

1. **FINAL BUDGET 2023/2024 MTREF (MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK) / FINALE BEGROTING 2023/2024 MEDIUM TERMYN INKOMSTE EN UITGAWE RAAMWERK (MTIUR) / UYLO LOLWABIWO-MALI 2023/2024 MTREF (INGENISO YEXESHA ELIFUTSHANE KUNYE NENDLELA YENCITHO)**

**(6/18/7)**

**19 MAY 2023**

**REPORT FROM THE EXECUTIVE MAYOR (ALD M BOOYSEN)**

**2 PURPOSE**

To table the final budget 2023/24 MTREF of Garden Route District Municipality for approval in terms of Section 16 (2) of the Municipal Finance Management Act 56 of 2003.

**3. DELEGATED AUTHORITY**

Council

**4. EXECUTIVE SUMMARY**

As per section 16(2) of the Municipal Finance Management Act 56 of 2003, the mayor must submit the annual Budget to the municipal council for approval before the start of the new financial year.

The Multi-year Budget for 2023/24, 2024/25, 2025/26 is hereby submitted to the council for approval. The budget must be read in the prescribed format, refer to attachment containing the breakdown of the Final Budget.

### Budget Summary

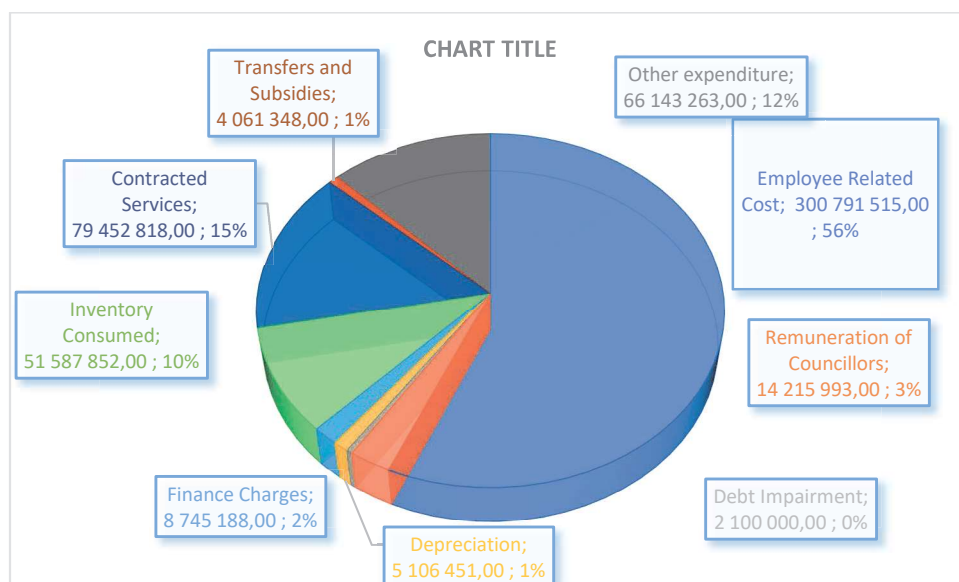
HIGH LEVEL SUMMARY: BUDGET 2023/2024			
High-level Summary	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Operational Revenue	526 418 230,00	578 422 856,00	609 223 914,00
Operational Expenditure	- 532 204 428,00	- 584 664 581,00	- 617 007 539,00
<b>Surplus / (Deficit)</b>	<b>- 5 786 198,00</b>	<b>- 6 241 725,00</b>	<b>- 7 783 625,00</b>
Capital Expenditure	- 158 300 075,00	- 96 446 650,00	- 900 000,00
Less funded from NT Grants	4 000 000,00	5 000 000,00	-
Less funded from PT Grants	4 481 000,00	500 000,00	500 000,00
Less funded from Borrowings	143 981 000,00	90 546 650,00	-
Less funded from Own funds	5 838 075,00	400 000,00	400 000,00
<b>Surplus / (Deficit) after Capital</b>	<b>- 5 786 198,00</b>	<b>- 6 241 725,00</b>	<b>- 7 783 625,00</b>

### The Final 2023/24 MTREF Budget per the municipality's IDP Strategic Objectives:

Strategic Objective	Bud 23/24	Bud 24/25	Bud 25/26
SO1:A Skilled Workforce and Communities	44 608 217	38 812 903	40 233 851
SO2: Bulk Infrastructure Co-ordination	197 842 297	208 424 691	218 738 113
SO3: Financial Viability and Sustainability	23 746 650	25 173 800	26 818 706
SO4: Good Governance	129 239 934	127 840 844	138 081 453
SO5: Growing an Inclusive District Economy	11 951 252	12 207 391	12 508 618
SO6: Health and Socially Stable Communities	86 806 254	130 182 159	136 150 916
SO7: Sustainable Environmental Management and Public Safety	38 009 824	42 022 793	44 475 882
<b>Grand Total</b>	<b>532 204 428</b>	<b>584 664 581</b>	<b>617 007 539</b>

### Summary of Total Operating Expenditure

SUMMARY: TOTAL EXPENDITURE			
Description	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Employee Related Cost	300 791 515,00	310 169 903,00	331 653 847,00
Remuneration of Councillors	14 215 993,00	15 211 112,00	16 275 888,00
Debt Impairment	2 100 000,00	1 638 975,00	1 679 949,00
Depreciation	5 106 451,00	5 234 112,00	5 364 967,00
Finance Charges	8 745 188,00	20 231 544,00	19 484 892,00
Inventory Consumed	51 587 852,00	55 392 019,00	56 773 920,00
Contracted Services	79 452 818,00	101 442 556,00	108 485 891,00
Transfers and Subsidies	4 061 348,00	3 622 833,00	3 705 171,00
Other expenditure	66 143 263,00	71 721 527,00	73 583 014,00
<b>Total Operating Expenditure</b>	<b>532 204 428,00</b>	<b>584 664 581,00</b>	<b>617 007 539,00</b>



- Operational expenditure has been classified and budgeted for according to the mSCOA
- Non-cash items like bad debts, depreciation and amortisation were aligned to the 2021/22 audited financial figures.
- Other expenditure budgeted for was also increased with the projected CPI Inflation forecast of 3%.
- Refreshments, Catering and Entertainment has been drastically decreased.
- Training and bursaries were reduced from the previous year.
- Subsistence and Travel was also reduced.

### Overview of Salary Budget

#### SALARY / REMUNERATION RELATED EXPENDITURE (GRDM)

Description	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Remuneration of Councillors	14 215 993,00	15 211 112,00	16 275 888,00
Employee related cost - Senior Management	9 587 437,00	10 162 683,00	10 772 445,00
Employee related cost - Municipal Staff	291 204 078,00	300 007 220,00	320 881 402,00
<b>Total Salary Related expenditure</b>	<b>315 007 508,00</b>	<b>325 381 015,00</b>	<b>347 929 735,00</b>

The MFMA Budget Circular No.123 (03 March 2023) stated the following – “The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2023/24 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 and 01 July 2024 an increase based on the projected average CPI percentages for 2023 (5.4 per cent according to the Reserve Bank’s Monetary Committee Statement for January 2023) and 2024 (4.8 per cent according to the Reserve Bank’s Monetary Committee Statement for January 2023). The forecasts of the Reserve Bank, in terms of the January 2023 and January 2024, shall be used to determine the projected average CPI”.

Employee Related costs were adjusted on average with 7% (6% plus the 1% notch increase, No new vacant positions have been budgeted for in view of the financial constraints and that the majority of the budget (59%) is allocated to employee related costs.

Overtime and standby have been cut and only emergency staff will be considered when applying for standby and overtime, but operations will be revisited to ensure these standby and overtime is also reduced.

## Summary of Revenue

Summary: Total Revenue	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Rent on Land	626 653,00	456 653	456 653
Rental on Facilities	3 121 958,00	3 121 958	4 000 000
Safety Plan ImplementationWhole of Society Approa	1 560 000,00	1 622 000	1 671 000
SETA funding (Skills Mecca)	15 000 000,00	15 000 000	15 000 000
SETA Admin Fee	1 125 000,00	1 125 000	1 125 000
Admin Fees: Skills Mecca	2 651 034,00	2 651 034	2 651 034
Contribution BMun towards generator wet fuel	250 000,00	0	0
Equitable Share RevTransf and subsidies	178 333 000,00	186 631 000	195 195 000
Financial Assets Rev Interest earnedexternal inve	8 427 000,00	8 932 620	9 610 606
Bank Accounts Rev Interest earnedexternal invest	1 706 600,00	1 808 996	1 946 299
Local Government Financial Management Grant Sched	1 000 000,00	1 000 000	1 100 000
Municipal Systems Improvement Grant	1 000 000,00	0	2 800 000
Expanded Public Works Programme Integrated Grant f	2 180 000,00	0	0
Integrated Transport Planning RevTransf and subsi	0,00	939 000	982 000
Rural Roads Asset Management Systems Grant Schedul	2 754 000,00	2 721 000	2 843 000
Disaster Management Internship Grant	4 481 000,00	500 000	500 000
Management Fees RevAgency services	21 239 000,00	21 224 000	25 794 600
Sundry Income Other Rev	10 317,00	10 936	11 592
Fire Services Other Rev	9 093 508,00	9 003 118	10 543 305
Personal Primary Health Care Services RevTransf a	3 236 200,00	3 430 372	3 636 194
Insurance Refund Other Rev	152 378,00	161 521	171 212
Human Settlement	5 000 000,00	5 000 000	5 000 000
Interst on Debtors	3 370 800,00	3 573 048	3 787 431
MMC Contribution from BMunicipalities Income	1 041 810,00	0	0
Sale op Porperty	3 600 000,00	0	0
EEDSM Capital (Energy Efficiency and Demandside	4 000 000,00	5 000 000	0
Administrative Handling Fees Other Rev	337 080,00	357 305	378 743
Skills Development Levy Refund Other Rev	332 890,00	352 863	374 035
Services Seta Bursary	359 340,00	380 900	403 754
Resort Income	14 317 816,00	15 176 886	16 477 234
Other Assets RevRental of facilities and equipmen	254 912,00	270 206	293 579
Materials and Equipment Other Rev	24 608,00	26 084	27 649
Health Services Other Rev	438 599,00	464 915	492 810
Roads Continued Members	1 727 708,00	1 831 370	1 941 252
Roads Revenue Transfer	193 150 000,00	202 860 000	214 955 000
Health Certificates RevLicences and permits	182 560,00	193 514	205 125
Administration Fees	2 644 297,00	6 305 910	5 942 265
Service Charges Income	37 688 162,00	76 290 647	78 907 542
<b>Total Revenue</b>	<b>526 418 230,00</b>	<b>578 422 856</b>	<b>609 223 914</b>



## **RSC REPLACEMENT GRANT**

The equitable share over the MTREF period grows very slowly. The RSC levy replacement grant only increases with about 3% per annum (R5.6m), which is not sufficient to ensure the financial sustainability of this municipality, as it is below the annual CPIX. Our limited revenue resources have compelled the municipality to pursue additional income sources in order to deliver the services in the region and this remains a challenge as we have limited own income sources. Turnaround strategies are compiled for properties and resorts and alternative revenue enhancement strategies are being explored - for example becoming a water services authority.

The GRDM has developed this investment prospectus containing regional catalytic investment opportunities across the Garden Route. The purpose of the prospectus is to display the region's investment-friendly climate and its economic activities and opportunities to the national and international business community and in so doing, attracting new investments and retaining and expanding existing investments in the Garden Route region. The prospectus includes the investment opportunities of all seven (7) municipalities within the boundaries of the region, as well as the District Municipality's specific opportunities. The investment opportunities identified for our region amount to more than R508billion. This projective are classified as median to long term projects. As can be seen from the value of these projects, it is clear that they cannot be financed through the current municipal resources. A task team will be established to ensure that credible business plans are compiled and submitted to relevant private (local and abroad) and public institutions for possible investments.

The prospectus can be accessed here <https://invest.gardenroute.gov.za>

## **REGIONAL LANDFILL SITE**

The appointment Private Party to construct the regional landfill site has signed the service level agreement. It is envisioned that the landfill site construction will commence early June According to the Engineer's report, the landfill site is designed with a capacity to be of service for 25 years. (4 cells of 25 hectares in size with a capacity to be filled 12 meters in height). The investment on this project is more than almost R300million.

The Garden Route District Municipality embarked on a procurement process to obtain borrowing to finance the facility's construction. After an intensive tender adjudication process and after a consultation with all the participating municipalities to analyse and determine the best and most appropriate tendered loan option, it was collectively decided that the preferred option of the tenders offered would be clearly the 10-year loan.

GRDM has negotiated service level agreements with participation B Municipalities. It is imperative that the participating local municipalities provide a signed SLA, indicating the participation for 10 years. The tariffs are included in the GRDM tariff structure to cater for the provision of this service.

A Regional Waste Management Facility Project Steering Committee has been established, consisting of various sections to provide inputs and assist the project manager that the project will commence and be completed as per timeframes set up.

There are four participating municipalities (Bitou, Knysna, George and Mossel Bay) who will be utilising the regional landfill site. Monthly accounts will be sent to the participating municipalities for the utilisation of the landfill site. The tariff policy and tariff listings included in the budget submission sets the tariff to be charged. This was established based on a financial model prepared by consultants based on a “best estimate” calculation for the construction and operating of the landfill site. This tariff will be revised annually to ensure the tariff covers the full cost of the service that GRDM will be providing to participating municipalities in this regard.

A separate rehabilitation reserve will be set up which must be cash-backed to ensure cash is available to rehabilitate the landfill space at the end of its useful life. Included in the monthly accounts to the participating municipalities, a contribution is included for the rehabilitation of the regional landfill site to ensure cash reserve will be sufficient to rehabilitate the landfill site at the end of its useful life. The facility will ensure that we continue to have clean towns and that the Tourism industry is not impacted.

### **RENTAL OF PROPERTIES/FACILITIES**

It is envisioned with the turnaround strategy for properties and resorts, that additional funding can be generated if market related rental agreements are signed with current/new tenants

### **INTEREST EARNED**

Interest earned was increased slightly over the MTREF period. Management reviewed the Investment Strategy to update the approach and alternatives – e.g., all cash not deposited in call accounts at banks for interest, but potentially invest in other assets (as allowed by the MFMA) for higher returns.

### **GOVERNMENT GRANTS**

Budgeted as per DoRA (Division of Revenue Act). The municipality is grant dependent, hence the exploration of alternative revenue sources. The operations are mainly funded from the Equitable Share and our Roads function is funded through the Provincial Allocation. Equitable Share accounts for more than 50% of our income, when we excluded the roads allocation.

### **INCOME FROM AGENCY SERVICES**

Included under this item is the administration fee at 12% of the total allocation received for performing the roads function on behalf of the Department of Public Transport. (12% of R190m = R21m).

### **SALE OF GOODS AND SERVICES/OPERATIONAL REVENUE**

Included under this item is the income from resorts and firefighting income.

### **TURNAROUND STRATEGY PROPERTIES:**

The Municipality has embarked on aggressive marketing for the resorts as well as cost saving initiative. The cost saving initiative includes the installation of solar system and battery power storage at De Hoek Resort. This is expected to reduce the electricity consumption from the grid by 95%. This has already proved to be a success as the monitoring indicate a drastically reduced electricity consumption.

It is envisaged that the same approach will be used in various GRDM offices, including reviving the solar project in head office. The ACFO is in discussion with the Project Management unit to replicate the De Hoek system in the head office.

A turn-around strategy for properties and resorts is currently being developed by the property manager to maximise potential for properties. Revenue from properties has increased significantly and it is envisioned that this trend will continue.

Negotiations are in advance stages with different spheres of Government regarding transfer of certain properties to GRDM. These properties will be utilised to realise some of the project on our investment prospectus.

### **4.9 ROADS AGENCY FUNCTION**

As mentioned previously, R 193 150 000 of the Roads agency function has been included in the operating revenue budget.

### **OTHER ADMINISTRATION FEES RECEIVED:**

Included under administration fee income, the following administration fees were included:

- SETA admin fee of R3.7m (Total allocation R18.7m split in R15m expenditure and R3.7m admin fee payable to GRDM). This project is being driven by the Department of Corporate Services.
- Administration fee for the regional landfill site R2.6m (Total allocation R29m split in R2.6m admin fee)

### **OVERVIEW OF CAPITAL BUDGET**

In the 2023/24 financial year, the main capital expenditure items are the construction of the Landfill Site and the Fire Station. The latter is financed through a mixture of own revenue and a Grant of R3m. The landfill Site is financed through borrowing.

Refer to section 4.2 for more detail regarding the regional landfill site project

CostCentre	OwnDescription	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
PMU	Upgrading of buildings - Retrofitting EEDS	4 000 000,00	5 000 000,00	-
Information technology	Replacing ICT Capital Equipment beyond economical	250 000,00	250 000,00	250 000,00
Executive Manager: Community Services	Firestation: George	4 638 075,00	-	-
Executive Manager: Community Services	Firestation: George	3 000 000,00	-	-
Executive Manager: Community Services	Firefighting Vehicle (bakkie)	981 000,00	-	-
Fire Fighting	Hazmat Rescue , Fire Equipment	150 000,00	150 000,00	150 000,00
Fire Fighting	Hazardous Materials Equipment	500 000,00	500 000,00	500 000,00
Resorts: Calitzdorp Spa Resort	Vehicle (bakkie)	800 000,00	-	-
Waste Management Landfill Sites	Landfill Site: PPE	143 981 000,00	90 546 650,00	-
		<b>158 300 075,00</b>	<b>96 446 650,00</b>	<b>900 000,00</b>

## Tariffs

### *Fire tariffs:*

- Tariffs increased with 6% based on the 2022/23 tariffs

### *Resorts tariffs:*

- Tariffs at Calitzdorp Spa was increased by 6%
- Tariffs at De Hoek was increased by 6%
- Tariffs at Swartvlei was increased by 6%
- Tariffs at Victoria Bay was increased by 6%

### *Regional Waste Management Facility tariffs (new):*

Client	Utilisation of Regional Waste Management Facility	2023/24	2024/25	2025/26
		R (VAT incl)	R (VAT incl)	R (VAT incl)
Mossel Bay Municipality	Monthly tariff (all inclusive)	1 847 545	1 958 398	2 075 902
George Municipality		2 325 091	2 464 596	2 612 472
Knysna Municipality		806 228	854 602	905 878
Bitou Municipality		596 196	631 968	669 886
Other clients				
- General Waste	Price per one metric ton	654	693	734
- General Waste	Price per quarter metric ton	163	173	183
- Hazardous Waste	Price per one metric ton	953	1 010	1 071
- Hazardous Waste	Price per quarter metric ton	238	252	267

### *Other tariffs:*

- Increased with 6% for example printing and copying costs

## **4 LIST OF POLICIES THAT ARE INCLUDED IN THE BUDGET:**

- a) Supply Chain Mangement Policy

- b) Asset Management Policy
- c) Tariffs Policy
- d) Credit Control and Debt Collection Policy and By-law
- e) Long Term Financial Management Policy
- f) Budget policy
- g) Borrowing Policy
- h) Funding and Reserve Policy
- i) Petty Cash Policy
- j) Banking, Cash Management and Investment Policy
- k) Preferential Procurement Policy
- l) Cost Containment Policy

## 5. RECOMMENDATIONS

That Council take the following resolutions:

- 1) That the final annual budget of Garden Route District Municipality for the financial year 2023/24 as set out in the schedules contained in Section 4 and Annexure A be approved:
  - (a) Table A1 Consolidated Budget Summary;
  - (b) Table A2 Consolidated Budget Financial Performance (by standard classification);
  - (c) Table A3 Consolidated Budget Financial Performance (by municipal vote);
  - (d) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
  - (e) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
  - (f) Table A6 Consolidated Budget Financial Position;
  - (g) Table A7 Consolidated Budget Cash Flows
  - (h) Table A8 Consolidated Cash backed reserves/ accumulated surplus
  - (i) Table A9 Consolidated Asset Management
  - (j) Table A10 Consolidated basic service delivery measurement
- 2) That Council approves the Operating Revenue Budget of R526,418,230.
- 3) That Council approves the Operating Expenditure budget of R532,204,428.
- 4) That Council approves the Capital budget of R 158,300,075.
- 5) That Council takes note that R 193,150,000 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
- 6) That Council approves the tariffs for all services. (Annexure B)
- 7) That Council approves the amended budget related policy that have been reviewed and that have been amended, namely:
  - SCM Policy (Annexure H)
  - Preferential Procurement Policy (Annexure L)

- 8) That council approves the following policies that have been reviewed and remained unchanged, namely:
- Tariffs Policy (Annexure C)
  - Long-term Financial Management Policy (Annexure D)
  - Budget policy (Annexure E)
  - Asset Management Policy (Annexure F)
  - Funds and Reserve Policy (Annexure G)
  - Credit Control and Debt Collection Policy and Bylaw (Annexure I)
  - Banking, Cash Management and Investment Policy (Annexure J)
  - Borrowing Policy (Annexure K)
  - Petty Cash Policy (Annexure M)
  - Cost Containment Policy (Annexure N)
- 9) That Council takes note of the following Budget Circulars, namely:
- MFMA Circular No 122 (Annexure O)
  - MFMA Circular No 123 (Annexure P)
- 10) That Council take note of the project plans submitted by the departments (Annexure S)
- 11) That Council approves that the indicated portion of the capital budget be funded from the Capital Replacement Reserve which is cash funded.
- 12) That Council approves that the operational budget deficit be funded from accumulated reserves from prior years, which is cash funded.
13. That the contents of the report regarding the Service Delivery Standards be approved.

## **AANBEVELINGS**

*Dat die Raad die volgende aanbevelings aanvaar en goedkeur soos voorgelê:*

- 1) *Dat die Raad goedkeuring gee vir die meerjarige konsepbegroting vir Garden Route Distrik Munisipaliteit vir die finansiële jaar 2023/2024 soos uiteengesit in seksie 4 van die begrotingsverslag en Aanhangel A:*
- (a) Tabel A1 Gekonsolideerde begrotings opsomming;*
  - (b) Tabel A2 Gekonsolideerde Begrotings Finansiële prestasie (volgens standard klassifikasie);*
  - (c) Tabel A3 Gekonsolideerde Begrotings Finansiële Prestasie (volgens munisipale segment);*
  - (d) Tabel A4 Gekonsolideerde Begrotings Finansiële Prestasie (Inkomste en Uitgawes)*
  - (e) Tabel A5 Gekonsolideerde Kapitale Begrotings uitgawes (volgens munisipale segment en befondsing bron)*
  - (f) Tabel A6 Gekonsolideerde Begroting Finansiële*
  - (g) Tabel A7 Gekonsolideerde Begroting Kontantvloei*

- (h) Tabel A8 Gekonsolideerde kontant gerugsteunde reserwes/opgehoopte surplus
- (i) Tabel A9 Gekonsolideerde Bate Bestuur
- (j) Tabel A10 Gekonsolideerde Basiese dienslewering bepaling
- 2) Dat die Raad Bedryfsinkomste van R 526,418,230 goedkeur.
  - 3) Dat die Raad Bedryfsuitgawes van R 532,204,428 goedkeur.
  - 4) Dat die Raad Kapitale Begroting van R 158,300,075 goedkeur.
  - 5) Dat die Raad kennis neem dat R 193,150,000 bedryfsinkomste en bedryfsuitgawes van Departement van Publieke Vervoer vir die paaie agentskapsfunksie ingesluit is by die totale bedryfsbegroting soos per aanbeveling 1 – 4.
  - 6) Dat die Raad die tariewe vir alle dienste goedkeur. (Aanhangsel B)
  - 7) Dat die Raad die aangepaste begrotingsverwante beleid wat hersien en verander is goedkeur, naamlik:
    - Voorsienings Kanaal Beleid (Aanhangsel H)
    - Voorkeur Verkrygings Beleid (Aanhangsel L)
    -
  - 8) Dat die Raad die volgende beleide hersien is en geen veranderinge is aangebring nie goedkeur, naamlik:
    - Tariewe Beleid (Aanhangsel C)
    - Langtermyn Finansiële Bestuurs Beleid (Aanhangsel D)
    - Begrotings Beleid (Aanhangsel E)
    - Bate Bestuurs Beleid (Aanhangsel F)
    - Opgehoopte fondse en reserwe beleid (Aanhangsel G)
    - Krediet Beheer en Skuld Invorderings Beleid (Aanhangsel I)
    - Bank, Kontantbestuur en beleggings Beleid (Aanhangsel J)
    - Lenings Beleid (Aanhangsel K)
    - Kleinkas Beleid Regulasies (Aanhangsel M)
    - Koste Besparings Beleid (Aanhangsel N)
  - 9) Dat die Raad kennis neem van die volgende begrotings omsendskrywes, naamlik:
    - MFMA Omsendskrywe No 122 (Aanhangsel O)
    - MFMA Omsendskrywe No 123 (Aanhangsel P)
    - MFMA Omsendskrywe No 116 (Aanhangsel Q)
  - 10) Dat die Raad kennis neem van die projek planne wat ingedien is deur die departemente (Aanhangsel S)
  - 11) Dat die Raad goedkeuring verleen dat die kapitale begroting befonds word uit die Kapitale Reserwe fonds wat kontant gerugsteun is, soos aangedui.
  - 12) Dat die Raad goedkeuring verleen dat die tekort op die bedryfsbegroting befonds word uit opgehoopte fondse van vorige jare wat kontant gerugsteun is.
  13. Dat die inhoud van die verslag rakende die Diensleweringstandaarde goedgekeur word.



