot 'n bedrag gekykstaande aan die belasting betaalbaar op die eerste bedrag van die waardasie van sodanige eiendom soos jaarliks tydens die munisipaliteit se begrotingsproses bepaal word, met dien verstande dat die eienaar–

(i) by aanvraag ouer as 64 jaar moet wees en vir sodanige kortings sal mag kwalifiseer met ingang vanaf die fiscale jaar waarin sodanige eienaars die ouerdom van 65 jaar bereik, met dien verstande dat die aanvraag jaarliks moet word van die munisipaliteit en die kortings slegs van toepassing sal wees op die daaropvolgende fiscale jaar en

(ii) die geregistreerde eienaar van die betrokke residensiële eiendom moet wees en dit self bewoon en

(iii) sal kwalifiseer slegs vir die mees voordelige van enige kortings wat aan die betrokke residensiële eiendom behoort; Die R15 000 vrystelling soos bedoel in artikel 17(1)(h) van die Wet sal uitgeskakel word van die bedrag wat jaarliks bepaal word.

(g) (f) residensiële eiendome wat aan senior burgers of gestremde persone behoort, vir die persentasie korting soos aangetoon in subparagraaf (7)(e) 'n Eienaar van residensiële eiendom wier 'n senior burger of gestremde persoon is, kwalifiseer voor korting ooreenkomstig die betrokke senior burger of gestremde persoon se brutonetto maandelikse huishoudelike inkomste, met dien verstande dat

(i) om te kwalifiseer voor die korting genoem in paragraaf 8(A)(i), moet die applikant die eienaar 'n natuurlike persoon wees en asook 'n Suid-Afrikaanse burger wees. Indien nie 'n Suid-Afrikaanse burger nie, moet die eienaar 'n Suid-Afrikaanse burger wees. Indien nie 'n Suid-Afrikaanse burger nie, moet die eienaar hy of sy bewys lewer van die Res. 9(A) Persentasie korting betaalbaar aan senior burgers en gestremde persone

(ii) die eienaar–

(iii) om te kwalifiseer vir die korting genoem in paragraaf 8(A)(i), moet die applikant die eienaar 'n natuurlike persoon wees en asook 'n Suid-Afrikaanse burger wees.
9. **Aansoek om vrystelling of korting**

(1) **Aansoek om ‘n vrystelling of ‘n korting** moet op die voorgeskrewe vorm gedaan word wat beskikbaar is by die hoof finansiële beampte.

(2) **Aansoeke moet jaarliks teen 30 September ingedien word om te kwalifieer vir ‘n vrystelling of korting in die daaropvolgende finansiële jaar.**

(3) **Die volgende besonderhede moet op die voorgeskrewe vorm verstreken word:**

   (a) persoonlike besonderhede van aansoeker;
   (b) posadres van aansoeker;
   (c) elfnommer van die eiendom waarvoor aansoek gedaan word, soos aangedui in die munisipaliteit se waardasierekords; en
   (d) ‘n beskrywing van die doel waarvoor die betrokke eiendom gebruik word.

(4) Die hoof finansiële beampte of sy gedelegeerde mag die goedkeuring van ‘n aansoek om ‘n vrystelling of ‘n korting op belasting weier indien-:

   (a) die benodigde wat op die aansoekvorm verstrekte notend, onvolledig, foutief of vals is; en
   (b) die aansoekvorm nie betyds voor die sperdatum wat vir aansoeke toegestaan is soos aangedui in subparagraaf 7(e)oor ‘n bruto maandeblysse bepaal word.

(5) **Aansoeke deur senior burgers of gestremde persone moet van die volgende vergesel word:**

   (a) ‘n gesertifiseerde afskrif van die identiteitsdokument van die eienaar of enige ander bewys van die eienaar se ouderdom, met dien verstande dat geen ouderdomsverifieite sal geld as die eienaar ‘n ten minste 65 jaar oud is, of in ontvanger van ‘n ongeskiktheidstoelaag van die Departement van Sosiale Ontwikkeling ontvang; en
   (b) bewys van inkomste moet verskaf om te kwalifieer vir ‘n ouderdomsverifieit wat meer as die bedrag wat jaarliks bepaal word.

   (ii) die persone wat aan die besonderhede van (i) voldoen.

10. **Verminderings**

(1) **Verminderings in die munisipale waardasie soos bedoel in artikel 15(1)(b) van die Wet sal toegestaan word waar die waarde van die eiendom weslik verminder word weens brandskade, sloping of vloedskade.**

(2) **Die vermindering sal onderworpe wees aan ‘n sertifikaat wat deur die munisipale waardeeerder vir die doel uitgereik is.**

11. **Belastingaanpassings**

(1) **Die munisipaliteit mag belasting jaarliks tydens die begrotingsproses aanpass.**

(2) **Belastingaanpassings moet gebruik word om die bedryfskoste van gemeenskapsdienste te finansier.”**
(3) Die volgende jaarlikse aanpassings sal ten opsigte van gemeenskapsdienste gemaak word:
   (a) alle salaris- en loonaanpassings soos ooreengekom deur die Suid Afrikaanse Plaaslike Regerings Bedingingsraad;
   (b) ’n inflasie-aanpassing vir algemene uitgawes, herstelwerk en onderhoud, en bydraes tot statutêre fondse; en
   (c) addisionele depressiesiekostes of rente en delgingsteuke wat geassosieer word met die bates wat gedurende die vorige finansiële jaar geskep is.

(4) Buitengewone uitgawes wat nie gedurende die vorige begrotingstydperk voorsien is nie en wat gedurende ’n begrotingsherstelingsproses deur die raad goedgekeur is, sal deur die aangepaste eiendomsbelasting gefinansier word.

(5) Alle aanpassings in eiendomsbelasting sal ingevolge die raad se eiendomsbelasting beleid insake gemeenskapsdeelname aan die plaaslike gemeenskap bekend gemaak word.

12. Meerdoelige gebruik van eiendomme

Belasting op eiendomme wat in die kategorie “meerdoelige doeleindes” ingedeel is, sal bereken word teen die koers soos beoog word deur artikel 9(2) van die Wet.

13. Koste van vrystellings, kortings, vermindering, infasering van belasting

(1) Die Direkteur: Finansiële Dienstehoof finansiële beampte moet sal die raad gedurende die begrotingsproses in kennis stel van al die beraamde koste geassosieer met die voorgestelde vrystellings, kortings, vermindering, infasering van belasting en toelaes in die plek van belasting.

(2) Voorsiening moet in die bedryfsbegroting gemaak word vir:
   (a) die volledige potensiële inkomste geassosieer met eiendomsbelasting; en
   (b) die volledige beraamde koste geassosieer met kwytskeldings, kortings, verminderings, infasering van belasting en toelaes in die plek van belasting in so verre die voormelde impakteer op inkomste afgestaan.

14. Betalingsreëlings

Die volgende sake sal ingevolge die munisipaliteit se kredietbeheer- en skuldinvorderingsbeleid hanteer word:
   (a) die datum waarop belasting verskuldig word;
   (b) die laaste datum waarop belasting wat maandeliks sowel as jaarliks betaalbaar is, betaal moet word;
   (c) rente op agterstallige belastings; en
   (d) optrede teen wanbetalers.

15. Gebruiksaanwending van eiendom
In terms of section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), the Municipality of Swartland hereby adopts the following Property Rates Policy—

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1. Definitions

In this policy, the English text prevails in the event of any conflict with the Afrikaans text, and, unless the context otherwise indicates—

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

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

(b) to make payments in respect of the property on behalf of the owner;

“agricultural property” in relation to the use of a property, means property that is primarily used for agricultural purposes, but without derogating from section 9 of the Act, excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of the property for the purposes of ecotourism or for the trading in or hunting of game;

“annually” means once every financial year;

“category” means—

(a) a category of property determined in terms of section 8(2) of the Act;

(b) in relation to owners of property, a category of owners determined in terms of section 15(2) of the Act;

“conservation area” means—

(a) a protected area listed in terms of section 10 of the Protected Areas Act, 2003 (Act No 57 of 2003);

(b) a nature reserve established in terms of the Nature and Environmental Conservation Ordinance, No 19 of 1974; or

(c) any land which is zoned as open space zone II or III in terms of the municipality’s zoning scheme regulations, provided that such protected areas, nature reserves or land, with the exception of tourism facilities that may have been erected thereon, are exclusively utilised for the preservation of fauna and flora and the products of such land are not being traded for commercial gain;

“council” means the municipal council of the Municipality of Swartland;

“disabled person” means a person who receives a disability grant from the Department of Social Development;

“exclusion” in relation to a municipality’s rating power, means a restriction of that power as provided for in sections 16 and 17 of the Act;

“exemption” in relation to the payment of a rate, means an exemption granted in terms of section 15(1) of the Act;

“financial year” means the period starting from 1 July in a year to 30 June of the next year;

“land tenure right” means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act 112 of 1991);

“local community” means—

(a) that body of persons comprising—

(1)(ii)—the residents of the municipality;

(1)(ii)—the ratepayers of the municipality;

(1)(ii)—any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and

(1)(ii)—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; and

“property” means—

(a) any land zoned as open space zone II or III in terms of the municipality’s zoning scheme regulations, provided that such protected areas, nature reserves or land, with the exception of tourism facilities that may have been erected thereon, are exclusively utilised for the preservation of fauna and flora and the products of such land are not being traded for commercial gain;

“rates” means—

(a) in relation to the payment of a rate, means the rate as determined in terms of section 15 of the Act; and

(b) in relation to rates, means the amount of the rate as determined in terms of section 15 of the Act;

“tangible personal property” means—

(a) any land that is not a conservation area or a protected area listed in terms of section 10 of the Protected Areas Act, 2003 (Act No 57 of 2003); and

(b) tangible personal property in a property.

In this policy, the English text prevails in the event of any conflict with the Afrikaans text, and, unless the context otherwise indicates—
(b) more specifically includes the poor and other disadvantaged sections of such body of persons;

“market value” means the value of the property determined in accordance with section 46 of the Act;

“mining property” means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002);

“multiple purposes” means the use of a property for more than one purpose subject to section 9 of the Act;

“municipal property” is property registered or which vests in the name of the Municipality of Swartland;

“municipality” means the Municipality of Swartland established in terms of section 12 of the Local Government: Municipal Structures Act, 1998, (Act No. 117 of 1998);

“municipal manager” means a person appointed in terms of section 54A of the Local Government: Municipal Systems Act, 2000, (Act No. 32 of 2000);

“net income” means the main income derived/received by a senior citizen from a pension source;

“occupier” means a person in actual occupation or control of a property whether or not that person has a right to occupy the property;

“owner”

(a) in relation to property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;

(b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;

(bA) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;

(bB) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);

(bC) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f) of the Act, means the holder of the mining right or the mining permit;

(c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

(d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged by the definition in the Act of the term “publicly controlled”; provided that a person mentioned below shall for the purposes of this policy be regarded by the municipality as the owner of a property in the following cases–

(i) a trustee, in the case of a property in a trust excluding state trust land;

(ii) an executor or administrator in a deceased estate;

(iii) a trustee or liquidator in an insolvent estate or in liquidation;

(iv) a judicial manager in the estate of a person under judicial management;

(v) a curator in the estate of a person under curatorship;

(vi) a usufructuary or other person in whose name a usufruct or other personal servitude is registered that is subject to a usufruct or other personal servitude;

(vii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

(viii) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right;

“permitted use” means the limited purposes for which the property may be used in terms of—

(a) any restrictions imposed by—

(i) a condition of title;

(ii) provision of a town planning or land use scheme; or

(iii) any legislation applicable to any specific property or properties; or

(b) any alleviation of any such restrictions;

“property” means—

(a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;

(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;

(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or

(d) public service infrastructure;

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

(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
(b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

(c) power stations, power substations or power lines forming part of an electricity scheme serving the public; and

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

(e) railway lines forming part of a national railway system;

(f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;

(g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes;

(h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

(i) any other publicly controlled infrastructure as may be prescribed; or

(j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);

"public service purposes" in relation to the use of a property means property owned and used by an organ of state as—

(a) hospitals or clinics;

(b) schools, pre-schools, early childhood development centres or further education and training colleges;

(c) national and provincial libraries and archives;

(d) police stations;

(e) correctional facilities; or

(f) courts of law,

but excludes property contemplated in the definition of “public service infrastructure”;

"rate" means a municipal rate on property envisaged in section 229(1)(a) of the Constitution and “rates” has a corresponding meaning;

"rateable property” means property on which a municipality may, in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

"rebate” means a discount on the amount of the rate payable on the property;

"reduction” means the lowering of the amount for which the property was valued and the rating of the property at that lower amount;

"residential property” means property included in a valuation roll in terms of section 48C(2)(b) of the Act as residential in respect of which the primary use or permitted use is for residential purposes, without derogating from section 9 of the Act;

"senior citizen” means a person who is 65 years or older;

"small holding” means an area predominantly zoned rural or any other equivalent zoning, with the purpose to accommodate smaller rural properties that may be used for agricultural and residential purposes for people seeking a rural lifestyle;

"the Act” means the Municipal Property Rates Act 6 of 2004;

"vacant land” means all undeveloped vacant land including undeveloped residential erven not subject to a building clause.

1A. Purpose of the policy
The purpose of the policy is—

(a) to comply with the provisions of section 3 of the Act; and

(b) to determine criteria to be applied for—

(i) the levying of different rates for different categories of properties;

(ii) exemptions;

(iii) reductions and rebates; and

(iv) rate increases or decreases;

(c) to determine or provide criteria for the determination of—

(i) categories of properties for the purpose of levying different rates; and

(ii) categories of owners of properties or categories of properties, for the purpose of granting of exemptions, rebates and reductions;

(d) to determine how the municipality’s powers must be exercised in relation to multipurpose properties;

(e) to identify and quantify in terms of cost and benefit to the community—

(i) exemptions, rebates and reductions;

(ii) exclusions; and

(iii) rates on properties to be phased in;

(f) to take into account the effect of rates on the poor;

(g) to take into account the effect of rates on organisations conducting particular public benefit activities and registered in terms of the Income Tax Act for tax exemptions because of those activities, in the case of property owned and used by such organisations for those activities;

(h) to take into account the effect of rates on public service infrastructure;
(i) to allow the municipality to promote local economic and social development;
(j) to identify all rateable property;
(k) to ensure that any exemptions, rebates or reductions provided for in this policy comply and be implemented in accordance with a national framework that may be prescribed after consultation with organised local government; and
(l) to ensure that the municipality does not grant relief in respect of the payment of a rate—
   (i) to a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, a rebate or a reduction provided for in this policy and granted in terms of section 15 of the Act; or
   (ii) to the owners of properties on an individual basis.

2. Policy principles
(1) The levying of a rate on a property is an exclusive power of the municipality which will be applied optimally and expansively within the municipality and with due regard to the total income pool of the municipality.
(2) The rating of property will be done impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions and rebates contemplated in section 15 of the Act.
(3) The rating of property will be implemented in a way that—
   (a) is developmentally orientated;
   (b) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
   (c) supports local and social economic development.
(4) Property rates may be levied to correct the imbalances of the past and to minimise the effect of rates on the poor.
(5) Rates will be levied in proportion to the market value of the property.
(6) The rates tariff will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading and economic services and the amounts required to finance exemptions, rebates, reductions and phasing in of rates as approved by the council.
(7) Trading and economic services must be ring fenced and tariffs and service charges calculated in such a manner that the income generated covers the cost of the services or generates a profit.
(8) Property rates may be used to finance community services.
(9) Profits on trading and economic services may be used to subsidise community services.
(10) The provision for working capital and bad debts must relate to the requirements for community services and not to those of trading and economic services.
(11) The income base of the municipality must be protected by limiting reductions, exemptions and rebates.

3. Levying of rates
(1) Subject to the provisions of sub paragraph (2), the municipality must levy rates on all rateable property in its area of jurisdiction at a rate to be fixed in terms of section 14 of the Act.
(2) Rates may not be levied—
   (a) as contemplated in terms of section 17 of the Act;
   (b) on property of the municipality;
   (c) on public services infrastructure which is the property of a municipal entity;
   (d) property referred to in section 7(2)(a)(iii) and (iv) of the Act; and
   (e) property exempted in terms of paragraph 7 hereof.

4. Categories of property
Properties may be categorised as follows according to the use of the property, the permitted use of the property, or a combination of the two-
   (a) residential properties;
   (b) vacant land and vacant residential property;
   (c) industrial properties;
   (d) business properties;
   (e) properties in rural areas zoned for business or in terms of which consent uses have been approved in terms of the municipality’s zoning scheme regulations;
   (f) agricultural properties;
   (g) state-owned properties, excluding state-owned property contemplated in sub paragraph (l) below;
   (h) municipal property, registered in the name of the -Swartland Municipality of Swartland- or properties of which the ownership vests in the municipality;
   (i) public service infrastructure;
   (j) informal settlements including those on land which are not subdivided into residential erven;
(k) property—
   (i) acquired through the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993), or the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994); or
   (ii) which is subject to the Communal Property Association Act, 1996 (Act No. 28 of 1996);

(l) conservation areas;

(m) properties on which national monuments are proclaimed;

(n) properties owned by the following public benefit organisations and used for the corresponding public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No. 58 of 1962)—
   (i) welfare and humanitarian organisations;
   (ii) cultural organisations;
   (iii) sporting organisations;
   (iv) conservation, environmental and animal welfare organisations;
   (v) healthcare organisations; and
   (vi) education and development.

(o) properties used for multiple purposes in terms of the municipality’s zoning scheme regulations.

5. Categories of owners
   In terms of section 15(2) of the Act the following categories of owners will be recognised—
   (a) owners who qualify for indigent support in terms of the municipality’s Credit Control and Debt Collection policy;
   (b) owners of property situated within an area affected by—
      (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
      (ii) any other adverse social or economic conditions;
   (c) owners of residential properties of which the market value is lower than an amount determined by the municipality; and
   (d) an owner of residential property who is 65 years or older a senior citizen.

6. Differential rates
   (1) In terms of section 8 of the Act the municipality may levy differential rates for different categories of rateable property.
      (2) A rate equal to 25%, or such lesser rate as the municipality may determine, of the rate applicable to residential properties may be levied in respect of—
      (a) agricultural property; and

(b) that portion of a property in the category “multiple purposes” which has been apportioned for agricultural purposes in terms of section 15(2) of the Act.

7. Exemptions
   (1) To reduce the rates burden and cost of service charges all municipal properties are exempted from property tax, including municipal property which is leased.
   (2) The following properties will also be exempt from rates—
      (a) property assigned to the category contemplated in paragraph 4(m); provided that—
         (i) the organisation which owns such a property, is registered for tax exemption in terms of the Income Tax Act;
         (ii) a valid certificate issued by the SA Revenue Services confirming such registration is submitted; and
         (iii) an application for exemption from rates for the ensuing financial year is submitted annually on or before 30 September.
      (b) property registered in the name of a public benefit organisation (welfare and humanitarian) which is used for the following public benefit activities—
         (i) the care for, or counseling of abandoned, abused, neglected, orphaned or homeless children or the provision of education programmes relating to such children;
         (ii) the care for, or counseling of poor and needy persons where more than 90% of the persons to whom the care or counseling is provided are over the age of 60 years;
         (iii) the care for, or counseling of physically or mentally abused and traumatised persons or the provision of education programmes relating to such persons;
         (iv) the provision of disaster relief;
         (v) the rescue or care of persons in distress;
         (vi) the provision of poverty relief;
         (vii) rehabilitative care, counseling or education of prisoners, former prisoners and convicted offenders and persons awaiting trial;
         (viii) the rehabilitation, care or counseling of persons addicted to a dependence-forming substance or the provision of preventative and education programmes regarding addiction to dependence-forming substances;
         (ix) conflict resolution, the promotion of reconciliation, mutual respect and tolerance between the various peoples of South Africa;
         (x) the promotion or advocacy of human rights and democracy;
(xi) the protection of the safety of the general public;
(xii) the promotion or protection of family stability;
(xiii) the provision of facilities for the protection and care of children under school-going age of poor and needy parents;
(xiv) the promotion or protection of the rights and interests of, and the care of, asylum seekers and refugees;
(xv) community development for poor and needy persons and anti-poverty initiatives, including—
   (aa) the promotion of community based projects relating to self-help, empowerment, capacity building, skills development or anti-poverty;
   (bb) the provision of training, support or assistance to community based projects contemplated in paragraph (aa); or
   (cc) the provision of training, support or assistance to emerging micro enterprises to improve capacity to start and manage businesses, which may include the granting of loans on such conditions as may be prescribed by the minister by way of regulation; and
   (dd) the promotion of access to media and a free press.
(c) property registered in the name of a public benefit organisation (cultural) which is used for the following public benefit activities—
   (i) the advancement, promotion or preservation of the arts, culture or customs;
   (ii) the promotion, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries; and
   (iii) the provision of youth leadership or development programmes.
(d) property registered in the name of a public benefit organisation (sport) which is used for the administration, development, co-ordination or promotion of sport or recreation in which the participants take part on a non-professional basis as a pastime.
(e) property registered in the name of a public benefit organisation (conservation, environmental and animal welfare) which is used for the following public benefit activities—
   (i) engaging in the conservation, rehabilitation or protection of the natural environment, including flora, fauna or the biosphere;
   (ii) the care of animals, including the rehabilitation or prevention of the ill-treatment of animals; and
   (iii) the promotion of education and training programmes relating to environmental awareness, greening, clean-up or sustainable development projects.
(f) property registered in the name of a public benefit organisation (healthcare) which is used for the following public benefit activities—
   (i) the provision of healthcare services to poor and needy persons;
   (ii) the care or counseling of terminally ill persons or persons with a severe physical or mental disability, and the counseling of their families in this regard;
   (iii) the prevention of HIV infection, the provision of preventative and education programmes relating to HIV/AIDS;
   (iv) the care, counseling or treatment of persons afflicted with HIV/AIDS, including the care or counseling of their families and dependants in this regard;
   (v) the provision of blood transfusion, organ donor or similar services; and
   (vi) the provision of primary healthcare education, sex education or family planning.
(g) property registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purposes of such a society shall be exempt from rates, provided that
   the owner thereof applies annually on or before 30 September for exemption for the ensuing financial year.
(h) property which have been assigned to the following categories—
   (i) “informal settlements” in terms of paragraph 4(j);
   (ii) “conservation areas” in terms of paragraph 4(l), or that portion of a property in the category “multiple purposes” which, in terms of section 9 of the Act, has been apportioned for conservation area purposes in accordance with paragraph 4(o); and
   (iii) “public service infrastructure” in terms of paragraph 4(i).
8. Rebates
   (1) The municipality may grant rebates to industrial enterprises that promote local, social and economic development in the municipality’s area of jurisdiction.
   (2) The following criteria shall be taken into consideration for applications by industrial enterprises—
      (a) job creation in the municipal area;
(b) social upliftment of the local community; and
(c) creation of infrastructure for the benefit of the community.

(3) For purposes of rebate an industrial enterprise shall be considered to be an enterprise which is lawfully conducted from premises zoned for industrial purposes in terms of the municipality’s zoning scheme and which employs at least 25 or more full-time employees on such premises.

(4) Rebates to industrial enterprises shall be phased out within five years from the date on which the rebate was granted for the first time.

(5) Rebates to industrial enterprises may be granted on application subject to—

(a) the submission of a business plan indicating how the local, social and economic development objectives of the municipality are going to be achieved;

(b) the submission of a continuation plan certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plans to continue to achieve the objectives; and

(c) an assessment and confirmation by the municipal manager that the company qualifies.

(6) Rebates may be granted in respect of the following properties—

(a) properties assigned to the category contemplated in paragraph 4(m), provided that—

(i) the organisation which owns such property is registered for tax exemption in terms of the Income Tax Act; and

(ii) a valid certificate issued by the SA Revenue Services confirming such registration is submitted; and

(iii) an application for exemption from rates for the ensuing financial year is submitted annually on or before 30 September.

(b) properties registered in the name of a public benefit organisation (education and development) which are used for the following public benefit activities—

(i) the provision of education by a school as defined in the South African Schools Act, 1996 (Act No. 84 of 1996);

(ii) the provision of higher education by a higher education institution as defined in terms of the Higher Education Act, 1997 (Act No. 101 of 1997);

(iii) adult basic education and training, as defined in the Adult Basic Education and Training Act, 2000, (Act No. 52 of 2000), including literacy and numeracy education;

(iv) further education and training provided by a public further education and training institution as defined in the Further Education and Training Act, 1998, (Act No. 98 of 1998);

(v) training for unemployed persons with the purpose of enabling them to obtain employment;

(vi) the training or education of persons with a severe physical or mental disability;

(vii) the provision of bridging courses to enable educationally disadvantaged persons to enter a higher education institution as envisaged in subparagraph (ii);

(viii) the provision of education or early childhood development services for pre-school children;

(ix) training of persons employed in the national, provincial and local spheres of government, for purposes of capacity building in those spheres of government;

(x) the provision of school buildings or equipment for public schools and educational institutions engaged in public-benefit activities contemplated in subparagraphs (a) to (viii);

(xi) career guidance and counseling services provided to persons for purposes of attending any school or higher education institution as envisaged in subparagraphs (i) and (viii); (xii) the provision of hostel accommodation to students of a public benefit organisation, institution, board or body;

(xiii) programmes addressing needs in education provision, learning, teaching, training, curriculum support, governance, whole school development, safety and security at schools, preschools or educational institutions as envisaged in subparagraphs (i) to (viii);

(xiv) educational enrichment, academic support, supplementary tuition or outreach programmes for the poor and needy.

(c) properties assigned to the categories contemplated by paragraphs 4(f) and 4(l),

(d) properties used for public service purposes;

(e) dwelling nonresidential properties of owners as categorised in paragraph 5(a) and subject to compliance with the following requirements—

(i) application for a rebate must be submitted annually before 30 September for the ensuing financial year;

(ii) the applicant must be the registered owner of the property;

(iii) the owner must occupy the property; and

(iv) further education and training provided by a public further education and training institution as defined in the Further Education and Training Act, 1998, (Act No. 98 of 1998);
(iv) in the case of a semi-detached house of which a section is rented out the rebate will only apply to that portion occupied by the owner.

(4) property categorised in paragraph 5(a), to an amount equal to the rates payable on the first amount of the valuation of such property as determined annually by the municipality during the budget process, subject to any conditions imposed. Such owner shall still be liable for payment of rates on the valuation which exceeds the amount determined annually during the budget process. The R15 000 exemption in terms of section 17(1)(h) of the Act shall be excluded from the amount determined annually.

(4)(f) residential properties of owners as categorised in paragraph 5(d), to an amount equal to the rates payable on the first amount of the valuation of such property as determined annually by the municipality during the budget process, provided that the owner—

(i) upon application must be older than 64 years and shall qualify for such rebate with effect from the financial year during which such owner turns 65 years, provided that applications must be submitted to the municipality annually before 30 September provided that an application must be submitted to the municipality by 30 September annually and that the rebate shall only be applicable for the ensuing financial year;

(ii) must be the registered owner of the residential property concerned and must occupy such property; and

(iii) qualifies for only the most beneficial of any rebates for which he or she qualifies in terms of this policy. The R15 000 exemption in terms of section 17(1)(h) of the Act shall be excluded from the amount determined annually.

Applications for rebate must be accompanied by the following—

(a) certified copy of the identity document of the owner or any other proof of the owner’s age provided that no age requirement will apply if the owner is a disabled person in receipt of a disability grant; and

(b) proof of a disability grant where applicable.

Residential properties of owners as categorised in paragraph 5(d), to an amount equal to the rates payable on the first amount of the valuation of such property as determined annually by the municipality during the budget process, provided that the owner—

(i) must be the registered owner of the residential property concerned and must occupy such property; and

(ii) provide evidence that he or she is indeed a senior citizen be at least 65 years of age, or in receipt of a disability pension from the Department of Social Development; and

(iii) provide proof of income be in receipt of a gross monthly income including financial contributions of all members of the household permanently residing at that property to qualify for a rebate as indicated in paragraph 8(A)(v) below.

(b) Applications for rebate must be accompanied by the following—

(a) certified copy of the identity document of the owner or any other proof of the owner’s age provided that no age requirement will apply if the owner is a disabled person in receipt of a disability grant; and

(b) proof of a disability grant where applicable.

Residential properties of owners as categorised in paragraph 5(d), to an amount equal to the rates payable on the first amount of the valuation of such property as determined annually by the municipality during the budget process, provided that the owner—

(i) must be a natural person, and a South African citizen. If not a South African citizen the owner or she must be the registered owner of the property within the jurisdiction of the Municipality and must submit proof of his or her permanent residency in the Republic of South Africa.

(ii) To qualify for the rebate referred to in paragraph 8(A)(i), the owner must:

(a) occupy the property as his or her normal residence;

(b) provide evidence that he or she is indeed a senior citizen be at least 65 years of age, or in receipt of a disability pension from the Department of Social Development; and

(c) provide proof of income be in receipt of a gross monthly income (including financial contributions of all members of the household permanently residing at that property) to qualify for a rebate as indicated in paragraph 8(A)(iii) below.

(c) The percentage rebate granted in respect of a senior citizen and a disabled person will be determined according to the table below, based on the band of income levels as indicated. The income levels and rebates for the effective financial period of this policy are as follows:

<table>
<thead>
<tr>
<th>Net Gross Monthly Household Income</th>
<th>% Rebate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Levels</td>
<td>% Rebate</td>
</tr>
<tr>
<td>Up to R12 000</td>
<td></td>
</tr>
<tr>
<td>6 000</td>
<td>100%</td>
</tr>
<tr>
<td>More than R12 000</td>
<td></td>
</tr>
<tr>
<td>From 6 000 to 8 000</td>
<td>75%</td>
</tr>
<tr>
<td>More than 8 000</td>
<td>50%</td>
</tr>
</tbody>
</table>
(f) The rebate shall be limited to an amount equal to the rates payable on the first amount of the valuation of such property as determined annually by the municipality during the budget process, subject to any conditions imposed. Such owner shall still be liable for payment of rates on the valuation which exceeds the amount determined annually during the budget process. The R15 000 exemption in terms of section 17(1)(h) of the Act shall be excluded from the amount determined annually.

9. Application for exemption or rebate

(1) Application for an exemption or a rebate must be made on the prescribed form obtainable from the chief financial officer.

(2) The following information must be furnished on the prescribed form–

(a) personal particulars of the applicant;

(b) postal address of the applicant;

(c) erf or lot number of the property in respect of which application is made, as depicted in the municipality’s valuation records;

(d) a description of the purpose for which such property is used; and

(e) any other particulars which the municipality may require. Applications must be submitted annually by 30 September to qualify for an exemption or rebate for the ensuing financial year.

(3) All applications for an exemption or a rebate must be considered by the chief financial officer or his delegate.

(4) The chief financial officer or his delegate may refuse an application for exemption of tax or a rebate if–

(a) the information furnished on the application form is incomplete, incorrect or false; or

(b) the application form is not received on or before the due date determined for such applications.

(5) Applications by senior citizens or disabled persons must be accompanied by the following–

(a) a certified copy of the identity document of the owner or any other proof of the owner’s age, provided that no age requirement will apply if the owner is a disabled person in receipt of a disability grant; and

(b) proof of a disability grant where applicable.

10. Reductions

(1) Reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act may be granted where the value of a property is affected by fire damage, demolition or floods.

(2) The reduction will be subject to a certificate issued by the municipal valuator.

11. Rate adjustments

(1) The municipality may adjust rates annually during the budget process.

(2) Rate adjustments must be used to finance operating costs of community services.

(3) The following annual adjustments will be made in respect of community services–

(a) all salary and wage adjustments as agreed at the National Bargaining Council;

(b) an inflation adjustment for general expenditure, repairs and maintenance and contributions to funds; and

(c) additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.

(4) Extraordinary expenditure not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an adjustment in property rates.

(5) All adjustments in the property rates must be communicated to the local community in terms of the council’s policy on community participation.

12. Multipurpose use of property

Rates on properties which have been assigned to the category “multiple purposes” shall be levied at the rate as contemplated in section 9(2) of the Act.

13. Costs of exemptions, rebates, reductions and phasing in of rates

(1) During the budget process the Director: Financial Services must inform council of all the estimated costs associated with the suggested exemptions, rebates and reductions as well as the cost of phasing in of rates and grants in lieu of rates.

(2) Provision must be made in the operating budget for–

(a) the full potential income associated with property rates; and

(b) the full estimated costs associated with exemptions, rebates, reductions, phasing in of rates and grants in lieu of rates, insofar that the aforementioned impacts revenue foregone.

14. Payment arrangements
The following matters shall be dealt with in terms of the municipality’s credit control and debt collection policy—
(a) the date on which rates become due;
(b) the due date for payment of rates which are levied monthly as well as annually;
(c) interest on taxes in arrears; and
(d) steps against defaulters.

15. Utilisation of property
Where it is necessary to determine the use of property, the permitted use of such a property, as contemplated in section 8(1)(b) of the Act, shall be decisive.
SWARTLAND MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION BY-LAW

REVIEWED AND NOT AMENDED

MARCH 2018

CREDIT CONTROL AND DEBT COLLECTION BY-LAW

Under the provisions of section 156 of the Constitution of the Republic of South Africa, 1996, the Swartland Municipality enacts as follows-

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8. Power to restrict or disconnect supply of services
9. Recovery of debt
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SCHEDULE: CREDIT CONTROL AND DEBT COLLECTION POLICY

1. Definitions

In this by-law, the English text prevails in the event of any conflict with the Afrikaans text, and unless the context otherwise indicates:

“account” includes –

(a) levies, surcharges, service charges and availability charges in respect of the following services –
(b) electricity supply;
(c) water supply;
(d) refuse removal;
(e) sewerage services;
(f) rates;
(g) rental;
(h) loan instalments
(i) interest on arrears; and
(j) any other levies and monies due and payable to the municipality;

and “municipal account” has a corresponding meaning;

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
“arrears” means any amount due and payable to the municipality which has not been paid on or before the date of payment;

“availability charges” means charges that may be levied against immovable property with or without improvements, which is not connected to any municipal service works where such property can be reasonably so connected;

“consumer” –
(a) with effect from 1 July 2015 and with regard to property zoned for residential purposes, the owner of the property shall be regarded as the consumer, irrespective of who the tenant or occupier is, provided that where a lease agreement in respect of such property exists on 1 July 2015, the tenant or occupier shall still be regarded as the consumer until expiration of the agreement, subject to the provisions of paragraphs 4(3) and 4(4) of the policy;
(b) with regard to any other property, the person who receives or uses municipal services or benefits there from; and
(c) with regard to municipal property that is leased, the person who receives or uses municipal services or benefits there from;

“council” means the municipal council of the municipality of Swartland;

“debt” means any monies owing to the municipality in respect of the rendering of municipal services, and includes monies owing in regard to property rates, housing, motor vehicle registration and licensing, terminated leases, and any other outstanding amounts, inclusive of any interest thereon, owing to the Municipality;

“default” –
(a) if, at the end of a financial year of the municipality, an owner owes the municipality any amount of money in respect of rates or availability charges; or
(b) if, after 31 October of a year, an owner is in arrears with payment of rates; or
(c) where an owner is in arrears for a period of 60 days or more with payments for availability charges;

“due date” means the final date on which payment, as shown on the municipal account, must be made;

“illegal practises” any practise or trade exercised on premises which is in contravention of any National or Provincial legislation or any by-laws or regulations of the municipality;

“indigent” means a person or household as contemplated in the Indigent Policy of Swartland Municipality;

“financial year” means the period from 1st July until 30th June of each year;

“municipal manager” means the person appointed in that capacity by the council in terms of section 54A of the Act;

“municipal services” means “municipal services” as defined in section 1 of the Act, and includes a function or a combination of functions listed in Schedules 4B and 5B of The Constitution of the Republic of South Africa, 1996, and any other service rendered by the municipality;

“municipality” means the municipality of Swartland and includes any delegated official or service provider of the municipality;

“occupier” means any person who occupies or has control over any premises;

“owner” –
(a) in relation to property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
(b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
(c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
(d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure; provided that a person mentioned below shall for the purposes of this by-law be regarded by the municipality as the owner of a property in the following cases–
(i) a trustee, in the case of a property in a trust excluding state trust land;
(ii) an executor or administrator in a deceased estate;
(iii) a trustee or liquidator in an insolvent estate or in liquidation;
(iv) a judicial manager in the estate of a person under judicial management;
(v) a curator in the estate of a person under curatorship;
(vi) a usufructuary or other person in whose name a usufruct or other personal servitude is registered that is subject to a usufruct or other personal servitude;
(vii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
(e) in any event where the council is unable to determine the identity of such a person, the person who is entitled to the beneficial use of such immovable property;
(f) in the event of immovable property in respect of which a lease agreement of 30 years or longer had been concluded, the lessee thereof;
(g) in respect of –
(i) a portion of land demarcated on a sectional title plan and registered in accordance with the Sectional Titles Act, 1986 (Act No 95 of 1986), the developer or the governing body in respect of the joint property;
(ii) a portion of land, the person in whose name that portion is registered in accordance with a title deed, including the lawfully appointed representative of such person;
(iii) any person, including but not limited to –
(aa) a company registered in accordance with the Companies Act, 2008 (Act No 71 of 2008), a trust inter vivos, a trust mortis causa,
a close corporation registered in accordance with the Close Corporations Act, 1984 (Act No 69 of 1984), and a voluntary association;

(bb) any government department;

(cc) any council or governing body established in accordance with any legislation in force in the Republic of South Africa; and

(dd) any embassy or other foreign entity;

“person” includes –

(a) a natural person;

(b) a juristic person;

(c) for the purposes of this by-law any industrial or commercial undertaking; and

(d) an organ of State;

“policy” means the Credit Control and Debt collection Policy of the municipality as reflected in the Schedule to this by-law which Schedule refers;

“premises” means any portion of land, situated within the area of jurisdiction of the municipality, and of which the outer boundaries are demarcated on–

(a) a general plan or diagram registered in accordance with the Land Survey Act, 1927 (Act No 9 of 1927) or the Deeds Registries Act, 1937 (Act No 47 of 1937); or

(b) a sectional title plan registered in accordance with the Sectional Titles Act, 1986 (Act No 95 of 1986);

“property” means –

(a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;

(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;

(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or

(d) public service infrastructure;

“standard rate of interest” means a rate of interest equal to the prime rate as determined by the Reserve Bank of South Africa plus a percentage determined by council annually during the budget process;

“this by-law” includes the policy reflected in the Schedule;

“water demand management meter” means a meter designed to manage the water consumption or needs of a residential property.

2. Duty to collect debts

All debt owing to the municipality must be collected in accordance with this by-law and the policy.

3. Provision of services

New applications for services and the provision of new services must be dealt with as prescribed in the policy.

4. Consumer services deposit

The municipality shall require the payment of a deposit for the provision of services and any adjustment to the basic deposit will be determined by the debtor’s municipal payment record.

5. Interest charges

The Municipality must charge and recover interest in respect of any arrear debt, as prescribed by the policy.

6. Municipal staff and Councillor arrears

6.1 Staff arrears will be dealt with in accordance with Schedule 2 of the Systems Act, and in terms of any procedures, method or actions referred to in the Policy.

6.2 In accordance with Schedule 1, item 12A of the Systems Act, a Councillor of the municipality may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, property rates or any other municipal taxes, levies and duties levied by the Municipality. Notwithstanding any other procedure, method or action that may be taken in terms of the Policy, the Municipality shall deduct any outstanding amount from such Councillor’s remuneration after a 3 (three) month period.

7. Arrangements to pay arrears

7.1 The municipal manager may make arrangements with a consumer to pay any arrear debt under conditions as prescribed in terms of the policy.

7.2 Should any dispute arise as to the amount of the arrear debt, the consumer must nevertheless continue to make regular payments in terms of the arrangement until such time as the dispute has been resolved.

8. Agreement with employer

8.1 The municipal manager may –

(a) with the consent of a consumer who is in arrears with payments, enter into an agreement with that person’s employer to deduct from his or her salary or wages –

(i) any outstanding amounts due by the consumer to the municipality; or

(ii) regular monthly amounts as may be agreed; and

(b) provide special incentives for –

(i) employers to enter into such agreements; and

(ii) consumers who consent to such agreements.

9. Power to restrict or disconnect supply of services

9.1 The municipality may restrict or disconnect the supply of any service to any premises whenever such consumer –

(a) fails to make payment on the due date;

(b) fails to comply with an arrangement;

(c) fails to comply with a condition of supply imposed by the municipality;

(d) damages the infrastructure of the municipality for the supply of such service or tampers with any meter used regarding that service.

9.2 The municipality may re-connect the restricted or discontinued services only –

(a) after the arrear debt, and all costs as prescribed in the policy have been paid in full and any other conditions have been complied with; or
(b) after an arrangement with the consumer has been concluded for payment of the amounts contemplated in sub paragraph (a); and
(c) payment by the consumer of all levies as determined in the municipality’s Tariff Policy with regard to tampering of damaging of metering equipment.

9.3 The municipality may restrict, disconnect or discontinue any service in respect of any arrear debt.

10. Recovery of debt
10.1 Subject to section 7, the municipal manager must, with regard to rates, and may, with regard to other debt –
(a) by legal action recover any debt;
(b) recover debt from any organ of state with due consideration of the provisions of Chapter 3 of The Constitution of the Republic of South Africa, 1996; and
(c) may refer debt to third party debt collection agencies.

11. Recovery of costs
11.1 Where costs are incurred by or on behalf of the municipality in order to recover monies owed to it, the municipal manager may recover such costs, including but not limited to –
(a) costs and administration fees where payments made to the municipality by negotiable instruments are dishonored by banks when presented for payment;
(b) legal and administration costs, including attorney-and-client costs and tracing fees incurred in the recovery of debts;
(c) restriction, disconnection and reconnection fees, where any service has been restricted or disconnected as a result of non-compliance with this by-law;
(d) any losses the municipality may suffer as a result of tampering with municipal equipment or meters; and
(e) any collection commission incurred.

12. Attachment
The municipal manager may, in order to recover debt, approach a competent court for an order to attach movable or immovable property of a consumer.

13. Full and final settlement payments
13.1 Any amount tendered in defrayment of a debt, shall be accepted at any cash receiving office of the municipality.
13.2 No offer of payment in full and final settlement of a debt, when such amount is less than the outstanding amount may be accepted, unless confirmed in writing by the municipal manager.
13.3 Notwithstanding paragraph 13.2, the payment so offered must nevertheless be credited against the consumer’s account, without prejudice to the municipality’s rights.

14. Consolidation of accounts and appropriation of payments
14.1 The following steps shall apply in accordance with Section 102 of the Act –
(a) any separate accounts of persons liable for payments to the municipality may be consolidated at the sole discretion of the municipality;
(b) a payment by such a person may be credited against any account of that person; and
(c) any of the debt collection and credit control measures provided for in this policy may be implemented in relation to any arrears on any of the accounts of such a person.

14.2 Paragraph 14.1 shall not apply where there is a dispute between the municipality and a person referred to in those subsections concerning any specific amount claimed by the municipality from that person.

15. Indigent support
Financial assistance may be granted by the municipality to a person that meets the criteria as laid down in the Indigent Policy of the municipality.

16. Delegation
The municipal manager may delegate his or her powers in terms of this by-law to any official or service provider of the municipality.

17. Clearance certificates
On the sale of any property the municipality shall issue the required clearance certificate as prescribed in the policy.

18. Appeal
A person whose rights are affected by a decision of the municipality in terms of delegated powers, may appeal against that decision by giving written notice of the appeal and the reasons therefore in terms of section 62 of the Local Government: Municipal Systems Act, Act 32 of 2000 to the municipal manager within 21 days of the date of the notification of the decision.

19. Offences and penalties
19.1 A person who –
(a) obstructs or hinders any councilor or official of the municipality in the execution of his or her duties under this by-law or the policy;
(b) unlawfully uses or interferes with municipal equipment or consumption of services supplied;
(c) tampers with any municipal equipment or breaks any seal on a meter or damages a meter;
(d) fails to comply with a notice served in terms of this by-law or the policy;
(e) refuses an official of the municipality access to any premises; or
(f) gives false information regarding the supply of services or with regard to an application for assistance as an indigent;
shall be guilty of an offence and on conviction liable to the payment of a fine or imprisonment or to such imprisonment without the option of a fine or to both such fine and such imprisonment.

20. Repeal of by-laws
The provisions of any by-laws of the municipality relating to credit control and debt collection are hereby repealed insofar as they relate to matters provided for in these by-laws.

21. Short title and commencement
This by-law shall be known as the Credit Control and Debt Collection By-law and shall come into effect on 1 July 2017.
CHAPTER 1: OBJECTIVES OF POLICY

1. Objectives of policy

The objectives of this policy are to –

(a) focus on all outstanding debt due and payable to the municipality;
(b) provide for innovative, cost effective, efficient and appropriate methods for credit control, debt collection and indigent relief;
(c) promote a culture of good payment habits and to create a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt; and
(d) to provide for the subsidisation of services to indigent households.

CHAPTER 2: CUSTOMER CARE AND MANAGEMENT

2. Communication and the conveyance of information

2.1 In order to give effect to the provisions of section 95(a), (b) and (c) of the Act, the municipality may –

(a) establish a customer care forum where members of the community and members of the council may meet;
(b) hold ward meetings where representatives of the municipality and other service providers may consult with ward members and their ward representative; and
(c) implement measures to ensure that consumers of municipal services or any other service, ratepayers and residents in general, are properly informed with regard to the delivery of services and in particular the costs of the provision of services.

3. Measuring of municipal services and defective meters

3.1 The municipality must ensure the measurement of electricity and water provided to consumers through accurate and verifiable metering systems.

3.2 Meters must, as far as possible, be read at intervals of one month or a period as determined by the municipality.

3.3 If for any reason meters cannot be read or have not been read, the municipality shall be entitled to render an account based on the estimated consumption calculated on the last 3 months’ average consumption preceding the date on which the meter was last read, provided that the difference between the actual usage and estimated usage must be set off as soon as a metered reading is obtained.

3.4 It may be assumed that the electricity or water usage registered by a meter has in fact been delivered, provided that for any period that a meter is out of order, the electricity or water so delivered may be calculated on the basis of the average usage over the three months preceding the period in question.

3.5 A consumer may request a special meter reading against payment of the prescribed tariff.

3.6 Defective metering equipment shall be dealt with in terms of the municipality’s by-laws relating to water services and electricity supply.

3.7 The provisions of the by-laws mentioned in sub paragraph (6) with regard to ownership of metering equipment apply with the necessary changes.

4. Municipal accounts

4.1 The municipality shall render a monthly account to a consumer of municipal services.

4.2 The account shall reflect the following –

(a) all outstanding amounts and the balance brought forward;
(b) amounts owing;
(c) total amount due; and
(d) meter readings where applicable.

4.3 In respect of accounts rendered to a consumer who is not the owner of the relevant property, and where a lease agreement exists between the owner and the
tenant, the municipality shall switch the account to the owner of the property upon expiration of the lease agreement.

4.4 An account contemplated in sub paragraph (3) shall be switched to the owner of property if –
   (a) change in ownership takes place; or
   (b) a tenant or occupier fails to pay his or her account on three occasions, irrespective of the period of lease.

4.5 The provisions of sub paragraph (4)(b) shall also apply in the case of non-residential consumers.

4.6 Where the owner of a block of flats fails to pay his or her account, the municipality shall notify the tenants of such failure and grant the owner 14 days to settle the account, failing upon which the municipality may restrict or discontinue services to the premises.

4.7 Deposits previously paid by a tenant or occupier shall upon switching of an account in terms of subsections (3) and (4) be refunded to the relevant tenant or occupier after calculation of the final outstanding balance.

4.8 The municipality shall supply an owner who rents property with a copy of the monthly account provided to the tenant or occupier of the property. The cost of such a duplicate account, to be determined annually by Council, may be debited against the owner’s account, provided that e-mail accounts will be rendered at no cost.

4.9 An owner who leases property must, at the request of a tenant or occupier, provide such tenant or occupier with a copy of the monthly account rendered to him or her by the municipality.

4.10 The provisions of sub paragraphs (3) and (4) shall not apply to –
   (a) occupiers of municipal property in terms of a lease agreement; or
   (b) state owned property where one department pays the rates and another pays the services account.

5. Enquiry, dispute and appeal

5.1 Enquiry –
   (a) A consumer may request the municipality to review an account.
   (b) While such an account is under review, the consumer must pay an amount equal to the average usage for the preceding three months where the history of that account is available.
   (c) Where such history is not available, the consumer must pay an estimated amount before the due date until the matter has been resolved.
   (d) The municipality must resolve the matter within 10 working days of receipt of such a request and inform the consumer concerned of the outcome of such an investigation.
   (e) Failure to pay the amount determined in terms of subparagraph (1)(b) or (c) on or before the due date may result in the restriction or disconnection of the consumer’s services.

5.2 Dispute –
   (a) A consumer may dispute any part or all of an account received in which case Section 102 of the Act shall apply.
   (b) The provisions of subparagraph (1)(b) and (c) apply with the necessary changes in case of a dispute.

5.3 Appeal –
   (a) A person who feels aggrieved by a decision of the municipality in terms of delegated authority may appeal against that decision by giving written notice

in terms of Section 62 of the Act to the municipal manager within 21 days of the date of the notification of the decision.
   (b) The grounds for appeal must be clearly indicated by the aggrieved person; and
   (c) Where applicable, the fees for testing of any metering equipment must be included.

6. Payment facilities

6.1 The municipality shall provide and maintain strategically situated, accessible payment offices and cash points throughout its area of jurisdiction.

6.2 The following alternative payment facilities shall also be provided / be available –
   (a) electronic bank transfers (A.C.B. system);
   (b) internet transfers;
   (c) direct depositing of money into the municipality’s approved bank account;
   (d) payments at different accredited business undertakings and other agencies; and
   (e) where available, credit- and debit cards to a maximum of R5000 per account per month in respect of residential property.

6.3 Where any of the alternative payment facilities are used, the onus is on the person using such facilities to provide proof of payment, and the municipality does not accept liability for the non-receipt of such payments, or for incorrect allocations which are due to a mistake on the part of such person.

6.4 Where payment of the money due is made by way of a direct deposit into the municipality’s approved bank account, the consumer must submit proof of the deposit not later than the due date.

7. Consolidation of accounts and appropriation of payments

7.1 The municipality, in terms of section 102 of the Act, considers all separate accounts of a consumer to be consolidated regardless of the fact that separate accounts for such owner or tenant may be rendered and includes all pre-paid services for which no account is rendered.

7.2 Payments received by the municipality may be appropriated in the order as determined by the municipality annually during the budget process.

7.3 Payments received shall be appropriated in terms of oldest debt first by means of instalments as determined annually by the council in order to prevent prescription.

8. Application for municipal services

8.1 No person may receive or consume municipal services without approval of the municipality.

8.2 The municipality may render services to consumers in terms of special agreements where circumstances require special measurements.

8.3 A consumer who wants to receive or use municipal services must apply in writing for approval in terms of paragraph 8(1).

8.4 In respect of non-residential property, if the owner is not the consumer, he or she must consent in writing to the supply of the services requested.
8.5 Upon approval of an application for the provision of services, the municipality must inform the applicant of—
(a) the different levels or standards of services and the applicable tariffs or fees payable in respect of each level of service;
(b) the due date for payment of all amounts owed to the municipality;
(c) the service hours of cashiers where payments may be made and the conditions for payment at vendor points;
(d) the various alternative payment facilities and the conditions and requirements relating thereto;
(e) the municipality’s right to terminate or restrict water or electricity services in case of non-payment of an account (or any part thereof) or tampering with municipal metering equipment;
(f) the consumer’s responsibility for any damages caused to metering equipment or other municipal property;
(g) his or her obligation to pay for services despite possible non-delivery of an account;
(h) the owner will be held responsible for the occupier’s/tenant’s arrears for municipal services;
(i) the municipality’s right to consolidate accounts of the consumer;
(j) the municipality’s right to install a prepayment meter, on a property where the electricity supply has been disconnected for non-payment or tampering in which case the meter remains the property of the municipality;
(k) the installation of pre-paid meters, with the written permission of the owner, is encouraged but those debtors whose electricity supply has been disconnected three times for non-payment, will be compelled to install a prepaid meter before the supply is reconnected. All energy dispensers are installed at the owner’s or tenant’s expense;
(l) the municipality’s right to install a water demand management meter, on a property for non-payment or tampering in which case the meter remains the property of the municipality;
(m) the right to withhold or to limit units purchased for a prepayment meter or the offset of any payment against arrears as result of non-payment of debt owed to the municipality;
(n) the municipality’s right to levy interest on amounts not paid by the due date as stipulated on an account;
(o) the municipality’s right to attach movable and immovable property;
(p) the municipality’s assistance to indigents; and
(q) the municipality’s client service charter.
8.6 The municipality will only be obliged to provide a specific level of a municipal service requested—
(a) if it is already provided by the municipality in the normal course of events; and
(b) if the municipality possesses the means and capacity to provide such a level of service.
8.7 A consumer may at any time apply to change the level of a municipal service originally approved, provided that the level of service requested is available and that the costs and disbursements incidental to such change be borne by the applicant.
8.8 In the case of an illiterate or similarly disabled person, the municipality must ensure that he or she is aware of and understands the contents of the application form and that he or she is assisted with the completion thereof.
8.9 Where the municipality—
(a) refuses an application for the provision of municipal services or a specific level of service; or
(b) is not in a position to provide such municipal service or level of a service
on the date on which it is requested; or
(c) is not in a position to provide such municipal service or level of a service at all;
it must inform the applicant of such refusal or inability to provide the service and the reasons therefore.
8.10 An approval for the provision of services or any undertaking or arrangement in terms of this policy does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be incidental credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act, 2005.
9. Liability for payment
9.1 A consumer who receives, uses or benefits from the services offered or rendered by the municipality in terms of its functions as listed in Schedules 4B of 5B of the Constitution, is responsible for the payment of any monies due and payable to the municipality in respect of such consumption or benefit.
9.2 If for any reason service charges have not been levied, the municipality shall be entitled to render an account as from the date of registration of such property in the Deeds Office.
9.3 Rental payable in respect of the letting of state-financed housing and other municipal property is payable by—
(a) the person with whom the lease was concluded; or
(b) the person who is applied to rent the premises, where no agreement of lease was concluded; or
(c) if no such person can be identified, the head of the household occupying such premises; or
(d) any other person who accepts responsibility for the payment of rental due, irrespective of whether such a person occupies the premises or not.
9.4 The person or persons with whom a loan agreement or an instrument of debt has been concluded is responsible for repayment of housing loans.
9.5 Where an account is not paid in full, any lesser amount offered and accepted by the municipality in writing accepts such lesser amount as being in full and final settlement of the account in question.
9.6 Non-delivery of an account or an error or omission in an account shall not exempt a consumer from payment of any amounts owing to the municipality.
10. Due date
Accounts for rates or services offered or rendered by the municipality become due and payable as follows—
10.1 Rates—
(a) rates become due and payable on the 1st day of July of each year for which such rates are determined;
(b) the municipality shall recover the rates levied in twelve equal instalments which shall be payable on the date indicated on the account statement;
(c) by prior arrangement the municipality will recover the rates levied in a single amount, which is payable on the date determined by the municipality in respect of annual payments at end of October in the year in which the amount is levied.

(a) where property becomes taxable after the 1st July of a financial year of the municipality, the rates levied shall become due and payable on the date of notice to such owner of his or her liability for payment thereof;
(b) the provisions of sub paragraphs (b) and (c) will apply with the necessary changes in respect of rates levied in terms of sub paragraph (d);
(c) where the levy becomes payable after the 1st July of a financial year, the levy shall become due and payable on the date of notice to such owner of his or her liability for payment thereof.

10.2 Availability charges –

(a) availability charges become due and payable on the 1st day of July of each year for which such fees are determined;
(b) the municipality will recover the availability charges levied in twelve equal instalments which will be payable on or before the last working day of each month in respect of which payment must be made;
(c) where the levy becomes payable after the 1st July of a financial year, the levy shall become due and payable on the date of notice to such owner of his or her liability for payment thereof.

10.3 Municipal services –

Moneys payable in respect of municipal services are due and payable on the date indicated as such on the account delivered each month and payment must be made on or before the last working day of the month in which such account was delivered.

10.4 Rental or loan instalments –

Payment of rental or loan instalments due in respect of state-financed housing or other municipal property must be made on the dates and in accordance with the provisions contained in the relevant lease and loan agreements.

10.5 Other fees or instalments –

Payment of moneys other than those contemplated in sub paragraphs (1) to (5) must be made on the date indicated on the account which date will be no more than 30 days after the rendering of the particular service.

11. Accounts in arrears

11.1 Rates:

(a) where rates which are payable in a single amount remain unpaid after the due date, the Director Financial Services shall serve a written notice on the owner demanding payment thereof within 14 days from the date of notification.
(b) upon failure to comply with a notice contemplated in sub paragraph (a), the Director: Financial Services shall, subject to the provisions of paragraph 15, institute legal proceedings to recover such rates.
(c) where an owner, who pays rates in monthly instalments, defaults on payments the Director: Financial Services shall, by written notice, withdraw his or her right to pay monthly instalments in which event the full amount of outstanding rates shall become due and payable immediately.
(d) where rates payable in monthly instalments are not paid in full after expiry of the period of 12 months from the date on which such rates became due and payable, the Director: Financial Services shall act in terms of sub paragraphs (a) and (b).

(e) the provisions of sub paragraphs (a) and (b) shall apply with regard to recovery of rates as contemplated in sub paragraph (c).

11.2 Availability charges:

The provisions of sub paragraphs (c) and (d) apply with the necessary changes to an owner who defaults on payments in respect of availability charges.

11.3 Municipal Services:

(a) Where a consumer fails to pay any amount or portion thereof in respect of municipal services on the due date, the municipality may –

(i) disconnect the electricity supply to the premises concerned;
(ii) restrict the water supply to such premises by installing a water demand management meter on the service connection which will allow the passage of at least 6 kilolitre water per month or as permitted by such management meter;
(iii) install a prepaid meter where the electricity supply has been disconnected for non-payment;
(iv) withhold or limit units purchased for a prepaid meter or to offset a portion of any payment against arrears as result of non-payment of debt owed to the municipality;

(b) Notice to a consumer in respect of an account in arrears or outstanding debt may be given via direct electronic media which include but is not limited to: e-mail, SMS or any other available method of electronic communication;

(c) The municipality may enter into an agreement with a consumer who is unable to pay his or her account or portion thereof in terms of which he or she will be permitted to pay the outstanding amount in monthly instalments as determined annually by council.

(d) Where applicable, the municipality may enter into an agreement with the consumer’s employer in terms of section 103 of the Act.

(e) Upon failure to comply with the conditions in sub paragraph (c) or (d), the municipality may cancel the agreement and institute any of the debt collection measures provided for in sub paragraph (2)(a).

(f) Where a consumer is served with an account of which the amount payable is exceptionally high as a result of –

(i) an act or omission on the part of the municipality; or
(ii) a leakage of water from a water installation or electricity installation on the premises which is not part of the municipality’s service connection;

the municipality may enter into an agreement with the consumer to pay the amount owed in monthly instalments.