## ISINDULULO

Sesokuba iBhunga lithathele ezi zigqibo zolandelayo:

- 1) Sesokuba ulwabiwo-mali lokugqibela lonyaka loMasipala Wesithili se Garden Route kunyakamali ka 2023/24 ngokuqulathwe kuluhlu loMhlathi 4 kunye no Annexure A luphunyezwe:
  - (a) Table A1 Consolidated Budget Summary;
  - (b) Table A2 Consolidated Budget Financial Performance (by standard classification);
  - (c) Table A3 Consolidated Budget Financial Performance (by municipal vote);
  - (d) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
  - (e) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
  - (f) Table A6 Consolidated Budget Financial Position;
  - (g) Table A7 Consolidated Budget Cash Flows
  - (h) Table A8 Consolidated Cash backed reserves/ accumulated surplus
  - (i) Table A9 Consolidated Asset Management
  - (j) Table A10 Consolidated basic service delivery measurement
- 2) Sesokuba iBhunga liphumeze ulwabiwo-mali Lwengeniso Eqhubayo neyi R 526,418,230.
- 3) Sesokuba iBhunga liphumeze ulwabiwo-mali Lwencitho Oluqhubayo lwe R 532,204,428.
- 4) Sesokuba iBhunga liphumeze ulwabiwo-mali Oluyinkunzi lwe R158,300,075.
- 5) Sesokuba iBhunga lithathele ingqalelo ukuba i R 193,150,000 yengeniso eqhubayo kunye nencitho ngokuphunyezwe liSebe Lezothutho Loluntu yomsebenzi wezobu arhenge Kwezendlela iye yabandakanywa kulwabiwo-mali Luphelele Oluqhubayo ngokwezindululo 1-4.
- 6) Sesokuba iBhunga liphumeze amaxabiso azo zonek iinkonzo. (Annexure B)
- 7) Sesokuba iBhunga liphumeze ulwabiwo-mali olu lungisiweyo ngokumalunga nomgaqo oye waqwalaselwa ngokutsha noye walungiswa nongaqo we:
  - SCM Policy (Annexure H)
  - Preferential Procurement Policy (Annexure L)
- 8) Sesokuba iBhunga liphumeze lemigaqo ilandelayo nethe yaqwalaselwa ngokutsha kwaye ayikhange ibenenguqu:
  - Tariffs Policy (Annexure C)
  - Longterm Financial Management Policy (Annexure D)
  - Budget policy (Annexure E)
  - Asset Management Policy (Annexure F)
  - Funding and Reserve Policy (Annexure G)
  - Credit Control and Debt Collection Policy and Bylaw (Annexure I)
  - Banking, Cash Management and Investment Policy (Annexure J)
  - Borrowing Policy (Annexure K)
  - Petty Cash Policy (Annexure M)
  - Cost Containment Policy (Annexure N)



- 9) Sesokuba iBhunga lithathele ingqalelo iZazinge soLwabiwo-mali nesiyi:
  - MFMA Circular No 122 (Annexure O)
  - MFMA Circular No 123 (Annexure P)
- 10) Sesokuba iBhunga lithathele ingqalelo izicwangciso zenkqubo ezinikezelweyo ngamasebe (Annexure S)
- 11) Sesokuba iBhunga liphumeze ukuba ulwabiwo-mali oluyinkunzi lubekelwe imali nesuka Kuvimba Ofakelweyo Oyinkunzi nonemali ekhoyo.
- 12) Sesokuba iBhunga liphumeze ukuba ulwabiwo-mali oluqhubayo nolunciphileyo lubenemali esuka kwinzala yovimba kwiminyaka yangphambili nethe yabanesibonelelo sezemali.
13. Sesokuba umongo wengxelo malunga Nomgangatho Wonikezelo Lwenkonzo iphunyezwe.

## 6. DISCUSSION / CONTENTS

### 6.2 Background

As per section 16(2) of the Municipal Finance Management Act 56 of 2003, the mayor must submit the annual Budget to the municipal council for approval before the start of the new financial year as per Municipal Finance Management Act 56, 2003.

The Multi-year Budget for 2023/24, 2024/2025 and 2025/26 is hereby submitted to the council for approval. The budget must be read in the prescribed format, refer to attachment containing the breakdown of the Final Budget.

### 6.2 Discussion

Municipal Finance Management Act 56 of 2003

#### **Section 16 (1) of the MFMA states:**

*“(1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year”*

*Municipal Budget and Reporting Regulations dated April 2009*

**Regulation (9) of the Municipal Budget and Reporting Regulations dated April 2009 states:**

*The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.*

**Regulation 14 (1) of the Municipal Budget and Reporting Regulations dated April 2009 states:**

*– an annual budget and supporting documentation tabled in a municipal*

*council in terms of section 16(2) and 17(3) of the Act –*

- (a) Be in the format in which it will eventually be approved by council.*
- (b) Be credible and realistic such that it is capable of being approved and implemented as tabled.*

The final budget 2023/24 MTREF of Garden Route District Municipality is hereby presented for discussion and final approval.

The full details of the budget are discussed below, please refer to the report attached on more detailed budget discussion.

### **6.3 Financial Implications**

As set out in the tabled draft budget.

### **6.4 Legal Implications**

Municipal Finance Management Act, No 56 of 2003  
Municipal Budget and Reporting Regulations, 17 April 2009

### **6.5 Staff Implications**

None

### **6.6 Previous / Relevant Council Resolutions:**

Draft MTREF 2023/2024 – 2025-2026 budget was tabled 28 March 2023 at council meeting.

### **6.7 Risk Implications**

None.

## **ANNEXURES**

Annexure A: Detailed Budget Report for financial year 2023/2024 MTREF.

Annexure B: Tariffs 2023/2024 MTREF

Annexures C – N: Budget related policies

Annexures O-P: Circulars issued by National Treasury



**GARDEN ROUTE DISTRICT  
MUNICIPALITY  
FINAL ANNUAL BUDGET REPORT**

**2023/2024- 2025/2026 MTREF**

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## Glossary

**Annual budget** – Prescribed in Chapter 4 of the MFMA.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The financial plan of the Municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** – An unconditional grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Municipal budget and reporting regulations April 2009

**MFMA** – The Municipal Finance Management Act – No. 56 of 2003. The principal piece of legislation relating to municipal financial management.

**mSCOA** – Municipal Standard Chart of Accounts

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations.

**Operating expenditure** – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – Generally, spends without, or in excess of, an approved budget.

**Virement** – means transfer of funds between function / votes within a budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be endorsed by Council through an Adjustments Budget.

**Vote** – One of the main segments into which a budget, in Garden Route District Municipality's case this means the different GFS classification the budget is divided into.

## **Legislative Framework**

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act – No. 56 of 2003  
Section 16 & 17 Annual Budgets

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations, April 2009  
A Schedule budget formats

**PART 1 – BUDGET**

Honourable Speaker, Deputy Mayor, Councillors, Municipal Manager, officials and members of the public, I want to welcome you at this stage of the tabling of my budget.

It is a privilege to be here and to table the 2023/24 MTREF Budget to council for approval. It is my pleasure to present to you a fully funded budget, given the Municipality's financial position. The MTREF budget is projecting a deficit of R5.7m (2023/24), R6,2m (2024/25) and R7,7m (2025/26). However it is comforting that although we are budgeting for a deficit the budget is fully funded, through the cash backed reserves.

The total budgeted revenue for the Municipality is R526m and the total budgeted expenditure is R R532m. Our two main sources of income are the Equitable Share, which is R178m and the Roads function allocation of R193m. This means that more than 70% of our income is derived from these two allocations. The roads allocation can only be used to finance Roads Department activities, which includes resealing, re-gravelling, maintenance, and upgrading of roads.

The budgeted road allocation includes capital project allocations of R 91m. The breakdown of these are as follows:





Equitable Share only increases with about 3% per annum (R5.6m), and that is not sufficient to ensure the financial sustainability of this municipality, as it is below the annual CPIX.

If one excludes the Roads income from our budget, the remaining main revenue source to finance projects outside the roads department is R333m. More than 50% of this income is from the Equitable Share.

In addition to the Equitable Share, we apply for and received conditional grants to the value of R40m. This brings the number of Transfers from National and Provincial Government to R220m. This means that 66% of the revenue to finance GRDM is from transfer income. This excludes the income from various SETAs which is about R15m. The reality is that the Municipality must continue to explore alternative sources of income in order to deliver on its legal mandate. This is exactly what we have been busy doing over the past few years

Our limited revenue resources have compelled the GRDM to pursue additional income sources in order to deliver the services in the region and this remains a challenge as we have limited own income sources. Turnaround strategies are compiled for properties and resorts and alternative revenue enhancement strategies are being explored - for example becoming a water services authority.

The GRDM has developed an investment prospectus containing regional catalytic investment opportunities across the Garden Route. The purpose of the prospectus is to display the region's investment-friendly climate and its economic activities and opportunities to the national and international business community and in so doing, attracting new investments and retaining and expanding existing investments in the Garden Route region.

The prospectus includes the investment opportunities of all seven (7) municipalities within the boundaries of the region, as well as the District Municipality's specific opportunities. The investment opportunities identified for our region amount to more than R508billion. These projects are classified as medium to long term projects. As can be seen from the value of these projects, they cannot be financed through the current municipal resources. A task team will be established to ensure that credible business plans are

compiled and submitted to relevant private (local and abroad) and public institutions for possible investments.

This prospectus can be accessed here <https://invest.gardenroute.gov.za>

Having been faced with the above challenges we have managed to allocate funding to various projects that are key to our communities. We have made available R4,2m to fund the EPWP projects. I have already explained the importance of this funding. In the LED and Tourism section we will be providing the much-needed assistance to the SMME's to the tune of R600 000, amongst few projects in this area. An allocation of about R 15m has been made to create employment and provide skills to our youth, through our Skills Mecca projects. Thanks to various SETAs and various government departments for their financial contributions to this project. Further details about this exciting project can be found in our investment prospectus above.

Part of our strategy is to ensure that we turn around our resorts to generate much needed revenue for the GRDM. We have therefore made provision for R9.5m for the resorts. We have also budgeted R14m income from the same.

Our Capital projects amount to R159m. The major projects are the construction of the Regional Landfill site and the Fire Station. Both these projects are regional projects, and they will be serving the region. The Construction of the Fire Station is at the advanced stage and the Landfill site will be starting in June 2023.

The GRDM embarked on a procurement process to obtain borrowing to finance the landfill site construction. An intensive tender adjudication process was followed. Consequently, after consultative process with all the participating municipalities to analyse and determine the best and most appropriate tendered loan option, it was collectively decided that the preferred option of the tenders offered would be clearly the 10-year loan. This loan will have an all-in floating rate of 6.89% and is offered by Standard Bank.

GRDM has negotiated service level agreements with participating b-municipalities. It is imperative that the participating local municipalities provide a signed SLA, indicating the participation for 10 years. The tariffs are included in the GRDM tariff structure to cater for the provision of this service.

A Regional Waste Management Facility Project Steering Committee has been established, consisting of various sections to provide inputs and assist the project manager to ensure that the project will commence and be completed as per timeframes set up.

Finally, I would like to thank the Municipal Manager and his management team for the sterling work they have done in ensuring a funded budget for the institution. There is still a lot of work ahead in order to realise the projects that are part of our investment prospectus. To that end, a task team will be established to ensure that credible business plans are compiled and submitted to relevant private (local and abroad) and public institutions for possible investments.

The attached detailed budget is therefore submitted for approval by this council.

Yours in Governance,

Alderman Memory Booysen

## EXECUTIVE SUMMARY

As per section 16(2) of the Municipal Finance Management Act 56 of 2003, the mayor must submit the annual Budget to the municipal council for approval before the start of the new financial year.

The Multi-year Budget for 2023/24, 2024/25, 2025/26 is hereby submitted to the council for approval. The budget must be read in the prescribed format, refer to attachment containing the breakdown of the Final Budget.

### Budget Summary

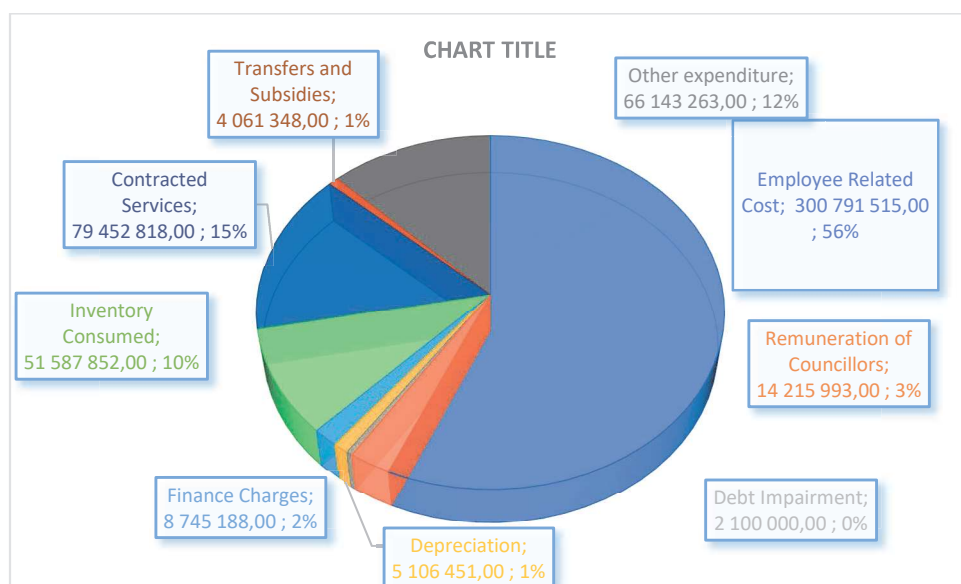
HIGH LEVEL SUMMARY: BUDGET 2023/2024			
High-level Summary	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Operational Revenue	526 418 230,00	578 422 856,00	609 223 914,00
Operational Expenditure	- 532 204 428,00	- 584 664 581,00	- 617 007 539,00
<b>Surplus / (Deficit)</b>	<b>- 5 786 198,00</b>	<b>- 6 241 725,00</b>	<b>- 7 783 625,00</b>
Capital Expenditure	- 158 300 075,00	- 96 446 650,00	- 900 000,00
Less funded from NT Grants	4 000 000,00	5 000 000,00	-
Less funded from PT Grants	4 481 000,00	500 000,00	500 000,00
Less funded from Borrowings	143 981 000,00	90 546 650,00	-
Less funded from Own funds	5 838 075,00	400 000,00	400 000,00
<b>Surplus / (Deficit) after Capital</b>	<b>- 5 786 198,00</b>	<b>- 6 241 725,00</b>	<b>- 7 783 625,00</b>

### The Final 2023/24 MTREF Budget per the municipality's IDP Strategic Objectives:

Strategic Objective	Bud 23/24	Bud 24/25	Bud 25/26
SO1:A Skilled Workforce and Communities	44 608 217	38 812 903	40 233 851
SO2:Bulk Infrastructure Co-ordination	197 842 297	208 424 691	218 738 113
SO3:Financial Viability and Sustainability	23 746 650	25 173 800	26 818 706
SO4:Good Governance	129 239 934	127 840 844	138 081 453
SO5:Growing an Inclusive District Economy	11 951 252	12 207 391	12 508 618
SO6:Health and Socially Stable Communities	86 806 254	130 182 159	136 150 916
SO7:Sustainable Environmental Management and Public Safety	38 009 824	42 022 793	44 475 882
<b>Grand Total</b>	<b>532 204 428</b>	<b>584 664 581</b>	<b>617 007 539</b>

## Summary of Total Operating Expenditure

SUMMARY: TOTAL EXPENDITURE			
Description	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Employee Related Cost	300 791 515,00	310 169 903,00	331 653 847,00
Remuneration of Councillors	14 215 993,00	15 211 112,00	16 275 888,00
Debt Impairment	2 100 000,00	1 638 975,00	1 679 949,00
Depreciation	5 106 451,00	5 234 112,00	5 364 967,00
Finance Charges	8 745 188,00	20 231 544,00	19 484 892,00
Inventory Consumed	51 587 852,00	55 392 019,00	56 773 920,00
Contracted Services	79 452 818,00	101 442 556,00	108 485 891,00
Transfers and Subsidies	4 061 348,00	3 622 833,00	3 705 171,00
Other expenditure	66 143 263,00	71 721 527,00	73 583 014,00
<b>Total Operating Expenditure</b>	<b>532 204 428,00</b>	<b>584 664 581,00</b>	<b>617 007 539,00</b>



- Operational expenditure has been classified and budgeted for according to the mSCOA
- Non-cash items like bad debts, depreciation and amortisation were aligned to the 2021/22 audited financial figures.
- Other expenditure budgeted for was also increased with the projected CPI Inflation forecast of 3%.
- Refreshments, Catering and Entertainment has been drastically decreased.
- Training and bursaries were reduced from the previous year.
- Subsistence and Travel was also reduced.

## Overview of Salary Budget

### SALARY / REMUNERATION RELATED EXPENDITURE (GRDM)

Description	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Remuneration of Councillors	14 215 993,00	15 211 112,00	16 275 888,00
Employee related cost - Senior Management	9 587 437,00	10 162 683,00	10 772 445,00
Employee related cost - Municipal Staff	291 204 078,00	300 007 220,00	320 881 402,00
<b>Total Salary Related expenditure</b>	<b>315 007 508,00</b>	<b>325 381 015,00</b>	<b>347 929 735,00</b>

The MFMA Budget Circular No.123 (03 March 2023) stated the following – “The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2023/24 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 and 01 July 2024 an increase based on the projected average CPI percentages for 2023 (5.4 per cent according to the Reserve Bank’s Monetary Committee Statement for January 2023) and 2024 (4.8 per cent according to the Reserve Bank’s Monetary Committee Statement for January 2023). The forecasts of the Reserve Bank, in terms of the January 2023 and January 2024, shall be used to determine the projected average CPI”.

Employee Related costs were adjusted on average with 7% (6% plus the 1% notch increase, No new vacant positions have been budgeted for in view of the financial constraints and that the majority of the budget (59%) is allocated to employee related costs.

Overtime and standby have been cut and only emergency staff will be considered when applying for standby and overtime, but operations will be revisited to ensure these standby and overtime is also reduced.

## Summary of Revenue

Summary: Total Revenue	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Rent on Land	626 653,00	456 653	456 653
Rental on Facilities	3 121 958,00	3 121 958	4 000 000
Safety Plan ImplementationWhole of Society Approa	1 560 000,00	1 622 000	1 671 000
SETA funding (Skills Mecca)	15 000 000,00	15 000 000	15 000 000
SETA Admin Fee	1 125 000,00	1 125 000	1 125 000
Admin Fees: Skills Mecca	2 651 034,00	2 651 034	2 651 034
Contribution BMun towards generator wet fuel	250 000,00	0	0
Equitable Share RevTransf and subsidies	178 333 000,00	186 631 000	195 195 000
Financial Assets Rev Interest earnedexternal inve	8 427 000,00	8 932 620	9 610 606
Bank Accounts Rev Interest earnedexternal invest	1 706 600,00	1 808 996	1 946 299
Local Government Financial Management Grant Sched	1 000 000,00	1 000 000	1 100 000
Municipal Systems Improvement Grant	1 000 000,00	0	2 800 000
Expanded Public Works Programme Integrated Grant f	2 180 000,00	0	0
Integrated Transport Planning RevTransf and subsi	0,00	939 000	982 000
Rural Roads Asset Management Systems Grant Schedul	2 754 000,00	2 721 000	2 843 000
Disaster Management Internship Grant	4 481 000,00	500 000	500 000
Management Fees RevAgency services	21 239 000,00	21 224 000	25 794 600
Sundry Income Other Rev	10 317,00	10 936	11 592
Fire Services Other Rev	9 093 508,00	9 003 118	10 543 305
Personal Primary Health Care Services RevTransf a	3 236 200,00	3 430 372	3 636 194
Insurance Refund Other Rev	152 378,00	161 521	171 212
Human Settlement	5 000 000,00	5 000 000	5 000 000
Interst on Debtors	3 370 800,00	3 573 048	3 787 431
MMC Contribution from BMunicipalities Income	1 041 810,00	0	0
Sale op Porperty	3 600 000,00	0	0
EEDSM Capital (Energy Efficiency and Demandside	4 000 000,00	5 000 000	0
Administrative Handling Fees Other Rev	337 080,00	357 305	378 743
Skills Development Levy Refund Other Rev	332 890,00	352 863	374 035
Services Seta Bursary	359 340,00	380 900	403 754
Resort Income	14 317 816,00	15 176 886	16 477 234
Other Assets RevRental of facilities and equipmen	254 912,00	270 206	293 579
Materials and Equipment Other Rev	24 608,00	26 084	27 649
Health Services Other Rev	438 599,00	464 915	492 810
Roads Continued Members	1 727 708,00	1 831 370	1 941 252
Roads Revenue Transfer	193 150 000,00	202 860 000	214 955 000
Health Certificates RevLicences and permits	182 560,00	193 514	205 125
Administration Fees	2 644 297,00	6 305 910	5 942 265
Service Charges Income	37 688 162,00	76 290 647	78 907 542
<b>Total Revenue</b>	<b>526 418 230,00</b>	<b>578 422 856</b>	<b>609 223 914</b>

## RSC REPLACEMENT GRANT

The equitable share over the MTREF period grows very slowly. The RSC levy replacement grant only increases with about 3% per annum (R5.6m), which is not sufficient to ensure the financial sustainability of this municipality, as it is below the annual CPIX. Our limited revenue resources have compelled the municipality to pursue additional income sources in order to deliver the services in the region and this remains a challenge as we have limited own income sources. Turnaround strategies are compiled for properties and resorts and alternative revenue enhancement strategies are being explored - for example becoming a water services authority.

The GRDM has developed this investment prospectus containing regional catalytic investment opportunities across the Garden Route. The purpose of the prospectus is to display the region's investment-friendly climate and its economic activities and opportunities to the national and

international business community and in so doing, attracting new investments and retaining and expanding existing investments in the Garden Route region. The prospectus includes the investment opportunities of all seven (7) municipalities within the boundaries of the region, as well as the District Municipality's specific opportunities. The investment opportunities identified for our region amount to more than R508billion. This projective are classified as median to long term projects. As can be seen from the value of these projects, it is clear that they cannot be financed through the current municipal resources. A task team will be established to ensure that credible business plans are compiled and submitted to relevant private (local and abroad) and public institutions for possible investments.

The prospectus can be accessed here <https://invest.gardenroute.gov.za>

### **REGIONAL LANDFILL SITE**

The appointment Private Party to construct the regional landfill site has signed the service level agreement. It is envisioned that the landfill site construction will commence early June According to the Engineer's report, the landfill site is designed with a capacity to be of service for 25 years. (4 cells of 25 hectares in size with a capacity to be filled 12 meters in height). The investment on this project is more than almost R300million.

The Garden Route District Municipality embarked on a procurement process to obtain borrowing to finance the facility's construction. After an intensive tender adjudication process and after a consultation with all the participating municipalities to analyse and determine the best and most appropriate tendered loan option, it was collectively decided that the preferred option of the tenders offered would be clearly the 10-year loan.

GRDM has negotiated service level agreements with participation B Municipalities. It is imperative that the participating local municipalities provide a signed SLA, indicating the participation for 10 years. The tariffs are included in the GRDM tariff structure to cater for the provision of this service.

A Regional Waste Management Facility Project Steering Committee has been established, consisting of various sections to provide inputs and assist the project manager that the project will commence and be completed as per timeframes set up.

There are four participating municipalities (Bitou, Knysna, George and Mossel Bay) who will be utilising the regional landfill site. Monthly accounts will be sent to the participating municipalities for the utilisation of the landfill site. The tariff policy and tariff listings included in the budget submission sets the tariff to be charged. This was established based on a financial model prepared by consultants based on a "best estimate" calculation for the construction and operating of the landfill site. This tariff will be revised annually to ensure the tariff covers the full cost of the service that GRDM will be providing to participating municipalities in this regard.

A separate rehabilitation reserve will be set up which must be cash-backed to ensure cash is available to rehabilitate the landfill space at the end of its useful life. Included in the monthly accounts to the participating municipalities, a contribution is included for the rehabilitation of the regional landfill site to ensure cash reserve will be sufficient to rehabilitate the landfill site at the



end of its useful life. The facility will ensure that we continue to have clean towns and that the Tourism industry is not impacted.

### **RENTAL OF PROPERTIES/FACILITIES**

It is envisioned with the turnaround strategy for properties and resorts, that additional funding can be generated if market related rental agreements are signed with current/new tenants

### **INTEREST EARNED**

Interest earned was increased slightly over the MTREF period. Management reviewed the Investment Strategy to update the approach and alternatives – e.g., all cash not deposited in call accounts at banks for interest, but potentially invest in other assets (as allowed by the MFMA) for higher returns.

### **GOVERNMENT GRANTS**

Budgeted as per DoRA (Division of Revenue Act). The municipality is grant dependent, hence the exploration of alternative revenue sources. The operations are mainly funded from the Equitable Share and our Roads function is funded through the Provincial Allocation. Equitable Share accounts for more than 50% of our income, when we excluded the roads allocation.

### **INCOME FROM AGENCY SERVICES**

Included under this item is the administration fee at 12% of the total allocation received for performing the roads function on behalf of the Department of Public Transport. (12% of R190m = R21m).

### **SALE OF GOODS AND SERVICES/OPERATIONAL REVENUE**

Included under this item is the income from resorts and firefighting income.

### **TURNAROUND STRATEGY PROPERTIES:**

The Municipality has embarked on aggressive marketing for the resorts as well as cost saving initiative. The cost saving initiative includes the installation of solar system and battery power storage at De Hoek Resort. This is expected to reduce the electricity consumption from the grid by 95%. This has already proved to be a success as the monitoring indicate a drastically reduced electricity consumption.

It is envisaged that the same approach will be used in various GRDM offices, including reviving the solar project in head office. The ACFO is in discussion with the Project Management unit to replicate the De Hoek system in the head office.