(g) Where a period exceeding 30 days after the due date has expired and no agreement, as envisaged in sub paragraph (c) has been entered into, the Director: Financial Services shall, subject to the provisions of paragraph 15 institute legal proceedings against the consumer for the recovery of the debt.

(h) Where a basic levy, availability charge, rates or any other cost is levied on premises of which the owner cannot be traced, the Municipal Manager, and the Director: Financial Services in consultation with the Internal Auditor and the Executive Mayor may cease such levies, provided that if the owner is traced, such levies may be recovered retrospectively.

11.4 Rentals or loan instalments:
11.5 Other fees or instalments:
The provisions of paragraph 11.4 shall apply with the necessary changes.

12. Levying of interest
12.1 The standard rate of interest must be levied and collected in respect of all amounts due and payable for each month, provided that for the purposes of calculation, a portion of a month shall be regarded as a month.

12.2 Interest is levied from the first working day following the date on which the amounts in arrears are payable.

12.3 Waiving of such interest may be authorised by the Director: Financial Services, Municipal Manager and Internal Auditor, in consultation with the Executive Mayor.

13. Disconnection and re-connection of services
13.1 Services disconnected in terms of paragraph 8(1) shall only be re-connected upon payment of–
(a) the amount in arrears together with interest or if an agreement for the payment thereof has been concluded in terms of paragraph 8(2)(b);
(b) the re-connection fees;
(c) any other fees as determined in terms of the municipality’s Tariff Policy.
13.2 The onus shall always be on the debtor to request reconnection and to prove that the full amount required was paid or that an agreement was entered into for the payment thereof.

13.3 Restricted or disconnected services will be restored within a reasonable period of time after the debtor produces proof of payment of the required amount and subject to the municipality’s capacity at the time to restore such service.

13.4 Services disconnected in terms of paragraph 21 shall only be re-connected upon payment of–
(a) the re-connection fees;
(b) the cost of damages to equipment;
(c) the cost of re-placement of damaged equipment; and
(d) any other fees as determined in the municipality’s tariff policy.
13.5 No standby service shall be rendered for re-connection of services in case of non-payment or tampering with metering equipment.

14. Payment of deposit
14.1 A consumer, as contemplated in paragraphs (b) and (c) of the definition of ‘consumer’ in section 1 of this by-law, shall on application for the provision of municipal services, pay a deposit as determined by the municipality prior to delivery of the required services.

14.2 The municipality may increase the deposit where a consumer, as contemplated in sub paragraph 14.1, fails to pay his or her total outstanding debt for municipal services or where services are disconnected or restricted in terms of paragraph 9.1.

14.3 The increase shall be equal to the average consumption by the owner over a period of twelve months.

14.4 Where a consumer, as contemplated in sub paragraph 14.1, moves to other premises within the area of jurisdiction of the municipality, the deposit may be increased if such move requires a higher deposit.

14.5 Upon termination of services on request of a consumer, or when accounts are switched in terms of paragraph 4, the deposit may be utilised to extinguish or reduce debt owed by the owner and the remainder, if any, be refunded.

14.6 The municipality may annually increase a deposit held in terms of sub paragraph 14.1 which increase shall be equal to the average of the services consumed over a period of twelve months.

14.7 The deposit will be forfeited and applied towards any unpaid municipal accounts in those instances where a consumer vacates the premises.

14.8 The municipality is not liable for the payment of interest on deposits held.

15. Institution of legal proceedings
15.1 The institution of legal proceedings includes, but is not limited to–
(a) the issuing of summons for payment of amounts in arrears;
(b) the attachment of a consumer’s remuneration;
(c) the attachment of rent payable in respect of a property where applicable;
(d) the eviction of an occupier of any municipal property.
15.2 The institution of legal proceedings must be undertaken with due consideration of all legal requirements and in compliance with the applicable regulations and rules.

15.3 Where a consumer’s debt is less than R500-00 and older than 90 days, the Director: Financial Services may decide whether –
(a) an account should be handed over for collection; or
(b) legal proceedings should be instituted against the consumer.

15.4 The Director: Financial Services may determine where debt is more than R500-00 and older than 90 days, which of the judicial measures listed in sub paragraph 15.3 will be the most appropriate and effective in each case.

16. Writing off of outstanding debt
This will be dealt with on a case by case basis.

CHAPTER 4: GENERAL PROVISIONS

17. Collection cost
All legal costs, collection commission, and any other expenses incurred by the municipality in order to recover monies owing by a consumer, shall be debited against that owner or tenant’s account and collected from him or her.
18. Dishonoured payments
18.1 The municipality shall impose costs and administration fees on the account of the consumer where any payment by means of a negotiable instrument is dishonoured by a bank.
18.2 Where cheque payment has been dishonoured for a third time within a financial year, no future payments per cheque shall be accepted.

19. Access to premises
Authorised officials of the municipality or of a service provider shall have access at all reasonable hours to premises for the purposes of implementation of this policy provided that such official must provide the necessary identification upon request.

20. Safe accommodation of service connections and appliances
A consumer shall be responsible for the safe accommodation of any service connections, meters, stopcocks, as well as appliances and equipment for the safeguarding of services on their premises, and shall be liable for any costs or losses incurred, or damages suffered by the municipality in respect thereof.

21. Unauthorised use of services
21.1 A consumer who –
   (a) uses or gains access to municipal services without approval in terms of paragraph 8(1); or
   (b) tampers with, breaks or damages any seal, or removes any appliance or equipment which had been installed to measure, provide or restrict the supply of services,
shall be held liable for payment of any unauthorised consumption of services.
21.2 The municipality has the right to disconnect water or electricity supply to premises –
   (a) if such services are used without approval as contemplated in sub paragraph 21.1 (a); and
   (b) if metering equipment has been wilfully damaged or tampered with as contemplated in sub paragraph 21.1 (b).
21.3 Without prejudice to the municipality’s right to institute criminal proceedings, a consumer who tampers with or damages any appliance or equipment as contemplated in sub paragraph 21.1 (b) shall be liable to pay the costs as contemplated in paragraph 13.4.
21.4 In the case of tampering with or damaging of any metering equipment, the owner shall be regarded as being responsible for such tampering with or damaging thereof unless he or she can prove otherwise.

22. Signing and certification of documents
Any order, notice or other document which needs to be signed or certified by the municipality shall be regarded as sufficiently signed and certified if done by the municipal manager or a duly authorised official of the municipality.

23. Prima facie evidence
In lawsuits initiated by the municipality, the mere submission of a certificate reflecting the amount due and payable to the municipality and signed by the municipal manager or a an official authorised thereto, may be accepted by the court as prima facie evidence that the amount is due.

24. Clearance certificates
24.1 On the sale of any property the municipality shall withhold the required clearance certificate in terms of section 118(1) of the Act until all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.
24.2 All payments shall be allocated to the seller’s municipal accounts and all refunds shall be made to such seller.
24.3 No interest shall be paid in respect of such payments.
24.4 The clearance certificate validation period is 60 days and the amount due shall be calculated as follows –
   (a) applications received on 30 June shall include 3 (three) months’ advance payments;
   (b) applications received on 1st July shall include –
      (i) rates and availability charges in advance for the full financial year; and
      (ii) 3 (three) months advance payments for water, electricity, sewerage and refuse removal.
   (c) all other applications shall include 3 (three) month’s advance payments.
24.5 Payments in terms of sub paragraphs (a) to (c) shall include all outstanding debt on the property.
24.6 In terms of section 118(3) of the Act, an amount due for municipal services, surcharges on fees, property rates and other municipal taxes, levies fees and charges is a charge upon the property in terms of which the amount is owed and enjoys preference over any mortgage bond registered against the property.
24.7 The amount owing shall be for the account of the registered owner regardless of who incurred the debt.
24.8 The municipality may, after obtaining an appropriate court order, sell any property in execution to recover outstanding debt.
SWARTLAND MUNICIPALITY

INDIGENT POLICY

REVIEWED AND NOT AMENDED

FEBRUARY 2018

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1. Definitions

In this policy, unless the context indicate otherwise –

"account" includes –

a) levies, surcharges or service charges in respect of the following services:
   i. electricity consumption;
   ii. water consumption;
   iii. refuse removal;
   iv. sewage services;

b) rates;

c) rental;

d) loan instalments

e) interest on arrears;

f) any other levies and money owing to the Municipality;

and "municipal account" has a corresponding meaning;

"arrears" means any amount due and payable to the Municipality which has not
been paid on or before the date of payment;

"child-headed household" means a household where both parents are deceased and
where all the occupants of the property are children of the deceased and are
younger than 18 years old, i.e. a child-headed household is a household consisting only
of children;

"household" means a registered owner or tenant with or without children who reside
on the same premises;

"illegal practises" any practise or trade exercised on premises which is in
contravention of any National or Provincial legislation or any by-laws or regulations
of the municipality;

"indigent household" means a household, including a child-headed household,
registered as such with the Municipality and which –

a) complies with the qualification requirements in paragraph 2 hereof, provided
   that foster and child support grants are not included when calculating such
   household income;

b) occupies premises within the area of jurisdiction of the municipality;

"municipality" means the Swartland Municipality established in terms of Section 21 of
the Municipal Structures Act, 117 of 1998, and includes any political structure,
political office bearer, councillor, duly authorized agent or any employee acting in
connection with this policy by virtue of a power vested in the municipality and
delegated or sub-delegated to such political structure, political office bearer,
councillor, agent or employee;

"municipal services" means the provision of water and electricity, the removal of
domestic waste, the disposal of sewage or any one combination of these services;

"municipal valuation" means the value of the property as determined in terms of the
Property Rates Act, 6 of 2004;

"occupier" means the person residing in or using the property as its owner or tenant;

"owner" in relation to immovable property means –

a) the person in whom is vested the legal title thereto provided that –
   i. the lease of immovable property which is leased for a period of not less
      than fifty years, whether lease is registered or not, shall be deemed to be
      owner thereof, and
   ii. the occupier of immovable property occupied in terms of a service or right
      analogous thereto shall be deemed the owner thereof;

b) if the owner is deceased, insolvent, has assigned his or her estate for the
   benefit of his or her creditors, has been placed under curatorship by order of
   court or is a company being wound up or under judicial management, then the
   person in whom the administration of such property is vested as executor,
   administrator, trustee, assignee, curator, liquidator or judicial manager, as the
   case may be;

c) if the owner is absent from the Republic or if his or her address is unknown to
   the municipality, then any person who as agent or otherwise receives or is
   entitled to receive the rent in respect of such property; or

d) if the municipality is unable to determine who such person is, then the person
   who is entitled to the beneficial use of such property;

e) if the owner is deceased and the family or a member on behalf of the family
   issues an affidavit that the occupier are the legal benefice of the estate;

"pre-payment electricity meter" means a type of electricity meter that requires
consumers to pay for energy before using it and that will allow the flow of the pre-
purchased amounts of energy in an electrical circuit;

"Property Rates Act" means the Local Government: Property Rates Act, 6 of 2004;

"tenant" means any person other that the main family members described as a
household, occupying the premises, i.e. a lodger, lessee, paying guest etc.

"water demand management meter" means a device designed to manage the water
flow, water consumption or water needs of a residential property.
2. Qualification criteria for financial assistance

2.1 Financial assistance may be granted by the municipality to a household that meets the following criteria:

a) where the property occupied by such owner is valued at R95 000.00 or less, or as determined by council annually, provided that the R15 000.00 exemption as contemplated in section 17(1)(h) of the Act shall be excluded from the R95 000.00 and the combined income of all the persons residing on the property does not exceed R4 515.00; or

b) where the property that is occupied by the owner is valued at more than R95 000.00, but the combined income of all the persons residing on the property does not exceed R4 515.00; or

c) where the occupier is not the owner of the property and the combined income of all the persons residing on the property does not exceed R4 515.00.

2.2 The Director: Financial Services may increase the income limitation in sub paragraph 2.1 where extraordinary circumstances prevail, such as –

a) where a large number of the persons residing on the property are without any income; or

b) where they have to care for dependents or family members who are handicapped or who suffer from chronic or terminal illness; or

c) where elderly persons reside with an income that does not exceed an amount that is equal to or less than twice the age grant paid by the Government to qualifying beneficiaries as from time to time determined by the Minister of Welfare.

2.3 The applicant must be a resident of the municipal area of jurisdiction.

2.4 The applicant must receive the municipal services and be registered as an account holder on the municipal financial system.

2.5 The applicant, their spouse or legal children who reside with their parents may not be the legal owners of other immovable property

2.6 If the applicant is a seasonal worker the income limits shall be calculated over a period of one year to approximate a monthly income.

2.7 Households that are child headed, can apply for financial assistance when –

a) the parents of the household has died;

b) a minor has assumed the role of care giver in respect of another minor in the household;

c) the main caregiver of the household is younger than 18 years of age;

d) such minors reside permanently on the property;
e) the situation pertaining to the household must be verified in writing by a registered Social Worker and Ward Councillor.

2.8 The onus for applying for financial assistance rest with the occupier who cannot afford to pay the full municipal tariff for municipal services received.

2.10 An application shall be accompanied by the following particulars –

a) certified copies of all occupants’ identity documents;

b) certified documentary proof of income, or an affidavit declaring lack of income and/or proof of registration as unemployed and bank statement (where applicable);

c) particulars of any other grants received by the occupants.

3. Appropriation of financial assistance

3.1 Subject to sustainability and affordability, financial assistance to an indigent household shall be appropriated as follows –

(a) 50 kWh electricity per month;

(b) sanitation fees or the fees payable in respect of the pumping of a suction tank to an amount equal to the tariff determined;

(c) fees for waste removal;

(d) 6 kl water per month;

(e) rates payable to a maximum amount calculated at the tariff multiplied by R95 000.00.

3.2 The municipality shall, annually during the budget process, revise the financial assistance given to indigents.

4. Free bulk services

4.1 Free bulk services shall be the provision of services (water stand pipes, high mast lighting and refuse removal) to informal settlements.

4.2 The cost of the provision of free bulk services is recovered from the Equitable Share Allocation form National Government.

5. Excess usage of allocation and arrear municipal accounts

5.1 If the level of consumption of the indigent household exceeds the consumption level provided by the municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the municipality’s credit control and debt collection measures.
5.2 If the level of consumption or use of a municipal service is less than the subsidized service, the unused portion shall not be transferable from one month to another.

5.3 The municipality reserves the right to install a prepaid electricity meter on a property that is occupied by an indigent household, where the electricity supply has been disconnected for non-payment or tampering, or where the electricity usages are excessive and not affordable, in which case the meter remains the property of the municipality.

5.4 The municipality may withhold or limit the units purchased for a prepaid electricity meter or offset a portion of any payment against arrears as a result of non-payment of the municipal account in the case of excess consumption.

5.5 The municipality reserves the right to install a water demand management meter on a property that is occupied by an indigent household and located in an area where Eskom is the service provider, or for non-payment or tampering, or where the water usages are excessive and not affordable, in which case the meter remains the property of the municipality.

5.6 The cost of the replacement of a conventional electricity meter with a prepaid electricity meter, as well as the cost of the installation of a water demand management meter on a property, will be recovered from the Equitable Share Allocation from National Treasury.

6. Processing and verifications of applications

6.1 The application for financial assistance will be registered and the information of the indigent beneficiaries will be contained in an indigent register.

6.2 The indigent register, together with the applications and required documentation will be maintained with due consideration of the Protection of Personal Information Act, 4 of 2013.

6.3 The municipality may, when deemed necessary and subject to capacity, conduct audits to verify the information furnished or possible changes in the status of applicants.

6.4 The frequency of such audits will depend on the institutional capacity of the municipality to do so.

7. Cancellation of financial assistance

7.1 All steps necessary must be taken to prevent unlawful access to financial assistance as an indigent and for this reason the Director: Financial Services may, at any time, investigate the financial circumstances of an indigent and may –

(a) request documentary proof or information pertaining to the income or lifestyle of persons residing on the property;
(b) verify the information furnished by a household or member thereof by conducting interviews with and the taking of statements from such members or any other person;
(c) after proper notice, review or cancel the household’s financial assistance if –
   i. illegal practises are present on the premises which include, but are not limited to –
      (a) building operations without approval;
      (b) business or commercial uses in contravention of the Town Planning Scheme Regulations; or
      (c) dealing in liquor or prohibited substances;
   ii. false information had been furnished in an effort to obtain or retain financial assistance; or
   iii. circumstances have changed to such an extent that the household no longer complies with one or more of the requirements mentioned in paragraph 2.

7.2 In case of cancellation of financial assistance in terms of paragraph 8.1 (c) the household shall forfeit all financial assistance with immediate effect and the municipality shall be entitled to re-claim the financial assistance granted to him or her –

(a) from the date it was originally granted where sub paragraph 8.1 (c) (i) applies; or
(b) from the date on which the circumstances referred to in sub paragraph 8.1 (c) (ii) changed or, if such date cannot be determined, from the date on which it was established that the owner or tenant no longer complied with the qualifying requirements.

7.3 An indigent whose indigent support has been cancelled, shall at the discretion of the Director: Financial Services, be reconsidered for support if the circumstances leading to the cancellation have been rectified.

8. Short title and commencement

This policy is the Indigent Policy of Swartland Municipality and came into effect on 1 July 2017 with the revisions.
BUDGET IMPLEMENTATION AND MONITORING POLICY

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REVIEWED AND AMENDED
MARCH 2018
1. DEFINITIONS

"Accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"Allocation", means -
(a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
(b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
(c) an allocation of money to a municipality in terms of a provincial budget; or
(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget -
(a) approved by a municipal council, or
(b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including -
(a) the tariff policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
(b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
(c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget transfer" means transfer of funding within a function/vote subject to limitations. The transfer can be done between any combinations of segments during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption;

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"Chief Financial Officer" means a person designated in terms of section 80(2)(a) of the MFMA;

"Councillor" means a member of a municipal council;

"Current year" means the financial year, which has already commenced, but not yet ended;

"Delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"Executive mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"Financial recovery plan" means a plan prepared in terms of section 141 of the MFMA;

"Financial year" means a twelve months period commencing on 1 July and ending on 30 June each year;

"Financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure", means –
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned by Council;
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"Investment/s", in relation to funds of a municipality, means -
(a) the placing on deposit of funds of a municipality with a financial institution; or
(b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;
"Item segment" is one of the 7 segments of the Municipal Standard Chart of Accounts and includes items of:
- Expenditure,
- Revenue,
- Assets,
- Liability,
- Gains and Losses.

"Local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"mSCOA" is an abbreviation for Municipal Standard Chart of Accounts and is the classification framework for all accounting entries for municipalities. All transactions must be allocated to all includes seven segments of chart information, namely:
1. Project segment;
2. Function segment;
3. Fund segment;
4. Regional segment;
5. Item segment;
6. Costing segment; and
7. Municipal classification segment (Only this segment is optional).

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

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

"Long-term debt" means debt repayable over a period exceeding one year;

"Municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"Municipality" -
(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"Municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"Municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"Official", means -
(a) an employee of a municipality or municipal entity;
(b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
(c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"Overspending" -
(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;
(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"Quarter" means any of the following periods in a financial year:
(a) 1 July to 30 September;
(b) 1 October to 31 December;
(c) 1 January to 31 March; or
(d) 1 April to 30 June;

"Service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate –
(a) projections for each month of -
   (i) revenue to be collected, by source; and
   (ii) operational and capital expenditure, by vote;
(b) service delivery targets and performance indicators for each quarter; and
(c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l)(c) of the MFMA;

"Unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes –
(a) overspending of the total amount appropriated in the municipality's approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
(c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with the MFMA;

"Virement" refers to the definition of budget transfer

"Vote" means -
(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

2. INTRODUCTION
2.1 In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

2.2 This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget is a tool for planning, control and it plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government’s macro-economic and fiscal policy fundamentals.

3. OBJECTIVE
The objective of the budget policy is to set out:
(a) The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget (MTREF);
(b) The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;
(c) To control and inform the basis, format and information included in the Budget documentation; and
(d) To establish and maintain procedures to ensure adherence to the Municipality’s IDP review and budget processes.

4. BUDGET PRINCIPLES
4.1 The municipality shall ensure that revenue projections in the budget are realistic taking into account actual collection levels and shall not budget for a cash deficit.
4.2 Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.
4.3 Swartland Municipality shall prepare a five-year operating budget and a three-year capital budget (medium term revenue and expenditure framework (MTREF)) which will be reviewed annually and will be approved by Council.
4.4 The MTREF budget will at all times be within the framework of the Municipal Integrated Development Plan (IDP).

5. REGULATORY FRAMEWORK
5.1 Legislation and Policy Strategy Local Municipality is committed to comply with applicable legislation as it pertains to budgeting and financial management and the following examples of pieces of legislation are relevant:

- The Constitution of the Republic of South Africa
- The Municipal Finance Management Act No 56 of 2003
- The Municipal System Act (Act No 32 of 2000)
- The Municipal Structure Act No.117 of 1998
- The Municipal Property Rates Act 6 of 2004; and
- Other applicable by-laws, ordinance or legislation
Cognisance must be taken of the National Treasury Circulars that may have an impact on the budgeting environment. All National Treasury Circulars will be considered.

6. ROLES AND RESPONSIBILITY OF CHIEF FINANCIAL OFFICER (CFO)

The CFO is administratively in charge of the budget and treasury office. The chief financial officer has an essential function in assisting the municipal manager to carry out his or her financial management responsibilities, in areas ranging from budget preparation to reporting and the development and maintenance of internal control procedures. The CFO plays a central role in implementing the financial reforms at the direction of the municipal manager with assistance of appropriately skilled staff.

6.1 The Chief Financial Officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the cash and investments policy), and shall be accountable to the Accounting Officer in regard to the performance of these functions.

6.2 The Accounting Officer shall ensure that all heads of departments provide the inputs required by the Chief Financial Officer into these budget processes.

6.3 The Chief Financial Officer shall provide input to the budget timetable for the ensuing financial year for the mayor's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the mayor, Budget Steering committee, executive committee and council.

6.4 In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the chief financial officer shall properly and adequately reflect the organisational structure of the municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury, GRAP and with mSCOA.

6.5 The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the any contributions to a reserve of the municipality, and the contributions to the provisions for impairment of debtors, accrued leave entitlements and obsolescence of stocks.

6.6 The Chief Financial Officer shall further, with the approval of the mayor and the Accounting Officer, determine the recommended contribution to the capital replacement reserve and any other contributions to other reserves of the municipality.

6.7 The Chief Financial Officer shall also, again with the approval of the mayor and the Accounting Officer, and having regard to the municipality's current financial performance, determines the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted and shall comply so far as possible with the prescribed increases by National Treasury.

6.8 The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately furnish the Chief Financial Officer with all explanations required for deviations from the budget.

6.9 The Chief Financial Officer shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budgets.

6.10 The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the mayor on the revision of the IDP and the budget-related policies where these are indicated.

6.11 The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.

6.12 The Chief Financial Officer shall ensure that the cost of any relief/rebate is separately reflected in the appropriate votes mSCOA segments.

6.13 The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations are appropriately recorded.

7. APPROPRIATION OF FUNDS FOR EXPENDITURE

7.1 Section 15 of the MFMA regulates as follows regarding the incurring of expenditure against budgetary provisions:

7.2 “A municipality may, except where otherwise provided in this Act, incur expenditure only:

(a) in terms of an approved budget; and

(b) within the limits of the amounts appropriated for the different votes in an approved budget.”
8. ANNUAL BUDGETS

8.1 In accordance with section 16 of the MFMA, the Council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

8.2 In order for a municipality to comply with subsection (1) of section 16 of the MFMA, 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.

8.3 Subsection (1) of section 16 of the MFMA does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

9. FUNDING OF EXPENDITURE

9.1 Section 18 of the MFMA prescribes as follows:

“(1) An annual budget may only be funded from—
(a) realistically anticipated revenues to be collected;
(b) cash-backed accumulated funds from previous years’ surpluses not committed for other purposes; and
(c) borrowed funds, but only for the capital budget referred to in section 17(2).

(2) Revenue projections in the budget must be realistic, taking into account—
(a) projected revenue for the current year based on collection levels to date; and
(b) actual revenue collected in previous financial years.”

9.2 Additional funding requirements is included in the Council approved Funding and Reserves policy.

10. BUDGET PREPARATION PROCESS

10.1. Formulation of the budget

10.1.1 The Accounting Officer with the assistance of the Chief Financial Manager and the Manager responsible for IDP shall draft an IDP and Budget Time Schedule for the municipality including municipal entities for the ensuing financial year.

10.1.2 The Executive Mayor shall table the IDP and Budget Time Schedule to Council by 31 August each year for approval (10 months before the start of the next budget year). The IDP and Budget Time Schedule shall indicate the key deadlines for the review of the IDP as well the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the MFMA, Municipal Budget and Reporting Regulations and the guidelines set by National Treasury.

10.1.3 The Executive Mayor shall convene a strategic workshop in September/October with the mayoral committee and senior managers in order to determine the IDP priorities, which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressure facing the municipality.

10.1.4 The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the new year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc).

10.1.5 The Chief Financial Officer and senior managers undertake the technical preparation of the budget.

10.1.6 The budget must be in the format prescribed by the Municipal Budget and Reporting Regulations.

10.1.7 The budget must reflect realistically expected revenues for the budget year concerned.

10.1.8 The expenses reflected in the budget must be divided into items as per the classification framework of mSCOA.

10.1.9 The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the estimated revenues and expenses for the current year and the three prior year actual outcomes.

10.2 Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene public participations meetings on the draft budget during April and early May of each year and invite the public and stakeholder organisations to make representation at these meetings and to submit comments in response to the draft budget.

10.3 Approval of the budget

10.3.1 Council shall consider the Annual budget for approval not later than 31 May (30 days before the start of the budget year).

10.3.2 The council resolution must contain budget policies and performance measures shall be adopted.

10.3.3 Should the Council fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.

10.3.4 The budget table to Council for approval shall include the following supporting documents:

- Draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned,
• Measurable performance objectives for each budget vote, taking into account the municipality’s IDP,
• The projected cash flows for the financial year by revenue sources and expenditure votes,
• Any proposed amendments to the IDP,
• Any proposed amendments to the budget-related policies,
• The cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers.
• Particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting such as Non-Governmental Organisations, welfare institutions and so on,
• Particulars of the municipality’s investments, and
• Information in regard to municipal entities under the shared or sole control of the municipality.

10.4 Publication of the budget

10.4.1 When making public the draft annual budget and supporting documentation in terms of section 22(a) of the MFMA, read with section 21A of the Municipal Systems Act, the Accounting Officer must also make public any other information that the municipal council considers appropriate to facilitate the budget consultation process.

10.4.2 The annual budget must be submitted in both printed and electronic formats to the National Treasury and the relevant provincial treasury.

10.4.3 Within ten working days after the municipal council has approved the annual budget of a municipality, the Accounting Officer must in accordance with section 21 of the Municipal Systems Act make public the approved annual budget and supporting documentation and the resolutions referred to in section 24(2)(c) of the MFMA.

10.5 Service Delivery and Budget Implementation Plan (SDBIP)

10.5.1 The Executive Mayor must approve the Service Delivery and Budget Implementation Plan not later 28 days after the approval of the Budget by Council.

10.5.2 The SDBIP shall include the following components:

a) Monthly projections of revenue to be collected for each source,
b) Monthly projections of expenditure (operating and capital) and revenue for each vote,
c) Quarterly projections of service delivery targets and performance indicators for each vote,
d) Ward information for expenditure and service delivery,
e) Detailed capital works plan broken down by ward over three years.

11. CAPITAL BUDGET

11.1 Basis of Calculation

11.1.1 The zero based method is used in preparing the annual capital budget, except in cases where a contractual commitment has been made that would span over more than one financial year.

11.1.2 The annual capital budget shall be based on realistically anticipated revenue, which should be equal to the anticipated capital expenditure in order to result in a balanced budget.

11.1.3 The impact of the capital budget on the current and future operating budget in terms of finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed and any other operating expenditure to be incurred resulting directly from the capital expenditure, should be carefully analysed when the annual capital budget is being compiled.

11.1.4 In addition, the council shall consider the likely impact of such operational expenses, net of any revenues expected to be generated by such item, on future property rates and service tariffs.

11.2 Budget Principles

11.2.1 Expenditure of a project shall be included in the capital budget if it meets the definition of a capital asset.

11.2.2 Vehicle replacement shall be done in terms of Council’s vehicle replacement policy. The budget for vehicles shall distinguish between replacement and new vehicles. No global amounts shall be budgeted for vehicle acquisition.

11.2.3 The capital budget shall distinguish between the replacement, of a capital asset and the renewal, upgrading and new of a capital asset.

11.2.4 A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.

11.2.5 The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and not been committed for other purposes.

11.2.6 Before approving a capital project, the Council must consider:

• The projected cost of the project over all the ensuing financial years until the project becomes operational, future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs),
• The impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loan, Depreciation of fixed capital assets, Maintenance of fixed capital assets, and
• Any other ordinary operational expenses associated with any item on such capital budget.
11.2.7 Council shall approve the annual or adjustment capital budget only if it has been fully funded.

11.3 Funding of Capital Budget

The capital expenditure shall be funded from the following source:

11.3.1 External loans
- External loans can be raised only if it is linked to the financing of a capital asset,
- A capital project to be financed from an external loan can only be included in the capital budget if the loans has been secured or if can be reasonably assumed as being secured,
- Interest payable on external loans shall be included as a cost in the Operating budget,
- Finance charges relating to such loans be charged to or apportioned only between the departments or votes to which the projects relate.

11.3.2 Capital Replacement Reserve (CRR)

Council shall establish a CRR for the purpose of financing capital projects for the acquiring of capital assets. Such reserve shall be established from the following sources of revenue:
- All cash proceeds on the sale of capital assets (including the sale of buildings and land),
- All cash proceeds from Developers Contributions and payments received in respect of the buyout of parking areas,
- Annual contribution equal to the depreciation of that financial year; less the repayment portion of the external loans (interest bearing borrowings),
- Increased contribution to the CRR if sufficient cash surpluses were generated through savings on expenditure or additional income sources.

Before any capital asset can be financed from the CRR the financing must be available within the reserve and available as cash as this fund must be cash backed;

If there is insufficient cash available to fund the CRR, this reserve fund must then be adjusted to equal the available cash;

11.3.3 Grant Funding

11.3.3.1 Capital expenditure funded from grants must be budgeted for in the capital budget;
- Expenditure must be reimbursed from the unspent grant and recognised in the operating budget as transfers recognised – capital and must be budgeted for as such.
- Interest earned on investments due to unspent Conditional Grant Funding for which the grant condition stated the interest must accrue to the grant/project shall be capitalised to the unspent grant fund.
- If there is no condition stated then the interest must be allocated directly to the revenue accounts of the Municipality.

Grant funding needs to be secured in the form of cash before spending can take place. All unspent grants must be ring fenced and cash backed from available cash and cash equivalents.

12. OPERATING BUDGET

12.1 The municipality shall budget in each annual and adjustments budget for the contribution to:
- a) Provision for accrued leave entitlements equal to 100% of the accrued leave,
- b) Continued employee benefits as at 30 June of each financial year,
- c) Provision for impairment of debtors in accordance with its rates and tariffs policies and the generally recognised accounting standards,
- d) Provision for the obsolescence and deterioration of stock in accordance with its inventory management policy.

(i) The level of cash funding in respect to a) and b) above must be decided by the Chief Financial Officer as part of the budget process annually is set out in the Borrowing, Funding and Reserves Policy.

12.2 Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.

12.3 A percentage of the operating budget component of each annual and adjustments budget shall be set aside for repairs and maintenance.

12.4 When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.

12.5 Non capital expenditure funded from grants must be budgeted for as part of the revenue budget.
- a) Expenditure must be reimbursed from the unspent grant and recognised in the operating budget as transfers recognised – operational and must be budgeted for as such.

12.6 The operating budget shall reflect the impact of the capital component on:
- a) Depreciation charges,
- b) Repairs and maintenance expenses,
- c) Interest payable on external borrowings,
- d) Other operational expenses.

13. UNSPENT FUNDS AND ROLL-OVER OF BUDGET

13.1 The appropriation of funds in an Annual or Adjustment Budget will lapse to the extent that they are unspent by the end of the relevant budget year, except unspent grants (if the conditions for such grant funding allow that).
13.2 Conditions of the grant funding shall be taken into account in applying for rollover of grant funds;

13.3 Projects funded from the Capital Replacement Reserve may be rolled over from the year it originates with an adjustments budget (as prescribe in Municipal Budget and Reporting Regulations in terms of reg. 23(5) only if the following conditions is met:

13.3.1 The Chief Financial Officer must assess the funding requirements from and to the CRR for the next 3 budget years; and only if sufficient funding is available in the CRR may projects be considered for roll-over;
13.3.2 The funds to be rolled over must have been committed before the 30th June;
13.3.3 The relevant Senior Manager must provide a detailed report providing the reasons for non-compliance to the deadline of 30th June and proof to substantiate 13.3.2 above;

13.4 If the above mentioned conditions for the roll-over of a project could not be met, then the relevant Senior Manager must re-prioritise projects within his/her directorate in the next 3 year capital program to stay within the funding available within the CRR over the next 3 years and submit a report to this effect to be considered as part of the roll over adjustment budget.

13.5 Projects funded from Borrowings may be rolled over from the year it originates with an adjustments budget (as prescribe in reg 23 (5) of the Municipal Budget and Reporting Regulations) only if the funding is still available and no contract conditions of the investor or financer prohibits the roll over.

14. ADJUSTMENT BUDGET

14.1 Council may revise its annual budget by means of an adjustment budget in terms of section 28 of the MFMA and according to the timelines set out in the Municipal Budget and Reporting regulations section 23.

14.2 Section 28(2) of the MFMA determines when an adjustment must be done and when it may be prepared.

14.3 The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

14.4 The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.

14.5 The Council shall in such Adjustment Budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Mayor.

14.6 The Chief Financial Officer shall ensure that the Adjustment Budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the Mayor, are aligned with the IDP, comply with all budget related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.

14.7 The Council should also authorise the spending of unspent grant funding at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the Annual Budget was approved by the Council.

14.8 An Adjustment Budget must contain all of the following:
   b) an explanation of how the adjustments affect the approved Annual Budget;
   c) appropriate motivations for material adjustments; and
   d) an explanation of the impact of any increased spending on the current and future annual budgets.

14.9 Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

14.10 Any unappropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget.

15. VIREMENT

Virement requirements and procedures can be found in Swartland’s Virement Policy.

16. BUDGET IMPLEMENTATION

16.1 Monitoring

16.1.1 The Accounting Officer with the assistance of the Chief Financial Officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
   • funds are spent in accordance with the Budget;
   • expenses are reduced if expected revenues are less than projected; and
   • revenues and expenses are properly monitored.

16.1.2 The Accounting Officer with the assistance of the Chief Financial Officer must prepare any Adjustment Budget when such budget is necessary and submit it to the Mayor for consideration and tabling to Council.

16.1.3 The Accounting Officer must report in writing to the Council any impending shortfalls in the Annual Revenue Budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

16.2 Reporting

16.2.1 Monthly budget statements

16.2.1.1 The Accounting Officer with the assistance of the Chief Financial Officer must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality’s Budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.
16.2.1.2 This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the Approved or Revised Budget; and
- projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

16.2.1.3 The report to the National Treasury must be both in electronic format and in a signed written document.

16.2.2 Quarterly Reports

16.2.2.1 The Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the Budget and the financial state of affairs of the municipality.

16.2.2.3 Mid-year budget and performance assessment

16.2.2.3.1 The Accounting Officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the Service Delivery and Budget Implementation Plan.

16.2.2.3.2 The Accounting Officer must then submit a report on such assessment to the Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

16.2.2.3 The Accounting Officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the Annual Budget and for revising the projections of revenues and expenses set out in the Service Delivery and Budget Implementation Plan.

17. CONCLUSION

The Accounting Officer must place on the municipality’s official website the following documentation with regards to the Budget policy:

17.1 The Annual and Adjustment Budgets and all budget-related documents;
17.2 The Budget-related policies;
17.3 The Annual Report;
17.4 All performance agreements;
17.5 All service delivery agreements;
17.6 All long-term borrowing contracts;
17.7 All quarterly and mid-year reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

18. REVIEW OF POLICY

This policy will take effect on 1 July 2016 and shall be reviewed on an annual basis to ensure that it is in line with the municipality’s strategic objectives, good governance, with relevant legislation and prudent expenditure management.
POLICY WITH REGARDS TO THE PAYMENT OF TRAVEL- AND ACCOMMODATION- AND SUBSISTENCE COSTS

MARCH 2018

REVIEWED & AMENDED

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SCHEDULE A

1. Payment of accommodation- and subsistence costs

1.1. Accommodation- and subsistence costs payable when an official or council member is actual and necessarily absent for less than 24 hours of his/her usual abode or work place.

1.2. Accommodation- and subsistence costs payable when an official or council member is actual and necessarily absent for more than 24 hours of his/her usual abode or work place.

2. Payment of travel expenses

2.1. For the execution of official obligations within the area of jurisdiction of the municipality.

2.2. For the execution of official obligations outside the area of jurisdiction of the municipality.
SWARTLAND MUNICIPALITY
POLICY WITH RESPECT TO PAYMENT OF TRAVEL, ACCOMMODATION AND
SUBSISTENCE COSTS

1. DEFINITIONS

In this policy document, unless the context otherwise indicates -

“accommodation” means overnight accommodation including or excluding breakfast;

“bargaining council” means the Western Cape division of the South African Local
Government Bargaining Council;

“fringe benefit vehicle scheme” means a scheme in terms of which a travel allowance is
included in the remuneration package for the applicable position, as resolved by the
Council of the municipality from time to time, and in respect of which a monthly travel
allowance is paid;

“essential users scheme” means a scheme, as negotiated in the bargaining council, in
terms of which specified personnel, in accordance with the criteria laid down by the
bargaining council and adopted by the municipal council, use their own vehicles for
official business;

“subsidised vehicle” means a vehicle used by an officer or councilor of the municipality
for official business and which, in the case of officials, was acquired in pursuance of a
fringe benefit vehicle scheme or an essential users scheme and, in the case of a
councilor, his/her own vehicle used for official business for which a travel allowance is
paid;

“chief financial officer” means an official who has been appointed as such by the
accounting officer in accordance with section 80(2)(a) of the Municipal Financial
Management Act, 2003 (Act 56 of 2003);

“municipality” means the Swartland Municipality;

“private vehicle” means a vehicle which is not a subsidized vehicle and is registered in
the name of an official or councilor, which is used by such official or councilor for
official business;

“councilor’s own vehicle” means a vehicle used by a councilor for official business,
which is his/her property, in respect of which a fixed travel allowance, as determined by
the municipal council from time to time, is paid to the said councilor and which
allowance is subject to the conditions as determined by the Minister of Provincial and
Local Government in terms of the Remuneration of Public Office Bearers Act, 1998
(Act 20 of 1998);

“accounting officer” means the Municipal Manager of the municipality;

“subsistence” means meals and incidental costs as contemplated in paragraph 1.2 of
Schedule A excluding accommodation.


“Application form” means an electronic form on the municipal’s system that must be
completed with estimated costs before traveling overnight

“Claim form” means the electronic form on the municipal’s system where a person
claims their actual traveling expenses

“Late Claim” means a claim form submitted for authorization after the 10th of the
following month travelled

“Daily Allowance” means a subsistence allowance given to an official or councilor in
line with the Income Tax Act no 58 of 1962

“Incidental cost” means cost incurred (excluding meals) by an official or councilor while
travelling to a work orientated activity whereby the actual cost are reimbursed (with
supporting documentation) to the official or councilor.

2. APPLICATION OF POLICY

This policy applies to councilors as well as officials of the municipality and also
incorporates provisions pertaining to reimbursement of persons invited by the
municipality for job interviews.

This policy is not applicable to official obligations to be carried out beyond the borders
of the Republic of South Africa.

In such cases permission must be obtained from the executive mayor for the relevant
trip and reimbursement for the travel, accommodation and subsistence costs will be
determined by the executive mayor in consultation with the accounting officer, on a
case by case basis, as and when necessary, provided that in such cases travel,
accommodation and subsistence costs will only be paid if provision has been made in
the current budget for such expenditure.

When the executive mayor have to carry out official obligations outside the Republic of
South Africa the travel, accommodation and subsistence costs for such visits must be
approved in advance by the full council of the municipality.

3. PURPOSE OF THE POLICY

From time to time it is necessary for officers and councilors of the municipality to
perform official duties within as well as outside the area of jurisdiction of the
municipality and of necessity travel, accommodation and subsistence costs in respect
of these officials has to be incurred.
The purpose of this document is therefore to document a policy clarifying in which instances and to what extent, travel, accommodation and subsistence costs may be incurred and expenditure so incurred by an official or councilor will be reimbursed to him or her.

4. AUTHORIZATION FOR PAYMENT OF TRAVEL, ACCOMMODATION AND SUBSISTENCE COSTS

4.1 Where travel, accommodation and subsistence costs has to be incurred in respect to the carrying out of and official obligation by an official or a councilor (for example representation of the municipality at a conference, workshop, meeting, seminar or any other official obligation) the related travel, accommodation and subsistence costs will only be paid –

- if the discharge of such official obligation has been authorized in advance as set out in paragraphs 4.2 to 4.4, and

- an application form is duly completed and authorized by the signature of executive mayor, or the accounting officer, or the head of the department, or the head of the division on the understanding that the completion of the application form and authorization thereof must occur prior to person’s traveling and will be mandatory in the following instance -

  1. in all cases where an official obligation must be undertaken outside the area of jurisdiction of the municipality and in respect of which travel, accommodation (only applicable if the distance to travel exceeds 150km one way from the municipal office or when there is an evening function or when the municipality don’t incur any cost concerning accommodation) and subsistence costs, as contemplated in paragraphs 1 and 2.2 of Schedule A, must be paid;

- an claim form is duly completed and authorized by the signature of executive mayor, or the accounting officer, or the head of the department, or the head of the division and will only be mandatory in the following instances -

  2. in all cases where an official obligation must be undertaken outside the area of jurisdiction of the municipality and in respect of which either travel or accommodation (only applicable if the distance to travel exceeds 150km one way from the municipal office or when there is an evening function or when the municipality don’t incur any cost concerning accommodation) and subsistence costs, or both, as contemplated in paragraphs 1 and 2.2 of Schedule A, must be paid;

4.2 Authorization for the carrying out of an official obligation involving payment of accommodation, subsistence and/or travel costs as contemplated in paragraph 4.1 may only be granted by -

- the executive mayor to councilors and the municipal manager

- the municipal manager to the various heads of department and executive mayor; and

- the heads of department or division to officials in their respective departments.

provided that -

- there is adequate provision in the budget for the commitment of such expenditure and the budget for the respective votes has not been exhausted or will not be exceeded;

- the authorization granted is in compliance with the provisions of this policy document; and

4.3 When authorization is given in terms of paragraph 4.2, the executive mayor, accounting officer, head of department or head of division, as the case may be, states that he/she authorizes any of the following in respect of the relevant official duty -

- air travel;

- garaging for a private or subsidized vehicle at the airport;

- hire of a vehicle for travel from the airport of destination to lodging, or from lodging to place where the official duty has to be fulfilled; or

- use of a private or subsidized vehicle.

Where the expenditure is not duly authorized by the executive mayor, accounting officer, head of department or head of division, no such expense may be reimbursed to an official or councilor who incurred the expenditure.

4.4 When the executive mayor, accounting officer, head of department or head of division is in terms of the provisions of paragraph 4.3 considering whether air transport or a private or subsidized vehicle should be used in those instances where more than one official and/or councilor has to attend the same official occasion, the executive mayor,
accounting officer, head of department or head of division must take into account that it could be more economical to authorize the use of a private or subsidized vehicle rather than air transport, as such a vehicle will provide transport for one or more passengers. The most economical means of transport have to be approved with all relevant factors and in the best interests of the municipality, taken in account when considering the use of air transport or not.

4.5 Where an official obligation is authorized in accordance with the above mentioned provisions, the completed application and/or claim forms should be submitted to the relevant official in the offices of the director of finances.

5. PAYMENT OF ACCOMMODATION AND SUBSISTENCE COSTS

5.1 Where authorization in accordance with the provisions of paragraph 4 hereof is given, accommodation and subsistence costs will be paid in terms of and in accordance with the conditions and limitations as set out in paragraph 1 of Schedule A.

5.2 Where an official or councilor spends one or more nights away from home on official business, the said official or councilor may stay in a hotel, motel, guest house, bed and breakfast establishment or hire a chalet or similar self catering accommodation for this purpose. If an official stays at a family member or friend no accommodation expenses will be paid. Subsistence expenses will, however be paid in accordance with the provisions of this policy.

5.3 As a general rule councilors and officials must make every effort to secure accommodation as close to the place of the official duty as possible.

5.4 Air travel, Accommodation cost and Vehicle hiring are payable through Supply Chain Management and Expenditure processes. Deviations will be handled in accordance with the Supply Chain Management Policy. Travel Agencies may only make booking arrangements on behalf of the municipality that is in line with Circular No 82 of the MPMA.

5.5 In the event of meals being part of the accommodation package of the hotel, quest house or bed and breakfast establishment or where meals or snacks during any official obligation which is attended by an official or councilor, are being provided by the host or a sponsor free of charge, or is included as a portion of the total financial package of, for example, a conference, seminar, workshop, etc, the cost of meals as contemplated in paragraph 1.2 of Schedule A shall not be payable and may to be claimed by an official or councilor.

6. PAYMENT OF TRAVEL COSTS

6.1 Where authorization in terms of the provisions of paragraph 4 is issued, travel costs shall be paid in accordance with and subject to the terms of paragraph 2 of Schedule A.

6.2 As a rule, air travel subject to the terms of paragraph 4.4, will be authorized in all instances where the official business is within a reasonable distance of an airport. The
7. REIMBURSEMENT OF EXPENSES INCURRED BY AN OFFICIAL OR COUNCILLOR

7.1 On completion of an approved official obligation the travel, accommodation and subsistence costs incurred by the official or councilor, and which was authorized in advance, must be claimed by the incumbent on the prescribed claim form, together with the authorization referred to in paragraph 4.5 and submitted to the designated official in the office of the financial director.

Expenditure thus incurred, in compliance with this policy, will be reimbursed to the said official.

8. USE OF OWN OR PRIVATE TRANSPORT INSTEAD OF AUTHORISED AIR TRANSPORT

Where air transport has been authorized and an official or councilor so elects, he shall be allowed to use his/her own vehicle, however travel, accommodation and subsistence costs will be reimbursed on the basis of an economy class air ticket, based on a 7 day advance booking, plus accommodation and subsistence costs calculated in accordance with the timeframe applicable to air travel.

9. AIR TRAVEL AND ACCOMMODATION RESERVATIONS

Air travel and/or accommodation reservations must be made by the designated officials of the Municipality and in this regard the provisions of the council’s supply chain management policy should be strictly adhered to.

10. TRAVEL, ACCOMMODATION AND SUBSISTENCE COSTS PAYABLE TO PERSONS INVITED FOR JOB INTERVIEWS

10.1 Where persons are invited by the municipality for job interviews, they will -

- not be reimbursed for accommodation or living expenses; and
- be reimbursed for travel expenses calculated at R1.50 per kilometer x 2, for the distance traveled to the interview. If the accounting officer authorizes air travel for such a person he/she may claim the expense in respect of an air ticket, plus R1.50 per kilometer from his/her home to the nearest airport. In this respect the stipulations of paragraph 6.3 shall apply.

10.2 The accounting officer will make the necessary accommodation arrangements for account of the municipality if, in his opinion, it is considered necessary or reasonable that a person who has been invited for a job interview, must stay overnight.

10.3 Payment of claims for travel and/or an air ticket shall be made -

- to candidates whose application was unsuccessful, as soon as possible after a decision in this regard has been made;
- to the successful candidate, within 5 working days after he/she has notified the municipality in writing of his/her acceptance of appointment.

SCHEDULE A

1. PAYMENT OF ACCOMMODATION AND SUBSISTENCE [PAR 5 OF POLICY]

1.1 Accommodation and subsistence costs payable when an official or council member is actual and necessarily absent from his/her usual abode or working place for less than 24 hours, and does not overnight.

(1) When not staying overnight...

(2) When staying overnight, the actual cost of accommodation, which may include meals (except where meals are supplied by the host), subject to the allocation made in terms of Council’s Procurement Policy and the rates table as set in Circular No 82 of the MFMA, in conjunction with the directorate of the division concerned.

(3) The actual traveling cost incurred where you do not travel with your own vehicle, must be verified with specified invoices or pay slips (for example traveling with public transport).

1.2 Accommodation and subsistence costs payable when an official or council member is actual and necessarily absent from his/her usual abode or working place for more than 24 hours, and an overnight is applicable.

(1) Accommodation (this means overnight lodging where meals may be included or excluded) - the actual cost of accommodation subject to the allocation made in terms of Council’s Procurement Policy and the rates table as set in Circular No 82 of the MFMA, in conjunction with the directorate of the division concerned, provided...
that the actual cost thus claimed, will only be paid if it can be verified with specified
invoices from the service provider.

(2) Subsistence (this means only meals and casual expenses allowance, excluding
accommodation) – the actual cost of meals is subject to the maximum
amounts as set out hereafter, on condition that verifying, specified invoices from the
service provider must be submitted before any claims will be paid out.
Meals as specified below must ordinarily be taken as near as possible to normal
meal hours, subject to approval by the relevant directorate. A 10% table
fee/administrative levy, calculated on the total account, may be added to the
account, should the menu not indicate that such a fee is already included in the
prices quoted on the menu –

- breakfast – to a maximum of R90,00 – when breakfast is excluded from the
  accommodation tariff;
- lunch – to a maximum of R120,00;
- dinner – to a maximum of R150,00.

In addition to before mentioned costs of meals an official or council member will also
be entitled to an allowance to cover casual expenses. The
amount of the daily allowance will be determined by the Receiver of Revenue from
time to time and is applicable for each completed period of 24 hours of absence or
and for each following period of less than 24 hours. No verification for casual
expenses needs to be submitted. (For the purposes hereof, casual expenses are expenditures with regards to tips, refreshments, and private
phone calls etc.)

The total daily Subsistence (Meals and Daily Allowance) will not exceed the
maximum daily subsistence allowance as determined annually by the Receiver of Revenue.

(3) Where a seminar or congress is held in a specific hotel/centre, etc. and
accommodation at such hotel/centre forms an integrated part of the monetary
package payable, the Procurement Policy shall not be applicable. Where the
organizers of such congress, seminar, etc. offers various hotel or guest house
options, the Procurement Unit shall endeavor to procure the cheapest hotel/guest
house situated nearest to the centre where the conference, seminar, training, etc.
will be taking place, provided that the facility shall not be worse than a 3 or 4 star
grading, whichever is the cheapest. Selection of accommodation shall, however,
always take place in conjunction with the directorate of the delegating division.

(4) The actual traveling cost incurred where you do not travel with your own vehicle,
must be verified with specified invoices or pay slips (for example traveling with
public transport).

(5) Incidental costs incurred.
Claim forms received late (after traveling, the 10th of the following month) for authorization will be processed at the lowest month’s tariff from traveling date till processing date according to the vehicle’s engine capacity.

2.2 For the execution of official obligations outside the area of jurisdiction of the municipality –

2.2.1 Officials

(1) Use of private vehicle –

a tariff per km according to the engine capacity of the norm vehicle, as determined from time to time by the Department of Transport for fixed and running costs.

(2) Use of vehicle acquired in accordance to the essential user scheme –

a tariff per km according to the engine capacity of the norm vehicle, as determined from time to time by the Bargaining council for running costs.

(3) Use of vehicle acquired in accordance to the benefit vehicle scheme –

a tariff per km according to the engine capacity of the concerned vehicle, as determined from time to time by the AA tables for running costs.

2.2.2 Council Members:

For the use of the member’s own vehicle –

a tariff per km according to the engine capacity of the concerned vehicle, as determined from time to time by the Department of Transport for fixed and running costs.

2.2.3 In addition to the travel expenses as indicated in 2.1 en 2.2 the following expenses incurred by an official or council member will be reimbursed to him/her, on the condition that verification is submitted, whether a private vehicle or a authorized vehicle is used –

- rent of a car garage at the place of accommodation (only when staying overnight);
- parking costs;
- tollage; and
- stabling of vehicles at airport (only if authorized in advance).

2.2.4 Officials and council members (authorized air transport)

Where air transport is authorized for the execution of official obligations outside the area of jurisdiction of the municipality by an official or council member, transport expenses and additional costs is paid as follows –

(1) Where an official or council member uses his/her private or authorized vehicle to travel to and from the Cape Town International Airport –

- km covered between the normal working place or concerned official/member’s abode and the airport x 2 at the relevant tariff as indicated in paragraphs 2.2.1 or 2.2.2; and
- km covered between the airport and the normal working place or the concerned official or member’s abode x 2 at the relevant tariff as indicated in paragraphs 2.2.1 or 2.2.2.

(where stabling of such a vehicle on the airport is authorized beforehand, the distance as indicated above is not multiplied and such a member or official or council member will only be reimbursed for to and from the airport once and where an official vehicle is used to transport an official or council member between the municipal offices and the airport, no travel expenses are payable).

(2) the stabling costs of a vehicle if it is authorized beforehand;

(3) the cost of an economic class return ticket with consideration of the stipulations of paragraph 6.3 of the policy document;

(4) taxi fees, bus fees and/or public transport costs and/or rent of a vehicle (if the rent of a vehicle is authorized beforehand) for traveling between the airport to the final destination and the place of accommodation and place where official obligations are executed;

(5) parking costs when a rented vehicle is used; and

(6) tollage

on the condition that the costs mentioned in (2), (4), (5) and (6) above, will only be paid on the submission of verification thereof.
PREAMBLE

Whereas section 13 of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) determines that a municipality must introduce an appropriate and effective cash management and investment arrangement;

and whereas a bank, in accordance with the provisions of section 13 of the Act, has to disclose details regarding a municipalities' investments;

and whereas councillors and officials, as trustees of public funds have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible;

now therefore the Swartland Municipality adopts the cash and investment management policy set out in this document.
CASH MANAGEMENT AND INVESTMENT POLICY

DEFINITIONS

For the purpose of this policy any word or expression to which a meaning has been assigned in the Act shall bear the same meaning in this policy and, unless the context indicates otherwise, means:–

“Chief financial officer” an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

“Councillor” a member of a municipal council.

“Current assets” –
• debtors;
• cash;
• stock; and
• the short-term portion of long-term debtors.

“Current liabilities” –
• creditors;
• bank overdrafts and
• short-term portion of long-term liabilities

“Investments” funds not immediately required for the defraying of expenses and invested at approved financial institutions.

“Municipal Manager” the person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act No. 117 of 1998) and includes any person acting in this position or to whom authority was delegated;

“Municipal stock” the stock certificate issued by the municipality as proof of a long-term fixed period loan of which the capital is repayable at the end of the period while interest is payable at predetermined intervals at a fixed rate.

“Negotiable certificate” a loan certificate that is tradable on the capital market.

“Net current assets” is the difference between current assets and current liabilities.

“Public funds” all monies received by the municipality to perform the functions allocated to them.

“Short-term portion of long-term debtors” refers to the capital installments of long-term debtors due and payable in the next financial year.

“Short-term portion of long-term liabilities” refers to the capital repayment of long-term loans due and payable in the next financial year.

OBJECTIVES

2. (1) The objectives of a cash management and investment policy are:-
   (a) to give effect to the provisions of Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Regulation R308 as published in Government Gazette 27431 of 1 April 2005 read in conjunction with the provisions of the cash management and investment policy of the Swartland Municipality;
   (b) to manage the net current asset requirement of the municipality in such a manner that it will not tie up the municipality’s scarce resources required to improve the quality of life of the citizens;
   (c) to manage the financial affairs of the municipality in such a manner that sufficient cash resources are available to finance the capital and operating budgets of the municipality; and
to gain the highest possible return on investments, without incurring unnecessary risk, during periods when excess funds are not required for capital or operational purposes.

SCOPE OF THE POLICY

3. (1) The policy deals with-
   (a) responsibility/accountability;
   (b) management of net current assets;
   (c) investment instruments;
   (d) investment ethics and principles;
   (e) investment procedures;
   (f) other external deposits;
   (g) control over investments;
   (h) short title.

RESPONSIBILITY/ACCOUNTABILITY

4. (1) The municipal manager as the accounting officer of the municipality is accountable for cash management and investments.

   (2) The Municipal Council is the trustee of the public revenues, which it collects, and therefore has an obligation to the community to ensure that cash resources are managed effectively and efficiently. The Council also has a responsibility to invest these cash resources knowledgeably and judiciously/wisely, and must be able to account fully to the community in regard to such investments.

   (3) The Municipal Council must establish an appropriate policy with prescribed procedures, processes and systems required to ensure efficient and effective management of cash and investments. The Municipal Manager must review the Cash Management and Investment policy annually and, if amended, submit it to Council for approval.

Efficient and effective management include:-
   (a) collecting revenue when it is due;
   (b) banking and depositing monies on a daily basis;
   (c) making payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical service delivery and the creditor’s normal terms for account payments;
   (d) avoiding pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
   (e) accepting discounts for early payments when the payments have been included in the monthly cash flow estimates for each department and supplied to the chief financial officer;
   (f) pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the municipality are collected and banked promptly;
   (g) accurately forecasting the municipality’s cash flow requirements;
   (h) timing of in- and outflow of cash;
   (i) recognising the time value of money;
   (j) taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets; and
   (k) avoiding bank overdrafts.

MANAGEMENT OF NET CURRENT ASSETS

5. (1) Cash management includes the management of net current assets which entail:-
   (a) debtors;
   (b) cash;
   (c) stock;
   (d) short-term portion of debtors;
   (e) creditors;
Debtors

(2) The municipal council must set a target for debt collection based on the performance of the municipal manager during the last financial year.

(3) The target must be expressed as a percentage of potential income and/or the turnover rate of debtors.

(4) All monies owing to the council must be correctly reflected in the debtors system.

(5) All funds due to the council must be collected timeously and banked on a daily basis.

(6) Large sums of money received must be deposited into the bank account on the same day that payments are received.

(7) Extension for payment of rates and service charges must only be given in terms of the municipality’s credit control and debt collection by-law and in exceptional circumstances.

(8) Monies collected by other agencies on behalf of the municipality shall be collected and paid over to the municipality or deposited in the bank account of the municipality in a manner prescribed by the Municipal Manager and as agreed upon by way of a written agreement between the municipality and the agency concerned.

Receipt of money over the counter

(9) Every amount of payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by issuing a numbered official receipt.

(10) Receipts that are cancelled will be reattached in the correct place in the receipt book by means of glue. Information on both the original as well as the copy must be visible and a reason for the cancellation stated.

(11) Where computer generated receipts are used the original must be filed for audit purposes.