A turn-around strategy for properties and resorts is currently being developed by the property manager to maximise potential for properties. Revenue from properties has increased significantly and it is envisioned that this trend will continue.

Negotiations are in advance stages with different spheres of Government regarding transfer of certain properties to GRDM. These properties will be utilised to realise some of the project on our investment prospectus.

#### **4.9 ROADS AGENCY FUNCTION**

As mentioned previously, R 193 150 000 of the Roads agency function has been included in the operating revenue budget.

#### **OTHER ADMINISTRATION FEES RECEIVED:**

Included under administration fee income, the following administration fees were included:

- SETA admin fee of R3.7m (Total allocation R18.7m split in R15m expenditure and R3.7m admin fee payable to GRDM). This project is being driven by the Department of Corporate Services.
- Administration fee for the regional landfill site R2.6m (Total allocation R29m split in R2.6m admin fee)

#### **OVERVIEW OF CAPITAL BUDGET**

In the 2023/24 financial year, the main capital expenditure items are the construction of the Landfill Site and the Fire Station. The latter is financed through a mixture of own revenue and a Grant of R3m. The landfill Site is financed through borrowing.

Refer to section 4.2 for more detail regarding the regional landfill site project

CostCentre	OwnDescription	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
PMU	Upgrading of buildings - Retrofitting EEDS	4 000 000,00	5 000 000,00	-
Information technology	Replacing ICT Capital Equipment beyond economical	250 000,00	250 000,00	250 000,00
Executive Manager: Community Services	Firestation: George	4 638 075,00	-	-
Executive Manager: Community Services	Firestation: George	3 000 000,00	-	-
Executive Manager: Community Services	Firefighting Vehicle (bakkie)	981 000,00	-	-
Fire Fighting	Hazmat Rescue , Fire Equipment	150 000,00	150 000,00	150 000,00
Fire Fighting	Hazardous Materials Equipment	500 000,00	500 000,00	500 000,00
Resorts: Calitzdorp Spa Resort	Vehicle (bakkie)	800 000,00	-	-
Waste Management Landfill Sites	Landfill Site: PPE	143 981 000,00	90 546 650,00	-
		<b>158 300 075,00</b>	<b>96 446 650,00</b>	<b>900 000,00</b>

## **Tariffs**

### *Fire tariffs:*

- Tariffs increased with 6% based on the 2022/23 tariffs

### *Resorts tariffs:*

- Tariffs at Calitzdorp Spa was increased by 6%
- Tariffs at De Hoek was increased by 6%
- Tariffs at Swartvlei was increased by 6%
- Tariffs at Victoria Bay was increased by 6%

### *Regional Waste Management Facility tariffs (new):*

Client	Utilisation of Regional Waste Management Facility	2023/24	2024/25	2025/26
		R (VAT incl)	R (VAT incl)	R (VAT incl)
Mossel Bay Municipality	Monthly tariff (all inclusive)	1 847 545	1 958 398	2 075 902
George Municipality		2 325 091	2 464 596	2 612 472
Knysna Municipality		806 228	854 602	905 878
Bitou Municipality		596 196	631 968	669 886
Other clients				
- General Waste	Price per one metric ton	654	693	734
- General Waste	Price per quarter metric ton	163	173	183
- Hazardous Waste	Price per one metric ton	953	1 010	1 071
- Hazardous Waste	Price per quarter metric ton	238	252	267

### *Other tariffs:*

- Increased with 6% for example printing and copying costs

## **5 LIST OF POLICIES THAT ARE INCLUDED IN THE BUDGET:**

- m) Supply Chain Management Policy
- n) Asset Management Policy
- o) Tariffs Policy
- p) Credit Control and Debt Collection Policy and By-law
- q) Long Term Financial Management Policy
- r) Budget policy
- s) Borrowing Policy
- t) Funding and Reserve Policy
- u) Petty Cash Policy
- v) Banking, Cash Management and Investment Policy
- w) Preferential Procurement Policy
- x) Cost Containment Policy

# Section 4 – Annual Budget Table

## **PART 2 SUPPORTING DOCUMENTATION**

### **Section 5 - Budget assumptions**

The municipality implemented the following in the compilation of the annual budget in collaboration with circular 112 and 115, issued by National Treasury.

The salary related budget was increased with an increment of 7% for the 2023/24 MTREF period.

The percentage increases used for the 2023/24 and outer years for other expenditure budget items were between 0-6% and items were also adjusted downward based on actual expenditure and certain items removed in their entirety – refer to above section of report where adjustments are explained in detail.

Subsistence and travel was cut in view of utilizing alternative technology e.g. zoom teleconferencing.

Refer to section 3 and 4 for detail of budget assumptions for operating revenue, operating expenditure and capital budget.

### **Section 6 – Budget Funding**

The draft budget is funded with realistically anticipated income/accumulated reserves/borrowings.

### **Section 7 – Expenditure on allocations and grant programmes**

All grant allocations as promulgated in the Division of Revenue Bill, 2020, National – and Provincial gazettes was included in the budget for the MTREF period 2023/24 -2025/26.

### **Section 8 – Grants made by the municipality**

The municipality (due to its financial position) made no grants.

### **Section 9 – Councillor Allowances and employee benefits**

The remuneration of councillors was done in accordance with the gazetted limits and provisions have been set out in the Remuneration of Public Office Bearers, Act 20 of 1998. The councillors are remunerated on a Grade 5 municipality. Refer to previous section in report on employee related costs.

### **Section 10 – Service delivery and budget implementation plan**

The draft service delivery plan are drawn up and will be submitted to council by the performance management unit.

### **Section 11 – Capital expenditure**

Capital Expenditure budget as per list in previous section.

### **Section 12 – Quality Certificate**



54 York Street,  
George  
Western Cape  
6529

PO Box 12,  
George,  
Western Cape  
6530

Tel: 044 803 1300  
Fax: 086 555 6303  
E-mail: [info@gardenroute.gov.za](mailto:info@gardenroute.gov.za)  
[www.gardenroute.gov.za](http://www.gardenroute.gov.za)

**OFFICE OF THE MUNICIPAL MANAGER**

Enquiries:	T Loliwe
Reference:	6/18/7/2023-2024
Date:	22 May 2023

**QUALITY CERTIFICATE**

I **Monde Stratu**, municipal manager of **Garden Route District Municipality**, hereby certify that the **Final Annual Budget 2023/2024 MTREF** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name LUSANDA MENZE

Acting Accounting Officer of **GARDEN ROUTE DISTRICT MUNICIPALITY (DC4)**.

Signature [Signature]

Date 23/05/23

# **ANNEXURE A**

## **SUPPORTING BUDGET SCHEDULES**





DC4 Garden Route - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		261 991	80 244	221 855	285 116	281 821	281 821	275 990	275 003	289 981
Executive and council		261 143	79 349	220 980	284 542	280 850	280 850	274 960	273 912	288 825
Finance and administration		848	895	875	574	971	971	1 029	1 091	1 157
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		7 086	5 469	8 440	8 175	12 091	12 091	15 036	15 938	17 291
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		6 693	5 113	8 134	7 761	11 677	11 677	14 597	15 473	16 798
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		393	355	306	414	414	414	439	465	493
<i>Economic and environmental services</i>		85	150 145	166 063	174 784	194 010	194 010	195 060	204 885	217 101
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	150 057	165 982	174 659	193 885	193 885	194 878	204 691	216 896
Environmental protection		85	89	80	125	125	125	183	194	205
<i>Trading services</i>		-	-	-	12 275	-	-	40 332	82 597	84 850
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	12 275	-	-	40 332	82 597	84 850
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	<b>269 162</b>	<b>235 858</b>	<b>396 358</b>	<b>480 350</b>	<b>487 921</b>	<b>487 921</b>	<b>526 418</b>	<b>578 423</b>	<b>609 224</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		293 733	(265 890)	138 320	183 489	181 477	181 477	182 063	179 625	192 140
Executive and council		175 798	45 856	48 486	51 514	51 265	51 265	55 515	57 765	61 136
Finance and administration		115 790	(314 466)	87 077	129 055	127 226	127 226	123 362	118 457	127 369
Internal audit		2 145	2 720	2 756	2 919	2 987	2 987	3 186	3 403	3 635
<i>Community and public safety</i>		80 936	87 061	83 853	89 679	89 798	89 798	91 305	97 729	103 599
Community and social services		11 990	14 763	9 004	7 917	7 307	7 307	8 016	8 275	8 819
Sport and recreation		12 914	11 400	11 768	13 387	12 912	12 912	14 322	14 237	14 990
Public safety		24 871	26 524	26 063	28 916	28 928	28 928	28 546	32 261	34 086
Housing		-	-	-	-	-	-	-	-	-
Health		31 161	34 374	37 019	39 460	40 652	40 652	40 421	42 956	45 704
<i>Economic and environmental services</i>		14 177	172 030	188 785	197 403	219 648	219 648	218 159	225 347	236 493
Planning and development		7 679	8 068	16 743	16 302	18 853	18 853	18 300	14 685	15 304
Road transport		(124)	160 686	168 568	177 203	197 136	197 136	195 904	206 520	216 780
Environmental protection		6 623	3 276	3 474	3 898	3 660	3 660	3 955	4 142	4 408
<i>Trading services</i>		3 650	4 972	2 178	14 051	2 704	2 704	38 047	79 315	82 108
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 650	4 972	2 178	14 051	2 704	2 704	38 047	79 315	82 108
<i>Other</i>	4	3 929	2 320	2 482	2 676	2 454	2 454	2 630	2 649	2 668
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>396 425</b>	<b>494</b>	<b>415 618</b>	<b>487 297</b>	<b>496 081</b>	<b>496 081</b>	<b>532 204</b>	<b>584 665</b>	<b>617 008</b>
<b>Surplus/(Deficit) for the year</b>		<b>(127 263)</b>	<b>235 365</b>	<b>(19 260)</b>	<b>(6 947)</b>	<b>(8 160)</b>	<b>(8 160)</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Revenue - functional</b>										
<b>Municipal governance and administration</b>		261 991	89 244	221 655	285 116	281 821	281 821	275 990	275 003	289 981
Executive and council		261 143	79 348	220 960	284 542	280 850	280 850	274 960	273 912	286 625
Mayor and Council		261 143	79 349	220 960	284 542	280 850	280 850	274 960	273 912	286 625
Municipal Manager, Town Secretary and Chief Executive										
Finance and administration		848	895	875	574	971	971	1 029	1 091	1 157
Administrative and Corporate Support		466	282	363	318	318	318	337	357	379
Asset Management										
Finance		-	-	8	-	-	-	-	-	
Fleet Management										
Human Resources		382	613	504	256	653	653	692	734	778
Information Technology										
Legal Services										
Marketing, Customer Relations, Publicity and Media Co-										
Property Services										
Risk Management										
Security Services										
Supply Chain Management										
Valuations Service										
Internal audit		-	-	-	-	-	-	-	-	-
Governance Function										
<b>Community and public safety</b>		7 006	5 469	8 440	8 175	12 091	12 091	15 636	15 938	17 291
Community and social services		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-
Animal Care and Diseases		-	-	-	-	-	-	-	-	-
Cemeteries, Funeral Parlours and Crematoriums		-	-	-	-	-	-	-	-	-
Child Care Facilities		-	-	-	-	-	-	-	-	-
Community Halls and Facilities		-	-	-	-	-	-	-	-	-
Consumer Protection		-	-	-	-	-	-	-	-	-
Cultural Matters		-	-	-	-	-	-	-	-	-
Disaster Management		-	-	-	-	-	-	-	-	-
Education		-	-	-	-	-	-	-	-	-
Indigenous and Customary Law		-	-	-	-	-	-	-	-	-
Industrial Promotion		-	-	-	-	-	-	-	-	-
Language Policy		-	-	-	-	-	-	-	-	-
Libraries and Archives		-	-	-	-	-	-	-	-	-
Literacy Programmes		-	-	-	-	-	-	-	-	-
Media Services		-	-	-	-	-	-	-	-	-
Museums and Art Galleries		-	-	-	-	-	-	-	-	-
Population Development		-	-	-	-	-	-	-	-	-
Provincial Cultural Matters		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Zoo's		-	-	-	-	-	-	-	-	-
Sport and recreation		6 693	5 113	8 134	7 761	11 677	11 677	14 597	15 473	16 798
Beaches and Jetties										
Casinos, Racing, Gambling, Wagering										
Community Parks (including Nurseries)										
Recreational Facilities		6 693	5 113	8 134	7 761	11 677	11 677	14 597	15 473	16 798
Sports Grounds and Stadiums										
<b>Public safety</b>		-	-	-	-	-	-	-	-	-
Civil Defence										
Cleansing										
Control of Public Nuisances										
Fencing and Fences										
Fire Fighting and Protection										
Licensing and Control of Animals										
Police Forces, Traffic and Street Parking Control										
Pounds										
Housing		-	-	-	-	-	-	-	-	-
Housing										
Informal Settlements										
Health		393	355	306	414	414	414	439	465	493
Ambulance										
Health Services		393	355	306	414	414	414	439	465	493
Laboratory Services										
Food Control										
Health Surveillance and Prevention of Communicable Diseases										
Vector Control										
Chemical Safety										

DC4 Garden Route - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23						2023/24 Medium Term Revenue & Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26		
<b>R thousand</b>	<b>f</b>											
<b>Economic and environmental services</b>		85	156 145	166 063	174 784	194 010	194 010	195 960	204 885	217 101		
Planning and development		-	-	-	-	-	-	-	-	-		
Billboards		-	-	-	-	-	-	-	-	-		
Corporate Wide Strategic Planning (IDPs, LEDS)		-	-	-	-	-	-	-	-	-		
Central City Improvement District		-	-	-	-	-	-	-	-	-		
Development Facilitation		-	-	-	-	-	-	-	-	-		
Economic Development/Planning		-	-	-	-	-	-	-	-	-		
Regional Planning and Development		-	-	-	-	-	-	-	-	-		
Town Planning, Building Regulations and Enforcement, and Project Management Unit		-	-	-	-	-	-	-	-	-		
Provincial Planning		-	-	-	-	-	-	-	-	-		
Support to Local Municipalities		-	-	-	-	-	-	-	-	-		
Road transport		-	150 057	165 982	174 659	193 885	193 885	194 878	204 691	216 896		
Public Transport		-	-	-	-	-	-	-	-	-		
Road and Traffic Regulation		-	-	-	-	-	-	-	-	-		
Roads		-	150 057	165 982	174 659	193 885	193 885	194 878	204 691	216 896		
Taxi Ranks		-	-	-	-	-	-	-	-	-		
Environmental protection		85	89	80	125	125	125	183	194	205		
Biodiversity and Landscape		-	-	-	-	-	-	-	-	-		
Coastal Protection		-	-	-	-	-	-	-	-	-		
Indigenous Forests		-	-	-	-	-	-	-	-	-		
Nature Conservation		-	-	-	-	-	-	-	-	-		
Pollution Control		85	89	80	125	125	125	183	194	205		
Soil Conservation		-	-	-	-	-	-	-	-	-		
Trading services		-	-	-	12 275	-	-	40 332	82 597	84 850		
Energy sources		-	-	-	-	-	-	-	-	-		
Electricity		-	-	-	-	-	-	-	-	-		
Street Lighting and Signal Systems		-	-	-	-	-	-	-	-	-		
Nonelectric Energy		-	-	-	-	-	-	-	-	-		
Water management		-	-	-	-	-	-	-	-	-		
Water Treatment		-	-	-	-	-	-	-	-	-		
Water Distribution		-	-	-	-	-	-	-	-	-		
Water Storage		-	-	-	-	-	-	-	-	-		
Waste water management		-	-	-	-	-	-	-	-	-		
Public Toilets		-	-	-	-	-	-	-	-	-		
Sewerage		-	-	-	-	-	-	-	-	-		
Storm Water Management		-	-	-	-	-	-	-	-	-		
Waste Water Treatment		-	-	-	-	-	-	-	-	-		
Waste management		-	-	-	12 275	-	-	40 332	82 597	84 850		
Recycling		-	-	-	-	-	-	-	-	-		
Solid Waste Disposal (Landfill Sites)		-	-	-	12 275	-	-	40 332	82 597	84 850		
Solid Waste Removal		-	-	-	-	-	-	-	-	-		
Street Cleaning		-	-	-	-	-	-	-	-	-		
Other		-	-	-	-	-	-	-	-	-		
Abattoirs		-	-	-	-	-	-	-	-	-		
Air Transport		-	-	-	-	-	-	-	-	-		
Forestry		-	-	-	-	-	-	-	-	-		
Licensing and Regulation		-	-	-	-	-	-	-	-	-		
Markets		-	-	-	-	-	-	-	-	-		
Tourism		-	-	-	-	-	-	-	-	-		
<b>Total Revenue - Functional</b>	<b>2</b>	<b>269 162</b>	<b>235 858</b>	<b>396 358</b>	<b>488 350</b>	<b>487 921</b>	<b>487 921</b>	<b>526 418</b>	<b>578 423</b>	<b>600 224</b>		

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Expenditure - Functional	1									
Municipal governance and administration		293 733	(265 890)	138 320	183 489	181 477	181 477	182 063	179 625	192 140
Executive and council		175 798	45 856	48 486	51 514	51 265	51 265	55 515	57 765	61 136
Mayor and Council		56 912	41 122	41 530	44 685	44 808	44 808	48 899	50 525	53 425
Municipal Manager, Town Secretary and Chief Executive		118 886	4 734	6 956	6 829	6 457	6 457	6 816	7 240	7 711
Finance and administration		115 790	(314 466)	87 077	129 055	127 226	127 226	123 362	116 457	127 369
Administrative and Corporate Support		50 776	21 324	21 925	22 772	22 764	22 764	25 866	25 173	26 622
Asset Management		17 642	(379 221)	18 395	20 275	21 235	21 235	22 124	23 441	24 846
Finance										
Fleet Management		12 288	11 191	13 154	51 214	45 096	45 096	32 742	30 560	31 442
Human Resources		15 424	12 657	13 740	15 122	15 335	15 335	16 979	14 812	18 361
Information Technology		3 097	3 864	4 724	3 960	6 497	6 497	7 008	6 339	6 861
Legal Services		1 877	2 228	2 111	2 303	2 502	2 502	2 652	2 782	2 960
Marketing, Customer Relations, Publicity and Media Co-		7 860	4 958	6 046	6 492	6 725	6 725	8 586	7 435	7 898
Property Services		1 039	2 244	1 458	965	985	985	896	959	1 025
Risk Management										
Security Services										
Supply Chain Management		5 787	6 268	5 525	5 902	6 087	6 087	6 511	6 957	7 434
Valuation Service										
Internal audit		2 145	2 720	2 756	2 919	2 987	2 987	3 166	3 403	3 635
Governance Function		2 145	2 720	2 756	2 919	2 987	2 987	3 166	3 403	3 635
Community and public safety		80 936	87 061	83 653	89 679	89 798	89 798	91 305	97 729	103 599
Community and social services		11 990	14 763	9 004	7 917	7 387	7 387	8 016	8 275	8 819
Aged Care										
Agricultural										
Animal Care and Diseases										
Cemeteries, Funeral Parlours and Crematoriums										
Child Care Facilities										
Community Halls and Facilities										
Consumer Protection										
Cultural Matters										
Disaster Management		6 802	7 308	7 637	7 785	7 303	7 303	8 016	8 275	8 819
Education										
Indigenous and Customary Law										
Industrial Promotion										
Language Policy										
Libraries and Archives										
Literacy Programmes										
Media Services										
Museums and Art Galleries										
Population Development		5 188	7 455	1 367	132	5	5	-	-	-
Provincial Cultural Matters										
Theatres										
Zoo's										
Sport and recreation		12 914	11 400	11 768	13 387	12 912	12 912	14 322	14 237	14 990
Beaches and Jetties										
Casinos, Racing, Gambling, Wagering										
Community Parks (including Nurseries)										
Recreational Facilities		12 914	11 400	11 768	13 387	12 912	12 912	14 322	14 237	14 990
Sports Grounds and Stadiums										
Public safety		24 871	26 524	26 063	28 916	28 928	28 928	28 546	32 261	34 086
Civil Defence										
Cleansing										
Control of Public Nuisances										
Fencing and Fences										
Fire Fighting and Protection		24 871	26 524	26 063	28 916	28 928	28 928	28 546	32 261	34 086
Licensing and Control of Animals										
Police Forces, Traffic and Street Parking Control										
Pounds										
Housing		-	-	-	-	-	-	-	-	-
Housing										
Informal Settlements										
Health		31 161	34 374	37 019	39 460	40 652	40 652	40 421	42 956	45 704
Ambulance										
Health Services		31 161	34 374	37 019	39 460	40 652	40 652	40 421	42 956	45 704
Laboratory Services										
Food Control										
Health Surveillance and Prevention of Communicable Diseases										
Vector Control										
Chemical Safety										

DC4 Garden Route - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	<b>1</b>									
Economic and environmental services		14 177	172 030	188 785	197 483	219 648	219 648	218 159	225 347	236 493
Planning and development		7 679	8 068	16 743	16 302	18 833	18 833	18 300	14 685	15 304
Billboards										
Corporate Wide Strategic Planning (IDPs, LEDS)		6 355	6 789	6 083	5 991	7 262	7 262	6 055	6 977	7 419
Central City Improvement District		-	1 069	3 207	5 000	4 785	4 785	5 000	5 000	5 000
Development Facilitation		-	-	7 415	4 225	5 405	5 405	6 680	2 666	2 842
Economic Development/Planning										
Regional Planning and Development										
Town Planning, Building Regulations and Enforcement, and Project Management Unit		1 324	211	37	1 086	1 401	1 401	565	42	43
Provincial Planning										
Support to Local Municipalities										
Road transport		(124)	160 686	168 568	177 283	197 136	197 136	195 984	206 520	216 780
Public Transport		-	2 237	2 549	2 594	4 372	4 372	2 754	3 660	3 625
Road and Traffic Regulation										
Roads		(124)	158 449	166 019	174 609	192 763	192 763	193 150	202 860	212 955
Taxi Ranks										
Environmental protection		6 623	3 276	3 474	3 898	3 660	3 660	3 955	4 142	4 408
Biodiversity and Landscape										
Coastal Protection										
Indigenous Forests										
Nature Conservation										
Pollution Control		6 623	3 276	3 474	3 898	3 660	3 660	3 955	4 142	4 408
Soil Conservation										
Trading services		3 650	4 972	2 178	14 051	2 704	2 704	38 847	79 315	82 108
Energy services										
Electricity		-	-	-	-	-	-	-	-	-
Street Lighting and Signal Systems										
Nonelectric Energy										
Water management		-	-	-	-	-	-	-	-	-
Water Treatment										
Water Distribution										
Water Storage										
Waste water management		-	-	-	-	-	-	-	-	-
Public Toilets										
Sewerage										
Storm Water Management										
Waste Water Treatment										
Waste management		3 650	4 972	2 178	14 051	2 704	2 704	38 847	79 315	82 108
Recycling										
Solid Waste Disposal (Landfill Sites)		373	-	-	11 072	-	-	35 188	76 291	78 906
Solid Waste Removal		3 277	4 972	2 178	2 978	2 704	2 704	2 859	3 024	3 200
Street Cleaning										
Other		3 929	2 320	2 482	2 676	2 454	2 454	2 630	2 649	2 668
Abattoirs										
Air Transport										
Forestry										
Licensing and Regulation										
Markets										
Tourism		3 929	2 320	2 482	2 676	2 454	2 454	2 630	2 649	2 668
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>396 425</b>	<b>494</b>	<b>415 618</b>	<b>487 297</b>	<b>496 081</b>	<b>496 081</b>	<b>532 284</b>	<b>584 665</b>	<b>617 008</b>
<b>Surplus/(Deficit) for the year</b>		<b>(127 263)</b>	<b>235 365</b>	<b>(19 260)</b>	<b>(6 947)</b>	<b>(8 160)</b>	<b>(8 160)</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>

DC4 Garden Route - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		261 143	79 349	220 980	284 542	280 850	280 850	274 960	273 912	288 825
Vote 2 - Office of the Municipal Manager (cont)		-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	8	-	-	-	-	-	-
Vote 4 - Financial Services (cont)		-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		776	895	867	574	971	971	1 029	1 091	1 157
Vote 6 - Corporate Services (cont)		73	-	-	-	-	-	-	-	-
Vote 7 - Community Services		393	355	306	414	414	414	439	465	493
Vote 8 - Community Services (cont)		85	89	80	12 400	125	125	40 515	82 790	85 055
Vote 9 - Planning and Economic Development		-	-	-	-	-	-	-	-	-
Vote 10 - Planning and Economic Development (cont)		3 374	2 681	4 763	3 015	6 030	6 030	7 612	8 069	8 754
Vote 11 - Planning and Economic Development(cont2)		3 319	2 432	3 371	4 746	5 646	5 646	6 985	7 404	8 045
Vote 12 - Roads		-	150 057	165 982	174 659	193 885	193 885	194 878	204 691	216 896
Vote 13 - Roads (cont)		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	269 162	235 858	396 358	480 350	487 921	487 921	526 418	578 423	609 224
Expenditure by Vote to be appropriated	1									
Vote 1 - Office of the Municipal Manager		180 430	51 151	55 068	56 625	58 888	58 888	63 758	65 588	69 419
Vote 2 - Office of the Municipal Manager (cont)		5 061	7 192	6 326	6 208	6 473	6 473	6 734	7 143	7 620
Vote 3 - Financial Services		17 642	(379 221)	18 395	20 275	21 235	21 235	22 124	23 441	24 946
Vote 4 - Financial Services (cont)		5 787	6 268	5 525	5 902	6 087	6 087	6 511	6 957	7 434
Vote 5 - Corporate Services		17 425	16 446	16 093	54 827	49 127	49 127	37 456	34 649	35 645
Vote 6 - Corporate Services (cont)		23 339	20 637	24 572	26 371	26 200	26 200	29 874	27 024	31 403
Vote 7 - Community Services		44 918	45 870	48 451	51 577	52 097	52 097	52 804	55 848	59 406
Vote 8 - Community Services (cont)		30 693	33 660	30 589	45 657	34 060	34 060	69 242	114 333	119 133
Vote 9 - Planning and Economic Development		50 662	19 408	16 728	17 965	17 800	17 800	20 176	19 239	19 927
Vote 10 - Planning and Economic Development (cont)		17 532	14 966	22 365	21 210	23 470	23 470	23 326	20 032	21 188
Vote 11 - Planning and Economic Development(cont2)		3 060	3 433	2 939	3 478	3 509	3 509	4 296	3 890	4 107
Vote 12 - Roads		(124)	90 361	98 845	101 065	125 593	125 593	124 074	128 685	135 527
Vote 13 - Roads (cont)		-	70 325	69 723	76 138	71 542	71 542	71 830	77 835	81 252
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	396 426	494	415 618	487 297	496 081	496 081	532 204	584 665	617 008
Surplus/(Deficit) for the year	2	(127 264)	235 364	(19 261)	(6 947)	(8 160)	(8 160)	(5 786)	(6 242)	(7 784)