(12) The Cashier must compile a daily balance of all cash collected. Surpluses and shortages must be indicated as such. Shortages must be paid in on completion of the reconciliation by the Chief Clerk or as soon as possible afterwards. Cash must be banked according to prescribed/approved arrangements.

Receipt of Money by Post

(13) When money (including postal orders and cheques) is received by mail or over the counter at the Registry Office, the Registry Clerk shall record all payment remittances electronically as and when received in the cheque register on the Collaborator system. The entry is released by the Administrator, Records & Archives as witness that the money/cheque/postal order has been received.

(14) Post-dated cheques received by mail must also be recorded in the electronic cheque register.

(15) The cheque/postal order with the relevant supporting documents are scanned and entered into the Collaborator system and forwarded to the Chief Clerk: Cashiers. The documents are posted in the “Inbox” of the Chief
Clerk and when opened it is electronically recorded as received.

(16) The Registry Clerk must physical handover the cheque/postal order/cash to the designated official in the finance section (Chief Clerk’s Office: Cashiers) whom will on receipt of the cheque register together with the remittances, will code all remittances and submit it to the cashier for receipting.

(17) The Chief Clerk: Cashiers must exchange postal order for cash at the Post Office on the same day or no later than the next working day after it has been received from the Registry Clerk.

(18) The Chief Clerk: Cashiers must handover cash under control by ensuring that a cash receipt is immediately issued or that a signature is obtained when cash is handed over.

(19) The cashier will receipt all remittances and issue official receipts to the designated official in the Chief Clerk’s Office: Cashiers.

(20) The designated official will record the receipts against the relevant entry in the electronic cheque register and forward it to the “Inbox” of the Registry Office.

(21) The registry clerk must ensure that a receipt number is recorded against each entry in the cheque register.

(22) The Administrator, Records & Archives must obtain an exception report on a weekly basis of all payments received by post which have not yet been accounted for. These exceptions must immediately be followed-up and cleared.

(23) All documents relating to remittances received in the mail must be filed for audit purposes.

(24) A register for post dated cheques must be maintained by the registry clerk on Collaborator and send to the “Inbox” of the Chief Clerk: Cashiers which distribute the register to the various cashiers.

(25) The cashiers will ensure that the cheque is stored in a strong room and when it becomes due, are promptly receipted, and the receipt numbers recorded in the electronic post dated cheque register.

Management of cash

(26) All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. Over week-ends and public holidays monies must be banked on the next working day. Where huge amounts are collected after monies have been banked on Fridays or on days prior to a public holiday, these monies must also be deposited prior to the closer of the bank.

(27) The cash holding of the municipality must be kept at the minimum level required to finance the day to day operations of the municipality.

Access to Cashiers Offices/Workstations/Booths

Handling and Safeguarding of Cash:

(28) The cash office must be fitted with a lockable door and lockable money drawer. During business hours, all forms of cash must be stored/safeguarded in lockable drawers, cash registers and/or cash boxes.

(29) The cash office must remain locked at all times, irrespective of whether the Cashier is present or not.

(30) All monies received must be locked in the locker during meal hours and in safe overnight and over week-ends.

(31) The cashier should have complete control and responsibility for the cash they collect during business hours.

(32) Access to areas where cash is collected/paid/stored/safeguarded is restricted and limited to only those employees who need access, and have been designated to have access, which would be the Cashier handling the
money and the direct Supervisor/Authorised Official performing reconciliations and checks.

(33) Any other Officials/ Auditors must request documents from the Supervisor/ Authorised Official who will enter the Cashier’s office/ area, to collect the appropriate documents, and hand it over to the officials/ auditors. These documents must be handed over and returned under control to prevent documents being lost.

(34) Cash Offices must be restricted by means of the biometrics system (where possible) to prevent unauthorised access. The restriction of cash offices is to prevent the continuous movement of staff not handling cash or serving the public. Cashiers need to concentrate to prevent cash shortages which they are held responsible for.

(35) Cash may only be accepted at Cash Offices of the municipality, registered vendors and by authorised Credit Control officials in Kalbaskraal, Riverlands and Koringberg.

(36) All keys must remain in the possession of the staff responsible and must not be relinquished for whatever reason.

(37) Written acknowledgements must be obtained for all keys and monies handed over to the Supervisor or any other authorised staff members.

(38) The relevant authorised official /Supervisor must supervise the cash activities on a daily basis.

(39) The cashier must compile a daily cash summary. This cash on hand per the summary must match the actual cash on hand.

(40) The day end cash balance and money must be safeguarded in the safe till deposited in accordance with approved cash arrangements.

Management of Stock

(41) Adequate control must be exercised over all goods received, the storage and issuing of goods kept in stock in order to improve cash management.

(42) Minimum and maximum stock levels, reordering procedures, turnover rate of stock items must be reviewed quarterly to ensure that funds are not unnecessarily tied up in stock.

(43) A stock register, reflecting the under-mentioned detail must be kept and updated daily:-
(a) item description;
(b) stores code number;
(c) transaction date;
(d) goods received –
   (i) goods delivery note number;
   (ii) number of items received; and
   (iii) value of items received.
(e) goods issued-
   (i) requisition number; and
   (ii) number of items issued.
(f) balance of items in stock.

(44) Stock counts must be affected monthly and an annual report reflecting stock shortages and surpluses must be submitted to council on the 30 June of each financial year.

(45) All surpluses and shortages must be explained by the relevant head of department.

Short-term portion of debtors

(46) The periodical payments relating to long-term debtors must be raised and recovered monthly / biannually.
Payment of Creditors

(47) The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment.

(48) Payments to creditors must be limited to one payment per creditor per calendar month of which such processing will take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

(49) In the case of small, micro and medium enterprises (BBBEE), where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the Chief Financial Officer before any payment is made.

(50) Discounts for early settlement must be considered and utilised.

(51) Credit statements must be reconciled monthly.

(52) Payment must only occur on receipt of a statement of which the original company invoices can be linked to official orders that were issued prior to the company’s invoice date and certified goods received notes. Copies of invoices must be certified by creditors as a true copy of the original and Payment Clerks must ensure that payment has not yet occurred for these invoices.

(53) In exceptional cases and with the prior approval of the Chief Financial Officer, payments can be made on invoice for smaller suppliers. Refer to section 32 above.

Management of bank overdraft

(54) All debt shall be raised in strict compliance with the requirements of clause 45 to 47 of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

(55) A bank overdraft may only be obtained in anticipation of a positive income stream or to finance capital projects in anticipation of an approved capital grant or long-term loan.

(56) The bank overdraft must be repaid at the end of each financial year.

(57) The council can only approve a bank overdraft on the submission of a cash flow statement indicating the anticipated income stream or a certificate stating the approved grant or long-term loan.

(58) The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council.

(59) A municipality may incur long-term debt only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution.
Provisions

(60) Provisions for known short-term liabilities must be made for each municipal order issued.

(61) Sufficient cash must be available when payments are due.

Short-term portion of long-term liabilities

(62) Loan installments due in the next financial year must be provided for in the financial statements.

(63) Sufficient cash must be available when payments are due.

INVESTMENT INSTRUMENTS

6. (1) A municipality or municipal entity may invest funds only in any of the following investments types as may be appropriate to the anticipated future need for the funds—
   (a) securities issued by the national government;
   (b) listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
   (c) deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
   (d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No.45 of 1984);
   (e) deposits with the Corporation for Public Deposits as contemplated by the Corporation of Public Deposits Act, 1984 (Act No.46 of 1984);
   (f) bankers, acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990; (Act No. 94 of 1990)
   (g) guaranteed endowment policies with the intention of establishing a sinking fund;
   (h) repurchase agreements with banks registered in terms of the Banks Act, 1990;
   (i) municipal bonds issued by the municipality; and
   (j) any other investment type as the minister may identify by regulation in terms of section 168 of Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) in consultation with the Financial Services Board.

INVESTMENT ETHICS AND PRINCIPLES

7. (1) The municipal manager will be responsible for the investment of funds, and he/she, with due regard for the provisions of the Municipal Finance Management Act, 2003 and in compliance with any policy directives formulated by the council, has to steer clear of outside interference, regardless of whether such interference comes from individual councilors, investment agents or institution or any outside parties.

(2) Under no circumstances may he/she be forced or bribed into making an investment.

(3) No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so, and can merely be seen as goodwill and in this regard the municipality’s standing resolutions have to be observed.

(4) Particulars of gifts received, as described in the municipality’s standing resolutions, have to be recorded in a register held for that purpose.

(5) Long-term investments should be made with an institution of minimum BBB rating (where BBB refers to lower risk institutions).

(6) Short-term investments should be made with an institution of minimum B rating (where B refers to higher risk institutions).

(7) Where large sums of money are available for investment the Municipal Manager shall ensure that it is invested with more than one institution.
(8) Investments shall only be made at institutions which have branches in the jurisdiction of the Swartland Municipality wherever practicable, in order to limit the risk exposure of the municipality.

(9) The maximum amount invested with a financial institution should not exceed 10% of the relevant institution’s shareholder’s funds (capital and reserves).

(10) The council may not borrow money to invest.

(11) Should the municipal manager invest with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act No. 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.

(12) When making growth related investments, the municipal manager must guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

INVESTMENT PROCEDURES

8. (1) After determining whether there is cash available for investment and fixing the maximum term of investment, the municipal manager must consider the way in which the investment is to be made.

Short-term investments (i.e for a term up to a maximum of 12 months)

(2) Quotations should be obtained from a minimum of three financial institutions, for the term of which the funds will be invested.

(3) Should one of the institutions offer a better rate for a term, other than the term which the municipality had in mind, the other institutions which were approached, should also be asked to quote a rate for the other term.

(4) Quotations can be obtained by e-mail or facsimile as rates generally change on a regular basis and time is a determining factor when investments are made.

(5) The person responsible for requesting quotations from institutions must record the following:-
   (a) name of institution;
   (b) name of person quoting rates;
   (c) period of the investment;
   (d) relevant terms; and
   (e) other facts i.e. is interest payable monthly or on maturation date.

(6) Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.

(7) The best offer must under normal circumstances be accepted, with thorough consideration of investment principles.

(8) The investment capital must only be paid over to the institution with which it is to be invested and not to an agent.

(9) The financial institution where the investment is made must issue a certificate stating the details of the investment.

(10) The municipal manager must make sure that the investment document received is a genuine document and issued by the approved institution.

(11) The financial institution, where the investment is made, must issue a certificate for each investment made stating that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

(12) The municipal manager must within 10 working days of the end of each
month submit to the mayor of the municipality a report describing, in accordance with generally recognised accounting practice, the investment portfolio of that municipality at the end of the month.

(13) The report referred to in 8(12) must set out at least:
   (a) the market value of each investment as at the beginning of the reporting period;
   (b) any changes to the investment portfolio during the reporting period;
   (c) the market value of each investment as at the end of the reporting period; and
   (d) fully accrued interest or yield for the reporting period.

(14) Where money is kept in current accounts, the municipality must bargain for more beneficial rates.

(15) The municipal manager must ensure that the financial institution where the investment is to be made is creditworthy and the performance of the institution is to his/her satisfaction, before investing money in the institution.

(16) The municipal manager must obtain information from which the creditworthiness of financial institutions can be determined. The information obtained must be analysed annually.

Long-term investments (i.e for a term more than 12 months)

(17) At least three written quotations must be obtained for all investments made for periods longer than twelve months.

(18) All long-term investments are also subject to the provisions contained in paragraphs 8(3), 8(6), 8(7), 8(8), 8(9), 8(10), 8(11), 8(12), 8(13), 8(15) and 8(16) of this document.

(19) The municipal council must approve all investments made for periods longer than twelve months after considering the cash requirement for the next three years.

OTHER EXTERNAL DEPOSITS

9. (1) The principles and procedures set out above must apply to other investment possibilities, subject to the applicable legislation, which is available to the council, including debentures and other securities of the state as well as other municipalities or statutory bodies in the republic, instituted under and in terms of any law.

CONTROL OVER INVESTMENTS

10. (1) An investment register should be kept of all investments made. The following facts must be recorded:
   (a) name of institution;
   (b) capital invested;
   (c) date invested;
   (d) interest rate;
   (e) maturation date;
   (f) interest received;
   (g) capital repaid; and
   (h) balance invested.

   (2) The investment register and accounting records must be reconciled on a monthly basis.

   (3) The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks. It must then be established as what to do with the funds, bearing in mind the cash flow requirements.

   (4) Interest, correctly calculated, must be received timeously, together with any distributable capital.

   (5) The municipal manager must check that the interest is calculated correctly.
(6) The Chief Financial Officer shall ensure that all investment documents and certificates are properly secured. The following documents must be safeguarded:

(a) fixed deposit letter or investment certificate;
(b) receipt for capital invested;
(c) copy of electronic transfer or cheque requisition;
(d) excel schedule of comparative investment figures;
(e) commission certificate indicating no commission was paid on the investment; and
(f) interest rate quotations.

SHORT TITLE

11. The short title of this policy is the investment and cash management policy of the Swartland Municipality
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PREAMBLE

Whereas section 14 of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) determines that a municipal council may not dispose of assets required to provide minimum services, and whereas the Municipal Asset Transfer Regulations (Government Gazette 31346 dated 22 August 2008) has been issued,

- and whereas the Municipal Council of Swartland Local Municipality wishes to adopt a policy to guide the municipal manager in the management of the municipality’s assets,

- and whereas the Municipal Manager as custodian of municipal funds and assets is responsible for the implementation of the asset management policy which regulate the acquisition, safeguarding and maintenance of all assets,

- and whereas these assets must be protected over their useful life and may be used in the production or supply of goods and services or for administrative purposes,

- now therefore the Municipal Council of the Swartland Local Municipality adopts the following asset management policy:

ABBREVIATIONS AND DEFINITIONS

AM       Asset Management
AMS      Asset Management System
AR       Asset Register
CFO      Chief Financial Officer
CRR      Capital Replacement Reserve
GRAP     Standards of Generally Recognised Accounting Practice
IA       Intangible Assets
IAR      Infrastructure Asset Register
IDP      Integrated Development Plan
IMM      International Infrastructure Management Manual
IP       Investment Property
LM       Local Municipality
MFMA     Municipal Finance Management Act
MSA      Municipal Services Act
NT       National Treasury
OHSA     Occupational Health and Safety Act
PPE      Property, Plant and Equipment
SDBIP    Service Delivery and Budget Implementation Plan
Accounting Officer means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no. 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000).

Agricultural Produce is the harvested product of the municipality’s biological assets.

Biological Assets are defined as living animals or plants.

Capital Assets (assets) are items of Biological Assets, Intangible Assets, Investment Property or Property, Plant or Equipment defined in this Policy.

Carrying Amount is the amount at which an asset is included in the statement of financial position after deducting any accumulated depreciation (or amortisation) and accumulated impairment losses thereon.

Chief Financial Officer (CFO) means an officer of a municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

Community Assets are defined as any asset that contributes to the community’s well-being. Examples are parks, libraries and fire stations.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction, or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciable Amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair Value is the amount for which an asset could be exchanged or a liability between knowledgeable, willing parties in an arm’s length transaction.

GRAP are standards of Generally Recognised Accounting Practice.

Heritage Assets are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

Infrastructure Assets are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

Intangible Assets are defined as identifiable non-monetary assets without physical substance.

Investment Properties are defined as properties (land or buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years.

Land and Buildings are defined as a class of PPE when the land and buildings are held for purposes such as administration and provision of services. Land and Buildings, therefore, exclude Investment properties and Land Inventories.

MFMA refers to the Local Government: Municipal Finance Management Act (Act no. 56 of 2003).

Other Assets are defined as assets utilised in normal operations. Examples are plant and equipment, motor vehicles, municipal buildings and furniture and fittings.

Property, Plant and Equipment (PPE) are tangible assets that:-
(a) Are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
(b) Are expected to be used during more than one period.

Recoverable Amount is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

Recoverable Service Amount is the higher of a non-cash generating asset’s fair valueless cost to sell and its value in use.

Residual Value is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Useful Life is:-
(a) The period of time over which an asset is expected to be used by the municipality; or
(b) The number of production or similar units expected to be obtained from the asset by the municipality’s accounting officer.
1. OBJECTIVE

The MFMA was introduced with the objective of improving accounting in the municipalities sector in keeping with global trends. Good asset management is critical to any business environment whether in the private or public sector. In the past municipalities used a cash-based system to account for assets, whilst the trend has been to move to an accrual system. With an accrual system the assets are incorporated into the books of accounts and systematically written off over their anticipated lives. This necessitates that a record is kept of the cost of the assets, the assets are verified periodically, and the assets can be traced to their suppliers via invoices or other such related delivery documents. This ensures good financial discipline, and allows decision makers greater control over the management of assets. An Asset Management Policy should promote efficient and effective monitoring and control of assets.

According to the MFMA, the Accounting Officer in the Municipality should ensure:

a) that the municipality has and maintains an effective and efficient and transparent system of financial and risk management and internal control;

b) the effective, efficient and economical use of the resources of the municipality;

c) the management (including safeguarding and maintenance) of the assets of the municipality;

d) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;

e) that the municipality’s assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and

f) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

The objective of this Asset Management Policy is to ensure that the municipality:

a) consistently applies asset management principles;

b) applies accrual accounting;

c) complies with the MFMA, GRAP and other related legislation;

d) safeguards and controls the assets of the municipality; and

e) optimises asset usage.

2. LEGISLATIVE FRAMEWORK

2.1. LEGAL FRAMEWORK

A municipality exercises its legislative and executive authority by, among others, developing and adopting policies, plans, strategies and programmes, including setting targets for delivery (section 11(3) of the MSA).

Participation by the local community in the affairs of the municipality must take place through, among others, generally applying the provisions for participation as provided for in the MSA (section 17(1) of the MSA).

A municipality must communicate to its community information concerning, among others, municipal governance, management and development (section 18(1) of the MSA).

As head of administration the Municipal Manager is, subject to the policy directions of the municipal council, responsible and accountable for, among others, the following:

- The management of the provision of services to the local community in a sustainable and equitable manner;
- Advising the political structures and political office bearers of the municipality (section 55(1) of the MSA); and
- Providing guidance and advice on compliance with the MFMA to the political structures, political office-bearers and officials of the municipality (section 60 of the MFMA).

As accounting officer of the municipality the Municipal Manager is responsible and accountable for, among others, all assets of the municipality (section 55(2) of the MSA). The Municipal Manager must take all reasonable steps to ensure, among others, that the resources of the municipality are used effectively, efficiently and economically (section 62(1) of the MFMA).

2.2. RATIONALE FOR MANAGEMENT OF ASSETS

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objectives:

- Providing democratic and accountable government for local communities;
- Ensuring the provision of services to communities in a sustainable manner;
- Promoting social and economic development;
- Promoting a safe and healthy environment; and
- Encouraging the involvement of communities and community organisations in matters of local government.

In terms of the MFMA, the accounting officer is responsible for managing the assets and liabilities of the municipality, including the safeguarding and maintenance of its assets.
The MFMA further requires the accounting officer to ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for its assets and liabilities;
- The municipality’s assets are valued in accordance with standards of generally recognised accounting practice; and
- The municipality has and maintains a system of internal control of assets and liabilities.

The OHSA requires the municipality to provide and maintain a safe and healthy working environment, and in particular, to keep its infrastructure assets safe.

According to the International Infrastructure Management Manual (IIMM), the goal of infrastructure asset management is to meet a required level of service, in the most cost effective manner, through the management of assets for present and future customers.

The core principles of infrastructure asset management are:

1. Taking a life-cycle approach;
2. Developing cost-effective management strategies for the long-term;
3. Providing a defined level of service and monitoring performance;
4. Understanding and meeting the impact of growth through demand management and infrastructure investment;
5. Managing risks associated with asset failures;
6. Sustainable use of physical resources; and
7. Continuous improvement in asset management practices.

3. POLICY FRAMEWORK:

3.1. POLICY OBJECTIVE

The municipality is committed to providing municipal services for which the municipality is responsible, in a transparent, accountable and sustainable manner and in accordance with sound infrastructure management principles.

The main challenges associated with managing assets can be characterised as follows:

a) Moveable assets – controlling acquisition, location, use, and disposal (over a relatively short term lifespan)
b) Immoveable assets – life-cycle management (over a relatively long-term lifespan).

The policy approach has been to firstly focus on the financial treatment of assets, which needs to be consistent across both the movable and immovable assets, and secondly to focus on the management of immovable assets as a fundamental departure point for service delivery.

3.2. POLICY PRINCIPLES

The following policy principles serve as a framework for the achievement of the policy objective:

3.2.1 Effective Governance

The municipality strives to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected. To this end, the municipality will:

- Adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- Regularly review and update amendments to the above legislation;
- Review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- Effectively apply legislation for the benefit of the community.

3.2.2 Sustainable Service Delivery

The municipality strives to provide to its customers services that are technically, environmentally and financially sustainable. To this end, the municipality will:

- Identify levels and standards of service that conform to statutory requirements and rules for their application based on the long-term affordability to the municipality;
- Identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- Identify current and future demand for services, and demand management strategies;
- Set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew, and dispose assets, where applicable in line with national targets;
- Apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- Prepare and adopt an immovable (infrastructure) asset management strategy and immovable (infrastructure) asset management plans to support the achievement of the required performance;
- Prepare and adopt an immovable (infrastructure) asset maintenance strategy and immovable (infrastructure) asset maintenance plans to execute maintenance timeously;
- Allocate budgets that take cognisance of the full life cycle needs of existing and future assets;
- Implement its Tariff and Credit Control and Debt Collection Policies to sustain and protect the affordability of services by the community.

3.2.3 Social and Economic Development

The municipality strives to promote social and economic development in its municipal area by means of delivering municipal services in a manner that meet the needs of the various customer user-groups in the community. To this end, the municipality will:
Regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
Implement changes to services in response to changing customer needs and expectations where appropriate;
Foster the appropriate use of services through the provision of clear and appropriate information;
Ensure services are managed to deliver the agreed levels and standards; and
Create job opportunities and promote skills development in support of the national EPWP.

3.2.4 Custodianship
The municipality strives to be a responsible custodian and guardian of the community’s assets for current and future generations. To this end, the municipality will:
- Establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- Establish appropriate development control measures including community information;
- Cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- Ensure that heritage resources are identified and protected; and
- Ensure a long-term view and life-cycle costs are taken into account in immovable asset management decisions.

3.2.5 Transparency
The municipality strives to manage its immovable assets in a manner that is transparent to all its customers, both now and in the future. To this end, the municipality will:
- Develop and maintain a culture of regular consultation with the community with regard to its management of immovable assets in support of service delivery;
- Clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- Avail asset management information on a ward basis; and
- Continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standards.

3.2.6 Cost-effectiveness and Efficiency
The municipality strives to manage its immovable assets in an efficient and effective manner. To this end, the municipality will:
- Assess life-cycle options for proposed new immovable assets;
- Regularly review the actual extent, nature, utilisation, criticality, performance and condition of immovable assets to optimise planning and implementation works;
- Assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of immovable assets;
- Ensure the proper utilisation and maintenance of existing assets;
- Establish and implement demand management plans;
- Timeously renew immovable assets based on capacity, performance, risk exposure, and cost;
- Timeously dispose of immovable assets that are no longer in use;
- Establish documented processes, systems and data to support effective life-cycle immovable asset management;
- Strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- Conduct annual assessments to support continuous improvement of immovable asset management practice.

4. ASSET RECOGNITION

4.1. CLASSIFICATION OF CAPITAL ASSETS

General
When accounting for Capital Assets, the municipality should follow the various standards of GRAP relating to the capital assets. An item is recognised in the statement of financial position as a Capital Asset if it satisfies the definition and the criteria for recognition of assets. The first step in the recognition process is to establish whether the item meets the definition of an asset. Secondly, the nature of the asset should be determined, and thereafter the recognition criterion is applied. Capital Assets are classified into the following categories for financial reporting purposes:

1. Property, Plant and Equipment (GRAP 17)
   - Land and Buildings (land and buildings not held as investment)
   - Infrastructure Assets (immovable assets that are used to provide basic services)
   - Community Assets (resources contributing to the general well-being of the community)
   - Housing Assets (rental stock or housing stock not held for capital gain)
   - Other Assets (ordinary operational resources)

2. Investment Property (GRAP 16)
   - Investment Assets (resources held for capital or operational gain)

3. Intangible Assets (GRAP 102)
   - Intangible Assets (assets without physical substance held for ordinary operational resources)

4. Biological Assets (GRAP 101)
   - Biological Assets (livestock and plants held)
When accounting for Current Assets (that is of capital nature), the municipality should follow the various standards of GRAP relating to these assets. Current Assets (with a capital nature) are classified into the following categories for financial reporting purposes:

5. Assets classified as Held-for-Sale (GRAP 100)
   - Assets Held-for-Sale (assets identified to be sold in the next 12 months and reclassified as Inventory)

6. Land Inventories (GRAP 12)
   - Land Inventories (land or buildings owned or acquired with the intention of selling or distributing such property in the ordinary course of business)

7. Heritage Assets (GRAP 103)
   - Assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations

Further asset classification has not been defined in GRAP. The examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks. To facilitate the practical management of infrastructure assets and asset register data, infrastructure assets have been further classified.

**Policy**
The asset classification specified by GRAP shall be adhered to as a minimum standard. An extended asset classification have been adopted. The CFO shall ensure that the classifications adopted by the municipality are adhered to.

### 4.2. IDENTIFICATION OF ASSETS

**General**
An asset identification system is a means to uniquely identify each asset in the municipality in order to ensure that each asset can be accounted for on an individual basis. Movable assets are usually identified using a barcode system by attaching a barcode to each item. Immovable assets are usually identified by means of an accurate description of their physical location.

**Policy**
An asset identification system shall be operated and applied in conjunction with an asset register. As far as practicable, every individual asset shall have a unique identification number. The CFO shall develop and implement an asset identification system, while acting in consultation with the Executive Directors.

### 4.3. ASSET REGISTER

**General**
An asset register is a database of information related to all the assets under the control of the municipality. The asset register consists of an inventory of all the assets, with each asset having a unique identifying number. Data related to each asset should be able to be stored in the asset register. The data requirements for the asset register are as follows:

<table>
<thead>
<tr>
<th>Data</th>
<th>Land</th>
<th>Movable</th>
<th>Infrastructure / building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Unique identification number or asset mark</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Unique name</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Internal Classification</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Descriptive data (make, model, etc.)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Erf/Registration number</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Title deed reference</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Department</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Age</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>• Condition</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>• Remaining Useful life</td>
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</tr>
<tr>
<td>• Expected Useful Life</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Historic cost</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Take-on value</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Take-on date</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Re-valued amount (where assets were re-valued)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Revaluation difference (for purposes of Revaluation Reserve and depreciation)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Depreciation method</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>• Depreciation portion that should be transferred from Revaluation reserve to</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
Further guidance for the recognition of assets is provided below:

### Capitalisation Threshold

The capitalisation threshold is a policy decision of the municipality and is the value above which assets are capitalised and reported in the financial statements as tangible or intangible capital assets as opposed to being expensed in the year of acquisition. As a result, the threshold has a significant impact on the size of the asset register and the complexity of asset management. However, the capitalisation threshold is regarded as a deviation from GRAP standards and should be determined annually by comparison against materiality and must be determined at a level that will ensure that the municipality does not deviate materially from the requirements of GRAP 17.

The capitalisation threshold should not be applied to the components of an asset, but should be applied to the value of the capital asset as a whole. If the threshold is applied at component level, the asset register would be incomplete in the sense that an asset recorded as such would not be a complete asset. The municipality has taken the following into account when considering a capitalisation threshold:

- The impact of the threshold on the financial statements and the decisions/assessments the users of the financial statement may or may not make;
- The cost of maintaining financial and management information on assets when the threshold is very low;
- The impact on comparability and benchmarking cost of services may be difficult if different capitalisation thresholds are applied;
- The size of the municipality or the size of its service areas when setting a capitalisation threshold level. Municipalities vary greatly in size, so what is relevant to one may be immaterial to another.

### Calculation of initial cost price

Only costs that comprise the purchase price and any directly attributable costs necessary for bringing the asset to its working condition should be capitalised. The purchase price exclusive of VAT should be capitalised, unless the municipality is not allowed to claim input VAT paid on acquisition of such assets. In such an instance, the municipality should capitalise the cost of the asset together with VAT. Any trade discounts and rebates are deducted in arriving at the purchase price. Listed hereunder is a list, which list is not exhaustive, of directly attributable costs:

- Costs of employee benefits (as defined in the applicable standard on Employee Benefits) arising directly from the construction or acquisition of the item of the Capital Asset
- The cost of site preparation;
- Initial delivery and handling costs;
- Installation costs;
- Professional fees such as for architects and engineers;

### 4.4. RECOGNITION OF CAPITAL ASSETS: INITIAL MEASUREMENT

#### General

A Capital Asset should be recognised as an asset in the financial and asset records when:

- It is probable that future economic benefits or potential service delivery associated with the item will flow to the municipality;
- The cost or fair value of the item to the municipality can be measured reliably;
- The cost is above the municipal capitalisation threshold (if any); and
- The item is expected to be used during more than one financial year.

Spare parts and servicing equipment are usually carried as inventory in terms of GRAP 12 on Inventories and are recognised in surplus or deficit as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.
The estimated cost of dismantling and removing the asset and restoring the site; Interest costs when incurred on a qualifying asset in terms of GRAP 5.

When payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognised as an interest expense over the period of credit.