DC4 Garden Route - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
9.5 - Human Settlement										
9.6 - EPWP Manager										
9.7 - EPWP Projects										
9.8 - Population Development										
9.9 - Pollution Control										
9.10 - Tourism										
<b>Vote 10 - Planning and Economic Development (cont)</b>		3 374	2 681	4 763	3 015	6 030	6 030	7 612	8 069	8 754
10.1 - PMU										
10.2 - Led										
10.3 - ldp										
10.4 - EPWP Manager										
10.5 - EPWP Projects										
10.6 - EPWP Own Funding										
10.7 - Resorts: Callitdorp Spa Kiosk										
10.8 - Resorts: Callitdorp Spa Resort		1 673	1 422	2 543	1 525	3 323	3 323	4 092	4 338	4 700
10.9 - Resorts: De Hoek Mountain Resort		1 701	1 259	2 220	1 490	2 708	2 708	3 520	3 731	4 053
10.10 - Resorts: De Hoek Mountain Shop										
<b>Vote 11 - Planning and Economic Development (cont)</b>		3 319	2 432	3 371	4 746	5 646	5 646	6 985	7 404	8 045
11.1 - Resorts: Swartvlei		1 805	1 039	1 541	2 458	3 058	3 058	3 742	3 967	4 310
11.2 - Resorts: Victorabaai		1 513	1 393	1 830	2 288	2 588	2 588	3 243	3 438	3 735
11.3 - Resorts: Kleinkrantz										
<b>Vote 12 - Roads</b>		-	150 057	165 982	174 659	193 885	193 885	194 878	204 691	216 896
12.1 - Public transport										
12.2 - Road Transport - Roads General										
12.3 - ROADS OPERATIONAL COST 1		-	150 057	165 982	174 659	193 885	193 885	194 878	204 691	216 896
12.4 - ROADS WORKSHOP OPERATIONAL COST 1										
12.5 - ROADS - MAINTENANCE OUDTSHOORN - PROJECT 1 - PREVENTATIVE CONDI										
12.6 - ROADS - GRADER OUDTSHOORN - PROJECT 1										
12.7 - ROADS - MAINTENANCE RIVERSDALE - PROJECT 1 - PREVENTATIVE CONDI										
12.8 - ROADS - GRADER RIVERSDALE - PROJECT 1										
12.9 - ROADS - GRADER GEORGE - PROJECT 1										
12.10 - ROADS - REGRAVEL - PROJECT 2 - SHORT SECTION										
<b>Vote 13 - Roads (cont)</b>		-	-	-	-	-	-	-	-	-
13.1 - Roads		-	-	-	-	-	-	-	-	-
13.2 - ROADS - MAINTENANCE GEORGE - PROJECT 1 - PREVENTATIVE CONDITION										
13.3 - ROADS - REGRAVEL - PROJECT 1 - MAINTENANCE ROADS										
13.4 - ROADS - RESEAL - PROJECT 1 - MAINTENANCE ROADS										
13.5 - ROADS - CONSTR (UPGRADE)- PROJECT 1 - CORRECTIVE MAINT - SLANGRIVIER										
13.6 - ROADS - CONSTR - CORRECTIVE MAINTEN SMALL IN/OUTLET STRUCTURES										
13.7 - ROADS - CAUSEWAY - SLANGRIVIER										
<b>Vote 14 -</b>		-	-	-	-	-	-	-	-	-
<b>Vote 15 -</b>		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	269 162	235 858	396 358	480 350	487 921	487 921	526 418	578 423	609 224



DC4 Garden Route - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Expenditure by Vote											
Vote 1 - Office of the Municipal Manager			180 430	51 151	55 068	56 625	58 888	58 888	63 758	65 588	69 419
1.1 - Municipal Manager			118 834	4 688	6 935	6 769	6 356	6 356	6 732	7 169	7 538
1.2 - Office: of the Executive Mayor			5 634	4 301	6 149	3 437	4 263	4 263	4 728	4 940	5 251
1.3 - Office: of the Deputy Executive Mayor			1 317	2 436	957	1 068	948	948	1 008	1 069	1 134
1.4 - Office : of the speaker			900	737	1 114	1 551	1 575	1 575	1 675	1 780	1 892
1.5 - Mayor and Council			49 062	33 648	33 310	38 278	37 672	37 672	40 939	42 527	44 939
1.6 - Strategic Manager			53	46	21	60	100	100	84	71	73
1.7 - Legal Services											
1.8 - Legal Services											
1.9 - Legal services			3 097	3 884	4 724	3 990	6 497	6 497	7 008	6 339	6 681
1.10 - Performance Management			1 535	1 411	1 858	1 471	1 476	1 476	1 586	1 695	1 811
Vote 2 - Office of the Municipal Manager (cont)			5 061	7 192	6 326	6 208	6 473	6 473	6 734	7 143	7 620
2.1 - Risk Management unit			1 039	2 244	1 458	985	985	985	896	959	1 025
2.2 - Internal audit			2 145	2 720	2 756	2 919	2 987	2 987	3 186	3 403	3 635
2.3 - Marketing publicity& media cor			1 877	2 228	2 111	2 303	2 502	2 502	2 652	2 782	2 960
Vote 3 - Financial Services			17 642	(379 221)	18 395	20 275	21 235	21 235	22 124	23 441	24 946
3.1 -											
3.2 - Manager: Finance (CFO)			3 331	3 170	3 131	3 024	3 494	3 494	3 514	3 712	3 923
3.3 - Expenditure			11 888	10 252	7 778	8 502	9 288	9 288	9 949	10 639	11 377
3.4 - BTO & AFS			669	(393 588)	6 315	7 354	7 085	7 085	7 284	7 703	8 150
3.5 - FMG Interns			1 537	635	999	1 000	1 000	1 000	1 000	1 000	1 100
3.6 -											
3.7 - Income			143	141	116	253	226	226	232	237	243
3.8 - Assets			68	91	47	74	74	74	76	78	80
3.9 - Data			5	78	9	68	68	68	70	72	73
3.10 - Assets Management											
Vote 4 - Financial Services (cont)			5 787	6 268	5 525	5 902	6 087	6 087	6 511	6 957	7 434
4.1 - SCM			5 787	6 268	5 525	5 902	6 087	6 087	6 511	6 957	7 434
Vote 5 - Corporate Services			17 425	16 446	16 093	54 827	49 127	49 127	37 456	34 649	35 645
5.1 - Executive Manager: Corporate Services			4 499	4 449	5 056	4 814	4 741	4 741	6 477	5 171	5 402
5.2 - Support Services:committee			2 324	2 590	2 762	3 294	2 846	2 846	3 053	3 050	3 261
5.3 - Support services: registry			6 144	6 177	5 899	6 306	6 544	6 544	7 289	7 402	7 675
5.4 - Task unit			85	8	53	97	415	415	440	468	497
5.5 - Training & Development			3 833	2 428	1 872	39 599	33 772	33 772	19 148	17 682	17 708
5.6 - Labour Relations			12	8	26	60	89	89	144	151	158
5.7 - Recruitment & Selection			173	98	145	201	231	231	299	243	249
5.8 - Basic Conditions of Service			24	40	32	36	56	56	113	59	61
5.9 - OHS			186	532	176	351	345	345	323	331	340
5.10 - EAP			145	107	71	68	88	88	170	92	94
Vote 6 - Corporate Services (cont)			23 339	20 637	24 572	26 371	26 200	26 200	29 874	27 024	31 403
6.1 - Section 79/80 committees			-	-	-	350	350	350	350	210	210
6.2 - IT Section											
6.3 - HR Manager			7 915	7 979	10 831	10 899	10 514	10 514	12 545	12 002	12 631
6.4 - It section			15 424	12 657	13 740	15 122	15 335	15 335	16 979	14 812	18 361
Vote 7 - Community Services			44 918	45 870	48 451	51 577	52 097	52 097	52 804	55 848	59 406
7.1 - Disaster Management			6 802	7 308	7 637	7 785	7 303	7 303	8 016	8 275	8 619
7.2 - Executive Manager: Community Services			2 504	3 075	2 670	3 124	2 911	2 911	3 060	3 232	3 415
7.3 - Municipal Health Services: Administration			3 427	4 050	3 818	4 262	4 112	4 112	4 098	4 292	4 496
7.4 - Municipal Health Services: George			6 926	7 141	8 671	9 316	10 286	10 286	9 966	10 595	11 264
7.5 - Municipal Health Services: Klein Karoo			6 582	6 880	7 967	8 441	8 633	8 633	8 270	8 742	9 289
7.6 - Municipal Health Services: Langeberg			7 800	8 911	8 993	9 544	9 406	9 406	9 784	10 462	11 186
7.7 - Municipal Health Services: Lakes Areas			6 426	7 393	7 570	7 897	8 214	8 214	8 302	8 866	9 468
7.8 - Disaster Management											
7.9 - Disaster Management											
7.10 - Environmental Management			4 451	1 112	1 125	1 208	1 232	1 232	1 306	1 385	1 469
Vote 8 - Community Services (cont)			30 693	33 660	30 589	45 657	34 060	34 060	69 242	114 333	119 133
8.1 - Fire fighting			20 614	20 575	21 138	23 619	23 941	23 941	23 220	26 564	27 991
8.2 - Fire services: Riversdal			1 774	1 995	2 107	2 132	2 167	2 167	2 312	2 474	2 646
8.3 - Fire services: Kannaland			2 483	3 954	2 817	3 164	2 820	2 820	3 014	3 224	3 449
8.4 - Fire Fighting											
8.5 - Bulk infrastructure:(m hubbe)			3 277	4 972	2 178	2 978	2 704	2 704	2 859	3 024	3 200
8.6 - Refuse											
8.7 - Bulk infr.: water											
8.8 - Air quality control			2 172	2 163	2 348	2 690	2 428	2 428	2 649	2 757	2 939
8.9 - Landfill Sites			373	-	-	11 072	-	-	35 188	76 291	78 908
8.10 - Solid Waste Removal											
Vote 9 - Planning and Economic Development			50 662	19 408	16 728	17 965	17 800	17 800	20 176	19 239	19 927
9.1 - Property Development											
9.2 - Executive Manager: Planning and Economic Development			33 685	3 605	3 627	3 666	3 831	3 831	3 960	4 155	4 361
9.3 - Regional planning			7 860	4 958	6 046	6 492	6 725	6 725	8 586	7 435	7 898

DC4 Garden Route - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
9.4 - Tourism			3 929	2 320	2 482	2 676	2 454	2 454	2 630	2 649	2 668
9.5 - Human Settlement			-	1 069	3 207	5 000	4 785	4 785	5 000	5 000	5 000
9.6 - EPWP Manager			1 487	1 597	1 71	132	-	-	-	-	-
9.7 - EPWP Projects			3 701	5 858	1 196	-	5	5	-	-	-
9.8 - Population Development											
9.9 - Pollution Control											
9.10 - Tourism											
Vote 10 - Planning and Economic Development (cont)			17 532	14 966	22 365	21 210	23 470	23 470	23 326	20 032	21 188
10.1 - PMU			1 324	211	37	1 086	1 401	1 401	565	42	43
10.2 - Led			4 511	5 697	4 177	3 942	5 069	5 069	3 778	4 566	4 848
10.3 - ldp			1 844	1 091	1 906	2 049	2 193	2 193	2 277	2 411	2 571
10.4 - EPWP Manager			-	-	1 766	1 785	2 408	2 408	2 500	2 666	2 842
10.5 - EPWP Projects			-	-	5 649	2 440	2 997	2 997	2 180	-	-
10.6 - EPWP Own Funding			-	-	-	-	-	-	2 000	-	-
10.7 - Resorts: Calitzdorp Spa Kiosk			-	-	-	8	8	8	8	8	8
10.8 - Resorts: Calitzdorp Spa Resort			5 968	4 774	5 086	5 555	5 846	5 846	6 078	6 403	6 726
10.9 - Resorts: De Hoek Mountain Resort			3 885	3 192	3 743	4 346	3 549	3 549	3 940	3 937	4 149
10.10 - Resorts: De Hoek Mountain Shop											
Vote 11 - Planning and Economic Development(cont)			3 060	3 433	2 939	3 478	3 509	3 509	4 296	3 890	4 107
11.1 - Resorts: Swartvlei			939	1 317	2 590	2 760	2 103	2 103	2 972	2 341	2 481
11.2 - Resorts: Victoriaabaai			2 044	1 893	349	718	1 407	1 407	1 323	1 549	1 627
11.3 - Resorts: Kleinkrantz			77	223	-	-	-	-	-	-	-
Vote 12 - Roads			(124)	90 361	98 845	101 065	125 593	125 593	124 074	128 685	135 527
12.1 - Public transport			-	2 237	2 549	2 594	4 372	4 372	2 754	3 660	3 825
12.2 - Road Transport - Roads General			(124)	17 387	8 174	8 785	8 299	8 299	-	9 502	10 167
12.3 - ROADS OPERATIONAL COST 1			-	23 021	35 406	31 276	52 266	52 266	61 815	52 204	54 674
12.4 - ROADS WORKSHOP OPERATIONAL COST 1			-	10 265	9 262	10 073	11 359	11 359	12 800	9 538	10 077
12.5 - ROADS - MAINTENANCE OUDTSHOORN - PROJ			-	15 235	16 838	17 794	16 927	16 927	17 079	17 850	18 904
12.6 - ROADS - GRADER OUDTSHOORN - PROJECT 1			-	4 822	5 903	6 343	7 403	7 403	6 942	8 232	8 686
12.7 - ROADS - MAINTENANCE RIVERSDALE - PROJ			-	9 850	11 498	13 773	12 862	12 862	13 185	14 373	15 202
12.8 - ROADS - GRADER RIVERSDALE - PROJECT 1			-	3 353	3 769	4 068	4 598	4 598	4 608	5 084	5 350
12.9 - ROADS - GRADER GEORGE - PROJECT 1			-	2 850	4 254	5 401	5 850	5 850	4 892	6 502	6 858
12.10 - ROADS - REGRAVEL - PROJECT 2 - SHORT SP			-	1 340	1 192	957	1 657	1 657	-	1 741	1 784
Vote 13 - Roads (cont)			-	70 325	69 723	76 138	71 542	71 542	71 830	77 835	81 252
13.1 - Roads			-	-	-	-	-	-	-	-	-
13.2 - ROADS - MAINTENANCE GEORGE - PROJECT 1			-	9 304	12 742	11 912	13 446	13 446	11 792	14 856	15 625
13.3 - ROADS - REGRAVEL - PROJECT 1 - MAINTENAN			-	19 300	15 718	18 404	17 492	17 492	19 678	19 314	20 308
13.4 - ROADS - RESEAL - PROJECT 1 - MAINTENANCE			-	13 323	15 353	20 180	18 314	18 314	12 248	19 516	20 155
13.5 - ROADS - CONSTR (UPGRADE)- PROJECT 1 - CO			-	25 921	23 059	21 076	18 232	18 232	-	19 670	20 455
13.6 - ROADS - CONSTR - CORRECTIVE MAINTEN SM			-	2 478	2 851	4 565	3 924	3 924	-	4 326	4 545
13.7 - ROADS - CAUSEWAY - SLANGRIVIER			-	-	-	-	134	134	28 112	154	164
Vote 14 -			-	-	-	-	-	-	-	-	-
Vote 15 -			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote			2	396 426	494	415 618	487 297	496 081	532 204	584 665	617 108
Surplus/(Deficit) for the year			2	(127 264)	235 364	(19 261)	(6 947)	(8 160)	(5 786)	(6 242)	(7 784)

DC4 Garden Route - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	-	-	-	11 168	-	-	-	37 688	76 291	78 908
Sale of Goods and Rendering of Services		10 818	8 173	11 936	14 932	19 740	19 740	-	26 779	30 888	33 495
Agency services		158 187	166 958	183 028	189 287	209 328	209 328	-	214 389	224 084	240 750
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3 303	2 765	2 751	3 180	3 180	3 180	-	3 371	3 573	3 787
Interest earned from Current and Non Current Assets		13 140	8 822	8 271	9 010	9 560	9 560	-	10 134	10 742	11 557
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		846	1 031	483	2 504	431	431	-	627	457	457
Rental from Fixed Assets		1 256	987	1 039	2 469	2 469	2 469	-	3 377	3 392	4 294
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		4 723	10 685	5 137	5 275	5 459	5 459	-	9 386	6 133	6 501
<b>Non-Exchange Revenue</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences or permits		85	89	80	125	125	125	-	183	194	205
Transfer and subsidies - Operational		76 803	36 348	183 567	228 660	232 030	232 030	-	212 004	217 070	228 771
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	8	2 540	-	-	-	-	-	-
Discontinued Operations											
<b>Total Revenue (excluding capital transfers and contri</b>		<b>269 162</b>	<b>235 658</b>	<b>396 301</b>	<b>469 150</b>	<b>482 321</b>	<b>482 321</b>	<b>-</b>	<b>517 937</b>	<b>572 923</b>	<b>606 724</b>
<b>Expenditure</b>											
Employee related costs	2	237 485	257 433	275 308	288 669	284 510	284 510	-	300 666	310 041	331 522
Remuneration of councillors		11 467	11 210	11 829	12 542	13 286	13 286	-	14 216	15 211	16 276
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	-	-	33 118	51 011	53 073	53 073	-	51 861	55 781	57 172
Debt impairment	3	4 224	4 197	5 435	-	-	-	-	-	-	-
Depreciation and amortisation		35 246	4 171	4 605	4 988	4 982	4 982	-	5 106	5 234	5 365
Interest		38	55	28	73	73	73	-	8 820	20 309	19 564
Contracted services		21 257	26 146	20 812	79 177	68 025	68 025	-	81 910	103 802	110 910
Transfers and subsidies		3 199	2 052	5 296	1 835	3 703	3 703	-	2 501	2 001	2 034
Irrecoverable debts written off		4 394	413	542	1 560	1 560	1 560	-	2 100	1 639	1 680
Operational costs		44 069	(346 175)	47 465	47 370	66 795	66 795	-	64 950	70 571	72 407
Losses on disposal of Assets		187	576	142	-	-	-	-	-	-	-
Other Losses		(24)	16	10	73	73	73	-	75	76	78
<b>Total Expenditure</b>		<b>361 541</b>	<b>(39 905)</b>	<b>404 587</b>	<b>487 297</b>	<b>496 081</b>	<b>496 081</b>	<b>-</b>	<b>532 204</b>	<b>584 665</b>	<b>617 008</b>
<b>Surplus/(Deficit)</b>		<b>(92 379)</b>	<b>275 763</b>	<b>(8 285)</b>	<b>(18 147)</b>	<b>(13 760)</b>	<b>(13 760)</b>	<b>-</b>	<b>(14 267)</b>	<b>(11 742)</b>	<b>(8 284)</b>
Transfers and subsidies - capital (monetary)	6	-	-	-	4 000	5 600	5 600	-	8 481	5 500	500
Transfers and subsidies - capital (in-kind)	6	-	-	57	7 200	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(92 379)</b>	<b>275 763</b>	<b>(8 229)</b>	<b>(6 947)</b>	<b>(8 160)</b>	<b>(8 160)</b>	<b>-</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>
Income Tax		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(92 379)</b>	<b>275 763</b>	<b>(8 229)</b>	<b>(6 947)</b>	<b>(8 160)</b>	<b>(8 160)</b>	<b>-</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(92 379)</b>	<b>275 763</b>	<b>(8 229)</b>	<b>(6 947)</b>	<b>(8 160)</b>	<b>(8 160)</b>	<b>-</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	1	<b>(92 379)</b>	<b>275 763</b>	<b>(8 229)</b>	<b>(6 947)</b>	<b>(8 160)</b>	<b>(8 160)</b>	<b>-</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>



Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<u>Multi-year expenditure to be appropriated</u>	2										
Vote 1 - Office of the Municipal Manager		70	(75)	10	30	30	30	-	-	-	-
Vote 2 - Office of the Municipal Manager (cont)		-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	19	30	30	30	-	-	-	-
Vote 4 - Financial Services (cont)		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		-	-	30	30	10	10	-	-	-	-
Vote 6 - Corporate Services (cont)		-	1 316	2 076	250	500	500	-	250	250	250
Vote 7 - Community Services		-	-	26	6 890	5 474	5 474	-	4 638	-	-
Vote 8 - Community Services (cont)		-	-	3 617	107 382	26 727	26 727	-	144 631	91 197	650
Vote 9 - Planning and Economic Development		-	-	-	30	245	245	-	-	-	-
Vote 10 - Planning and Economic Development (cont)		-	-	7 344	4 000	5 425	5 425	-	4 000	5 000	-
Vote 11 - Planning and Economic Development(cont2)		-	-	-	-	-	-	-	-	-	-
Vote 12 - Roads		-	-	-	-	-	-	-	-	-	-
Vote 13 - Roads (cont)		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		(2 255)	2 255	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>(2 186)</b>	<b>3 496</b>	<b>13 123</b>	<b>118 642</b>	<b>38 441</b>	<b>38 441</b>	<b>-</b>	<b>153 519</b>	<b>96 447</b>	<b>900</b>
<u>Single-year expenditure to be appropriated</u>	2										
Vote 1 - Office of the Municipal Manager		-	(124)	(862)	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager (cont)		-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services (cont)		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		-	(3 940)	376	-	-	-	-	-	-	-
Vote 6 - Corporate Services (cont)		104	(159)	1 473	-	-	-	-	-	-	-
Vote 7 - Community Services		2 255	29	732	-	-	-	-	3 981	-	-
Vote 8 - Community Services (cont)		-	-	368	-	-	-	-	-	-	-
Vote 9 - Planning and Economic Development		-	6	34	7 200	-	-	-	-	-	-
Vote 10 - Planning and Economic Development (cont)		204	25	15	800	-	-	-	800	-	-
Vote 11 - Planning and Economic Development(cont2)		-	-	-	-	-	-	-	-	-	-
Vote 12 - Roads		-	-	5 463	-	-	-	-	-	-	-
Vote 13 - Roads (cont)		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	3 455	9 486	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>2 563</b>	<b>(709)</b>	<b>17 086</b>	<b>8 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 781</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>377</b>	<b>2 787</b>	<b>30 208</b>	<b>126 642</b>	<b>38 441</b>	<b>38 441</b>	<b>-</b>	<b>158 300</b>	<b>96 447</b>	<b>900</b>
<b>Capital Expenditure - Functional</b>											
<u>Governance and administration</u>											
Executive and council		173	(3 198)	8 485	13 460	3 474	3 474	-	8 869	250	250
Finance and administration		70	(254)	1 054	30	30	30	-	-	-	-
Internal audit		104	(2 945)	7 431	13 430	3 444	3 444	-	8 869	250	250
<u>Community and public safety</u>											
Community and social services		204	(1 120)	4 742	1 150	4 175	4 175	-	1 450	650	650
Sport and recreation		-	-	-	1 000	2 600	2 600	-	-	-	-
Public safety		204	(1 149)	4 352	-	1 425	1 425	-	800	-	-
Housing		-	-	368	150	150	150	-	650	650	650
Health		-	29	22	-	-	-	-	-	-	-
<u>Economic and environmental services</u>											
Planning and development		-	25	71	4 800	4 215	4 215	-	4 000	5 000	-
Road transport		-	-	48	4 800	4 215	4 215	-	4 000	5 000	-
Environmental protection		-	-	23	-	-	-	-	-	-	-
<u>Trading services</u>											
Energy sources		-	-	3 617	107 232	26 577	26 577	-	143 981	90 547	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	3 617	107 232	26 577	26 577	-	143 981	90 547	-
<u>Other</u>											
<b>Total Capital Expenditure - Functional</b>	3	<b>377</b>	<b>(4 294)</b>	<b>16 916</b>	<b>126 642</b>	<b>38 441</b>	<b>38 441</b>	<b>-</b>	<b>158 300</b>	<b>96 447</b>	<b>900</b>
<b>Funded by:</b>											
National Government		-	-	-	4 000	4 000	4 000	-	4 000	5 000	-
Provincial Government		-	-	-	-	1 815	1 815	-	4 481	500	500
District Municipality		-	-	-	7 200	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Deparm Agencies)		-	-	-	-	-	-	-	-	-	-
Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	381	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>-</b>	<b>-</b>	<b>381</b>	<b>11 200</b>	<b>5 815</b>	<b>5 815</b>	<b>-</b>	<b>8 481</b>	<b>5 500</b>	<b>500</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>3 617</b>	<b>107 232</b>	<b>26 577</b>	<b>26 577</b>	<b>-</b>	<b>143 981</b>	<b>90 547</b>	<b>-</b>
<b>Internally generated funds</b>		<b>377</b>	<b>(4 294)</b>	<b>12 917</b>	<b>8 210</b>	<b>6 049</b>	<b>6 049</b>	<b>-</b>	<b>5 838</b>	<b>400</b>	<b>400</b>
<b>Total Capital Funding</b>	7	<b>377</b>	<b>(4 294)</b>	<b>16 916</b>	<b>126 642</b>	<b>38 441</b>	<b>38 441</b>	<b>-</b>	<b>158 300</b>	<b>96 447</b>	<b>900</b>