Component approach
The component approach is a GRAP-supported approach where complex assets are split into separate depreciable parts for recording. The key considerations in determining what should become a separately depreciable part (component) are:
- Significant cost; and
- Considerable difference in useful life

If the value of a part of the asset is significant (i.e. material) compared to the value of the asset as a whole and/or has a useful life that is considerably different to the useful life of the asset as a whole, it should be recognised as a separately depreciable part (component).

Rehabilitation/Enhancements/Renewals of capital assets
Expenditure to rehabilitate, enhance or renew an existing capital asset (including separately depreciable parts) can be recognised as capital if:
- The expenditure satisfies the recognition criteria;
- the expenditure is enhancing the service provision of that capital asset beyond its original expectation and either that expenditure:
  o increases the useful life of that capital asset (beyond its original useful life);
  o increases the capital asset capacity (beyond its original capacity);
  o increases the performance of the capital asset (beyond the original performance);
  o increases the functionality of that capital asset;
  o reduces the future ownership costs of that capital asset significantly; or

- the cost model, unless a specific decision have been taken to revalue a certain class of assets increases the useful life of that capital asset (beyond its original useful life);
- the cost model, unless a specific decision have been taken to revalue a certain class of assets increases the performance of the capital asset (beyond the original performance);
- the cost model, unless a specific decision have been taken to revalue a certain class of assets and in such instance the PPE will be valued using the revaluation model. When an item of PPE increases the capital asset capacity (beyond its original capacity);
- the cost model, unless a specific decision have been taken to revalue a certain class of assets increases the size of the asset or changes its shape.

The expenditure to restore the functionality of the capital asset to its original level is a maintenance or refurbishment expense and will not be capitalised to the carrying value of the capital asset. The rehabilitated or renewed separately depreciable part will be derecognised and the replacement will be recognised. Where the separately identifiable asset is rehabilitated or renewed, the amount incurred will be added to the carrying value of the asset.

Leased Assets
A lease is an agreement whereby the lesser conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorised into finance and operating leases:
- A Finance Lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually be transferred. Where the risks and rewards of ownership of an asset are substantially transferred, the lease is regarded as a finance lease and is recognised as a Capital asset.
- Where there is no substantial transfer of risks and rewards of ownership, the lease is considered an Operating Lease and payments are expensed in the income statement on a systematic basis.

Policy
All capital assets shall be correctly recognised as assets and capitalised at the correct value in its significant components. The capitalisation threshold is set at R500 (five hundred rand), but the application thereof will be determined annually by the municipality.

All assets with values less than the capitalisation threshold and with an estimated useful life of more than one year shall be recorded on a Minor Assets Control List (“toolbox items”). The existence of items recorded on such a list shall be physically verified from time to time, and at least once in every financial year, and any amendments which are made to such lists pursuant to such asset verifications shall be retained for audit purposes.

The Council shall specify which kinds of leases the municipality may enter into. A lease register shall be maintained with all the information that is necessary for reporting purposes.

4.5. SUBSEQUENT MEASUREMENT OF CAPITAL ASSETS

General
After initial recognition of Property, plant and Equipment, the municipality values its assets using the cost model, unless a specific decision have been taken to revalue a certain class of assets and in such instance the PPE will be valued using the revaluation model. When an item of PPE is revalued, the entire class of property to which that asset belongs, should be re-valued.
When an asset’s carrying amount is increased as a result of the revaluation, the increase should be credited to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

When an asset’s carrying amount is decreased as a result of devaluation, the decrease should be recognised as an expense in the annual financial statements. However, the decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

4.6. RECOGNITION OF INVENTORY ITEMS (NON-CAPITAL ITEMS)

General

Inventories encompass finished goods purchased or produced, or work in progress being produced by the municipality. They also include materials and supplies awaiting use in the production process and goods purchased or produced by the municipality, which are for distribution to other parties for no charge or for a nominal charge. GRAP 12.7 defines Inventories as assets:
- In the form of materials or supplies to be consumed in the production process;
- In the form of materials or supplies to be consumed or distributed in the rendering of services;
- Held for sale or distribution in the ordinary course of operations; or
- In the process of production for sale or distribution.

Examples of Inventories may include the following:
- Ammunition
- Consumable stores;
- Maintenance materials;
- Spare parts for plant and equipment other than those dealt with under PPE;
- Strategic stockpiles (e.g. Water reserves);
- Work in progress; and
- Land / Property held for sale.

Cost of inventories shall comprise of all costs of purchase (i.e. purchase price, import duties, other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and supplies), costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Trade discounts, rebates and other similarities are deducted. Taxes recoverable by the entity from the SARS may not be included.

Costs of development for housing or similar developments which are acquired or developed for resale will include costs directly related to the development – e.g. purchase price of land acquired for such developments, surveying, conveyance costs and the provision of certain infrastructure. Infrastructure costs relating to extending the capacity of existing infrastructure are excluded. The costs of inventories of a service provider consisting of direct labour and other costs of personnel directly engaged in providing the service and other attributable overheads are included.

Policy

Assets acquired or owned by the municipality for the purpose of selling or developing such assets with the intention to sell it or utilising the asset in the production process or in the rendering of services shall be accounted for in the municipality’s financial statements as inventory items and not as property, plant and equipment.

Inventories are recorded in a dedicated section of the Inventory Register and it is maintained for this purpose. The amount of cost of inventories is recognised and carried forward until related revenues are recognised.

Inventories are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for nominal charge, or for consumption in the production process of goods to be distributed at no charge or for a nominal charge.

In cases where the above does not apply, inventories are measured at lower of cost and net realisable value.

5. ASSET TYPES

5.1. PROPERTY, PLANT AND EQUIPMENT: LAND AND BUILDINGS (GRAP 17)

General

Land and Buildings comprise any land and buildings held (by the owner or by the lessee under a finance lease) by the municipality to be used in the production or supply of goods or for administrative purposes. Land held for a currently undetermined future use, should not be included in PPE: Land and Buildings, but should be included in Investment Properties. For this class of Land and Buildings, there is no intention of developing or selling the property in the normal course of business. This land and buildings include infrastructure reserves.

The municipality shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment. If the municipality chooses the cost model for its Land and Buildings, then after recognition as an asset, Land and Buildings shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

If the municipality chooses the revaluation model for its Land and Buildings, then after recognition as an asset, Land and Buildings whose fair value can be measured reliably shall be carried at a re-valued amount, being its fair value at the date of the revaluation less any...
subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

**Policy**
Subsequent to initial recognition, the Municipality chooses the *cost model* as the accounting policy for its *Land and Buildings*. Land is not depreciated as it is deemed to have an indefinite useful life.

### 5.2. PROPERTY, PLANT AND EQUIPMENT: INFRASTRUCTURE ASSETS (GRAP 17)

**General**
Infrastructure Assets comprise assets used for the delivery of infrastructure-based services. These assets typically include electricity, sanitation, solid waste, storm water, transport, and water assets. Many infrastructure assets form part of a greater facility e.g. a pump in a pump station.

**Level of detail of componentisation**
For the technical management of Infrastructure, the most effective level of management is at the maintenance item level. It is at this level that work orders can be executed and data collected. This data is useful for maintenance analysis to improve infrastructure management decision making. This level in most cases coincides with the level that means the accounting criteria of different effective lives and materiality. However, the collection of data at this level of detail can be very costly when dealing with assets that are very numerous in nature e.g. water meters, street signs, street lights, household connections, etc. It is therefore prudent to balance the value of the information with the cost of collecting the data. The different levels of detail are shown below:
- Level 1: Service level (e.g. Swartland Water Supply)
- Level 2: Network level (e.g. Swartland Pump Stations)
- Level 3: Facility level (e.g. Amstelhof Pump Station)
- Level 4: Maintenance item level (e.g. Pump 1 in Amstelhof Pump Station)
- Level 5: Component level (e.g. Bearing of Pump 1 in Amstelhof Pump Station)

The preferred level of detail for the accounting and technical management of infrastructure is level 4 above.

The compilation of a detailed infrastructure asset register in one financial term is a costly and onerous exercise. To ensure the practicality of implementing asset registers (and asset management planning as a whole), the *International Infrastructure Management Manual* (IIMM) recommends the adoption of a continuous improvement process as a practical implementation approach. This approach recognises the value of limited data above no data and enables the municipalities too slowly, but steadily, increases their knowledge in the assets they own. The improvement principles of the IIMM recommend starting with complete coverage of the infrastructure types at a low level of detail (e.g. level 2 or 3) and then improving the level of detail over a period of several years, starting with the high risk assets, such as pump stations, treatment works, etc.

**Policy**
The infrastructure asset register shall ensure complete representation of all infrastructure asset types. The level of detail of componentisation shall be defined to a level that balances the cost of collecting and maintaining the data with the benefits of minimising the risks of the municipality. Infrastructure assets are valued at cost less accumulated depreciation and accumulated impairment. If cost can however not be established, then infrastructure assets will be valued at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market. Depreciation shall be charged against such assets over their expected useful lives. The remaining useful life and residual value of, and the depreciation methods applied to infrastructure assets shall be reviewed regularly, but the cost related to such reviews should be measured against benefits derived to ensure value for money.

### 5.3. PROPERTY, PLANT AND EQUIPMENT: COMMUNITY ASSETS (GRAP 17)

**General**
Community Assets include a variety of assets used to provide services to the community. These assets include building assets such as aquariums, cemeteries, clinics, hospitals, game reserves, museums, parks, etc. Community assets also include recreational assets such as tennis courts, swimming pools, golf courses, outdoor sports facilities, etc.

**Policy**
Community assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives.

### 5.4. PROPERTY, PLANT AND EQUIPMENT: HOUSING ASSETS

**General**
*Housing Assets* have their origin from housing units erected in terms of the Housing Act, funded from loans granted by Government and comprise of rental stock or selling stock not held for capital gain.

**Policy**
Housing assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives.
Housing Assets shall be recorded under the following main categories;
- Rental Schemes; and
- Selling Schemes.

5.5. PROPERTY, PLANT AND EQUIPMENT: OTHER ASSETS

General
Other Assets include a variety of assets that are of indirect benefit to the communities they serve. These assets include equipment, furniture and fittings, bins and containers, emergency equipment, motor vehicles, specialised vehicles, computer equipment, Municipal Buildings and office equipment.

Policy
Other assets are stated at cost (or, if acquired through a non-exchange transaction, at its fair value) less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives. Other assets are not re-valued.

5.6. HERITAGE ASSETS (GRAP 103)

General
Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets include the following:
- Archaeological sites;
- Conservation areas;
- Historical buildings or other historical structures (such as war memorials);
- Historical sites (for example a historical battle site or site of a historical settlement);
- Museum exhibits;
- Public statues; and
- Works of art (which will include paintings and sculptures).

Policy
Heritage assets are stated at cost (or, if acquired through a non-exchange transaction, at its fair value) less accumulated impairment losses. Heritage assets are not re-valued. If an asset that might be regarded as a heritage asset cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

5.7. INTANGIBLE ASSETS (GRAP 102)

General
Intangible Assets can be purchased, or can be internally developed, by the municipality and includes, but are not limited to, computer software, website development cost, servitudes and mining rights.

Servitudes
Creation of servitudes through the exercise of legislation
In terms of legislation, municipalities are granted certain rights regarding the creation of servitudes. For example, in proclaiming townships, a municipality may declare that servitudes are to be registered over certain parts of the land falling within the boundaries of the proclaimed township so that it is able to install infrastructure to provide basic services. A key feature of servitudes created using rights granted in legislation is that no compensation is paid to the landowner for the acquisition of these rights. Costs may however be incurred to register the servitude with the Deeds Office.

Servitudes granted under these conditions do not meet the ‘identifiably’ criteria above for the following reasons:
- They cannot be sold, transferred, rented or exchanged freely and are not separable from the entity.
- They arise from rights granted to the entity in statute and are specifically excluded from GRAP102 as they are “internally generated rights”.

Creation of servitudes through acquisition (including by way of expropriation or agreement)
An entity may need to acquire the rights associated with a specific piece of land, e.g. to span power cables related to an electricity distribution network. When an entity acquires rights associated with land, and registers servitude, the landowner is usually compensated. Servitudes granted under these conditions are distinguished from those that are created through the exercise of legislation. These servitudes meet the definition of an “identifiable” intangible asset because they arise from contractual or other legal rights that are acquired through a specific arrangement, rather than through rights conferred on an entity in statute. In these instances, an entity would recognise the servitude as an intangible asset at cost. The cost of these servitudes on initial recognition is usually the transaction price, i.e. the compensation paid to the landowner and any other costs that can be capitalised to the cost of the asset in terms of GRAP 102.

Policy
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Such assets are amortised over the best estimate of the useful life of the intangible asset. If an intangible asset is generated internally by the municipality, then a distinction should be made between research and development costs. Research costs should be expensed and development costs may be capitalised if all the criteria set out in GRAP 102 has been met.
5.8. INVESTMENT PROPERTY (GRAP 16)

General
Investment Property comprise of land or buildings (or parts of buildings) or both, held by the municipality as owner, or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both. Investment property does not include property used in the production or supply of service or for administration. It also does not include property that will be sold in the normal course of business. Typical investment properties include:

- Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties);
- Shopping centres (developed along similar lines);
- Housing developments (developments financed and managed by the municipality itself, with the sole purpose of selling or letting such houses for profit).

Policy
Investment Properties shall be accounted for in terms of GRAP 16 and shall not be classified as PPE for purposes of preparing the municipality’s Statement of Financial Position. Investment Property is initially measured at its cost. Transaction costs shall be included in this initial measurement. Where an investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition. If the Council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as PPE until it is ready for its intended use, whereafter it shall be reclassified as an investment asset.

After initial recognition, all investment property shall be measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20-50 years. The fair value of investment property shall be determined annually or at reporting date in terms of the municipality’s Accounting Policy. The fair value should reflect market conditions and circumstances as at the reporting date.

Investment assets are recorded in an Investment Property register.

The following classes of Municipal Property will **not be classified** as Investment Property:

a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale. This property is treated as inventory.

b) Property being constructed or developed on behalf of the Provincial Government: Housing Department.

c) Owner-occupied property which is defined as property which is held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes as per definition criteria of GRAP 17 which includes all council buildings used for administration purposes.

d) Property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) are also regarded to be owner–occupied property.

e) Property that is leased to another entity under a finance lease.

f) Property held to provide a social service and which also generates cash inflows. For example, if council holds housing stock (letting units) used to provide housing to low income families at below market rental. In this situation, the property is held to provide housing services rather than for rentals or capital appreciation and rental revenue generated is incidental to the purposes for which the property is held.

g) Property held by council for strategic purposes or to meet service delivery objectives rather than to earn rental or for capital appreciation.

h) Where council has properties that are used both for administrative and commercial purposes and part of the properties cannot be sold separately these properties will not be classified as investment properties.

5.9. BIOLOGICAL ASSETS (GRAP 101)

General
Biological Assets are living plants and animals such as trees in a plantation or orchard, cultivated plants, sheep and cattle. Managed agricultural activity such as raising livestock, forestry, annual or perennial cropping, fish farming that are in the process of growing, degenerating, regenerating and / or procreating which are expected to eventually result in agricultural produce. Such agricultural produce is recognised at the point of harvest. Future economic benefits must flow to the municipality from its ownership or control of the asset.

Point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. Point-of-sale costs exclude transport and other costs necessary to get assets to the market. Where the municipality is unable to measure the fair value of biological assets reliably, a biological asset should be measured at cost less any accumulated depreciation and accumulated impairment losses.

Policy
Biological assets, such as livestock and crops, shall be valued annually at fair value less estimated point-of-sales costs.
5.10. ASSETS CLASSIFIED AS HELD-FOR-SALE (GRAP 100)

**General**
A non-current asset shall be classified as Assets Held-for-Sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

For the sale to be highly probable, management must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

**Policy**
Assets identified for disposal by way of a sale transaction, be it by public auction, bidding process or sales agreement, within 12 months of the date of identification shall be classified as assets held-for-sale and transferred from the home asset category to held-for-sale category. Such assets shall be measured at the lower of its carrying amount and fair value less costs to sell and is not depreciated any further upon classification as held-for-sale. The municipality shall not classify a non-current asset that is to be abandoned as held-for-sale because its carrying amount will be recovered principally through continuing use.

5.11. INVENTORY PROPERTY (GRAP 12)

**General**
Inventory Property comprises any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business.

**Policy**
Inventory land and buildings shall be accounted for as inventory, and not included in either PPE or Investment Property in the municipality’s asset register or Statement of Financial Position. Inventory property shall be valued annually at reporting date at the lower of its carrying value or net realisable value, except where they are held for:

- a) distribution at no charge or for a nominal charge, or
- b) Consumption in the production process of goods to be distributed at no charge or for a nominal charge, and then they shall be measured at the lower of cost and current replacement cost.

Inventory properties shall be recorded in the Inventory register.

5.12. MINOR ASSETS (CAPITAL ASSETS BELOW APPROVED THRESHOLD)

**General**
Minor Assets comprise movable assets not capitalised in terms of the threshold policy of the municipality. However, these assets must still be controlled, safeguarded and verified by the municipality. They are not capitalised for the number of assets compared to their value does not warrant the complex procedures applicable to asset management, rendering a manageable asset register by concentrating on what is material and significant to the municipality’s operation.

**Policy**
Minor assets shall be expensed in the Statement of Financial Performance and not be capitalised. These assets shall not be depreciated or tested for impairment and shall not generate any further transactions, except in the cases where losses are recovered by means of insurance claims or recoveries from disciplinary actions.

6. ASSET ACQUISITION

6.1. ACQUISITION OF ASSETS

**General**
Acquisition of assets refers to the purchase of assets by buying, building (construction), or leasing. The date of acquisition of assets is deemed to be the time when control or legal title passes to the municipality.

**Policy**
Should the municipality decide to acquire a capital asset, the following fundamental principles should be carefully considered prior to acquisition of such an asset:

- The purpose for which the asset is required is in keeping with the objectives of the municipality and will provide significant, direct and tangible benefit to it;
- The asset meets the definition of a Capital Asset (as defined in GRAP 16, GRAP 17, GRAP 101, GRAP 102 and GRAP 103);
- The asset has been budgeted for;
- The future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget;
The purchase is absolutely necessary as there is no alternative municipal asset that could be economically upgraded or adapted;  
- The asset is appropriate to the task or requirement and is cost-effective over the life of the asset;  
- The asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources;  
- Space and other necessary facilities to accommodate the asset are in place; and
- The most suitable and appropriate type, brand, model, etc. has been selected.

6.2. CREATION OF NEW INFRASTRUCTURE ASSETS

General
Creation of new infrastructure assets refers to the purchase and/or construction of totally new assets that has not been in the control or ownership of the municipality in the past.

Policy
The cost of all new infrastructure facilities (not additions to or maintenance of existing infrastructure assets) shall be allocated to the separate assets making up such a facility and values may be used as a basis for splitting up construction costs of new infrastructure into the component parts, each of which have an appropriate useful life.

Work in progress shall be flagged (indicated) as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management. Each part of an item of infrastructure with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

6.3. SELF-CONSTRUCTED ASSETS

General
Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality.

Policy
All assets that can be classified as assets and that are constructed by the municipality should be recorded in the asset register and depreciated over its estimated useful life for that category of asset. Work in progress shall be flagged (indicated) as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management.

6.4. DONATED ASSETS

General
A donated asset is an item that has been given to the municipality by a third party in government or outside government without paying or actual or implied exchange.

Policy
Donated assets shall be valued at fair value, reflected in the asset register, and depreciated as normal assets. All donated assets shall be approved by the Municipal Manager and ratified by Council prior to acceptance.

7. ASSET MAINTENANCE

7.1. USEFUL LIFE OF ASSETS

General
Useful Life of assets is defined in section 2 of the Policy and is basically the period or number of production units for which an asset can be used economically by the municipality.

Although National Treasury (NT) guidelines exist that includes directives for useful lives of assets, municipalities must use their own judgement based on operational experience and in consultation with specialists where necessary in determining the useful lives for particular classes of assets. The calculation of useful life is based on a particular level of planned maintenance.

Policy
The remaining useful life of assets shall be reviewed annually. Changes emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP. During annual physical verification of movable assets, an assessment of condition and use shall determine the appropriateness of the remaining useful lives, while for infrastructure assets, the useful lives shall be deemed to be appropriate unless an event has occurred or conditions of use have changed, which may have an effect on the remaining useful lives of these assets.

7.2. RESIDUAL VALUE OF ASSETS

General
The Residual Value of an asset is the estimated amount that the municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual values of most assets are however considered to be insignificant and therefore immaterial in the calculation of the depreciable amount. The reason is that the majority of assets are hardly ever recovered through sale, but rather through use of the asset until the end of its useful life.
of its useful life, after which insignificant amounts, if any, are expected to be obtained, as these assets will most probably be replaced in its entirety.

Assets typically not sold by the municipality are land, buildings, infrastructure and community assets, which assets will have a residual value of zero, allowing the asset to be fully depreciated over its useful life cycle. Residual values will only be applicable to assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. Past experiences of municipal auctions held revealed that furniture, computer equipment and other movable assets does not reach selling prices that are material.

Policy
Residual values shall be determined upon initial recognition of assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles and earthmoving equipment. The basis of the residual value estimates shall be determined by the results of past sales of these types of assets at auctions when it reaches the end of its useful lives. The residual value of assets shall be reviewed annually at reporting date. Changes in depreciation charges emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3.

7.3. DEPRECIATION OF ASSETS

General
Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation therefore recognises the gradual exhaustion of the asset’s service capacity. The depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value. The depreciation method used must reflect the pattern in which economic benefits or service potential of a Capital Asset is consumed by the municipality. The following are the allowed alternative depreciation methods that can be applied by the municipality:

a. Straight-line;
b. Diminishing Balance; and
c. Sum of the Units.

Policy
All PPE assets except land shall be depreciated over their reasonable useful lives. The residual value and the useful life of an asset shall be reviewed at each reporting date. The depreciation method applied shall be reviewed at each reporting date. Reasonable budgetary provisions shall be made annually for the depreciation of all applicable assets controlled or used by the municipality, or expected to be so controlled or used during the ensuing financial year.

Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed. Depreciation of an asset shall begin when the asset is ready to be used, i.e. the asset is in the location and condition necessary for it to be able to operate in the manner intended by management. Depreciation of an asset ceases when the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under certain methods of depreciation the depreciation charge can be zero while there is no production. In the case of intangible assets being included as assets, the procedure to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other assets.

7.4. IMPAIRMENT LOSSES

General
Impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation. The following serve as examples of impairment indicators:

- Significant decline in market value;
- Carrying amount of an asset far exceeds the recoverable amount or market value;
- There is evidence of obsolescence (or physical damage);
- The deterioration of economic performance of the asset concerned; and
- The loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (such as through inadequate maintenance).

The impairment amount is calculated as the difference between the carrying value and the recoverable service value. The recoverable service value is the higher of the asset’s value in use or its net selling price. Where the recoverable service amount is less than the carrying amount, the carrying amount should be reduced to the recoverable service amount by way of an impairment loss. The impairment loss should be recognised as an expense when incurred unless the asset is carried at re-valued amount.

If the asset is carried at a re-valued amount the impairment should be recorded as a decrease in the revaluation reserve. Where immovable property, plant and equipment surveys are conducted, the recoverable service value is determined using the depreciated replacement costs method by assessing the remaining useful life.

Policy
Assets shall be reviewed annually for all assets with impairment indicators. Impairment of assets shall be recognised as an expense, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Surplus. The reversal of previous impairment losses recognised as an expense is recognised as an income.
7.5. MAINTENANCE OF ASSETS AND THE ASSET REGISTER

General
Maintenance refers to all actions necessary for retaining an asset as near as practicable to its original condition in order for it to achieve its expected useful life, but excluding rehabilitation or renewal. This includes all types of maintenance – corrective and preventative maintenance.

For linear infrastructure assets, such as pipes, cables and roads, the following test is applied to differentiate between maintenance and renewal when partial sections of linear assets are renewed:
- If a future renewal of the entire pipe will include the renewal of the partial section that is now renewed, then the renewal of the partial section is treated as maintenance.
- If a future renewal of the entire pipe will retain the partial section that is now renewed, then the renewal of the partial section is treated as renewal and the pipe is split into two separate assets.

Maintenance analysis is an essential function of infrastructure management to ensure cost-effective and sustainable service delivery. In order to analyse maintenance data, maintenance actions undertaken against individual infrastructure assets should be recorded against such assets.

Policy
Maintenance actions performed on infrastructure assets shall be recorded against the individual assets that are identified in the asset register.

7.6. RENEWAL OF ASSETS

General
Asset Renewal is restoration of the service potential of the asset. Asset renewal is required to sustain service provision from infrastructure beyond the initial or original life of the asset. If the service provided by the asset is still required at the end of its useful life, the asset must be renewed. However, if the service is no longer required, the asset should not be renewed. Asset renewal projections are generally based on forecast renewal by replacement, refurbishment, rehabilitation or reconstruction of assets to maintain desired service levels.

Policy
Assets renewal shall be accounted for against the specific asset. The renewal value shall be capitalised against the asset and the expected life of the asset adjusted to reflect the new asset life.

7.7. REPLACEMENT OF ASSETS

General
This paragraph deals with the complete replacement of an asset that has reached the end of its useful life so as to provide a similar or agreed alternative level of service.

Policy
Assets that are replaced shall be written off at their carrying value. The replacement asset shall be accounted for as a separate new asset. All costs incurred to replace the asset shall be capitalised against the new asset.

8. ASSET DISPOSAL

8.1. TRANSFER OF ASSETS

General
The processes and rules for the transfer of a capital asset to another municipality, municipal entity or national/provincial organ of state are governed by an MFMA regulation namely “the Local Government: Municipal Asset Transfer Regulations”.

Transfer of assets or inventory items refers to the internal transfer of assets within the municipality or from the municipality to another entity. Procedures need to be in place to ensure that the Asset Control Department can keep track of all assets and ensure that the asset register is updated with all changes in asset locations. These procedures must be followed and apply to all transfers of assets from:
- One Department to another Department;
- One location to another within the same department;
- One building to another; and
- One entity to another.

Policy
The transfer of assets shall be controlled by a transfer process and the asset register shall be updated.

8.2. EXCHANGE OF ASSETS

General
According to GRAP 17.33 an item of PPE may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an item of property, plant and equipment is measured at fair value unless:
- the exchange transaction lacks commercial substance; or
- the fair value of neither the asset received nor the asset given up is reliably measurable.
If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

**Policy**
The cost of assets acquired in exchange for another asset shall be measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up, adjusted by the amount of any cash or cash equivalents transferred.

### 8.3. ALIENATION / DISPOSAL OF ASSETS

#### General

Alienation / Disposal (alienation) is the process of disowning redundant and obsolete assets by transferring ownership or title to another owner, which is external to the municipality.

The MFMA (section 14 and 90) and the Municipal Supply Chain Management Regulation no. 27636 have specific requirements regarding the disposal of capital assets.

Specifically:
- A municipality may not “… permanently dispose of a capital asset needed to provide the minimum level of basic municipal services”
- Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the municipality’s supply chain management policy.

In addition, the MFMA section 75 (1)(h) requires that the accounting officer of a municipality places on the municipality’s website an information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter.

**Policy**
The disposal of an item of property, plant or equipment must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management and the Supply Chain Management Policy of the municipality.

Different disposal methods will be necessary for different types of assets. Before deciding on a particular disposal method, the following shall be considered:
- The nature of the asset
- The potential market value
- Other intrinsic value of the asset
- Its location
- Its volume
- Its trade-in price
- Its ability to support wider Government programmes;

- Environmental considerations
- Market conditions
- The asset’s life

Appropriate means of disposal may include:
- Public auction
- Public tender
- Transfer to another institution
- Sale to another institution
- Letting to another institution under finance lease
- Trade-in
- Controlled dumping (for items that have low value or are unhygienic)

Other means of alienation include:
- Donations: Donations may be considered as a method of alienation, but such requests must be motivated to the Municipal Manager for approval.
- Destruction: Assets that are hazardous or need to be destroyed must be identified for tenders or quotations by professional disposal agencies.
- Scrapping: Scrapping of assets that cannot be alienated otherwise may be considered as a method of alienation, but such requests must be motivated to the Municipal Manager.
- The letting of immovable property, excluding municipal housing for officials and political office bearers, must be done at market-related tariffs, unless the relevant treasury approves otherwise. No municipal property may be let free of charge without the prior approval of the relevant treasury.

Once the fixed assets are disposed, the asset shall be removed from the accounting records and the asset register. All gains and losses realised on the disposal of assets shall be accounted for as revenue or expense in the Statement of Financial Performance.

### 8.4. SELLING OF ASSETS

**General**
Selling of assets refers to the public sale of municipal assets approved for alienation.

**Policy**
All assets earmarked for sale must be sold by public auction or tender and the following steps shall be followed:
- A notice of the intention of the municipality to sell the asset shall be published in a local newspaper;
- The municipality shall appoint an independent appraiser to fix a minimum selling price;
- In the case of a public auction, the municipality shall appoint an independent auctioneer to conduct the auction; and
In the case of a tender, the prescribed tender procedures of the municipality shall be followed.

Assets earmarked for sale shall be reclassified as Assets Held-for-Sale in terms of section 5.10 of this Policy and shall not attract any further depreciation. Sold assets shall be written-off in the asset register.

8.5. WRITING-OFF OF ASSETS

General
The write-off of assets is the process to permanently remove the assets from the asset register. Assets can be written-off after approval of the Municipal Manager of a report indicating that:

- The useful life of the asset has expired;
- The asset has been destroyed;
- The asset is out-dated;
- The asset has no further useful life;
- The asset does not exist anymore;
- The asset has been sold; and
- Acceptable reasons have been furnished leading to the circumstances set out above.

Policy
The only reasons for writing off assets, other than the sale of such assets during the process of alienation, shall be the loss, theft, destruction, material impairment, or decommissioning of the asset in question.

9. PHYSICAL CONTROL (MOVABLE ASSETS)

9.1. PHYSICAL CONTROL / VERIFICATION

General
Movable assets require physical control and verification of existence.

Policy
All movable assets shall be actively controlled, including an annual verification process. Annual physical inspections of assets shall be performed to identify items which are missing, damaged, not in use or are obsolete due to changed circumstances, to ensure that they are appropriately repaired, impaired, written off or disposed of.

Registers shall be kept for those assets allocated to staff members. The individuals are responsible and accountable for the assets under their control. These registers should be updated when the assets are moved to different locations or allocated to a different staff member in order to facilitate control and physical verification.

9.2. INSURANCE OF ASSETS

General
Insurance provides selected coverage for the accidental loss of the asset value. Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury.

Policy
Assets that are material in value and substance shall be insured at least against destruction, fire and theft. All municipal buildings shall be insured at least against fire and allied perils.

9.3. SAFEKEEPING OF ASSETS

General
Asset safekeeping is the protection of assets from damage, theft, and safety risks.

Policy
Directives for the safekeeping of assets shall be developed and the safekeeping of assets shall be actively undertaken.

10. ASSET FINANCIAL CONTROL

10.1. CAPITAL REPLACEMENT RESERVE (CRR)

General
The CRR is a reserve account to set aside funds for the financing of property, plant and equipment. The CRR is therefore an asset financing source that represents an alternative to the other funding sources available to the municipality, namely external loans (interest bearing borrowings) and government grants and subsidies. The value of this reserve is not represented by any values of assets under the municipality’s control and shall preferably be cash-backed.

Policy
It is the policy of Council to annually make contributions to the CRR to ensure that the CRR remains a capital funding source for the future. The municipality will determine its future capital financing requirements and transfer sufficient cash to its CRR in terms of this determination. The Integrated Development Plan, the municipality’s ability to raise external finance and the amount of government grants and subsidies that will be received in future will need to be taken into account in determining the amount that must be transferred to the CRR. Whenever an asset is sold by the municipality, the proceeds on the sale of the assets must be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets. All proceeds on the sale of land will be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets. Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased, is transferred from the CRR into accumulated surplus on the Statement of Changes in Net Assets.
10.2. BORROWING COSTS (GRAP 5)

General
Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs.

Policy
Borrowing cost shall be recognised as an expense in the period in which they are incurred.

10.3. FUNDING SOURCES

General
The Municipal Finance Management Act (MFMA) provides guidelines on how to utilize funds in financing assets (Section 19 of MFMA). The municipality shall utilise any of the following sources to acquire and/or purchase assets:

- Grants, Subsidies and Public Contributions;
- Revenue Contributions;
- Capital Replacement Reserve;
- Cash Surplus; and/or
- External/Donor Funds.

Policy
The annual capital budget must be funded and the sources of finance must be disclosed as part of the Council’s budget.

10.4. DISASTER

General
In terms of the Disaster Management Act, 2002, Disaster means a progressive or sudden, widespread or localised, natural or human – caused occurrence which causes or threatens to cause:

- death, injury or disease;
- damage to property, infrastructure or the environment; or
- disruption of life of community; and
- is of a magnitude that exceeds the ability of those affected by the disaster to cope with its effects using only their own resources.

In terms Section 56 (b) of the Disaster Management Act, 2002 the cost of repairing or replacing public sector infrastructure should be borne by the organ of state responsible for the maintenance of such infrastructure. The National, Provincial and Local organs of state may contribute financially to response efforts and post – disaster recovery and rehabilitation.

Policy
The Municipality will correspond with the Provincial organs to gain funds for repairing assets damaged in disaster events. The municipality must adhere to the disaster management plan for prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster.
SWARTLAND MUNICIPALITY

PREFERENTIAL PROCUREMENT POLICY

MARCH 2018

REVIEWED AND NOT AMENDED


Adopted: 16 May 2012 (replacing the Preferential Procurement Policy adopted on 17 June 2003)
Amended: 21 May 2014
Amended: 26 May 2016
Adopted: 23 March 2017 (replacing the Preferential Procurement Policy adopted on 16 May 2012)

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Definitions

1. In this Policy, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Act must bear the meaning so assigned-

“B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

“B-BBEE status level of contributor” means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“black designated groups” has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“black people” has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act;

“Broad-Based Black Economic Empowerment Act” means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

“co-operative” means a co-operative registered in terms of section 7 of the Cooperatives Act, 2005 (Act No. 14 of 2005);

“designated group” means-
(a) black designated groups;
(b) black people;
(c) women;
(d) people with disabilities; or
(e) small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996);

“designated sector” means a sector, sub-sector or industry or product designated in terms of paragraph 8(1)(a);

“EME” means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“functionality” means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents;

“military veteran” has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);

“National Treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

“people with disabilities” has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 55 of 1998);

“price” includes all applicable taxes less all unconditional discounts;

“proof of B-BBEE status level of contributor” means-
(a) the B-BBEE status level certificate issued by an authorised body or person;
(b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or
(c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;

“QSE” means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“Rand value” means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

“rural area” means-
(a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or
(b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;

“stipulated minimum threshold” means the minimum threshold stipulated in terms of paragraph 8(1)(b);

“the Act” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

“township” means an urban living area that any time from the late 19th century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

“treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); and

“youth” has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

Application

2. The Swartland Municipality must, unless the Minister of Finance has directed otherwise, only apply a preferential procurement system which is in accordance with the Regulations.

Identification of preference point system, designated sector, pre-qualification criteria, objective criteria and subcontracting

3. The municipality must-
(a) determine and stipulate in the tender documents-
   i. the preference point system applicable to the tender as envisaged in paragraph 6 or 7; or
   ii. if it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
(b) determine whether pre-qualification criteria are applicable to the tender as envisaged in paragraph 4;
(c) determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in paragraph 8;
(d) determine whether compulsory subcontracting is applicable to the tender as envisaged in paragraph 9; and
(e) determine whether objective criteria are applicable to the tender as envisaged in paragraph 11.

Pre-qualification criteria for preferential procurement

4. (1) If the municipality decides to apply pre-qualifying criteria to advance certain designated groups, the municipality must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-
(a) a tenderer having a stipulated minimum B-BBEE status level of contributor;
(b) an EME or QSE;
(c) a tenderer subcontracting a minimum of 30% to-
   i. an EME or QSE which is at least 51% owned by black people;
ii. an EME or QSE which is at least 51% owned by black people who are youth;
iii. an EME or QSE which is at least 51% owned by black people who are women;
iv. an EME or QSE which is at least 51% owned by black people with disabilities;
v. an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
vi. a cooperative which is at least 51% owned by black people;

(2) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

**Tenders to be evaluated on functionality**

5. (1) The municipality must state in the tender documents if the tender will be evaluated on functionality.

(2) The evaluation criteria for measuring functionality must be objective.

(3) The tender documents must specify:
   (a) the evaluation criteria for measuring functionality;
   (b) the points for each criterion and, if any, each sub-criterion; and
   (c) the minimum qualifying score for functionality.

(4) The minimum qualifying score for functionality for a tender to be considered further:
   (a) must be determined separately for each tender; and
   (b) may not be so low that it may jeopardise the quality of the required goods or services; or
   ii. high that it is unreasonably restrictive.

(5) Points scored for functionality must be rounded off to the nearest two decimal places.

(6) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.

(7) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in paragraph 11.

**80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million**

6.(1) The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes:

\[
Ps = 80 \left(1 - \frac{Pt - P_{min}}{P_{min}}\right)
\]

Where-
\(Ps\) = Points scored for price of tender under consideration;
\(Pt\) = Price of tender under consideration; and
\(P_{min}\) = Price of lowest acceptable tender.

(2) The following table must be used to calculate the score out of 20 for B-BBEE:

<table>
<thead>
<tr>
<th>B-BBEE Status Level of Contributor</th>
<th>Number of Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Non-compliant contributor</td>
<td>0</td>
</tr>
</tbody>
</table>

(3) A tenderer must submit proof of its B-BBEE status level of contributor.

(4) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
   (a) may only score points out of 80 for price; and
   (b) scores 0 points out of 20 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE in terms of sub-paragraph (2) must be added to the points scored for price under sub-paragraph (1).

(7) The points scored must be rounded off to the nearest two decimal places.

(8) Subject to sub-paragraph (9) and paragraph 11, the contract must be awarded to the tenderer scoring the highest points.

9.(a) If the price offered by a tenderer scoring the highest points is not market-related, the municipality may not award the contract to that tenderer.

(b) The municipality may-
   i. negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
   ii. if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
   iii. if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the municipality must cancel the tender.

**90/10 preference point system for acquisition of goods or services with Rand value above R50 million**

7.(1) The following formula must be used to calculate the points out of 90 for price in respect of a tender with a Rand value above R50 million, inclusive of all applicable taxes:

Where-
\[
Ps = 90 \left(1 - \frac{Pt - P_{min}}{P_{min}}\right)
\]
Ps = Points scored for price of tender under consideration;
Pt = Price of tender under consideration; and
Pmin = Price of lowest acceptable tender.

(2) The following table must be used to calculate the points out of 10 for B-BBEE:

<table>
<thead>
<tr>
<th>B-BBEE Status Level of Contributor</th>
<th>Number of Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
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<td>5</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Non-compliant contributor</td>
<td>0</td>
</tr>
</tbody>
</table>

(3) A tenderer must submit proof of its B-BBEE status level of contributor.
(4) A tenderer failing to submit proof of B-BBEE status level of contribution or is a non-compliant contributor to B-BBEE may not be disqualified, but-
(a) may only score points out of 90 for price; and
(b) scores 0 points out of 10 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE contribution in terms of sub-paragraph (2) must be added to the points scored for price under sub-paragraph (1).

(7) The points scored must be rounded off to the nearest two decimal places.

(8) Subject to sub-paragraph (9) and paragraph 11, the contract must be awarded to the tenderer scoring the highest points.

(9)(a) If the price offered by a tenderer scoring the highest points is not market-related, the municipality may not award the contract to that tenderer.
(b) The municipality may-
   i. negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
   ii. if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
   iii. if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
(c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the municipality must cancel the tender.

Local production and content

8.1 The Department of Trade and Industry may, in consultation with the National Treasury-
(a) designate a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and
(b) stipulate a minimum threshold for local production and content.

(2) The municipality must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.

(3) The National Treasury must inform organs of state of any designation made in terms of paragraph 8(1) through a circular.

(4)(a) If there is no designated sector, the municipality may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
(b) The threshold referred to in paragraph (a) must be in accordance with the standards determined by the Department of Trade and Industry in consultation with the National Treasury.

(5) A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

Subcontracting as condition of tender

9. (1) If feasible to subcontract for a contract above R30 million, the municipality must apply subcontracting to advance designated groups.

(2) If the municipality applies subcontracting as contemplated in sub-paragraph (1), the municipality must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-
   (a) an EME or QSE;
   (b) an EME or QSE which is at least 51% owned by black people;
   (c) an EME or QSE which is at least 51% owned by black people who are youth;
   (d) an EME or QSE which is at least 51% owned by black people who are women;
   (e) an EME or QSE which is at least 51% owned by black people with disabilities;
   (f) an EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or townships;
   (g) a cooperative which is at least 51% owned by black people;
   (h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
   (i) more than one of the categories referred to in paragraphs (a) to (h).

(3) The municipality must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub-paragraph (2) from which the tenderer must select a supplier.

Criteria for breaking deadlock in scoring

10. (1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.

(2) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.

(3) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.
Award of contracts to tenderers not scoring highest points

11. (1) A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act.

(2) If the municipality intends to apply objective criteria in terms of section 2(1)(f) of the Act, the municipality must stipulate the objective criteria in the tender documents.

Subcontracting after award of tender

12. (1) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the municipality.

(2) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(3) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

Cancellation of tender

13. (1) The municipality may, before the award of a tender, cancel a tender invitation if-

(a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
(b) funds are no longer available to cover the total envisaged expenditure;
(c) no acceptable tender is received; or
(d) there is a material irregularity in the tender process.

(2) The decision to cancel a tender invitation in terms of sub-paragraph (1) must be published in the same manner in which the original tender invitation was advertised.

(3) The municipality may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

Remedies

14. (1) Upon detecting that a tenderer submitted false information regarding its BBBEE status level of contributor, local production and content, or any other matter required in terms of this Policy which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the municipality must-

(a) inform the tenderer accordingly;
(b) give the tenderer an opportunity to make representations within 14 days as to why-

i. the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
ii. if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalised up to 10 percent of the value of the contract; and
iii. the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and

(c) if it concludes, after considering the representations referred to in sub-paragraph (1)(b), that-

i. such false information was submitted by the tenderer-

ii. (aa) disqualify the tenderer or terminate the contract in whole or in part; and
iii. (bb) if applicable, claim damages from the tenderer; or

iv. the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.

(2) (a) The municipality must-

i. inform the National Treasury, in writing, of any actions taken in terms of sub-paragraph (1);
ii. provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
iii. submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

(b) The National Treasury may request the municipality to submit further information pertaining to sub-paragraph (1) within a specified period.

(3) The National Treasury must-

(a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and

(b) maintain and publish on its official website a list of restricted suppliers.

Short title

15. This policy is called the Preferential Procurement Policy of the Swartland Municipality.
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1. DEFINITIONS

In this policy, unless the context otherwise indicates:

“Council” means the municipal council of Swartland Municipality;
“driver” means all employees engaged in the operation of vehicles and plant, being:
(a) occasional driver: a person who is not a permanent driver but is required to use a municipal vehicle on and ad hoc basis to perform his/her duties;
(b) professional driver: a person employed specifically to drive municipal vehicles for general transport purposes.
(b) operator: a person employed specifically to operate civil engineering plant;
“employee” means all permanent, part-time or contract employees who are in the employment of the municipality;
“municipality” means the Municipality of Swartland established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorised agent or any employee acting in connection with this policy by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;
“municipal manager” means the person appointed as municipal manager for the municipality in terms of section 54A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), or his or her delegate;
“municipal vehicle” means all vehicles and engineering plant, equipment, motorcycles, trailers, etc. utilised for municipal purposes;
“Head of Departments” means any director, manager/head of the relevant user department responsible for, amongst other duties, is responsible for the management of vehicles, plant and equipment allocated to his or her department and a department for purposes of this policy is used interchangeably to also mean a section.

2. POLICY OBJECTIVES

Swartland Municipality maintains an extensive range of plant, equipment and vehicles to assist in providing a high level of service to the community.

2.1 This policy aims to provide guidelines to ensure the proper management of these assets, which will be referred to as the municipal fleet in this document.

2.2 This policy aims to ensure the management of municipality’s plant, equipment and vehicles, and will develop strategies to:

(a) provide optimally effective plant, equipment and vehicles to deliver services for current and future needs at the lowest cost;
(b) optimise the procurement of all plant, equipment and vehicles to ensure best value for and most appropriate for the municipality’s operating needs.
(c) manage the fleet assets to ensure the asset value is maintained and those vehicles are roadworthy; and
(d) maintain a modern, efficient and safe fleet of plant, equipment and fleet of vehicles at the lowest possible cost without compromising service levels.

2.3 The policy will be accompanied by a detailed Fleet User Guide for the Management of Vehicles, Plant and Equipment (set out in Schedule 1) to be used by all municipal employees responsible for the daily management of plant, equipment and vehicles.

3. REGULATORY FRAMEWORK

This policy should be read in conjunction with the following legislation and policies:

(a) The Municipal Finance Management Act, 2003, (Act 56 of 2003);
(b) The Occupational Health and Safety Act, 1993, (Act 85 of 1993);
(c) The National Road Traffic Act, 1996, (Act 93 of 1996);
(d) Swartland Municipality’s Supply Chain Management Policy;
(e) Swartland Municipality’s Asset Management Policy;
(f) The GRAP 17 Standards;

4. ROLES AND RESPONSIBILITIES

4.1 The Directors of the various directorates shall take overall responsibility for all matters relating to the management, provision and maintenance of municipal vehicles.

4.2 The Managers/Heads/Supervisors of all departments who use the vehicles shall be responsible for the proper use and control of fleet assets allocated to their Directorates.
The Head: Asset & Fleet Management’s responsibility is limited to:
(a) the registration and licensing of all municipal vehicles; and
(b) the management and use of pool vehicles; and
(c) administrative support function.

The Chief Financial Officer shall be responsible for the completeness and accuracy of the Asset Register and to ensure that all municipal vehicles are noted in the register and to perform economic life assessments in respect of all municipal vehicles.

The detailed duties and responsibilities of all municipal employees using municipal vehicles and plant are documented in the Fleet User Guide.

4.4 The Chief Financial Officer shall be responsible for the completeness and accuracy of the Asset Register and to ensure that all municipal vehicles are noted in the register and to perform economic life assessments in respect of all municipal vehicles.

4.4 The detailed duties and responsibilities of all municipal employees using municipal vehicles and plant are documented in the Fleet User Guide.

5. PURCHASE & DISPOSAL

5.1 Purchase of vehicles

5.1.1 The relevant Director or delegate supported by the various SCM bid committees shall be responsible for the specification, documentation and evaluation of tender for the provision of new vehicles and equipment.

5.1.2 The relevant Divisional Head shall prepare tender documentation for the purchase of vehicles based upon the confirmed needs and approved budgets.

5.1.3 All records pertaining to the transfer of fleet items between the various departments and the acceptance of vehicles allocated must be forwarded timeously to the Head: Asset and Fleet Management.

5.2 Disposal and economic life assessment

5.2.1 The Head: Asset and Fleet Management must follow the normal Supply Chain Management procedure for the disposal of vehicles.

5.2.2 Economic life assessment should be performed in order to determine the economic service life expectancy of vehicles and plant under their specific operating conditions.

5.2.3 In terms of GRAP, vehicle and plant assets are required to be depreciated over their respective useful life as determined by Management from time to time. The Chief Financial Officer must ensure that vehicle and plant assets are depreciated annually and have their appropriate values entered in the asset register.

5.2.4 Vehicles must be disposed in terms of the Asset Management policy when they have reached their economic useful life or huge running costs; and

5.2.5 Vehicles must be disposed of in terms of the replacement criteria table set out below of which the latter shall be evaluated on a case by case basis or motivated if not according to the criteria table and approved by Chief Financial Officer:

<table>
<thead>
<tr>
<th>VEHICLE GROUP</th>
<th>CRITERIA</th>
<th>REPLACEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Motor Cycles</td>
<td>1. Age</td>
<td>10 years and/or</td>
</tr>
<tr>
<td></td>
<td>2. Km</td>
<td>80 000km</td>
</tr>
<tr>
<td></td>
<td>3. Mech. evaluation*</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>2. LDV and Cars</td>
<td>1. Age</td>
<td>6 - 9 years and/or</td>
</tr>
<tr>
<td>(Capacity &lt;1 ton)</td>
<td>2. Km</td>
<td>185 000km</td>
</tr>
<tr>
<td>(Light Duty)</td>
<td>3. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>3. LDV (1 ton)</td>
<td>1. Age</td>
<td>6 - 9 years and/or</td>
</tr>
<tr>
<td>(Heavy Duty)</td>
<td>2. Km</td>
<td>200 000km</td>
</tr>
<tr>
<td></td>
<td>3. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>4. Medium vehicles</td>
<td>1. Age</td>
<td>10 years and/or</td>
</tr>
<tr>
<td>(Capacity 3 - 5 ton)</td>
<td>2. Km</td>
<td>240 000km</td>
</tr>
<tr>
<td></td>
<td>3. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>5. Heavy vehicles</td>
<td>1. Age</td>
<td>10 – 15 years and/or</td>
</tr>
<tr>
<td>(Capacity 6 - 9 ton)</td>
<td>2. Km</td>
<td>250 000km</td>
</tr>
<tr>
<td></td>
<td>3. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>6. Extra heavy vehicles</td>
<td>1. Age</td>
<td>10 – 15 years and/or</td>
</tr>
<tr>
<td>(Capacity 10 ton +)</td>
<td>2. Km</td>
<td>350 000km</td>
</tr>
<tr>
<td></td>
<td>3. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>7. Tractors</td>
<td>1. Age</td>
<td>10 -15 years and/or</td>
</tr>
<tr>
<td></td>
<td>2. Hrs</td>
<td>15 000hrs</td>
</tr>
<tr>
<td></td>
<td>3. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>8. Earth moving equipment</td>
<td>1. Age</td>
<td>10 -15 years and/or</td>
</tr>
<tr>
<td></td>
<td>2. Hrs</td>
<td>15 000hrs</td>
</tr>
<tr>
<td></td>
<td>3. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
<tr>
<td>9. Refuse compactor</td>
<td>1. Age</td>
<td>6-8 years and/or</td>
</tr>
<tr>
<td></td>
<td>2. Mech. evaluation</td>
<td>&gt; 60%</td>
</tr>
<tr>
<td>10. Fire engines</td>
<td>1. Age</td>
<td>10 - 20 years and/or</td>
</tr>
<tr>
<td></td>
<td>2. Mech. evaluation</td>
<td>&gt; 60%</td>
</tr>
<tr>
<td></td>
<td>3. Tech. evaluation</td>
<td>&gt; 70%</td>
</tr>
</tbody>
</table>

Small implements

11. Rollers, Cement Mixers, Track Excavators, Trailers and related Equipment

<table>
<thead>
<tr>
<th>VEHICLE GROUP</th>
<th>CRITERIA</th>
<th>REPLACEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>1. Age</td>
<td>7 - 15 years and/or</td>
</tr>
<tr>
<td></td>
<td>2. Mech. evaluation</td>
<td>&gt;60%</td>
</tr>
</tbody>
</table>
6. FLEET PLANNING

6.1 Fleet register

The Head: Asset and Fleet Management shall ensure that all key data of each vehicle is included in the asset register. The details in the vehicle register must include:

(a) a description of the vehicle, (registration number, model, etc);
(b) purchase cost;
(c) current depreciated value;
(d) the useful life; and
(e) date of acquisition - date of disposal (if applicable).

6.2 Renting of vehicles

The renting of vehicles or equipment must be approved by the relevant director. The Division Head shall be responsible for arranging the renting of vehicles or equipment and the managing thereof.

7. OPERATION AND MAINTENANCE

7.1 Maintenance plan

7.1.1 The relevant Manager must prepare an annual maintenance plan based on each vehicle’s prescribed maintenance schedule.

7.1.2 Each Manager must ensure that no vehicles are used beyond their service/maintenance schedules.

7.1.3 For vehicles that are still in their warranty periods, the maintenance plan shall be as prescribed by the manufacturer.

7.1.4 For vehicles outside the warranty period, the maintenance plan shall be informed by items such as the prescribed maintenance intervals and issues noted in the vehicle logbooks.

7.2 Registration, annual renewal & certificates of fitness

The Head: Asset and Fleet Management must maintain a register of the registration certificates, roadworthy certificates (COF’s), licences and all other data pertaining to the identity of all vehicles, plant and equipment.

7.3 Insurance

7.3.1 The relevant Manager must ensure that all vehicles assigned to his or her department are properly bar coded, insured and supplied with a petrol card where applicable.

7.3.2 The Head: Asset and Fleet Management must ensure that sufficient detail of the entire fleet of the municipality is communicated to the corporate insurance service provider.

7.3.3 All accidents or damage to vehicles must be reported immediately to the relevant Divisional Head, who will have the authority to withdraw the vehicle from service in order to repair it or prevent further damage. Accidents and damage to vehicles must be reported in accordance with the Fleet User Guide.

7.4 Vehicle Accident Committee

A Vehicle Accident Committee has been established, the main function of which will be to act as the controlling body for conducting accident investigations and ensuring that drivers or operators abusing vehicles, be kept accountable where negligence on the part of the driver or operator is proved.

7.5 Authorising service & repairs

7.5.1 The relevant Manager must ensure that no payment for service or repairs that are covered by a maintenance agreement or warranty are authorised.

7.5.2 All services and repairs to specialised vehicles must, as far as possible, be contracted to the original manufacturer, or authorised service centre, due to the specialised nature of the work.

7.5.3 The relevant Manager must adhere to the supply chain management policy requirements when servicing and repairing vehicles, plant and equipment.

7.5.4 The relevant Manager must maintain a warranty register which will provide details of the warranty conditions and periods of each vehicle in his or her department. The warranty information must be reported to the Asset and Fleet Management Division.

7.5.5 The relevant Manager is to aggressively pursue claims against the manufacturer for reimbursement of costs caused through the failure of a component apparently defective at manufacture, and against repairers for faulty workmanship.

7.6 Breakdowns

7.6.1 Breakdowns which result from the inappropriate use of vehicles or non-compliance with vehicle management procedures, such as pre-trip inspections, are to be thoroughly investigated by the relevant Manager and appropriate action taken.

7.6.2 The Supply Chain Management division is responsible to develop procedures and actions to be taken by drivers who experience breakdowns outside working hours and to provide drivers with a list of approved suppliers who can assist with repairs and tow in services after working hours.
7.7 Fuel and refuelling

7.7.1 The Head: Asset and Fleet Management shall be responsible for the fuel management system used by the municipality and ensure that the users of petrol cards are properly informed of the use thereof.

7.7.2 The relevant Manager is responsible to sign off and furnish the Head: Asset and Fleet Management with monthly log sheets and receipts issued by fuel suppliers.

7.7.3 It is the responsibility of each driver or operator to provide the correct odometer/hour meter reading to the fuel station attendant and to ensure that all log sheets are properly completed and supported by receipts issued by fuel suppliers.

7.7.4 Refuelling from sources other than municipal suppliers will not be allowed.

7.7.5 It is the responsibility of the Divisional Head to monitor consumption (Misuse/High consumption) and to take the necessary action. In addition the Asset and Fleet management division will monitor fuel consumption.

8. POOL VEHICLES

8.1 Pool vehicles are provided for use by municipal employees and temporary employees who by nature of their duties are required to use them during working hours or when required performing standby duties.

8.2 The Head: Asset and Fleet Management shall be responsible for the management and allocation of all pool vehicles.

8.3 In the event that no pool vehicle is available due to operational reasons, an employee may use his or her private motor vehicle with the authorisation of the Manager of the department and claim expenses in terms of the municipality’s Subsistence and Travel policy.

8.4 Use of a pool vehicle by a councillor must be authorised by the Municipal Manager and the respective authorisation form must be completed.

8.5 Officials requiring the use of a pool vehicle must book a vehicle at least 7 days in advance, except in cases of emergency where the Head: Asset and Fleet may approve the use of a pool vehicle. Short notice for booking a vehicle may however be accepted subject to the availability of a pool vehicle.

8.6 A pool vehicle shall not be released unless written authorisation by the relevant Manager has been received and keys must be collected on the day and time when the vehicle is to be used.

8.7 In the event that a pool vehicle is needed before 08:00, the official concerned may collect the vehicle before closing time the day before. In such instance, the vehicle must be parked at the official’s residence and may not be used for any other purposes. The official will take full responsibility for the safeguarding of the vehicle.

8.8 Where the official using the pool vehicle returns after 17h00 from Monday to Thursday and after 15h45 on Friday, the keys and inspection checklist must be returned to Asset and Fleet Management by 08:00 on the next working day.

8.9 Prior to use of the pool vehicle the official must inspect the vehicle for any damages, interior defects, tidiness, logbook completion and lost tools and report any defects or damage to Asset and Fleet Management as soon as possible. The last user of a vehicle will be held responsible for any unreported damage, defects, or loss.

8.10 The official using the vehicle must ensure that the vehicle is returned in good condition, failing which the municipality reserves the right to take disciplinary action or withhold the allocation of a pool vehicle to such official.

8.11 After the use of a pool vehicle, the official shall see too that the vehicle is not parked when fuel tank is less than ¼ fuel and there after it shall be parked in its allocated parking. Once parked, the driver must ensure that the logbook is completed properly.

8.12 Upon return of a pool vehicle, the keys as well as the completed trip authorisation form and pre-drive inspection sheet must be returned to Asset and Fleet Management.

9. CONTROL

9.1 Fleet User Guide

9.1.1 A Fleet User Guide, which contains full details of the vehicle control measures to be followed, and which describes the duties of the employees responsible for the use and daily management of municipal vehicles is set out in Schedule 1 to this policy.

9.1.2 All users of vehicles will be required to accept the responsibilities allocated to them in terms of the Fleet User Guide in writing.

9.2 Allocation of vehicles

9.2.1 Vehicles may only be allocated by the relevant Manager and in the case of pool vehicles by the Head: Asset and Fleet Management, to a person in the employment of the municipality, whose name appears on the list of approved drivers.

9.2.2 Any change in driver/operator allocation must be reported to the Manager and must bear his or her approval.
9.3 Drivers licences

9.3.1 No employee may drive any municipal vehicle without a valid driver’s licence, such licence being subject to validation by the relevant Manager.

9.3.2 No employee may operate any plant or equipment without proof of having received proper training for the specific plant/equipment entrusted to him, such proof to be validated by the relevant Manager.

9.3.3 The cost of obtaining drivers licences or public driver’s permits are to be borne by employees. Only where it is a job requirement for an employee to be in possession of a public driver’s permit or operator’s certificate, the municipality may reimburse the employee for the cost of obtaining the permit or certificate, which cost may include:

(a) the costs charged by the traffic department in respect of the application for and issuing of the permit;
(b) the cost of the medical examination, provided the employee is examined by a doctor approved by the municipality; and
(c) the cost of the criminal record clearance; and
(d) the cost of operator training including travel and subsistence.