[illegible]

2022/23 Medium Term Revenue & Expenditure Framework										Multi-year appropriation for Budget Year 2023/24 in the 2022/23 Annual Budget			Multi-year appropriation for 2024/25 in the 2022/23 Annual Budget			New multi-year appropriations (funds for new and existing projects)						
Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	Appropriation for 2023/24	Adjustments in 2022/23	Downward adjustments for 2023/24	Appropriation carried forward	Appropriation for 2023/24	Adjustments in 2022/23	Downward adjustments for 2023/24	Appropriation carried forward	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome														
Vote 7 - Community Services		--	--	26	6 090	5 474	5 474	--	4 638	--	--	--	--	--	--	--	--	--	--	4 638	--	--
7.1 - Disaster Management		--	--	--	1 000	2 800	2 800	--	4 638	--	--	--	--	--	--	--	--	--	--	4 638	--	--
7.2 - Executive Manager: Community Services		--	--	26	5 890	2 874	2 874	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.3 - Municipal Health Services: Administration		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.4 - Municipal Health Services: George		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.5 - Municipal Health Services: Kien Kamo		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.6 - Municipal Health Services: Langeberg		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.7 - Municipal Health Services: Loois-Arens		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.8 - Disaster Management		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.9 - Disaster Management		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
7.10 - Environmental Management		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 8 - Community Services (cont)		--	--	3 617	187 382	26 727	26 727	--	144 631	91 197	650	--	--	--	--	--	--	--	--	144 631	91 197	650
8.1 - Fire fighting		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8.2 - Fire services: Riversdal		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8.3 - Fire services: Karmalsand		--	--	--	150	150	150	--	650	650	650	--	--	--	--	--	--	--	--	650	650	650
8.5 - Bulk infrastructure (in hubs)		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8.6 - Refuse		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8.7 - Bulk int: water		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8.8 - Air quality control		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8.9 - Landfill Sites		--	--	3 617	107 232	26 577	26 577	--	143 981	90 547	--	--	--	--	--	--	--	--	--	143 981	90 547	--
8.10 - Solid Waste Removal		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 9 - Planning and Economic Development		--	--	--	38	245	245	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.1 - Property Development		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.2 - Executive Manager: Planning and Economic Development		--	--	--	38	30	30	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.3 - Regional planning		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.4 - Tourism		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.5 - Human Settlement		--	--	--	--	215	215	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.6 - EPWP Manager		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.7 - EPWP Projects		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.8 - Population Development		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.9 - Pollution Control		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9.10 - Tourism		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 10 - Planning and Economic Development (cont)		--	--	7 344	4 000	5 425	5 425	--	4 000	5 000	--	--	--	--	--	--	--	--	--	4 000	5 000	--
10.1 - PMU		--	--	--	4 000	4 000	4 000	--	4 000	5 000	--	--	--	--	--	--	--	--	--	4 000	5 000	--
10.2 - Land		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.3 - Hub		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.4 - EPWP Manager		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.5 - EPWP Projects		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.6 - EPWP - Fund Financing		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.7 - Resorts: Calabozo Spa Hotel		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.8 - Resorts: Calabozo Spa Resort		--	--	7 344	--	1 425	1 425	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.9 - Resorts: De Hoek Mountain Resort		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10.10 - Resorts: De Hoek Mountain Shop		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 11 - Planning and Economic Development (cont)		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.1 - Resorts: Gwelo		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2 - Resorts: Victoriaal		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.3 - Resorts: Kleinfontein		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 12 - Roads		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.1 - Public transport		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.2 - Road Transport - Roads General		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.3 - ROADS OPERATIONAL COST 1		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.4 - ROADS WORKSHOP OPERATIONAL COST 1		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.5 - ROADS - MAINTENANCE OUTDOOR - PROJECT 1 - PREVENTATIVE CONDI		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.6 - ROADS - GRADER OUTDOOR - PROJECT 1		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.7 - ROADS - MAINTENANCE RIVERSDALE - PROJECT 1 - PREVENTATIVE CONDI		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.8 - ROADS - GRADER RIVERSDALE - PROJECT 1		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.9 - ROADS - GRADER GEORGE - PROJECT 1		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12.10 - ROADS - RESURFACING - PROJECT 2 - SHORT SECTION		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--



DC4 Garden Route - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Office of the Municipal Manager		-	(124)	(862)	-	-	-	-	-	-	-
1.1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
1.2 - Office: of the Executive Mayor		-	-	-	-	-	-	-	-	-	-
1.3 - Office: of the Deputy Executive Mayor		-	-	(862)	-	-	-	-	-	-	-
1.4 - Office: of the speaker		-	-	-	-	-	-	-	-	-	-
1.5 - Mayor and Council		-	(124)	-	-	-	-	-	-	-	-
1.6 - Strategic Manager		-	-	-	-	-	-	-	-	-	-
1.7 - Legal Services		-	-	-	-	-	-	-	-	-	-
1.8 - Legal Services		-	-	-	-	-	-	-	-	-	-
1.9 - Legal services		-	-	-	-	-	-	-	-	-	-
1.10 - Performance Management		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager (cont)		-	-	-	-	-	-	-	-	-	-
2.1 - Risk Management unit		-	-	-	-	-	-	-	-	-	-
2.2 - Internal audit		-	-	-	-	-	-	-	-	-	-
2.3 - Marketing publicity& media cor		-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
3.1 -		-	-	-	-	-	-	-	-	-	-
3.2 - Manager: Finance (CFO)		-	-	-	-	-	-	-	-	-	-
3.3 - Expenditure		-	-	-	-	-	-	-	-	-	-
3.4 - BTO & AFS		-	-	-	-	-	-	-	-	-	-
3.5 - FMG interns		-	-	-	-	-	-	-	-	-	-
3.6 -		-	-	-	-	-	-	-	-	-	-
3.7 - Income		-	-	-	-	-	-	-	-	-	-
3.8 - Assets		-	-	-	-	-	-	-	-	-	-
3.9 - Data		-	-	-	-	-	-	-	-	-	-
3.10 - Assets Management		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services (cont)		-	-	-	-	-	-	-	-	-	-
4.1 - SCM		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		-	(3 940)	376	-	-	-	-	-	-	-
5.1 - Executive Manager: Corporate Services		-	-	-	-	-	-	-	-	-	-
5.2 - Support Services:committee		-	-	-	-	-	-	-	-	-	-
5.3 - Support services: registry		-	(3 990)	-	-	-	-	-	-	-	-
5.4 - Task unit		-	-	-	-	-	-	-	-	-	-
5.5 - Training & Development		-	-	-	-	-	-	-	-	-	-
5.6 - Labour Relations		-	-	-	-	-	-	-	-	-	-
5.7 - Recruitment & Selection		-	-	-	-	-	-	-	-	-	-
5.8 - Basic Conditions of Service		-	-	-	-	-	-	-	-	-	-
5.9 - OHS		-	50	376	-	-	-	-	-	-	-
5.10 - EAP		-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services (cont)		104	(159)	1 473	-	-	-	-	-	-	-
6.1 - Section 79/80 committees		-	-	-	-	-	-	-	-	-	-
6.2 - IT Section		-	-	-	-	-	-	-	-	-	-
6.3 - HR Manager		-	30	-	-	-	-	-	-	-	-
6.4 - IT section		104	(189)	1 473	-	-	-	-	-	-	-





Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Vote 13 - Roads (cont)		-	-	-	-	-	-	-	-	-	-
13.1 - Roads											
13.2 - ROADS - MAINTENANCE GEORGE - PROJECT 1 - PREVENTATIVE CONDITION											
13.3 - ROADS - REGRAVEL - PROJECT 1 - MAINTENANCE ROADS											
13.4 - ROADS - RESEAL - PROJECT 1 - MAINTENANCE ROADS											
13.5 - ROADS - CONSTR (UPGRADE)- PROJECT 1 - CORRECTIVE MAINT - SLANGRIVIER											
13.6 - ROADS - CONSTR - CORRECTIVE MAINTEN SMALL IN/OUTLET STRUCTURES											
13.7 - ROADS - CAUSEWAY - SLANGRIVIER											
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	3 455	9 486	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 563	(709)	17 086	8 000	-	-	-	4 781	-	-
Total Capital Expenditure		377	2 787	30 208	126 642	38 441	38 441	-	158 300	96 447	900

DC4 Garden Route - Table A6 Budgeted Financial Position

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSETS												
Current assets												
Cash and cash equivalents			188 288	169 752	142 058	229 260	121 273	121 273	–	100 110	86 632	75 965
Trade and other receivables from exchange transactions	1		3 845	5 751	4 722	7 059	9 030	9 030	–	16 279	24 072	33 140
Receivables from non-exchange transactions	1		–	–	–	–	–	–	–	–	–	–
Current portion of non-current receivables			4 293	4 246	4 293	4 246	4 293	4 293	–	4 293	4 293	4 293
Inventory	2		3 219	3 259	3 126	3 117	3 053	3 053	–	2 979	2 902	2 824
VAT			2 916	4 706	6 060	8 119	6 060	6 060	–	6 060	6 060	6 060
Other current assets			575	31 979	20 220	31 979	20 220	20 220	–	20 220	20 220	20 220
Total current assets			203 137	219 692	180 479	283 780	163 930	163 930	–	149 940	144 379	142 501
Non current assets												
Investments			26	27	28	27	28	28	–	28	28	28
Investment property			54 182	54 060	64 187	57 400	64 187	64 187	–	64 187	64 187	64 187
Property, plant and equipment	3		159 631	169 105	166 621	313 383	201 060	201 060	–	355 193	447 368	443 890
Biological assets			–	–	–	–	–	–	–	–	–	–
Living and non-living resources			–	–	–	–	–	–	–	–	–	–
Heritage assets			–	–	–	–	–	–	–	–	–	–
Intangible assets			1 650	1 569	1 829	(228)	913	913	–	(26)	(989)	(1 976)
Trade and other receivables from exchange transactions			–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions			52 945	61 388	62 764	61 388	62 764	62 764	–	62 764	62 764	62 764
Other non-current assets			–	–	–	–	–	–	–	–	–	–
Total non current assets			268 434	286 149	295 430	431 969	328 953	328 953	–	482 146	573 359	568 894
TOTAL ASSETS			471 571	505 841	475 909	715 749	492 882	492 882	–	632 086	717 738	711 395
LIABILITIES												
Current liabilities												
Bank overdraft			–	–	–	–	–	–	–	–	–	–
Financial liabilities			223	536	100	536	100	100	–	100	100	100
Consumer deposits			519	374	468	374	468	468	–	468	468	468
Trade and other payables from exchange transactions	4		26 771	38 650	27 928	4 535	27 928	27 928	–	27 928	27 928	27 928
Trade and other payables from non-exchange transactions	5		1 903	3 715	6 359	3 715	4 956	4 956	–	4 588	4 588	4 588
Provision			31 008	31 602	34 050	31 602	34 050	34 050	–	34 050	34 050	34 050
VAT			(833)	794	2 207	4 208	2 207	2 207	–	2 207	2 207	2 207
Other current liabilities			(3 311)	–	(7 207)	–	(7 207)	(7 207)	–	(7 207)	(7 207)	(7 207)
Total current liabilities			56 280	75 671	63 905	44 970	62 502	62 502	–	62 133	62 133	62 133
Non current liabilities												
Financial liabilities	6		–	–	5	236 166	26 583	26 583	–	170 315	260 862	260 862
Provision	7		12 478	12 020	12 024	12 020	12 024	12 024	–	12 024	12 024	12 024
Long term portion of trade payables			–	–	–	–	–	–	–	–	–	–
Other non-current liabilities			112 561	126 077	131 957	128 373	133 133	133 133	–	134 391	135 736	137 179
Total non current liabilities			125 059	138 097	143 987	376 559	171 740	171 740	–	316 731	408 624	410 064
TOTAL LIABILITIES			181 339	213 768	207 892	421 528	234 242	234 242	–	378 864	470 757	472 198
NET ASSETS			290 232	292 073	268 017	294 221	258 640	258 640	–	253 223	246 981	239 197
COMMUNITY WEALTH/EQUITY												
Accumulated surplus/(deficit)	8		230 099	229 883	214 539	245 217	206 079	206 079	–	200 293	194 051	186 267
Reserves and funds	9		65 285	60 513	52 930	60 513	52 930	52 930	–	52 930	52 930	52 930
Other			–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	10		295 384	290 396	267 469	305 730	259 009	259 009	–	253 223	246 981	239 197

DC4 Garden Route - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									–	–	–
Service charges		–	–	–	11 168	–	–	–	37 688	76 291	78 908
Other revenue		3 188	173 816	(7 890)	81 249	79 608	79 608	–	54 770	55 635	62 839
Transfers and Subsidies - Operational	1	124 610	–	357 672	359 315	387 185	387 185	–	405 154	419 930	443 726
Transfers and Subsidies - Capital	1	–	–	–	4 000	5 700	5 700	–	8 481	5 500	500
Interest		–	–	1 986	9 010	9 560	9 560	–	10 134	10 742	11 557
Dividends									–	–	–
Payments											
Suppliers and employees		(21 747)	(100 312)	(126 213)	(477 594)	(484 514)	(484 514)	–	(512 343)	(554 059)	(586 846)
Interest		–	–	–	(73)	(73)	(73)	–	(8 820)	(20 309)	(19 564)
Transfers and Subsidies	1								–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES											
		106 052	73 504	225 555	(12 925)	(2 534)	(2 534)	–	(4 936)	(6 270)	(8 880)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments		–	(1)	(1)	1	–	–	–	–	–	–
Payments											
Capital assets		(2 207)	(8 712)	(10 406)	(126 642)	(38 505)	(38 505)	–	(158 300)	(96 447)	(900)
NET CASH FROM/(USED) INVESTING ACTIVITIES											
		(2 207)	(8 714)	(10 407)	(126 641)	(38 505)	(38 505)	–	(158 300)	(96 447)	(900)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing		–	–	–	107 232	26 577	26 577	–	143 732	90 547	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES											
		–	–	–	107 232	26 577	26 577	–	143 732	90 547	–
NET INCREASE/ (DECREASE) IN CASH HELD											
		103 845	64 790	215 148	(32 334)	(14 462)	(14 462)	–	(19 504)	(12 170)	(9 780)
Cash/cash equivalents at the year begin:	2								121 273	101 769	89 599
Cash/cash equivalents at the year end:	2	103 845	64 790	215 148	(32 334)	(14 462)	(14 462)	–	101 769	89 599	79 818

DC4 Garden Route - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	103 845	64 790	215 148	(32 334)	(14 462)	(14 462)	–	101 769	89 599	79 818
Other current investments > 90 days		84 444	104 962	(73 089)	261 594	135 735	135 735	–	(1 659)	(2 766)	(3 854)
Non current Investments	1	26	27	28	27	28	28	–	28	28	28
Cash and investments available:		188 314	169 779	142 087	229 287	121 302	121 302	–	100 139	86 861	75 993
Application of cash and investments											
Unspent conditional grants		1 903	3 610	4 851	3 610	4 851	4 851	–	4 483	4 483	4 483
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	25 718	(14 942)	30 581	(20 796)	5 116	5 116	–	6 397	1 718	1 533
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	65 285	60 513	52 930	6 053	52 930	52 930	–	52 930	52 930	52 930
Total Application of cash and investments:		92 906	49 180	88 362	(11 134)	62 897	62 897	–	63 809	59 130	58 945
Surplus(shortfall)		95 408	120 599	53 725	240 421	58 405	58 405	–	36 330	27 731	17 048

DCU Garden Route - Table A3 Asset management										
Description	Ref	2019/20	2020/21	2021/22	Current Year- 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	3 457	(2 547)	9 680	108 832	29 807	29 807	144 231	90 797	250
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	3 729	108 432	26 577	26 577	143 981	90 547	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	3 729	108 432	26 577	26 577	143 981	90 547	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	628	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	628	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	55	-	-	-	-	-	-	-
Furniture and Office Equipment		3 457	240	5 952	1 400	1 630	1 630	250	250	250
Machinery and Equipment		-	-	-	-	1 600	1 600	-	-	-
Transport Assets		-	(3 279)	-	-	-	-	-	-	-
Land		-	(191)	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	(3 457)	2 547	10 005	16 010	8 698	8 698	13 269	5 650	650
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		(3 549)	-	5 341	15 010	8 483	8 483	13 269	5 650	650
Sport and Recreation Facilities		-	2 500	-	-	-	-	-	-	-
Community Assets		(3 549)	2 500	5 341	15 010	8 483	8 483	13 269	5 650	650
Heritage Assets		(2 255)	-	-	1 000	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		2 347	47	4 663	-	215	215	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		2 347	47	4 663	-	215	215	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	(0)	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-



DC4 Garden Route - Table A9 Asset Management

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Total Upgrading of Existing Assets		6	-	-	878	800	-	-	800	-	-
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	-	-	-
Community Facilities			-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			-	-	-	-	-	-	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	800	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	800	-	-	-	-	-
Operational Buildings			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	878	-	-	-	800	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Mature			-	-	-	-	-	-	-	-	-
Immature			-	-	-	-	-	-	-	-	-
Living Resources			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	(0)	(0)	20 563	126 642	38 505	38 505	158 300	96 447	900
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	3 729	108 432	25 577	26 577	143 981	90 547	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	3 729	108 432	26 577	26 577	143 981	90 547	-
Community Facilities			(3 549)	-	5 341	15 010	3 483	8 483	13 269	5 650	650
Sport and Recreation Facilities			-	2 500	-	-	-	-	-	-	-
Community Assets			(3 549)	2 500	5 341	15 010	8 483	8 483	13 269	5 650	650
Heritage Assets			(2 255)	-	-	1 000	-	-	-	-	-
Revenue Generating			-	-	-	800	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	800	-	-	-	-	-
Operational Buildings			2 347	675	4 663	-	215	215	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			2 347	675	4 663	-	215	215	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	55	-	-	-	-	-	-	-
Furniture and Office Equipment			3 457	240	5 952	1 400	1 630	1 630	250	250	250
Machinery and Equipment			-	-	-	-	1 600	1 600	-	-	-
Transport Assets			-	(3 279)	878	-	-	-	800	-	-
Land			-	(191)	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Mature			-	-	-	-	-	-	-	-	-
Immature			-	-	-	-	-	-	-	-	-
Living Resources			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class			(0)	(0)	20 563	126 642	38 505	38 505	158 300	96 447	900

DC4 Garden Route - Table A9 Asset Management

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSET REGISTER SUMMARY - PPE (WDV)		5	215 463	223 242	226 818	256 785	260 341	260 341	257 916	253 582	249 117
Roads Infrastructure			48	44	44	44	44	44	44	44	44
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			(1 418)	(1 115)	(1 119)	(1 115)	(1 119)	(1 119)	(1 119)	(1 119)	(1 119)
Solid Waste Infrastructure			-	-	-	-	26 577	26 577	26 577	26 577	26 577
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			(1 370)	(1 071)	(1 075)	(1 071)	25 503	25 503	25 503	25 503	25 503
Community Assets			36 640	35 713	35 069	35 733	34 992	34 992	34 913	34 832	34 749
Heritage Assets			-	-	-	-	-	-	-	-	-
Investment properties			54 182	54 060	64 187	57 400	64 187	64 187	64 187	64 187	64 187
Other Assets			2 141	1 251	1 161	8 654	6 756	6 756	5 477	4 166	2 822
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Intangible Assets			1 650	1 569	1 829	(228)	913	913	(26)	(989)	(1 976)
Computer Equipment			7 086	8 809	14 157	14 045	16 083	16 083	16 333	16 583	16 833
Furniture and Office Equipment			1 351	2 107	2 167	6 392	835	835	(1 974)	(4 853)	(7 804)
Machinery and Equipment			1 755	4 446	4 115	4 446	5 715	5 715	5 715	5 715	5 715
Transport Assets			7 701	8 065	7 391	8 185	7 391	7 391	9 172	9 172	9 172
Land			104 328	108 293	97 817	123 229	97 967	97 967	98 617	99 267	99 917
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Living Resources			-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	215 463	223 242	226 818	256 785	260 341	260 341	257 916	253 582	249 117
EXPENDITURE OTHER ITEMS			11 749	7 324	7 281	8 225	8 179	8 179	9 792	8 461	8 673
Depreciation		7	4 852	4 171	4 605	4 986	4 982	4 982	5 106	5 234	5 365
Repairs and Maintenance by Asset Class		3	6 897	3 152	2 676	3 239	3 197	3 197	4 686	3 227	3 308
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			173	159	147	352	352	352	619	369	379
Sanitation Infrastructure			204	236	222	360	360	360	737	378	388
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			377	394	369	712	712	712	1 365	748	766
Community Facilities			23	59	69	78	78	78	80	82	84
Sport and Recreation Facilities			921	439	519	580	580	580	827	610	625
Community Assets			944	498	587	658	658	658	907	692	709
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			1 037	1 325	988	1 086	1 120	1 120	1 698	1 046	1 072
Housing			-	-	-	-	-	-	-	-	-
Other Assets			1 037	1 325	988	1 086	1 120	1 120	1 698	1 046	1 072
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			3 988	33	28	26	46	46	47	48	50
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			72	199	244	280	123	123	127	129	132
Transport Assets			479	702	460	477	538	538	551	565	579
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Mature			-	-	-	-	-	-	-	-	-
Immature			-	-	-	-	-	-	-	-	-
Living Resources			-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			11 749	7 324	7 281	8 225	8 179	8 179	9 792	8 461	8 673
Renewal and upgrading of Existing Assets as % of total capex			26594684.6%	-21228758.3%	52.9%	13.3%	22.6%	22.6%	8.9%	5.9%	72.2%
Renewal and upgrading of Existing Assets as % of deprecn			-71.3%	61.1%	236.3%	337.1%	174.6%	174.6%	275.5%	107.9%	12.1%
R&M as a % of PPE			4.3%	1.9%	1.6%	1.0%	1.6%	1.6%	0.0%	0.9%	0.7%
Renewal and upgrading and R&M as a % of PPE			2.0%	3.0%	6.0%	8.0%	5.0%	5.0%	7.0%	4.0%	2.0%





DC4 Garden Route - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
<b>REVENUE ITEMS:</b>											
<u>Non-exchange revenue by source</u>											
<b>Exchange Revenue</b>	6										
Total Property Rates											
Less revenue foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)											
<b>Net Property Rates</b>		-	-	-	-	-	-	-	-	-	-
<u>Exchange revenue service charges</u>											
<b>Service charges - Electricity</b>	6										
Total Service charges - Electricity											
Less revenue foregone (in excess of 50 kwh per indigent household per month)											
Less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - Electricity</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - Water</b>	6										
Total Service charges - Water											
Less revenue foregone (in excess of 6 kilolitres per indigent household per month)											
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - Water</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - Waste Water Management</b>											
Total Service charges - Waste Water Management											
Less revenue foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - Waste Water Management</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - Waste Management</b>	6										
Total refuse removal revenue		-	-	-	11 168	-	-	-	37 688	76 291	78 908
Total landfill revenue											
Less revenue foregone (in excess of one removal a week to indigent households)											
Less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - Waste Management</b>		-	-	-	11 168	-	-	-	37 688	76 291	78 908
<b>EXPENDITURE ITEMS:</b>											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	145 035	155 812	167 400	178 755	172 525	172 525	-	183 530	183 781	196 498
Pension and UIF Contributions		27 854	27 937	32 401	33 092	33 068	33 068	-	35 316	37 715	40 326
Medical Aid Contributions		19 274	27 423	33 378	26 709	24 760	24 760	-	26 455	28 335	30 309
Overtime		4 853	5 560	5 550	6 693	4 204	4 204	-	4 255	4 901	5 244
Performance Bonus		12 852	15 612	16 834	14 481	14 849	14 849	-	16 157	16 955	18 126
Motor Vehicle Allowance		8 690	10 581	11 295	11 025	12 677	12 677	-	14 694	14 494	15 497
Cellphone Allowance		242	238	209	239	327	327	-	338	362	385
Housing Allowances		2 641	2 844	2 691	3 070	2 850	2 850	-	3 119	3 254	3 477
Other benefits and allowances		4 160	5 014	4 209	4 401	2 696	2 696	-	1 548	1 446	1 547
Payments in lieu of leave		3 568	2 972	2 491	1 213	7 551	7 551	-	5 608	8 478	9 089
Long service awards		-	1 855	-	80	-	-	-	-	-	-
Post-retirement benefit obligations	4	7 831	-	(3 408)	7 870	7 870	7 870	-	8 421	9 011	9 642
Entertainment											
Scarcity											
Acting and post related allowance		486	1 785	2 255	1 041	1 133	1 133	-	1 224	1 310	1 401
In kind benefits											
<b>sub-total</b>	5	237 485	257 433	275 308	288 669	284 510	284 510	-	300 666	310 041	331 522
Less: Employees costs capitalised to PPE											
<b>Total Employee related costs</b>	1	237 485	257 433	275 308	288 669	284 510	284 510	-	300 666	310 041	331 522

DC4 Garden Route - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Depreciation and amortisation</b>											
Depreciation of Property, Plant & Equipment		4 834	4 118	3 830	4 070	4 066	4 066	–	4 167	4 271	4 378
Lease amortisation		18	54	775	916	916	916	–	939	963	987
Capital asset impairment		30 394	–	–	–	–	–	–	–	–	–
<b>Total Depreciation and amortisation</b>	1	35 246	4 171	4 605	4 986	4 982	4 982	–	5 106	5 234	5 365
<b>Bulk purchases - electricity</b>											
Electricity bulk purchases		–	–	–	–	–	–	–	–	–	–
<b>Total bulk purchases</b>	1	–	–	–	–	–	–	–	–	–	–
<b>Transfers and grants</b>											
Cash transfers and grants		2 803	1 657	4 916	1 325	2 893	2 893	–	2 151	1 791	1 824
Non-cash transfers and grants		396	395	379	510	810	810	–	350	210	210
<b>Total transfers and grants</b>	1	3 199	2 052	5 296	1 835	3 703	3 703	–	2 501	2 001	2 034
<b>Contracted Services</b>											
Outsourced Services		4 641	5 204	1 714	43 582	37 230	37 230	–	23 803	22 096	22 257
Consultants and Professional Services		6 464	8 425	7 728	22 497	15 721	15 721	–	41 157	66 238	72 799
Contractors		9 952	12 517	11 369	13 098	15 074	15 074	–	16 950	15 468	15 854
<b>Total contracted services</b>		21 257	26 146	20 812	79 177	68 025	68 025	–	81 910	103 802	110 910
<b>Operational Costs</b>											
Collection costs		–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Audit fees		4 178	2 021	3 581	2 389	2 027	2 027	–	1 877	1 924	1 973
Other Operational Costs		39 891	(348 196)	43 884	44 981	64 769	64 769	–	63 072	68 647	70 434
<b>Total Operational Costs</b>	1	44 069	(346 175)	47 465	47 378	66 795	66 795	–	64 950	70 571	72 407
<b>Repairs and Maintenance by Expenditure Item</b>	8										
Employee related costs		–	–	–	–	–	–	–	–	–	–
Inventory Consumed (Project Maintenance)		–	–	–	–	–	–	–	–	–	–
Contracted Services		6 897	3 152	2 676	3 239	3 197	3 197	–	4 686	3 227	3 308
Other Expenditure		–	–	–	–	–	–	–	–	–	–
<b>Total Repairs and Maintenance Expenditure</b>	9	6 897	3 152	2 676	3 239	3 197	3 197	–	4 686	3 227	3 308
<b>Inventory Consumed</b>											
Inventory Consumed - Water		–	–	–	–	–	–	–	–	–	–
Inventory Consumed - Other		–	–	33 116	51 011	53 073	53 073	–	51 861	55 781	57 172
<b>Total Inventory Consumed &amp; Other Material</b>		–	–	33 116	51 011	53 073	53 073	–	51 861	55 781	57 172

DC4 Garden Route - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept)

Description	Ref	Vote 1 - Office of the Municipal Manager	Vote 2 - Office of the Municipal Manager (cont)	Vote 3 - Financial Services	Vote 4 - Financial Services (cont)	Vote 5 - Corporate Services	Vote 6 - Corporate Services (cont)	Vote 7 - Community Services	Vote 8 - Community Services (cont)	Vote 9 - Planning and Economic Development	Vote 10 - Planning and Economic Development (cont)	Vote 11 - Planning and Economic Development (cont2)	Vote 12 - Roads	Vote 13 - Roads (cont)	Vote 14 -	Vote 15 -	Total
R thousand	1																
<b>Revenue</b>																	
<b>Exchange Revenue</b>																	
Service charges - Electricity																	-
Service charges - Water																	-
Service charges - Waste Water Management																	-
Service charges - Waste Management									37 688								37 688
Sale of Goods and Rendering of Services		9 354	-	-	-	-	-	439	2 644		7 357	6 985					26 779
Agency services		21 239	-	-	-	-	-	-	-				193 150				214 389
Interest																	-
Interest earned from Receivables		3 371	-	-	-	-	-	-	-								3 371
Interest earned from Current and Non Current Assets		10 134	-	-	-	-	-	-	-								10 134
Dividends																	-
Rent on Land		627	-	-	-	-	-	-	-								627
Rental from Fixed Assets		3 122	-	-	-	-	-	-	-		255						3 377
Licence and permits																	-
Operational Revenue		6 989	-	-	-	870	-	-	-				1 728				9 386
<b>Non-Exchange Revenue</b>																	
Property rates																	-
Surcharges and Taxes		-	-	-	-	-	-	-	-								-
Fines, penalties and forfeits																	-
Licences or permits		-	-	-	-	-	-	183	-								183
Transfer and subsidies - Operational		211 645	-	-	-	358	-	-	-								212 004
Interest																	-
Fuel Levy																	-
Operational Revenue																	-
Gains on disposal of Assets																	-
Other Gains		-	-	-	-	-	-	-	-								-
Discontinued Operations																	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		266 479	-	-	-	1 629	-	439	40 515	-	7 612	6 985	194 878	-	-	-	517 937
<b>Expenditure</b>																	
Employee related costs		29 842	6 192	18 719	6 294	11 723	20 190	47 554	23 577	14 361	14 791	2 494	70 279	34 850	-	-	306 666
Remuneration of councillors		14 216	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14 216
Bulk purchases - electricity																	-
Inventory consumed		152	38	186	36	484	403	676	979	117	1 250	344	13 612	33 584	-	-	51 861
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		338	-	119	-	1 530	-	482	1 279	1 279	79	-	-	-	-	-	5 106
Interest		75	-	-	-	-	-	-	6 745	-	-	-	-	-	-	-	8 820
Contracted services		6 095	-	2 375	-	21 362	1 047	124	32 460	2 923	3 794	1 081	9 428	1 220	-	-	81 910
Transfers and subsidies		554	-	-	-	293	350	-	-	564	741	-	-	-	-	-	2 501
Irrecoverable debts written off		2 100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 100
Operational costs		10 387	504	650	181	2 065	7 865	3 967	2 202	933	2 671	377	30 754	2 376	-	-	64 930
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	75	-	-	-	-	-	-	-	-	-	-	-	-	75
<b>Total Expenditure</b>		63 738	6 734	22 124	6 511	37 436	29 874	52 894	69 242	20 176	23 326	4 296	124 074	71 830	-	-	532 294
<b>Surplus/(Deficit)</b>		202 721	(6 734)	(22 124)	(6 511)	(36 427)	(28 874)	(52 365)	(28 727)	(20 176)	(15 714)	2 690	70 804	(71 830)	-	-	(14 267)
Transfers and subsidies - capital (monetary allocations)		8 481	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 481
Transfers and subsidies - capital (in-kind)																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		211 202	(6 734)	(22 124)	(6 511)	(36 427)	(28 874)	(52 365)	(28 727)	(20 176)	(15 714)	2 690	70 804	(71 830)	-	-	(5 786)

DC4 Garden Route - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

		2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
Description	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Trade and other receivables from exchange transactions											
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste		1 062	-	1 062	-	1 062	1 062	-	1 062	1 062	1 062
Waste Water		-	-	-	-	-	-	-	-	-	-
Other trade receivables from exchange transactions		36 078	43 533	43 376	44 841	47 684	47 684	-	54 932	62 725	71 793
Gross: Trade and other receivables from exchange transactions		37 140	43 533	44 438	44 841	48 746	48 746	-	55 994	63 767	72 855
Less: Impairment for debt		(33 295)	(37 782)	(39 715)	(37 782)	(39 715)	(39 715)	-	(39 715)	(39 715)	(39 715)
Impairment for Electricity		-	-	-	-	-	-	-	-	-	-
Impairment for Water		-	-	-	-	-	-	-	-	-	-
Impairment for Waste		-	-	-	-	-	-	-	-	-	-
Impairment for Waste Water		-	-	-	-	-	-	-	-	-	-
Impairment for other trade receivables from exchange transactions		(33 295)	(37 782)	(39 715)	(37 782)	(39 715)	(39 715)	-	(39 715)	(39 715)	(39 715)
Total net Trade and other receivables from Exchange Transactions		3 845	5 751	4 722	7 059	9 030	9 030	-	16 279	24 072	33 140
Receivables from non-exchange transactions											
Property rates		-	-	-	-	-	-	-	-	-	-
Less: Impairment of Property rates		-	-	-	-	-	-	-	-	-	-
Net Property rates		-	-	-	-	-	-	-	-	-	-
Other receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Impairment for other receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Net other receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Total net Receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Inventory											
Water											
Opening Balance		-	-	-	-	-	-	-	-	-	-
System Input Volume		-	-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-	-
Bulk Purchases		-	-	-	-	-	-	-	-	-	-
Natural Sources		-	-	-	-	-	-	-	-	-	-
Authorized Consumption	6	-	-	-	-	-	-	-	-	-	-
Billed Authorized Consumption		-	-	-	-	-	-	-	-	-	-
Billed Metered Consumption		-	-	-	-	-	-	-	-	-	-
Free Basic Water		-	-	-	-	-	-	-	-	-	-
Subsidised Water		-	-	-	-	-	-	-	-	-	-
Revenue Water		-	-	-	-	-	-	-	-	-	-
Billed Unmetered Consumption		-	-	-	-	-	-	-	-	-	-
Free Basic Water		-	-	-	-	-	-	-	-	-	-
Subsidised Water		-	-	-	-	-	-	-	-	-	-
Revenue Water		-	-	-	-	-	-	-	-	-	-
UnBilled Authorized Consumption		-	-	-	-	-	-	-	-	-	-
Unbilled Metered Consumption		-	-	-	-	-	-	-	-	-	-
Unbilled Unmetered Consumption		-	-	-	-	-	-	-	-	-	-
Water Losses		-	-	-	-	-	-	-	-	-	-
Apparent losses		-	-	-	-	-	-	-	-	-	-
Unauthorised Consumption		-	-	-	-	-	-	-	-	-	-
Customer Meter Inaccuracies		-	-	-	-	-	-	-	-	-	-
Real losses		-	-	-	-	-	-	-	-	-	-
Leakage on Transmission and Distribution Mains		-	-	-	-	-	-	-	-	-	-
Leakage and Overflows at Storage Tanks/Reservoirs		-	-	-	-	-	-	-	-	-	-
Leakage on Service Connections up to the point of Customer Meter		-	-	-	-	-	-	-	-	-	-
Data Transfer and Management Errors		-	-	-	-	-	-	-	-	-	-
Unavoidable Annual Real Losses		-	-	-	-	-	-	-	-	-	-
Non-revenue Water		-	-	-	-	-	-	-	-	-	-
Closing Balance Water		-	-	-	-	-	-	-	-	-	-
Agricultural											
Opening Balance		-	-	-	-	-	-	-	-	-	-
Acquisitions	7	-	-	-	-	-	-	-	-	-	-
Issues	8	-	-	-	-	-	-	-	-	-	-
Adjustments	9	-	-	-	-	-	-	-	-	-	-
Write-offs		-	-	-	-	-	-	-	-	-	-
Closing balance - Agricultural		-	-	-	-	-	-	-	-	-	-
Consumables											
Standard Rated											
Opening Balance		1 901	1 975	1 901	1 906	1 904	1 904	-	1 831	1 756	1 680
Acquisitions	7	-	-	5	4 342	4 960	4 960	-	6 524	5 254	5 384
Issues	8	-	-	(8 305)	(4 342)	(4 960)	(4 960)	-	(6 524)	(5 254)	(5 384)
Adjustments	9	-	-	8 303	(73)	(73)	(73)	-	(73)	(76)	(78)
Write-offs		-	-	-	-	-	-	-	-	-	-
Closing balance - Consumables Standard Rated		1 901	1 975	1 904	1 833	1 831	1 831	-	1 756	1 680	1 602
Zero Rated											
Opening Balance		1 319	1 284	1 319	1 284	1 222	1 222	-	1 222	1 222	1 222
Acquisitions	7	-	-	24 813	19 474	24 692	24 692	-	16 191	25 941	26 588
Issues	8	-	-	(24 811)	(19 474)	(24 692)	(24 692)	-	(16 191)	(25 941)	(26 588)
Adjustments	9	-	-	(98)	-	-	-	-	-	-	-
Write-offs		-	-	-	-	-	-	-	-	-	-
Closing balance - Consumables Zero Rated		1 319	1 284	1 222	1 284	1 222	1 222	-	1 222	1 222	1 222



DC4 Garden Route - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Finished Goods</b>											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Issues	7	–	–	–	–	–	–	–	–	–	–
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Finished Goods		–	–	–	–	–	–	–	–	–	–
<b>Materials and Supplies</b>											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	27 195	23 401	23 401	–	29 146	24 566	25 200
Issues	7	–	–	–	(27 195)	(23 401)	(23 401)	–	(29 146)	(24 566)	(25 200)
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Materials and Supplies		–	–	–	–	–	–	–	–	–	–
<b>Work-in-progress</b>											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Materials		–	–	–	–	–	–	–	–	–	–
Transfers		–	–	–	–	–	–	–	–	–	–
Closing balance - Work-in-progress		–	–	–	–	–	–	–	–	–	–
<b>Housing Stock</b>											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Transfers		–	–	–	–	–	–	–	–	–	–
Sales		–	–	–	–	–	–	–	–	–	–
Closing Balance - Housing Stock		–	–	–	–	–	–	–	–	–	–
<b>Land</b>											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Sales		–	–	–	–	–	–	–	–	–	–
Adjustments		–	–	–	–	–	–	–	–	–	–
Correction of Prior period errors		–	–	–	–	–	–	–	–	–	–
Closing Balance - Land		–	–	–	–	–	–	–	–	–	–
Closing Balance - Inventory & Consumables		3 219	3 259	3 126	3 117	3 053	3 053	–	2 979	2 902	2 824
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)	3	205 454	217 677	219 519	369 996	250 024	250 024	–	416 324	512 770	513 670
Leases recognised as PPE		2 141	1 251	1 161	1 251	1 161	1 161	–	1 161	1 161	1 161
Less: Accumulated depreciation		(47 964)	(49 623)	(54 058)	(57 664)	(58 124)	(58 124)	–	(62 291)	(66 563)	(70 941)
Total Property, plant and equipment (PPE)	2	159 631	169 105	166 621	313 583	201 060	201 060	–	355 193	447 368	443 890
<b>LIABILITIES</b>											
<b>Current liabilities - Financial liabilities</b>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		223	536	100	536	100	100	–	100	100	100
Total Current liabilities - Financial liabilities		223	536	100	536	100	100	–	100	100	100
<b>Trade and other payables from exchange transactions</b>											
Trade and other payables from exchange transactions	5	26 771	38 650	27 928	4 535	27 928	27 928	–	27 928	27 928	27 928
Other trade payables from exchange transactions		–	–	–	–	–	–	–	–	–	–
Trade payables from Non-exchange transactions: Unspent conditional Grants		1 903	3 610	4 851	3 610	4 851	4 851	–	4 483	4 483	4 483
Trade payables from Non-exchange transactions: Other		–	105	1 508	105	105	105	–	105	105	105
VAT		(833)	794	2 207	4 208	2 207	2 207	–	2 207	2 207	2 207
Total Trade and other payables from exchange transactions	2	27 841	43 159	36 494	12 457	35 091	35 091	–	34 722	34 722	34 722
<b>Non current liabilities - Financial liabilities</b>											
Borrowing	4	–	–	5	236 166	26 583	26 583	–	170 315	260 862	260 862
Other financial liabilities		–	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Financial liabilities		–	–	5	236 166	26 583	26 583	–	170 315	260 862	260 862
<b>Provisions</b>											
Retirement benefits		112 581	126 077	131 957	126 373	133 133	133 133	–	134 391	135 738	137 178
Refuse landfill site rehabilitation		–	–	4	–	4	4	–	4	4	4
Other		12 478	12 020	12 020	12 020	12 020	12 020	–	12 020	12 020	12 020
Total Provisions		125 059	138 097	143 981	140 393	145 157	145 157	–	146 415	147 762	149 203
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated surplus/(deficit)</b>											
Accumulated surplus/(deficit) - opening balance		230 099	229 883	192 298	252 164	214 539	214 539	–	206 079	200 293	194 051
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		230 099	229 883	192 298	252 164	214 539	214 539	–	206 079	200 293	194 051
Surplus/(Deficit)		(92 379)	275 763	(8 229)	(6 947)	(8 160)	(8 160)	–	(5 786)	(6 242)	(7 784)
Transfers to/from Reserves		–	–	12 111	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	17 622	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	137 719	505 646	213 863	245 217	206 379	206 379	–	200 293	194 051	186 267
<b>Reserves</b>											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		31 856	26 389	18 761	26 389	18 761	18 761	–	18 761	18 761	18 761
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		33 429	34 125	34 169	34 125	34 169	34 169	–	34 169	34 169	34 169
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	65 285	60 513	52 930	60 513	52 930	52 930	–	52 930	52 930	52 930
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	203 005	566 159	266 733	305 730	259 309	259 309	–	253 223	246 981	239 197

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand												
A long and healthy life for all South Africans	Healthy and Socially Stable Communities	KPA5		493	555	–	–	–	–	–	–	–
An efficient, competitive and responsive economic infrastructure network	Bulk Infrastructure Co-ordination	KPA1		25	150 356	250	–	–	–	–	–	–
An efficient, effective and development-oriented public service	Inclusive District Economy	KPA6		–	1 108	–	–	–	–	–	–	–
Responsive, accountable, effective and efficient local government				–	–	393 891	468 076	487 921	487 921	481 444	495 826	524 374
Responsive, accountable, effective and efficient local government	A Skilled Workforce and Communities	KPA4		382	613	–	–	–	–	–	–	–
Sustainable human settlements and improved quality of household life				268 261	83 226	2 217	12 275	–	–	44 974	82 597	84 850
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	269 162	236 858	396 358	480 350	487 921	487 921	526 418	578 423	609 224

DC4 Garden Route - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	Strategic Objective and Budget (Operating Expenditure)					2023/24 Medium Term Revenue & Expenditure Framework			
				2019/20	2020/21	2021/22	Current Year 2022/23			Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
02: A long and healthy life for all South Africans	SG1: Healthy and Socially Stable Communities			35 469	37 180	41 850	48 356	38 105		85 711	129 209	135 139
02: A long and healthy life for all South Africans	SG4: Sustainable Environmental Management and Public Safety			-	-	-	50	27		50	30	30
04: Decent employment through inclusive growth	SG7: Growing an inclusive district economy			8 735	8 385	9 577	11 040	9 410		11 951	12 207	12 509
05: A skilled and capable workforce to support an inclusive growth path	SG2: A Skilled Workforce and Communities			16 782	13 649	22 503	48 247	17 255		44 608	38 813	40 234
06: An efficient, competitive and responsive economic infrastructure network	SG3: Bulk Infrastructure Co-ordination			(21)	158 643	157 609	198 377	160 984		197 842	208 425	218 738
09: Responsive, accountable, effective and efficient local government	SG5: Good Governance			172 572	81 183	93 188	116 166	86 918		129 240	127 841	138 081
09: Responsive, accountable, effective and efficient local government	SG6: Financial Viability and Sustainability			9 622	10 824	19 795	22 580	17 213		23 672	25 097	26 740
10: Protect and enhance our environmental assets and natural resources	SG4: Sustainable Environmental Management and Public Safety			27 313	29 332	31 900	37 554	30 573		37 960	41 993	44 446
13: A comprehensive, responsive and sustainable social protection system	109: Air Quality Management			-	-	-	-	-		50	50	50
13: A comprehensive, responsive and sustainable social protection system	SG1: Healthy and Socially Stable Communities			105	106	380	726	468		1 045	923	952



DC4 Garden Route - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
R thousand													
Allocations to other priorities													
Total Expenditure				1	270 576	339 302	376 802	483 095	361 054	-	532 130	584 588	616 929

DC4 Garden Route - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

2019/2020 Strategic Objectives and Budget (Capital Expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
R thousand													
	Build a capacitated workforce and communities	26		–	–	878	–	–	–	800	–	–	
An efficient, competitive and responsive economic infrastructure network	Bulk Infrastructure Co-ordination	KPA1		–	–	3 729	–	26 577	26 577	143 981	90 547	–	
An efficient, effective and development-oriented public service	Environmental Management and Public Safety	KPA51		–	–	4 631	–	8 483	8 483	13 269	5 650	650	
An efficient, effective and development-oriented public service	Healthy and socially stable communities	109		–	–	4 192	–	1 630	1 630	250	250	250	
		B											
		C											
		D											
		E											
		F											
		G											
		H											
		I											
		J											
		K											
		L											
		M											
		N											
		O											
		P											
Allocations to other priorities				3									
Total Capital Expenditure				1	–	–	13 430	–	36 690	36 690	158 300	96 447	900

DC4 Garden Route - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year #1 2024/25	Budget Year #2 2025/26
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	3.5%	3.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	3.5%	3.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	92.9%	81.5%	81.5%	0.0%	95.9%	99.6%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	3.6	2.9	2.8	6.3	2.6	2.6	-	2.4	2.3	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.6	2.9	2.8	6.3	2.6	2.6	-	2.4	2.3	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	3.4	2.3	2.3	5.3	2.1	2.1	-	1.9	1.8	1.8
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	42.8%	0.0%	0.0%	0.0%	58.5%	71.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	42.8%	0.0%	0.0%	0.0%	58.5%	71.1%	70.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	22.4%	26.3%	18.5%	14.6%	15.2%	15.2%	0.0%	14.1%	12.8%	12.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		25.8%	59.7%	13.0%	-14.0%	-193.1%	-193.1%	0.0%	27.4%	31.2%	35.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical										
	Total Volume Losses (kW) non technical										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes -System input	Bulk Purchase										
	Water treatment works										
	Natural sources										
	Total Volume Losses (kℓ)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	88.2%	109.1%	69.5%	61.5%	59.0%	59.0%	0.0%	58.1%	54.1%	54.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	92.3%	113.1%	71.9%	64.0%	61.3%	61.5%		60.6%	56.5%	56.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.6%	1.3%	0.7%	0.7%	0.7%	0.7%		0.9%	0.6%	0.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13.1%	1.8%	1.2%	1.1%	1.0%	1.0%	0.0%	2.7%	4.5%	4.1%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	118.8	44.0	49.1	49.1	49.1	-	48.2	49.6	52.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	3.6%	4.5%	4.7%	5.2%	4.0%	4.0%	0.0%	3.2%	2.7%	2.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.2	4.8	7.4	(0.9)	(0.4)	(0.4)	-	2.7	2.1	1.8



Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population												
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
<b>Monthly household income (no. of households)</b>	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household demographics (2009)</b>												
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
<b>Housing statistics</b>	3											
Formal												
Informal												
Total number of households												
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

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Total municipal services	Cur		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	--	--	--	--	--	--	--	--	--
		Piped water inside yard (but not in dwelling)	--	--	--	--	--	--	--	--	--
		Using public tap (at least min service level)	--	--	--	--	--	--	--	--	--
		Other water supply (at least min service level)	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	--	--	--	--	--	--	--	--	--
		Using public tap (< min service level)	--	--	--	--	--	--	--	--	--
		Other water supply (< min service level)	--	--	--	--	--	--	--	--	--
		No water supply	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		Total number of households	--	--	--	--	--	--	--	--	--
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	--	--	--	--	--	--	--	--	--
		Flush toilet (with septic tank)	--	--	--	--	--	--	--	--	--
		Chemical toilet	--	--	--	--	--	--	--	--	--
		Pit toilet (ventilated)	--	--	--	--	--	--	--	--	--
		Other toilet provisions (> min service level)	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	--	--	--	--	--	--	--	--	--
		Bucket toilet	--	--	--	--	--	--	--	--	--
		Other toilet provisions (< min service level)	--	--	--	--	--	--	--	--	--
		No toilet provisions	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		Total number of households	--	--	--	--	--	--	--	--	--
		Energy:									
		Electricity (at least min service level)	--	--	--	--	--	--	--	--	--
		Electricity - prepaid (min service level)	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	--	--	--	--	--	--	--	--	--
		Electricity (< min service level)	--	--	--	--	--	--	--	--	--
		Electricity - prepaid (< min service level)	--	--	--	--	--	--	--	--	--
		Other energy sources	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		Total number of households	--	--	--	--	--	--	--	--	--
		Refuse:									
		Removed at least once a week	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	--	--	--	--	--	--	--	--	--
Removed less frequently than once a week	--	--	--	--	--	--	--	--	--		
Using communal refuse dump	--	--	--	--	--	--	--	--	--		
Using own refuse dump	--	--	--	--	--	--	--	--	--		
Other rubbish disposal	--	--	--	--	--	--	--	--	--		
No rubbish disposal	--	--	--	--	--	--	--	--	--		
Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--		
Total number of households	--	--	--	--	--	--	--	--	--		
Municipal in-house services	Cur		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
		Using public tap (at least min service level)									
		Other water supply (at least min service level)									
		Minimum Service Level and Above sub-total		--	--				--	--	--
		Using public tap (< min service level)							--	--	--
		Other water supply (< min service level)							--	--	--
		No water supply							--	--	--
		Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--