9.3.4 Employees who choose to make use of their own doctor will not be reimbursed for the cost of medical examination.

9.3.5 Employees will be reimbursed for the cost of ID photos.

9.3.6 Applicants for new positions in the municipality, where a driver’s licence/operators certificate is a precondition for employment, are to be tested and approved of by the relevant Manager before an appointment is made.

9.4 Induction

9.4.1 The relevant Manager must subject all new drivers to an induction course during which his or her duties and responsibilities will be explained. No driver may use or operate vehicles, plant or equipment before the required induction course has been completed.

9.4.2 All drivers must be informed of the contents of this policy and issued with a copy of the Fleet Users Guide, the receipt of which is to be signed off.

9.5 Training

9.5.1 The relevant Manager must ensure that all drivers are properly trained to operate vehicles, plant or equipment used in each department.

9.5.2 Internal training is to be done by each department itself and the relevant Manager must maintain a training log as well as an induction log.

9.6 Use of private vehicles

9.6.1 The use of private vehicles for municipal business is not permitted unless approved by the relevant Manager.

9.6.2 The municipality will not be liable for any claims for damages as a consequence of an employee using his or her private vehicle on municipal business unless there is malicious damage to the employee’s vehicle which is not the fault of the employee.

9.6.3 Private vehicles used for municipal business must be covered by comprehensive insurance.

9.6.4 Employees will be reimbursed for the use of private vehicles in terms of the municipality’s Travel and Subsistence Policy.

9.6.5 Participants in any of the municipality’s motor schemes are not permitted to make use of municipal vehicles of similar type for any purpose, but may be transported in a municipal vehicle in exceptional cases with the approval of the Municipal Manager / Director.

9.7 Compliance with Road Traffic Act

9.7.1 Drivers of municipal vehicles are required to comply with the rules and regulations at all times.

9.7.2 Under no circumstances will the municipality be responsible for parking and traffic infringements by drivers.

9.7.3 When required, the municipality will make available to the authorities the detail of the driver in control of the vehicle at the time of the offence.

9.7.4 Municipal Drivers will be held responsible for all traffic fines incurred by such driver.

9.8 Compliance with Occupational Health and Safety Act

9.8.1 The relevant Manager must, in conjunction with the Health and Safety Officer, ensure that drivers of municipal vehicles are medically fit. In order to promote occupational health and safety in the workplace.

9.8.2 Each driver of a municipal vehicle shall, if any situation which is unsafe or unhealthy, including his or her own health situation, comes to his or her attention, as soon as practicable report such situation to the relevant Manager or Supervisor.

9.9 Vehicle Usage

9.9.1 Only municipal officials may be transported in a municipal vehicle.
9.9.2 Whenever passengers are to be transported on an open truck, it is the responsibility
of the driver to ensure before he drives off, that the passengers are seated within
the body of the truck.

9.9.3 Only authorized municipal officials may drive a municipal vehicle.

9.9.4 Vehicles may only be used for the purpose for which it is designed.

10. COMPLIANCE AND ENFORCEMENT

Non-compliance with any of the provisions contained in this policy or the Fleet User Guide in
Schedule 1, shall be regarded as misconduct, which will be dealt with in terms of the
Disciplinary Code.

11. COMMENCEMENT

This policy will come into effect on the date of adoption thereof by the Council of Swartland
Municipality
1. PURPOSE

1.1 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control.

1.2 Section 81(1)(d) of the MFMA states inter alia “that The Chief Financial Officer of the Municipality must advise senior Managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79”.

1.3 It is the responsibility of each Executive Director of each Directorate to which funds are allocated, to plan and conduct assigned operations so as not to spend more funds than budgeted for and to ensure that funds are utilized effectively and efficiently.

1.4 Section 78(1) of the MFMA states inter alia that “Each Senior Manager of a Municipality and each official of a Municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that in terms of Section 78(1)(b) the financial and other resources of the Municipality are utilized effectively, efficiently, economically and transparently”.

1.5 No expenditure may be incurred unless provision therefore has been made in the operating and capital budgets. Refer to section 15 of the M.F.M.A. in this regard.

2. DEFINITIONS (CHAPTER 1 OF MFMA)

2.1 Accounting Officer

2.1.1 “(a) in relation to a municipality, means the Municipal official referred to in section 60”

“The municipal manager of a municipality is the accounting officer of the municipality for the purposes of this Act, and, as accounting officer, must—

(a) exercise the functions and powers assigned to an accounting officer in terms of this Act; and

(b) provide guidance and advice on compliance with this Act to—

(i) the political structures, political office-bearers and officials of the municipality; and

(ii) any municipal entity under the sole or shared control of the municipality.”
2.2 Adjustments Budget
Means a budget
(a) As described in Section 28 of the MFMA i.e.

(1) A municipality may revise an approved annual budget through an adjustments budget.
(2) An adjustments budget—
   (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
   (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
   (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
   (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
   (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
   (f) may correct any errors in the annual budget; and
   (g) may provide for any other expenditure within a prescribed framework.
(3) An adjustments budget must be in a prescribed form.
(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

(5) When an adjustments budget is tabled, it must be accompanied by—
   (a) an explanation how the adjustments budget affects the annual budget;
   (b) a motivation of any material changes to the annual budget;
   (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
   (d) any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.
(b) Also in terms of Part 4 of the Municipal Budget and Reporting Regulations.
(b) Which specifies the total amount that is appropriated for the purpose of the department or functional area concerned."

2.9.2 The definition of a “VOTE” for Swartland Municipality is set at the Directorate level in line with table A3 and A5 of the Municipal Budget Reporting Regulations e.g. Civil Services, Corporate Services etc.

2.10 Virement

2.10.1 The process of transferring an approved budgetary provision from one operating cost element or capital project to another during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption.

3. REGULATION ON BUDGET VERSUS EXPENDITURE – MFMA

3.1 The MFMA regulates as follows regarding the incurring of expenditure against budgetary provisions,

3.1.1 Section 15 – Appropriation of funds for expenditure

“A Municipality, may except where otherwise provided in the Act, incur expenditure only –
(a) In terms of an approved budget, and
(b) Within the limits of the amounts appropriated for the different votes in the approved budget.”

3.1.2 Unauthorised Expenditure (M.F.M.A. Definition)

“in relation to a Municipality, means any expenditure incurred by a Municipality otherwise than in accordance with section 15 or 11 (3), and includes –

(a) Overspending of the total amount appropriated in the Municipality’s approved budget;
(b) Overspending of the total amount appropriated for a vote in the approved budget;
(c) Expenditure from a Vote unrelated to the department or functional area covered by the vote;
(d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.

(e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
(f) A grant by the Municipality otherwise than in accordance with this act.”

3.1.3 Overspending (MFMA Definition)

(a) “in relation to the budget of a Municipality, means causing the operational or Capital expenditure incurred by the Municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;
(b) In relation to a Vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
(c) In relation to expenditure under section 26, means causing expenditure under that section to exceed the limits in subsection (5) of that section.”

3.1.4 Section 71 (1) (g) (iii) states inter alia (i) “The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the Municipality and the relevant provincial treasury a statement in the prescribed format on the state of the Municipality’s budget reflected the following particulars for that month and for the financial year up to the end of that month – (g) when necessary, an explanation of – (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the Municipality’s approved budget”.

4. VIREMENT REQUIREMENTS

4.1 Virements represents a flexible mechanism to affect budgetary amendments within a Municipal financial year, and represents the major mechanism to align and take corrective (financial / budgetary) action within a Directorate during a financial year.

4.2 To transfer funds from one vote (functional area) or capital project to another vote (functional area) or capital project, or transfer funds within a vote (line item to line item), a saving has to be identified within the monetary limitations of the approved vote or capital project allocations on the respective budgets.
4.3 Any budgetary amendments of which the net impact will result in exceeding the approved annual budget allocation for a vote and any other amendments not covered in this policy are to be considered for budgetary adoption via an adjustments budget (per MFMA section 28)

4.4 In terms of Section 17 of the MFMA a municipality’s budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets.

5. DELEGATIONS

5.1 Subject to the further stipulations and conditions in this policy, the authority is delegated to every Director to vire not more than four times (debits and credits combined) per line item within a given financial year. Once S virements have taken place on a line item within a financial year, it will be reported on the performance management system and be tabled at the following Management meeting.

Due to the implementation of mSCOA the policy will be more lenient with regards to the number of virements per line item due to the complexity/budgetary requirements.

5.2 Virements between departments would require a Council resolution which is confirmed through the Adjustment Budget approval by the CFO and Municipal Manager via a memorandum.

5.3 Only the CFO and MM may approve virements between the different finance sources, except for conditional grants or any other external source of finance.

6. OPERATING BUDGET

6.1 Virements are not allowed to utilise any special purpose operating budgetary allocations approved by Council and which is specifically mentioned and highlighted as such during the approval of the budget.

6.2 Only the CFO and MM Council may consider the virements of these funds mentioned in above and only after full motivations were provided for these virements.

6.3 Salaries and Vehicle costing system

6.3.1 No Virements to and from salary related line items will be allowed unless special permission is received from the MM or CFO. Only the Budget Office will be permitted to do the virement.

6.3.2 Any savings identified for the filling of approved vacant posts not budgeted for can only be vired as stipulated under 6.2, with a Council’s Resolution in which the future year’s financial impact had also been considered.

6.3.2 No Virements to and from the vehicle costing system will be allowed unless special permission is received from the MM or CFO. Only the Budget Office will be permitted to do the virement.

6.3.4 If a vehicle is needed to be repaired, a virement request will be completed and forwarded to the budget office for processing once approval has been given through by supply chain management officials by the CFO in this regard. There will be one global amount under the Finance Department where the funds will be viremented to the respective vehicle costing item upon receipt of a valid virement request.

6.4 Other Expenditure

6.4.1 Virements to and form the following items are not allowed: Bulk purchases; Debt Impairment, Interest Charges; Depreciation, Grants to Individuals, Revenue foregone, Insurance, Vat and other non-cashed items as determined by the Chief Financial Officer.

6.4.2 Virements in respect of expenditure votes financed from grants or any other external source of finance must be approved by the MM and CFO.

6.4.3 No Virements to and from line items linked to contracts/tenders in the operating budget e.g. Security Services, Sweeping of Streets and Highlands Refuse Dump:
Recycling will be permitted unless special permission is received from the MM and CFO. Only the Budget Office will be permitted to do the virement.

6.5 Revenue

6.5.1 No virements are permitted in relation to the Revenue side of the Budget.

6.5.2 Revenue amendments are to be adopted via an adjustments Budget.

6.6 Confirmation

The virements of any savings amount is subject to the confirmation of the Chief Expenditure.

7. CAPITAL BUDGET

7.1 Virements with the result in adding ‘new’ projects to the Capital Budget will not be allowed unless approved by council. Motivation will be required.

7.2 Virements in respect of savings on capital projects will only be permitted if allocated to projects approved as part of the annual or adjustment budgets or the 3 year capital program of the Council.

7.3 Budgeted amounts in respect of approved capital projects which are, due to changed circumstances, not executed, can only be vired by Council.

7.4 Virements of Conditional Grant funds to purposes outside of that specified in the relevant Conditional Grant framework is not permitted.

7.5 Virements of Capital Projects can only be approved between projects of similar funding sources (e.g. MIG to MIG).

8. PROCESS AND ACCOUNTABILITY

8.1 Virements application forms as per annexure A must be completed in accordance with Council’s virements policy.

8.2 Completed virements documentation must be verified by the Chief Financial Officer or in terms of the delegation authority assigned to the Chief Financial Officer, by the Manager/Head: Budget Office as confirmation of available funds and/or savings.

8.3 Virements approved by the Municipal Manager and Directors will be reported to the Admin and Finance Committee on a monthly basis as part of the Chief Financial Officer’s monthly reports.

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1. INTRODUCTION
Chapter 6 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), states that the municipality may incur long- and short-term debt, subject to certain conditions. The municipality sometimes needs additional bridging funding for over short-term periods and to finance long-term projects (capital projects). This Debt Policy provides for the municipality to obtain short- and long-term debt and set out all conditions under which the municipality will be entitled to obtain such debt. All employees of the municipality should adhere to this policy.

2. POLICY FRAMEWORK
This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term debt, to ensure sufficient management of debt. The policy includes the following:
- Objectives of the policy
- Due diligence
- Delegations
- Management and internal control procedures
- Debt Management
- Types of Debt
- Securities for Debt
- Approval procedures
- Cost of Debt
- Competitive selection of bids
- Types of Debt and financing sources
- Commission and discounts
- Forbidden activities
- Reporting and monitoring of requirements
- Review of the policy

3. OBJECTIVES
The objectives of this policy are to ensure optimal performance with the lowest possible risk, through managing the debt, and to ensure accountability, responsibility and transparency throughout the process.

4. DUE DELIGENCE
Each official involved in the process of debt must do so with such judgments and care, under prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in managing his or her own affairs and with his or her primary goal to protect the municipality's cash resources, the municipality's interests with its funders, and in general the municipality's good name.

5. DELEGATIONS
The management of all cash resources of the municipality is the responsibility of the Accounting Officer. The Accounting Officer will be responsible for:
- the proper implementation of this policy;
- developing of a relevant system for delegation which will ensure administrative as well as operational effectiveness; and
- appropriate controls on balancing of the management of cash resources.

The Chief Financial Officer, as designated in writing by the Accounting Officer, should advise the Accounting officer on the exercise of powers and duties with regard to this policy, and assist the Accounting Officer in the administration of the cash resources, bank accounts and debt account.

The Accounting Officer may not delegate any powers or duties in the administration of the municipality's cash resources to any political structure or councilor and no council member is allowed to interfere or attempt to interfere in the management of the municipality's cash resources.

Any delegation by the Accounting Officer in terms of this policy:
- Must be in writing.
- Is subject to any restrictions and conditions as the Accounting Officer shall prescribe.
- May be either to a specific individual or to the holder of a specific position in the municipality and may not be a committee of officials.
- Can not deprive the Accounting officer of the responsibility concerning the exercise of delegated powers or the performance of the delegated duty.

The Accounting Officer may question any decision taken as a result of a delegation or sub-delegation in terms of this policy to confirm, amend or repeal, but no such amendment or repeal of an act may be done to break down any rights that would arise as a result of the decision.

For the implementation of this policy, any reference to “Accounting Officer” also means “any other person acting under a delegated power or function as exercising delegated by the Accounting Officer in terms of paragraph 5.”
6. MANAGEMENT AND INTERNAL CONTROL PROCEDURES
The Accounting Officer, assisted by the Chief Financial Officer must take all reasonable steps to ensure:

- That the municipality has a managerial-, accounting- and information system to maintain all debt-, accounts-, receipting-, withdrawal- and debt transactions.
- That, in the case of debt, amounts due been calculated on a bi-annual basis
- That the municipality have a system of internal controls over bank- and debt accounts, receipting-, withdrawal- and debt transactions.

7. DEBT
7.1. Debt Management
The Accounting Officer is responsible for the administration of all debt procedures and must take all reasonable steps to ensure that debts are managed in compliance with all audit requirements and any legal requirements included as prescribed in the Law on Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 6 of the Act.

The Accounting Officer may delegate the duties, linked to investments.

7.2. Debt Ethics
All officials involved in the debt management process must act with fidelity, honesty, integrity and in the best interest of the municipality and must strive, within the sphere of influence of the officials, to prevent any impairment of the debt of the municipality and creating solvency problems.

No officials involved in the debt management process should use his or her position or privileges as, or confidential information obtained in the process for personal gain or unfair advantage to another person.

The Accounting Officer must report as soon as practicable to the Mayor as well as the National Treasury any alleged violation of the above and may also make recommendations whether the alleged offending party must be listed on the National Treasury's database of persons prohibited from doing any business with the public sector. Any such report by the Accounting Officer must complete details of the alleged violation and a written response from the alleged offending party, as proof that the alleged offending party did receive the allegations in writing and had at least 7 (seven) working days to respond to the allegations. Any sponsor, offered or granted to the municipality must be immediately reported to the National Treasury.

7.3. Types of Debt
7.3.1. Short-term Debt
To ensure that the municipality has sufficient cash to meet the objectives of local government, as contained in Article 152 of the Constitution of the Republic of South Africa (Act 108 of 1996), it is sometimes necessary to obtain short-term financing in order to finance cash shortages in a financial year to cover the bridging operation and / or temporary capital financing. Short-term debts may only be incurred if the Council is convinced that it will be refunded during the financial year and a report to the Council should indicate how and when it will be repaid, with specific reference to the conditions set in Article 45 of the Act on Local Government: Municipal Finance Management Act (Act No. 56 of 2003).

No debt agreement for short-term debts may be incurred for a period that expires after the end of the financial year in which they are incurred. The Accounting Officer must, as part of the budgeting, determine in time whether the Council will need short term debt for the new financial year ahead and take such steps to ensure that the Council could consider a debt agreement before the date on which the Council will require such financing.

By considering the cash flow of the municipality it must be provide for emergency situations that additional cash may be needed and should be kept in mind to determine whether the Council should enter into short-term debts. Nothing prevents the Accounting Officer, if it appears that during the financial year a cash shortage arises, to obtain approval from the Council for the introduction of short-term debts. However if it will not be repaid in the same financial year as a result of underperformance in terms of credit or over expenditure, the Council is not allowed to approve such agreement.

The conditions set out in Chapter 6 of the Act on Local Government: Municipal Finance Management, 2003 (Act No. 56 of 2003) must at all times be complied with by the Accounting Officer.

7.3.2. Long-term Debt - Capital Asset
The Council has an obligation to acquire assets in order to ensure service delivery, however it is not always possible for the Council to finance these assets from its own cash reserves. It is for this purpose that the Council may incur long-term debt. No capital projects may be entered into before the financing sources have been considered, approved and are available. For the purposes of this, “available” means a legally enforceable document in the municipality’s possession that guarantees the funding. Short-term bridging finance for capital expenditure may be incurred in anticipation of the disbursement of the long-term debt, provided that the long-term financing is “available” and the conditions for engaging in short-term debts, as per par.7.3.1 above, are met.
The cost of long-term assets which may be incurred include capitalized interest for a reasonable time, the cost of securities, finance costs, advertising, legal, advisory, trustee, credit ratings and other costs of finance, professional services, where it directly applicable to the project and other amounts that the Minister of Finance may approve.

The terms of repayment of any debt must be calculated according to the expected useful life of the assets financed with the debt. No long-term debt may be incurred if it is not compatible with the Municipality’s capital budget, excluded for refinancing.

7.3.3. Long-term Debt – Refinancing

The Municipality is, in terms of Section 46 (5) of the Act on Local Government: Municipal Finance Management Act, 2003, allowed refinancing of long-term debt with the aim to save on the cost of debt. The Accounting Officer must, for this purpose, at least annually and as part of the budget process evaluate and report to the Council about the cost of existing debt, or if the refinancing is a benefit to the Municipality. As part of the evaluation, the Accounting Officer should consider if a once-off payment at the end of the loan period would not be more favorable to the Municipality if the repayments are invested in an investment fund with reasonable projected return on such investment. Refinancing may only be for long-term debt which has been incurred lawfully in the past and with the further condition that the loan period does not exceed the expected lifespan of the assets financed thereby.

7.4. Security for Debt

It is common practice that investors or financers required security for granting loans. The municipality will provide security for the inclusion of debt, as set out in section 48 of the Act on Local Government: Municipal Finance Management Act, 2003, but the Council will consider each form of security, together with the debt agreement.

7.5. Procedures for debt approval and securities

The procedures for approval of debt and debt security are defined in Chapter 6 of the Act on Local Government: Municipal Finance Management Act, 2003. For completeness of this policy is shown below:

7.5.1. Short-term Debt

“MFMA Sec45 (2) A municipality may incur short-term debt only if -
(a) A resolution of the municipal council, signed by the mayor, has approved the debt agreement; and
(b) The accounting officer has signed the agreement or other document which creates or acknowledges the debt.”

7.5.2. Long-term Debt

(2) A municipality may incur long-term debt only if -
(a) A resolution of the municipal council, signed by the mayor, has approved the debt agreement; and the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) A municipality may incur long-term debt only if the accounting officer of the municipality -
(a) Has, in accordance with section 21A of the Municipal System Act-
(i) at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public in an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and
(ii) Invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and

(b) Has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of-
(i) The essential repayment terms, including the anticipated debt repayment schedule; and
(ii) The anticipated total cost in connection with such debt over the repayment period.”

7.5.3. Security

“MFMA Sec48 (3) A council resolution authorizing the provision of security in terms of subsection (2) -
(a) Must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and
(b) If so, must indicate the manner in which the availability of the asset or right for the provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the municipality, deal with the asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the
municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be."

7.6. Cost of Debt
The municipality must guard that the cost of long-term debt do not rise to such a level that it has a remarkable negative effect on taxes or other municipal charges such as maintenance. The maximum percentage of the operating budget for the repayment of debt must be calculated in the municipality’s long-term budget with thorough consideration of the needs identified in the Integrated Development Plan, the cost of new or replacement of existing infrastructure and equipment and other administrative needs.

7.7. Competitive Bidding
The Accounting Officer should adhere to the process as per Supply Chain policy when considering the bids received. For purposes of evaluating tenders in terms of costs, the expected interest debt over the full term of the proposed debt agreement calculated and used as the basis for the 80/20 and 90/10 allocations.

7.8. Types of Debt and Financing sources
The types of debt that may be incurred and the debt financing which may be incurred are as follows:

7.8.1. Types of Short-term Debt
- Bank overdraft
- Short Term Loans
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

7.8.2. Types of Long-term Debt
- Long-Term Loans
- Installment Credits
- Finance Leasing
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

7.8.3. Financing Sources
- Public
- Banks
- Development Bank of South Africa
- Infrastructure Finance Corporation
- Public Investment Commissioners
- Insurance Companies
- Municipal Pension Funds
- Other Public Pension Funds
- Bond Trusts
- Internal Funds
- Other Sources

7.9. Commission or Cost
No Commission is payable to an officer or board member, or spouse to, business partner or immediate relative of an officer or board member by an institution, investors or financiers, for any reference made by them.

Any commission, fee or other compensation paid to any person by an institution must certify to the municipality by the institution through a certificate.

Any quotation / tender to the municipality given by an institution must be net of fees, commissions or rewards, but also need to include commission, rewards or costs, that will be paid in respect of the debt.

7.10. Performance
The Accounting Officer must annually measure and report to the Council on the performance of its debt in terms of the stipulated objectives of this policy.

7.11. Forbidden activities
- No debt may be made otherwise than in the name of the municipality.
- Money cannot be borrowed for the purpose of investments.
- No person, including officers and council members, may interfere or attempt to interfere in the management of fault attributed to the Accounting Officer or persons delegated by the Accounting Officer.
- No debt may be made in any other currency than the Rand, and that is not linked, or is affected by any change in the value of the Rand against any foreign currency.
- No debt shall be made for expenses not related to the functions and powers of the municipality.
7.12. Reporting
The Accounting Officer must within 10 working days after the end of each quarter furnish the Mayor with a report setting out the detail of each debt portfolio. The above report must be in the format provided by National Treasury for reporting and monitoring of debt...

8. Review of the Policy
This Debt Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council. All proposed changes to this policy should be tabled by the Mayor as part of the annual review of policies and budget documentation. Whenever the Minister of Finance or the National Treasury or the Auditor - General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council. Such submission must be accompanied with a full description of the reasons for the change to the policy.

Date of adoption: 1 July 2015
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1. INTRODUCTION AND OBJECTIVE

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

2. SECTION A: FUNDING POLICY

2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years’ surpluses not committed for other purposes; and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash-funded i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care with the primary objective of ensuring that the objectives of this policy are achieved.

2.3 STATEMENT OF INTENT

The municipality will not approve a budget which is not cash-funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

2.4 CASH MANAGEMENT

Cash must be managed in terms of the municipality’s Cash Management and Investment Policy.

2.5 DEBT MANAGEMENT

Debt must be managed in terms of the municipality’s Debt Management Policy, together with any requirements in this policy.

2.6 FUNDING OF THE OPERATING BUDGET

2.6.1 Basis of Calculation

- The incremental approach is used in preparing the annual Operating Budget, except in cases where contractual commitment has been made that would span over more than one financial year. In these instances the zero-based method will be followed.
- The annual Operating Budget shall be based on realistically anticipated revenue that should be equal to the anticipated operating expenditure in order to result in a balanced budget.
- An income-based approach shall be used where the realistically anticipated income is determined first and the level of operating expenditure would be based on the determined income, thus resulting in a balanced budget.

2.6.2 Assumptions for different categories

The following assumptions are used when compiling the budget for the following expenditure categories:

2.6.2.1 Employee-Related Costs

The salaries and allowances are calculated based on the percentage increases as per the collective agreement between organised labour and the employer for a particular period. The remuneration of all political office bearers is based on the limitation and percentages as determined by the responsible National Minister.
2.6.2.2 Depreciation and Amortisation

Depreciation is calculated at Deemed cost using the straight line method, to allocate depreciation cost to the residual values over the estimated useful lives of the assets.

2.6.2.3 Interest External Borrowings

The above refers to interest and redemption that has to be repaid on an external loan taken up by the Municipality. The Budget is determined by the repayments that the Municipality is liable for based on the loan agreements entered into with the Institutions.

2.6.2.4 Bulk Purchase

The expenditure on bulk purchases shall be determined by using the tariffs as stipulated by the WCDM and NERSA or any other service provider from time to time.

2.6.2.5 General Expenses

The growth will be based on a percentage growth in line with the prevailing growth rates and the CPI and prior actual expenditure trends.

2.6.2.6 Repairs and Maintenance

Repairs and Maintenance shall be determined in conjunction with the needs of the different Directorates and in accordance with the Asset Policy for the maintenance of Infrastructure Assets and Normal Maintenance.

2.6.2.7 Contributions to funds

Contributions made to provisions are based on actual expenditure in the previous year and any other factor that could have effect.

2.6.3 The Operating Budget shall be financed from the following sources.

- Service Charges
- Electricity charges
- Water sales
- Refuse removal fees
- Sewerage fees

2.6.3.1 Taxes

Assessment rates are levied in terms of the Municipal Property Rates Act based on land and improvements value. Tariffs are set in accordance with the stipulations as set out in the Tariff Policy.

2.6.3.2 Grants and Subsidies

Grants and subsidies shall be based on all gazetted grants from the National and Provincial Treasuries and all other Public Contributions from organisations.

2.6.3.3 Interest on Investments

The budget for interest on investments shall be in accordance with the Cash and Investment Policy of the Municipality.

2.6.3.4 Rental Fees

The budget for income from rental will be based on the fees set out in the rental contracts.

2.6.3.5 Other Income

All other income will be budgeted on the actual income received in the preceding year and a percentage growth rate for the particular year.

2.7 FUNDING OF THE CAPITAL BUDGET

The Capital Budget can be funded by way of own contributions, grants, public contributions or any other financing source secured by the local authority.

2.7.1 Own Funding Sources

The Municipality has established a Capital Replacement Reserve (CRR) for the purpose of financing capital projects and the acquisition of capital assets on the following conditions:

2.7.2 Purpose of the CRR

It is the policy of the Municipality to establish a Capital Replacement Reserve. The purpose of the CRR is to set funds aside for the financing of property, plant and equipment. The CRR is therefore an asset financing source that represents an alternative to other funding sources available to municipalities, namely external loans (interest bearing borrowings) and government grants and subsidies.

2.7.3 Contributions to the CRR

It is the policy of Council to make contributions annually to the CRR to ensure that the CRR remains a capital funding source for the future. The Municipality will determine its future capital financing requirements and endeavour to transfer sufficient cash to its CRR in terms of this determination. The Integrated Development Plan, the Municipality’s ability to raise external finance and the amount of Government grants and subsidies that will be received in future will need to be taken into account in determining the amount that must be transferred to the CRR.
Every year, with the closure of the financial records, the Chief Financial Officer will decide on the amount that should be contributed to the CRR also taking into account the influence of depreciation, interest on investments etc.

2.8 Accounting Requirements

The balance of the CRR must always be represented by cash. The CRR may only be utilised for the financing of items of property, plant and equipment as specified in GRAP 17 for the Municipality and may not be used for the maintenance of any assets. Whenever an asset is financed out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into Accumulated Surplus on the Statement of Changes in Net Assets. This is done to accommodate future annual depreciation charges on assets funded from the CRR.

A register must be kept with full details of all the following transactions:

(a) Land Sales.
(b) Developers Contributions.

2.9 Other Funding Sources

The Capital Budget shall be financed from external sources such as the following:

- Grants and subsidies as allocated in the Division of Revenue Act
- Grants and subsidies as allocated by Provincial Government
- External loans
- Public contributions
- Any other financing sources secured by local authorities

3. SECTION B: RESERVES

3.1 Introduction

The Municipality recognises the importance of providing to the Municipality itself, as well as its creditors, financiers, staff and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

3.2 Types of Reserves

Reserves/Provisions can be classified into two main categories being "cash funded" and "non–cash funded".

3.2.1 Cash Funded Reserves

In order to provide sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

a) Statutory reserves

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

b) Capital Replacement Reserves

- The Capital Replacement Reserve is a reserve to finance future capital expenditure.

3.2.2 NON–CASH FUNDED RESERVES / PROVISIONS

On occasion it is necessary to create non–cash funded reserves. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required and provisions such as post-retirement benefits and rehabilitation of land fill sites.

4. REVIEW OF THE POLICY

The Funding and Reserves Policy is the only policy of the Municipality in this regard and replaces any preceding post policies in this regard. Any revision of the policy must be approved by Council.

Whenever the Minister of Finance or National Treasury requires changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed annually and submitted for consideration by Council.

Date of adoption: 1 July 2015