Municipal entity services		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Ref	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year #1 2024/25	Budget Year #2 2025/26
		Household service targets (000)								
		<u>Water:</u>								
		Piped water inside dwelling								
		Piped water inside yard (but not in dwelling)								
	8	Using public tap (at least min service level)								
	10	Other water supply (at least min service level)								
		Minimum Service Level and Above sub-total								
	9	Using public tap (< min service level)								
	10	Other water supply (< min service level)								
		No water supply								
		Below Minimum Service Level sub-total								
		Total number of households								
		<u>Sanitation/sewage:</u>								
		Flush toilet (connected to sewerage)								
		Flush toilet (with septic tank)								
		Chemical toilet								
		Pit toilet (ventilated)								
		Other toilet provisions (> min service level)								
		Minimum Service Level and Above sub-total								
		Bucket toilet								
		Other toilet provisions (< min service level)								
		No toilet provisions								
		Below Minimum Service Level sub-total								
		Total number of households								
		<u>Energy:</u>								
		Electricity (at least min service level)								
		Electricity - prepaid (min service level)								
		Minimum Service Level and Above sub-total								
		Electricity (< min service level)								
		Electricity - prepaid (< min service level)								
		Other energy sources								
		Below Minimum Service Level sub-total								
		Total number of households								
		<u>Refuse:</u>								
		Removed at least once a week								
		Minimum Service Level and Above sub-total								
		removes less frequently than once a week								
		Using communal refuse dump								
		Using open refuse dump								
		Other rubbish disposal								
		No rubbish disposal								
		Below Minimum Service Level sub-total								
		Total number of households								
		Services provided by 'external mechanisms'								
		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Ref	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year #1 2024/25	Budget Year #2 2025/26
		Household service targets (000)								
		<u>Water:</u>								
		Piped water inside dwelling								
		Piped water inside yard (but not in dwelling)								
	8	Using public tap (at least min service level)								
	10	Other water supply (at least min service level)								
		Minimum Service Level and Above sub-total								
	9	Using public tap (< min service level)								
	10	Other water supply (< min service level)								
		No water supply								
		Below Minimum Service Level sub-total								
		Total number of households								
		<u>Sanitation/sewage:</u>								



C4 Garden Route - Supporting Table SAS Social, economic and demographic statistics and assumptions			Rush toilet (connected to sewerage)								
Names of service providers		Flush toilet (with septic tank)									
		Chemical toilet									
		PIE toilet (ventilated)									
		Other toilet provisions (> min service level)									
		Minimum Service Level and Above sub-total									
		Bucket toilet									
		Other toilet provisions (< min service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total									
		Total number of households									
Names of service providers		Electricity									
		Electricity (at least min service level)									
		Electricity - prepaid (min service level)									
		Minimum Service Level and Above sub-total									
		Electricity (< min service level)									
		Electricity - prepaid (< min service level)									
		Other energy sources									
		Below Minimum Service Level sub-total									
		Total number of households									
		Refuse									
Names of service providers		Removed at least once a week									
		Minimum Service Level and Above sub-total									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total									
		Total number of households									
	Detail of Free Basic Services (FBS) provided			2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework	
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year #1 2024/25	Budget Year #2 2025/26
Electricity	Per	Location or households for each type of FBS									
List type of FBS service		Formal settlements - (0 even per indigent household per month (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
Water	Per	Location or households for each type of FBS									
List type of FBS service		Formal settlements - (6 kilolitre per indigent household per month (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
Sanitation	Per	Location or households for each type of FBS									
List type of FBS service		Formal settlements - (free sanitation service to indigent households)									

IC4 Garden Route - Supporting Table 3A9 Social, economic and demographic statistics and assumptions									
		Number of HH receiving this type of FBS							
		Informal settlements (Rands)							
		Number of HH receiving this type of FBS							
		Informal settlements targeted for upgrading (Rands)							
		Number of HH receiving this type of FBS							
		Living in informal backyard rental agreement (Rands)							
		Number of HH receiving this type of FBS							
		Other (Rands)							
		Number of HH receiving this type of FBS							
		Total cost of FBS - Sanitation for informal settlements							
Refuse Removal	Ref	Locator of households for each type of FBS							
		Formal settlements - (removed once a week to incinerator households)							
		Number of HH receiving this type of FBS							
		Informal settlements (Rands)							
		Number of HH receiving this type of FBS							
		Informal settlements targeted for upgrading (Rands)							
		Number of HH receiving this type of FBS							
		Living in informal backyard rental agreement (Rands)							
		Number of HH receiving this type of FBS							
		Other (Rands)							
		Number of HH receiving this type of FBS							
		Total costs of FBS - Refuse Removal for informal settlements							



## DC4 Garden Route Supporting Table SA10 Funding measurement

Trend									-	-	-
Change in consumer debtors (current and non-current)	NIA	10 302	385	913	3 395	-	(76 088)	83 336	7 793	9 068	
Total Operating Revenue		269 162	235 858	396 301	469 150	482 321	482 321	-	517 937	572 923	608 724
Total Operating Expenditure		361 541	(39 905)	404 587	487 297	496 081	496 081	-	532 204	584 665	617 008
Operating Performance Surplus/(Deficit)		(92 379)	275 763	(8 285)	(18 147)	(13 760)	(13 760)	-	(14 267)	(11 742)	(8 284)
Cash and Cash Equivalents (30 June 2012)									101 769		



[illegible]

[illegible]



[illegible]

DC4 Garden Route - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
							Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Property rates (rate in the Rand)</b>	1								
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
<b>Property rates by usage</b>									
Business and commercial properties									
Industrial properties									
Mining properties									
Residential properties									
Agricultural properties									
Public benefit organisations									
Public service purpose properties									
Public service infrastructure properties									
Vacant land									
Sport Clubs and Fields (Blou only)									
Sectional Title Garages (Drakenstein only)									
<b>Exemptions, reductions and rebates (Rands)</b>									
<b>Residential properties</b>									
R15 000 threshold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
<b>Other rebates or exemptions</b>	2								
<b>Water tariffs</b>									
<b>Domestic</b>									
Basic charge/flat fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/k)									
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/k)		(fill in thresholds)							
Water usage - Block 2 (c/k)		(fill in thresholds)							
Water usage - Block 3 (c/k)		(fill in thresholds)							
Water usage - Block 4 (c/k)		(fill in thresholds)							
Water usage - Block 5 (c/k)		(fill in thresholds)							
Water usage - Block 6 (c/k)		(fill in thresholds)							
<b>Other</b>	2								
<b>Waste water tariffs</b>									
<b>Domestic</b>									
Basic charge/flat fee (Rands/month)									
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/k)									
Volumetric charge - Block 1 (c/k)		(fill in structure)							
Volumetric charge - Block 2 (c/k)		(fill in structure)							
Volumetric charge - Block 3 (c/k)		(fill in structure)							
Volumetric charge - Block 4 (c/k)		(fill in structure)							
<b>Other</b>	2								



DC4 Garden Route - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
							Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<u>Exemptions, reductions and rebates (Rands)</u> <i>[Insert lines as applicable]</i>									
<u>Water tariffs</u> <i>[Insert blocks as applicable]</i>		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							
<u>Waste water tariffs</u> <i>[Insert blocks as applicable]</i>		(fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure)							
<u>Electricity tariffs</u> <i>[Insert blocks as applicable]</i>		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24 % incr.	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Rand/cent</b>											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total large household bill:</b>		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-

[illegible]

DC4 Garden Route - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate <sup>1</sup>	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (r)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														-
														-
														-
														-
Municipality sub-total										-		-	-	-
Entities														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									-		-	-	-



DC4 Garden Route - Supporting Table SA17 Borrowing

[illegible]

DC4 Garden Route - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		68 200	29 433	173 756	181 160	182 938	182 938	185 267	191 291	202 920
Local Government Equitable Share		65 571	22 717	167 653	172 721	172 721	172 721	178 333	186 631	195 195
Energy Efficiency and Demand Side Management Grant		-	-	-	1 000	1 000	1 000	-	-	-
Expanded Public Works Programme Integrated Grant		1 629	2 072	2 071	2 440	2 440	2 440	2 180	-	-
Infrastructure Skills Development Grant		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 100
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	1 405	1 405	1 405	1 000	-	2 800
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Municipal Demarcation Transition Grant		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	922	-	-	1 778	1 778	-	939	982
Public Transport Network Grant		-	2 722	3 032	2 594	2 594	2 594	2 754	2 721	2 843
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Rehabilitation Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Programme and Project Preparation Support Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		4 195	3 858	9 639	6 500	9 251	9 251	6 560	6 622	6 671
Infrastructure		-	-	-	-	-	-	-	-	-
Capacity Building		4 195	3 858	9 639	6 500	9 251	9 251	6 560	6 622	6 671
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		35	2 857	172	41 000	39 840	39 840	20 177	19 157	19 180
Other Grants Received		35	2 857	172	41 000	39 840	39 840	20 177	19 157	19 180
<b>Total Operating Transfers and Grants</b>	5	72 430	36 148	183 567	228 660	232 030	232 030	212 004	217 070	228 771
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	4 000	4 000	4 000	4 000	5 000	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Urban Settlements Development Grant		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant		-	-	-	4 000	4 000	4 000	4 000	5 000	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	1 600	1 600	4 481	500	500
Infrastructure		-	-	-	-	-	-	4 481	500	500
Capacity Building		-	-	-	-	1 600	1 600	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	57	7 200	-	-	-	-	-
Other Grants Received		-	-	57	7 200	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	-	-	57	11 200	5 600	5 600	8 481	5 500	500
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		72 430	36 148	183 624	239 860	237 630	237 630	220 485	222 570	229 271

DC4 Garden Route - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>										
<b>EXPENDITURE:</b>	<b>1</b>									
<b>Operating expenditure of Transfers and Grants:</b>										
<b>National Government:</b>		353 677	(204 898)	196 931	179 590	183 600	181 600	192 671	193 091	208 127
Local Government Equitable Share		348 139	(212 871)	188 005	171 151	173 383	173 383	185 737	188 431	200 402
Energy Efficiency and Demand Side Management Grant		-	-	-	1 000	1 000	1 000	-	-	-
Expanded Public Works Programme Integrated Grant		4 831	5 299	5 387	2 440	2 440	2 440	2 180	-	-
Infrastructure Skills Development Grant		-	182	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant		707	633	990	1 000	1 000	1 000	1 000	1 000	1 100
Municipal Demarcation Transition Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	265	-	1 405	1 405	1 405	1 000	-	2 800
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	1 593	2 549	2 594	2 594	2 594	2 754	2 721	2 843
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant		-	-	-	-	1 778	1 778	-	939	982
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Rehabilitation Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Programme and Project Preparation Support Grant		-	-	-	-	-	-	-	-	-
<b>Other transfers/grants (insert description)</b>										
<b>Provincial Government:</b>		3 291	160 768	169 626	179 655	200 491	200 491	199 710	208 948	219 079
Infrastructure		(124)	158 427	166 019	173 155	192 255	192 255	193 150	202 326	212 408
Capacity Building		3 415	2 340	3 607	6 500	8 236	8 236	6 560	6 622	6 671
<b>Other transfers/grants (insert description)</b>										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	203	161	-	339	339	347	356	365
Expenditure on Other Grants		-	203	161	-	339	339	347	356	365
<b>Total operating expenditure of Transfers and Grants:</b>		<b>356 968</b>	<b>(43 927)</b>	<b>366 719</b>	<b>359 245</b>	<b>384 431</b>	<b>384 431</b>	<b>392 728</b>	<b>402 395</b>	<b>427 571</b>
<b>Capital expenditure of Transfers and Grants:</b>										
<b>National Government:</b>		-	-	-	4 000	4 000	4 000	4 000	5 000	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant		-	-	-	4 000	4 000	4 000	4 000	5 000	-
Local Government Financial Management Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	1 815	1 815	4 481	500	500
Infrastructure		-	-	-	-	1 815	1 815	4 481	500	500
Capacity Building		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	381	7 200	-	-	-	-	-
Expenditure on Other Grants		-	-	381	7 200	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>-</b>	<b>-</b>	<b>381</b>	<b>11 200</b>	<b>5 815</b>	<b>5 815</b>	<b>8 481</b>	<b>5 500</b>	<b>500</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>356 968</b>	<b>(43 927)</b>	<b>367 100</b>	<b>370 445</b>	<b>390 246</b>	<b>390 246</b>	<b>401 209</b>	<b>407 895</b>	<b>428 071</b>

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		2 351	1 051	2 351	1 051	59	59	59	59	59
Current year receipts		–	–	–	8 439	10 217	10 217	6 934	4 660	7 725
Conditions met - transferred to revenue		2 351	1 051	2 351	9 490	10 276	10 276	6 993	4 719	7 784
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		(447)	2 516	(810)	2 516	4 442	4 442	4 074	4 074	4 074
Current year receipts		–	–	4 238	6 500	9 251	9 251	6 560	6 622	6 671
Conditions met - transferred to revenue		(447)	2 516	3 428	9 016	13 694	13 694	10 634	10 696	10 745
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		–	–	–	41 000	39 840	39 840	20 177	19 157	19 180
Conditions met - transferred to revenue		–	–	–	41 000	39 840	39 840	20 177	19 157	19 180
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		1 903	3 567	6 779	59 506	63 810	63 810	37 804	34 571	37 708
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		–	–	–	4 000	4 000	4 000	4 000	5 000	–
Conditions met - transferred to revenue		–	–	–	4 000	4 000	4 000	4 000	5 000	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		–	43	–	43	350	350	350	350	350
Current year receipts		–	–	850	–	1 600	1 600	4 481	500	500
Conditions met - transferred to revenue		–	43	850	43	1 950	1 950	4 831	850	850
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	43	850	4 043	5 950	5 950	8 831	5 850	850
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		1 903	3 610	6 629	63 549	69 760	69 760	46 635	40 421	38 558
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

DC4 Garden Route - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>											
<b>Cash Transfers to other municipalities</b>											
DISTRICT MUNICIPALITIES	1	–	–	–	–	–	–	–	–	–	–
<b>Total Cash Transfers To Municipalities:</b>		–	–	–	–	–	–	–	–	–	–
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS	2	–	–	–	–	–	–	–	–	–	–
MUNICIPAL ENTITIES		–	–	–	–	–	–	–	–	–	–
<b>Total Cash Transfers To Entities/Ems'</b>		–	–	–	–	–	–	–	–	–	–
<b>Cash Transfers to other Organs of State</b>											
DEPARTMENTAL AGENCIES AND ACCOUNTS	3	–	–	–	–	–	–	–	–	–	–
PROVINCIAL GOVERNMENT		–	–	–	–	–	–	–	–	–	–
HIGHER EDUCATIONAL INSTITUTIONS		–	–	–	–	–	–	–	–	–	–
<b>Total Cash Transfers To Other Organs Of State:</b>		–	–	–	–	–	–	–	–	–	–
<b>Cash Transfers to Organisations</b>											
NON-PROFIT INSTITUTIONS		2 803	1 657	4 727	1 112	2 619	2 619	–	1 694	1 334	1 367
PUBLIC CORPORATIONS		–	–	–	–	–	–	–	–	–	–
<b>Total Cash Transfers To Organisations</b>		2 803	1 657	4 727	1 112	2 619	2 619	–	1 694	1 334	1 367
<b>Cash Transfers to Groups of Individuals</b>											
HOUSEHOLDS		–	–	189	213	274	274	–	457	457	457
PRIVATE ENTERPRISES		–	–	–	–	–	–	–	–	–	–
<b>Total Cash Transfers To Groups Of Individuals:</b>		–	–	189	213	274	274	–	457	457	457
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	2 803	1 657	4 916	1 325	2 893	2 893	–	2 151	1 791	1 824
<b>Non-Cash Transfers to other municipalities</b>											
DISTRICT MUNICIPALITIES	1	–	–	–	–	–	–	–	–	–	–
<b>Total Non-Cash Transfers To Municipalities:</b>		–	–	–	–	–	–	–	–	–	–
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS	2	–	–	–	–	–	–	–	–	–	–
MUNICIPAL ENTITIES		–	–	–	–	–	–	–	–	–	–
<b>Total Non-Cash Transfers To Entities/Ems'</b>		–	–	–	–	–	–	–	–	–	–
<b>Non-Cash Transfers to other Organs of State</b>											
DEPARTMENTAL AGENCIES AND ACCOUNTS	3	–	–	–	–	–	–	–	–	–	–
PROVINCIAL GOVERNMENT		–	–	–	–	–	–	–	–	–	–
HIGHER EDUCATIONAL INSTITUTIONS		–	–	–	–	–	–	–	–	–	–
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		–	–	–	–	–	–	–	–	–	–
<b>Non-Cash Grants to Organisations</b>											
NON-PROFIT INSTITUTIONS	4	–	–	–	–	–	–	–	–	–	–
PUBLIC CORPORATIONS		–	–	–	–	–	–	–	–	–	–
<b>Total Non-Cash Grants To Organisations</b>		–	–	–	–	–	–	–	–	–	–
<b>Groups of Individuals</b>											
HOUSEHOLDS	5	396	395	379	510	810	810	–	350	210	210
PRIVATE ENTERPRISES		–	–	–	–	–	–	–	–	–	–
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		396	395	379	510	810	810	–	350	210	210
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		396	395	379	510	810	810	–	350	210	210
<b>TOTAL TRANSFERS AND GRANTS</b>	6	3 199	2 052	5 296	1 835	3 703	3 703	–	2 501	2 001	2 034



Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		10 028	7 283	7 778	12 459	10 424	10 424	11 153	11 934	12 769
Pension and UIF Contributions		54	643	370	10	246	246	263	281	301
Medical Aid Contributions		49	-	153	54	151	151	162	173	185
Motor Vehicle Allowance		390	1 484	1 859	-	1 169	1 169	1 251	1 339	1 432
Cellphone Allowance		735	1 033	1 035	20	586	586	627	671	718
Housing Allowances		-	499	592	-	447	447	478	512	547
Other benefits and allowances		209	269	42	-	263	263	281	301	321
<b>Sub Total - Councillors</b>		<b>11 467</b>	<b>11 210</b>	<b>11 829</b>	<b>12 542</b>	<b>13 286</b>	<b>13 286</b>	<b>14 216</b>	<b>15 211</b>	<b>16 276</b>
% increase	4		(2.2%)	5.5%	6.0%	5.9%	-	7.0%	7.0%	7.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		58 230	5 151	5 431	6 119	5 871	5 871	6 223	6 596	6 992
Pension and UIF Contributions		9 663	16	(6 755)	1 178	1 963	1 963	2 093	2 231	2 378
Medical Aid Contributions		7 673	53	155	63	208	208	220	234	248
Overtime										
Performance Bonus		4 614	37	(28)	606	733	733	777	824	873
Motor Vehicle Allowance		2 169	678	822	527	856	856	908	962	1 020
Cellphone Allowance	3	153	108	81	114	195	195	207	219	233
Housing Allowances	3	-	-	321	-	370	370	392	415	440
Other benefits and allowances	3	0	-	9	-	21	21	22	23	24
Payments in lieu of leave		-	-	260	-	-	-	-	-	-
Long service awards		-	977	-	-	-	-	-	-	-
Post-retirement benefit obligations	6									
Entertainment										
Scarcity										
Acting and post related allowance		10	149	22	-	4	4	4	5	5
In kind benefits										
<b>Sub Total - Senior Managers of Municipality</b>		<b>82 503</b>	<b>7 020</b>	<b>296</b>	<b>8 608</b>	<b>10 217</b>	<b>10 217</b>	<b>10 841</b>	<b>11 504</b>	<b>12 208</b>
% increase	4		(91.5%)	(95.8%)	2 808.9%	18.7%	-	6.1%	6.1%	6.1%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		66 805	150 660	161 970	172 635	166 654	166 654	177 307	177 185	189 506
Pension and UIF Contributions		17 298	26 654	27 817	29 522	28 821	28 821	30 745	32 948	35 237
Medical Aid Contributions		11 600	27 370	33 224	26 646	24 552	24 552	26 234	28 102	30 061
Overtime		4 853	5 560	5 550	6 693	4 204	4 204	4 255	4 901	5 244
Performance Bonus		123	6 465	10 608	12 374	12 928	12 928	13 309	14 771	15 797
Motor Vehicle Allowance	3	6 520	9 903	10 474	10 498	11 821	11 821	13 787	13 532	14 477
Cellphone Allowance	3	89	130	129	124	132	132	131	142	152
Housing Allowances	3	2 641	3 035	2 370	3 137	2 481	2 481	2 929	2 839	3 036
Other benefits and allowances	3	13 168	15 200	14 714	9 403	7 323	7 323	7 132	6 667	7 131
Payments in lieu of leave		3 568	2 972	2 231	1 213	7 551	7 551	5 608	8 476	9 069
Long service awards		-	678	-	80	-	-	-	-	-
Post-retirement benefit obligations	6	7 831	-	3 671	6 694	6 694	6 694	7 163	7 664	8 201
Entertainment										
Scarcity										
Acting and post related allowance		476	1 636	2 233	1 041	1 129	1 129	1 220	1 305	1 396
In kind benefits										
<b>Sub Total - Other Municipal Staff</b>		<b>154 495</b>	<b>248 628</b>	<b>272 757</b>	<b>279 020</b>	<b>273 161</b>	<b>273 161</b>	<b>288 600</b>	<b>297 226</b>	<b>317 912</b>
% increase	4		60.9%	9.7%	2.3%	(2.1%)	-	5.7%	3.0%	7.0%
<b>Total Parent Municipality</b>		<b>248 465</b>	<b>266 858</b>	<b>284 882</b>	<b>300 170</b>	<b>296 664</b>	<b>296 664</b>	<b>313 657</b>	<b>323 942</b>	<b>346 396</b>
			7.4%	6.8%	5.4%	(1.2%)	-	5.7%	3.3%	6.9%
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
<b>Sub Total - Board Members of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% increase	4									

## DC4 Garden Route - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>										
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
<b>Sub Total - Senior Managers of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% Increase</b>	4	-	-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% Increase</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		248 465	266 858	284 882	300 170	296 664	296 664	313 657	323 942	346 396
<b>% Increase</b>	4		7.4%	6.8%	5.4%	(1.2%)	-	5.7%	3.3%	6.9%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	236 998	255 648	273 052	287 628	283 378	283 378	299 441	308 731	330 120



## DC4 Garden Route - Supporting Table SA23 Salaries, allowances &amp; benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		714 335	–	192 788			907 123
Chief Whip			1 296 995	112 144	728 913			2 138 052
Executive Mayor			221 802	112 504	788 501			1 122 807
Deputy Executive Mayor			370 904	66 763	188 788			606 455
Executive Committee			2 910 310	184 934	1 316 745			4 411 989
Total for all other councillors			3 549 480	189 529	1 290 577			5 029 586
<b>Total Councillors</b>	8	–	9 063 806	665 874	4 486 312			14 216 992
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 222 872	230 716	300 000	294 356		2 047 944
Chief Finance Officer			1 050 672	360 698	300 000	230 537		1 941 907
Executive Manager Corporate Services		1	1 273 955	343 968	112 423	234 037		1 964 383
Executive Manager Community Services		2	1 087 081	412 804	213 871	185 880		1 899 636
Executive Manager Planning and Economic Development		3	1 050 779	385 482	324 000	230 537		1 990 798
Executive Manager Roads		4	399 305	162 328	201 076	234 037		996 746
		5						–
		6						–
		7						–
		8						–
		9						–
		10						–
		11						–
		12						–
		13						–
		14						–
		15						–
		16						–
		17						–
		18						–
		19						–
		20						–
List of each official with packages >= senior manager								
		21						–
		22						–
		23						–
		24						–
		25						–
		26						–
		27						–
		28						–
		29						–
		30						–
		31						–
		32						–
		33						–
		34						–
		35						–
		36						–
		37						–
		38						–
		39						–
		40						–
<b>Total Senior Managers of the Municipality</b>	8,10	820	6 084 664	1 895 996	1 451 370	1 409 384		10 841 414
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
		1						–
		2						–
		3						–
		4						–
		5						–
		6						–
		7						–
		8						–
		9						–
		10						–
		11						–
		12						–
		13						–
		14						–
		15						–
		16						–
<b>Total for municipal entities</b>	8,10	136	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	956	15 148 470	2 561 870	5 937 682	1 409 384		25 057 406

DC4 Garden Route - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		2021/22			Current Year 2022/23			Budget Year 2023/24		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		35	35		35	35		35	35	
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	6	5	1	6	5	1	6	5	1
Other Managers	7	29	25		29	25		29	25	
Professionals		73	45	–	75	45	–	75	45	–
Finance		20	19		21	14		21	14	
Spatial/town planning										
Information Technology										
Roads		9	4		9	5		9	5	
Electricity										
Water										
Sanitation										
Refuse										
Other		44	22		45	26		45	26	
Technicians		125	102	–	129	114	–	129	114	–
Finance		9	8		9	9		9	9	
Spatial/town planning										
Information Technology										
Roads		43	35		47	39		47	39	
Electricity										
Water										
Sanitation										
Refuse										
Other		73	59		73	66		73	66	
Clerks (Clerical and administrative)		58	49		62	43		62	43	
Service and sales workers		68	62		68	64		68	64	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		58	53		60	49		60	49	
Elementary Occupations		234	227		235	220		235	220	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>686</b>	<b>603</b>	<b>1</b>	<b>699</b>	<b>600</b>	<b>1</b>	<b>699</b>	<b>600</b>	<b>1</b>
% increase					1.9%	(0.5%)	–	–	–	–
<b>Total municipal employees headcount</b>	6, 10				<b>664</b>	<b>565</b>		<b>664</b>	<b>565</b>	
Finance personnel headcount	8, 10	<b>46</b>	<b>38</b>		<b>49</b>	<b>40</b>		<b>49</b>	<b>40</b>	
Human Resources personnel headcount	8, 10	<b>21</b>	<b>21</b>		<b>21</b>	<b>20</b>		<b>21</b>	<b>20</b>	

DC4 Garden Route - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year #1 2024/25	Budget Year #2 2025/26
<b>Revenue</b>																
<b>Exchange Revenue</b>																
Service charges - Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - Waste Water Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - Waste Management		3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	37 688	76 291	78 908
Sale of Goods and Rendering of Services		2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	26 779	30 988	33 495
Agency services		17 866	17 866	17 866	17 866	17 866	17 866	17 866	17 866	17 866	17 866	17 866	17 866	214 389	224 084	240 750
Interest		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		281	281	281	281	281	281	281	281	281	281	281	281	3 371	3 673	3 787
Interest earned from Current and Non Current Assets		844	844	844	844	844	844	844	844	844	844	844	844	10 134	10 742	11 557
Dividends		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rent on Land		52	52	52	52	52	52	52	52	52	52	52	52	627	457	457
Rental from Fixed Assets		281	281	281	281	281	281	281	281	281	281	281	281	3 377	3 392	4 294
Licence and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operational Revenue		782	782	782	782	782	782	782	782	782	782	782	782	9 386	6 133	6 501
<b>Non-Exchange Revenue</b>																
Property rates		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences or permits		15	15	15	15	15	15	15	15	15	15	15	15	183	194	205
Transfer and subsidies - Operational		17 667	17 667	17 667	17 667	17 667	17 667	17 667	17 667	17 667	17 667	17 667	17 667	212 004	217 070	228 771
Interest		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fuel Levy		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Gains		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Discontinued Operations</b>																
<b>Total Revenue (excluding capital transfers and contri</b>		<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>43 161</b>	<b>517 937</b>	<b>572 923</b>	<b>608 724</b>
<b>Expenditure</b>																
Employee related costs		25 055	25 055	25 055	25 055	25 055	25 055	25 055	25 055	25 055	25 055	25 055	25 055	300 666	310 041	331 622
Remuneration of councillors		1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	14 216	15 211	16 276
Bulk purchases - electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed		4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	51 861	55 781	57 172
Debt impairment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation and amortisation		426	426	426	426	426	426	426	426	426	426	426	426	5 106	5 234	5 365
Interest		735	735	735	735	735	735	735	735	735	735	735	735	8 620	20 309	19 564
Contracted services		6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	81 910	103 802	110 910
Transfer and subsidies		208	208	208	208	208	208	208	208	208	208	208	208	2 501	2 001	2 034
Irrecoverable debts written off		175	175	175	175	175	175	175	175	175	175	175	175	2 100	1 639	1 680
Operational costs		5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	64 950	70 571	72 407
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Losses		6	6	6	6	6	6	6	6	6	6	6	6	75	76	78
<b>Total Expenditure</b>		<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>532 204</b>	<b>584 665</b>	<b>617 008</b>
<b>Surplus/(Deficit)</b>		<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(1 189)</b>	<b>(14 267)</b>	<b>(11 742)</b>	<b>(8 284)</b>
Transfers and subsidies - capital (monetary allocations)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind)		707	707	707	707	707	707	707	707	707	707	707	707	8 481	5 500	500
Surplus/(Deficit) after capital transfers & contributions		(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(481)	(5 786)	(6 242)	(7 784)
Income Tax		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(481)	(5 786)	(6 242)	(7 784)
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(481)	(5 786)	(6 242)	(7 784)
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(481)</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>

DC4 Garden Route - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - Office of the Municipal Manager		22 913	22 913	22 913	22 913	22 913	22 913	22 913	22 913	22 913	22 913	22 913	22 913	274 960	273 912	288 825
Vote 2 - Office of the Municipal Manager (cont)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 3 - Financial Services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 4 - Financial Services (cont)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 5 - Corporate Services		86	86	86	86	86	86	86	86	86	86	86	86	1 029	1 091	1 157
Vote 6 - Corporate Services (cont)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 7 - Community Services		37	37	37	37	37	37	37	37	37	37	37	37	439	465	493
Vote 8 - Community Services (cont)		3 376	3 376	3 376	3 376	3 376	3 376	3 376	3 376	3 376	3 376	3 376	3 376	40 515	82 790	85 055
Vote 9 - Planning and Economic Development		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 10 - Planning and Economic Development (cont)		634	634	634	634	634	634	634	634	634	634	634	634	7 612	8 069	8 754
Vote 11 - Planning and Economic Development(cont2)		582	582	582	582	582	582	582	582	582	582	582	582	8 985	7 404	8 045
Vote 12 - Roads		16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	194 878	204 691	216 896
Vote 13 - Roads (cont)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue by Vote</b>		<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>43 868</b>	<b>526 418</b>	<b>578 423</b>	<b>609 224</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Office of the Municipal Manager		5 313	5 313	5 313	5 313	5 313	5 313	5 313	5 313	5 313	5 313	5 313	5 313	63 758	65 588	69 419
Vote 2 - Office of the Municipal Manager (cont)		561	561	561	561	561	561	561	561	561	561	561	561	6 734	7 143	7 620
Vote 3 - Financial Services		1 844	1 844	1 844	1 844	1 844	1 844	1 844	1 844	1 844	1 844	1 844	1 844	22 124	23 441	24 946
Vote 4 - Financial Services (cont)		543	543	543	543	543	543	543	543	543	543	543	543	6 511	6 957	7 434
Vote 5 - Corporate Services		3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	37 456	34 649	35 645
Vote 6 - Corporate Services (cont)		2 490	2 490	2 490	2 490	2 490	2 490	2 490	2 490	2 490	2 490	2 490	2 490	29 874	27 024	31 403
Vote 7 - Community Services		4 400	4 400	4 400	4 400	4 400	4 400	4 400	4 400	4 400	4 400	4 400	4 400	52 804	55 848	59 406
Vote 8 - Community Services (cont)		5 770	5 770	5 770	5 770	5 770	5 770	5 770	5 770	5 770	5 770	5 770	5 770	69 242	114 333	119 133
Vote 9 - Planning and Economic Development		1 681	1 681	1 681	1 681	1 681	1 681	1 681	1 681	1 681	1 681	1 681	1 681	20 176	19 239	19 527
Vote 10 - Planning and Economic Development (cont)		1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	23 328	20 032	21 188
Vote 11 - Planning and Economic Development(cont2)		358	358	358	358	358	358	358	358	358	358	358	358	4 206	3 890	4 107
Vote 12 - Roads		10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	124 074	128 685	135 527
Vote 13 - Roads (cont)		5 986	5 986	5 986	5 986	5 986	5 986	5 986	5 986	5 986	5 986	5 986	5 986	71 830	77 835	81 252
Vote 14 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure by Vote</b>		<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>44 350</b>	<b>532 204</b>	<b>584 665</b>	<b>617 008</b>
<b>Surplus(Deficit) before assoc.</b>		<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(481)</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>
Income Tax		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus(Deficit)</b>	<b>1</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(482)</b>	<b>(481)</b>	<b>(5 786)</b>	<b>(6 242)</b>	<b>(7 784)</b>

DC4 Garden Route - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		22 999	22 999	22 999	22 999	22 999	22 999	21 999	22 999	22 999	22 999	22 999	22 999	276 990	275 003	289 981
Executive and council		22 913	22 913	22 913	22 913	22 913	22 913	21 913	22 913	22 913	22 913	22 913	22 913	274 960	273 912	288 825
Finance and administration		86	86	86	86	86	86	86	86	86	86	86	86	1 029	1 091	1 157
Internal audit																
<i>Community and public safety</i>		1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	15 036	15 938	17 291
Community and social services																
Sport and recreation		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	14 597	15 473	16 798
Public safety																
Housing																
Health		37	37	37	37	37	37	37	37	37	37	37	37	439	465	493
<i>Economic and environmental services</i>		16 255	16 255	16 255	16 255	16 255	16 255	16 255	16 255	16 255	16 255	16 255	16 255	195 060	204 885	217 101
Planning and development																
Road transport		16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	16 240	194 878	204 691	216 896
Environmental protection		15	15	15	15	15	15	15	15	15	15	15	15	194	194	205
<i>Trading services</i>		3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	40 332	82 597	84 850
Energy sources																
Water management																
Waste water management																
Waste management		3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	40 332	82 597	84 850
<i>Other</i>																
<b>Total Revenue - Functional</b>		43 868	43 868	43 868	43 868	43 868	43 868	42 868	43 868	43 868	43 868	43 868	43 868	526 418	578 423	609 224
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		15 172	15 172	15 172	15 172	15 172	15 172	15 172	15 172	15 172	15 172	15 172	15 172	182 063	179 625	192 140
Executive and council		4 626	4 626	4 626	4 626	4 626	4 626	4 626	4 626	4 626	4 626	4 626	4 626	55 515	57 765	61 136
Finance and administration		10 280	10 280	10 280	10 280	10 280	10 280	10 280	10 280	10 280	10 280	10 280	10 280	123 362	118 457	127 369
Internal audit		265	265	265	265	265	265	265	265	265	265	265	265	3 186	3 403	3 635
<i>Community and public safety</i>		7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	91 305	97 729	103 599
Community and social services		668	668	668	668	668	668	668	668	668	668	668	668	8 016	8 275	8 819
Sport and recreation		1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	14 322	14 237	14 990
Public safety		2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	28 546	32 261	34 086
Housing																
Health		3 368	3 368	3 368	3 368	3 368	3 368	3 368	3 368	3 368	3 368	3 368	3 368	40 421	42 956	45 704
<i>Economic and environmental services</i>		16 180	16 180	16 180	16 180	16 180	16 180	16 180	16 180	16 180	16 180	16 180	16 180	218 166	225 347	236 493
Planning and development		1 525	1 525	1 525	1 525	1 525	1 525	1 525	1 525	1 525	1 525	1 525	1 525	18 300	14 685	15 304
Road transport		16 325	16 325	16 325	16 325	16 325	16 325	16 325	16 325	16 325	16 325	16 325	16 325	195 904	206 520	216 780
Environmental protection		330	330	330	330	330	330	330	330	330	330	330	330	3 955	4 142	4 408
<i>Trading services</i>		3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	38 047	79 315	82 108
Energy sources																
Water management																
Waste water management																
Waste management		3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	3 171	38 047	79 315	82 108
<i>Other</i>		219	219	219	219	219	219	219	219	219	219	219	219	2 630	2 649	2 668
<b>Total Expenditure - Functional</b>		44 350	44 350	44 350	44 350	44 350	44 350	44 350	44 350	44 350	44 350	44 350	44 350	532 204	584 665	617 008
Surplus/(Deficit) before assoc.		(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(481)	(5 786)	(6 242)	(7 784)
Intercompany/Parent subsidiary transactions																
<b>Surplus/(Deficit)</b>	1	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(481)	(5 786)	(6 242)	(7 784)

DC4 Garden Route - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Financial Services (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Corporate Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Corporate Services (cont)		21	21	21	21	21	21	21	21	21	21	21	21	250	250	250
Vote 7 - Community Services		387	387	387	387	387	387	387	387	387	387	387	387	4 638	–	–
Vote 8 - Community Services (cont)		12 053	12 053	12 053	12 053	12 053	12 053	12 053	12 053	12 053	12 053	12 053	12 053	144 631	91 197	650
Vote 9 - Planning and Economic Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Planning and Economic Development (cont)		333	333	333	333	333	333	333	333	333	333	333	333	4 000	5 000	–
Vote 11 - Planning and Economic Development(cont2)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Roads		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Roads (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Capital multi-year expenditure sub-total</b>	2	12 793	12 793	12 793	12 793	12 793	12 793	12 793	12 793	12 793	12 793	12 793	12 793	153 519	96 447	900
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Financial Services (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Corporate Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Corporate Services (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Community Services		332	332	332	332	332	332	332	332	332	332	332	332	3 981	–	–
Vote 8 - Community Services (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Economic Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Planning and Economic Development (cont)		67	67	67	67	67	67	67	67	67	67	67	67	800	–	–
Vote 11 - Planning and Economic Development(cont2)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Roads		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Roads (cont)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Capital single-year expenditure sub-total</b>	2	398	398	398	398	398	398	398	398	398	398	398	398	4 781	–	–
<b>Total Capital Expenditure</b>	2	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	158 300	96 447	900

DC4 Garden Route - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Capital Expenditure - Functional</b>	1															
<i>Governance and administration</i>		739	739	739	739	739	739	739	739	739	739	739	739	8 969	250	250
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		739	739	739	739	739	739	739	739	739	739	739	739	8 969	250	250
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		121	121	121	121	121	121	121	121	121	121	121	121	1 450	650	650
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		67	67	67	67	67	67	67	67	67	67	67	67	800	–	–
Public safety		54	54	54	54	54	54	54	54	54	54	54	54	650	650	650
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		333	333	333	333	333	333	333	333	333	333	333	333	4 000	5 000	–
Planning and development		333	333	333	333	333	333	333	333	333	333	333	333	4 000	5 000	–
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	143 981	90 547	–
Energy services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	143 981	90 547	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	2	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	158 300	96 447	900
<b>Funded by:</b>																
National Government		333	333	333	333	333	333	333	333	333	333	333	333	4 000	5 000	–
Provincial Government		373	373	373	373	373	373	373	373	373	373	373	373	4 481	500	500
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers from other departments - capital (inter-municipal allocations) (Nat / Prov Departm Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>		707	707	707	707	707	707	707	707	707	707	707	707	8 481	5 500	500
Borrowing		11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	143 981	90 547	–
Internally generated funds		487	487	487	487	487	487	487	487	487	487	487	487	5 838	400	400
<b>Total Capital Funding</b>		13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	158 300	96 447	900



DC4 Garden Route - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Cash Receipts By Source</b>													1		
Property rates													–		
Service charges - electricity revenue													–		
Service charges - water revenue													–		
Service charges - sanitation revenue													–		
Service charges - refuse revenue	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	3 141	37 688	76 291	78 908
Rental of facilities and equipment	334	334	334	334	334	334	334	334	334	334	334	334	334	4 004	3 849
Interest earned - external investments	844	844	844	844	844	844	844	844	844	844	844	844	10 134	10 742	11 557
Interest earned - outstanding debtors													–		
Dividends received													–		
Fines, penalties and forfeits													–		
Licences and permits													–		
Agency services	1 770	1 770	1 770	1 770	1 770	1 770	1 770	1 770	1 770	1 770	1 770	1 770	21 239	21 224	26 798
Transfers and Subsidies - Operational	33 763	33 763	33 763	33 763	33 763	33 763	33 763	33 763	33 763	33 763	33 763	33 763	405 154	419 930	443 726
Other revenue	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	29 828	30 562	32 284
<b>Cash Receipts by Source</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>42 312</b>	<b>507 746</b>	<b>562 597</b>	<b>597 029</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	707	707	707	707	707	707	707	707	707	707	707	707	8 481	5 500	500
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departments, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)													–		
Proceeds on Disposal of Fixed and Intangible Assets													–		
Short term loans													–		
Borrowing long term/financing	17 386	14 287	14 206	12 206	12 206	12 206	10 206	10 206	10 206	10 206	10 206	10 206	143 732	90 547	–
Increase (decrease) in consumer deposits													–		
Decrease (increase) in non-current receivables													–		
Decrease (increase) in non-current investments													–		
<b>Total Cash Receipts by Source</b>	<b>60 404</b>	<b>57 306</b>	<b>57 225</b>	<b>55 225</b>	<b>55 225</b>	<b>55 225</b>	<b>53 225</b>	<b>53 225</b>	<b>53 225</b>	<b>53 225</b>	<b>53 225</b>	<b>53 225</b>	<b>659 960</b>	<b>658 644</b>	<b>597 529</b>
<b>Cash Payments by Type</b>															
Employee related costs	24 950	24 950	24 950	24 950	24 950	24 950	24 950	24 950	24 950	24 950	24 950	24 950	299 407	308 694	330 081
Remuneration of councillors	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	14 216	15 211	16 276
Interest	735	735	735	735	735	735	735	735	735	735	735	735	8 620	20 309	19 564
Bulk purchases - electricity													–		
Acquisitions - water & other inventory	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	4 322	51 861	55 781	57 172
Contracted services	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	6 826	81 910	103 802	110 910
Transfers and subsidies - other municipalities													–		
Transfers and subsidies - other													–		
Other expenditure	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 414	64 950	70 571	72 407
<b>Cash Payments by Type</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>43 439</b>	<b>521 164</b>	<b>574 368</b>	<b>606 499</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	13 192	158 300	96 447	900
Repayment of borrowing													–		
Other Cash Flows/Payments													–		
<b>Total Cash Payments by Type</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>56 621</b>	<b>679 464</b>	<b>670 814</b>	<b>607 399</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>3 783</b>	<b>685</b>	<b>603</b>	<b>(1 397)</b>	<b>(1 397)</b>	<b>(1 397)</b>	<b>(3 397)</b>	<b>(3 397)</b>	<b>(3 397)</b>	<b>(3 397)</b>	<b>(3 397)</b>	<b>(3 397)</b>	<b>(3 403)</b>	<b>(19 504)</b>	<b>(12 179)</b>
Cash/cash equivalents at the month/year begin:	121 273	125 056	125 741	126 344	124 948	123 551	122 155	118 758	115 362	111 965	108 568	105 172	121 273	101 769	89 599
Cash/cash equivalents at the month/year end:	125 056	125 741	126 344	124 948	123 551	122 155	118 758	115 362	111 965	108 568	105 172	101 769	101 769	89 599	79 816

[illegible]

[illegible]

[illegible]

[illegible]

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
<b>Other assets</b>		-	628	-	-	-	-	-	-	-
Operational Buildings		-	628	-	-	-	-	-	-	-
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares		-	628	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licences										
Solid Waste Licences										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										

DC4 Garden Route - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
<b>Computer Equipment</b>		-	55	-	-	-	-	-	-	-
Computer Equipment		-	55	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		3 457	240	5 952	1 400	1 630	1 630	250	250	250
Furniture and Office Equipment		3 457	240	5 952	1 400	1 630	1 630	250	250	250
<b>Machinery and Equipment</b>		-	-	-	-	1 600	1 600	-	-	-
Machinery and Equipment		-	-	-	-	1 600	1 600	-	-	-
<b>Transport Assets</b>		-	(3 279)	-	-	-	-	-	-	-
Transport Assets		-	(3 279)	-	-	-	-	-	-	-
<b>Land</b>		-	(191)	-	-	-	-	-	-	-
Land		-	(191)	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Living resources</b>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	1	3 457	(2 547)	9 680	109 832	29 807	29 807	144 231	90 797	250





[illegible]

DC4 Garden Route - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
<b>Computer Equipment</b>		-	(0)	-	-	-	-	-	-	-
Computer Equipment		-	(0)	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
<b>Land</b>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Living resources</b>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	1	(3 457)	2 547	10 005	16 010	8 698	8 698	13 269	5 650	650
<b>Renewal of Existing Assets as % of total capex</b>		26594684.6%	-21228758.3%	48.7%	12.6%	22.6%	22.6%	8.4%	5.9%	72.2%
<b>Renewal of Existing Assets as % of deprecn"</b>		-71.3%	61.1%	217.2%	321.1%	174.6%	174.6%	259.8%	107.9%	12.1%

[illegible]

DC4 Garden Route - Supporting Table SA34c Repairs and maintenance expenditure by asset class

City of London Water Corporation Public Goods Outputs and Maintenance Expenditure by Asset Class										
Description R thousand	Ref 1				Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		2019/20 Audited Outcome	2020/21 Audited Outcome	2021/22 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Community Assets</b>		944	498	587	658	658	658	907	692	709
Community Facilities		23	59	69	78	78	78	80	82	84
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations		23	59	69	78	78	78	80	82	84
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		921	439	519	580	580	580	827	610	625
Indoor Facilities										
Outdoor Facilities		539	230	321	314	314	314	443	330	339
Capital Spares		382	210	198	266	266	266	384	279	286
		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		1 037	1 325	988	1 086	1 120	1 120	1 698	1 046	1 072
Operational Buildings		1 037	1 325	988	1 086	1 120	1 120	1 698	1 046	1 072
Municipal Offices		986	1 286	969	1 056	1 081	1 081	1 658	1 004	1 029
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories		41	36	2	29	39	39	40	41	42
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares		10	3	17	2	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licences										
Solid Waste Licences										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										

DC4 Garden Route - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
<b>Computer Equipment</b>		3 988	33	28	26	46	46	47	48	50
Computer Equipment		3 988	33	28	26	46	46	47	48	50
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		72	199	244	280	123	123	127	129	132
Machinery and Equipment		72	199	244	280	123	123	127	129	132
<b>Transport Assets</b>		479	702	460	477	538	538	551	565	579
Transport Assets		479	702	460	477	538	538	551	565	579
<b>Land</b>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Living resources</b>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	1	6 897	3 152	2 676	3 239	3 197	3 197	4 686	3 227	3 308
<b>R&amp;M as a % of PPE</b>		4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>R&amp;M as % Operating Expenditure</b>		1.9%	-7.9%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%

DC4 Garden Route - Supporting Table SA34d Depreciation by asset class

[illegible]



[illegible]

DC4 Garden Route - Supporting Table SA34d Depreciation by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year #1 2024/25	Budget Year #2 2025/26
R thousand	1									
<b>Computer Equipment</b>		1 449	1 314	–	–	–	–	–	–	–
Computer Equipment		1 449	1 314	–	–	–	–	–	–	–
<b>Furniture and Office Equipment</b>		1 840	823	2 393	2 740	2 740	2 740	2 809	2 879	2 951
Furniture and Office Equipment		1 840	823	2 393	2 740	2 740	2 740	2 809	2 879	2 951
<b>Machinery and Equipment</b>		742	302	1 177	1 248	1 248	1 248	1 279	1 311	1 344
Machinery and Equipment		742	302	1 177	1 248	1 248	1 248	1 279	1 311	1 344
<b>Transport Assets</b>		686	638	–	4	–	–	–	–	–
Transport Assets		686	638	–	4	–	–	–	–	–
<b>Land</b>		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
<b>Zoo's, Marine and Non biological Animals</b>		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
<b>Living resources</b>		–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–
Policing and Protection		–	–	–	–	–	–	–	–	–
Zoological plants and animals		–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–
Policing and Protection		–	–	–	–	–	–	–	–	–
Zoological plants and animals		–	–	–	–	–	–	–	–	–
<b>Total Depreciation</b>	1	4 852	4 171	4 605	4 986	4 982	4 982	5 106	5 234	5 365

[illegible]

Description	Ref	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework					
		Audited Outcome 2019/20	Audited Outcome 2020/21	Audited Outcome 2021/22	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>		-	-	-	800	-	-	-	-	-
Revenue Generating		-	-	-	800	-	-	-	-	-
Improved Property		-	-	-	800	-	-	-	-	-
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Services										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Local Settlement Software Applications										
Unspecified										

DC4 Garden Route - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	<b>1</b>									
<u>Computer Equipment</u>		-	-	-	-	-	-	-	-	-
Computer Equipment										
<u>Furniture and Office Equipment</u>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
<u>Machinery and Equipment</u>		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
<u>Transport Assets</u>		-	-	878	-	-	-	800	-	-
Transport Assets				878				800		
<u>Land</u>		-	-	-	-	-	-	-	-	-
Land										
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
<u>Living resources</u>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
<b>Total Capital Expenditure on upgrading of existing assets</b>	<b>1</b>	-	-	878	800	-	-	800	-	-
<i>Upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	4.3%	0.6%	0.0%	0.0%	0.5%	0.0%	0.0%
<i>Upgrading of Existing Assets as % of deprecn"</i>		0.0%	0.0%	19.1%	16.0%	0.0%	0.0%	15.7%	0.0%	0.0%

DC4 Garden Route - Supporting Table SA35 Future financial implications of the capital budge:

Vote Description	Ref	2023/24 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Office of the Municipal Manager		-	-	-				
Vote 2 - Office of the Municipal Manager (cont)		-	-	-				
Vote 3 - Financial Services		-	-	-				
Vote 4 - Financial Services (cont)		-	-	-				
Vote 5 - Corporate Services		-	-	-				
Vote 6 - Corporate Services (cont)		250	250	250				
Vote 7 - Community Services		8 619	-	-				
Vote 8 - Community Services (cont)		144 631	91 197	650				
Vote 9 - Planning and Economic Development		-	-	-				
Vote 10 - Planning and Economic Development (cont)		4 800	5 000	-				
Vote 11 - Planning and Economic Development(cont2)		-	-	-				
Vote 12 - Roads		-	-	-				
Vote 13 - Roads (cont)		-	-	-				
Vote 14 -		-	-	-				
Vote 15 -		-	-	-				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		158 300	96 447	900	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Office of the Municipal Manager								
Vote 2 - Office of the Municipal Manager (cont)								
Vote 3 - Financial Services								
Vote 4 - Financial Services (cont)								
Vote 5 - Corporate Services								
Vote 6 - Corporate Services (cont)								
Vote 7 - Community Services								
Vote 8 - Community Services (cont)								
Vote 9 - Planning and Economic Development								
Vote 10 - Planning and Economic Development (cont)								
Vote 11 - Planning and Economic Development(cont2)								
Vote 12 - Roads								
Vote 13 - Roads (cont)								
Vote 14 -								
Vote 15 -								
List entity summary if applicable								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Exchange Revenue								
Service charges - Electricity								
Service charges - Water								
Service charges - Waste Water Management								
Service charges - Waste Management								
Agency services								
List other revenues sources if applicable								
List entity summary if applicable								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		158 300	96 447	900	-	-	-	-

DC4 Garden Route - Supporting Table SA38 Detailed capital budget

PCA Garden Route - Supporting Table 9A/9B Detailed capital budget																	
R Recurrent																	
Function	Project Description	Project Number	Type	MTSP Service Outcome	RDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	2023/24 Medium Term Revenue & Expenditure Framework					
												Audited Outcome 2021/22	2023/23 Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
Parent municipality: List of rePM projects grouped by Function:																	
Disaster Management	Capital Project	PC00203005_1540	New	oriented public service	Growth		Furniture and Office Equipment		Head Office	0	0		4 192	1 635	230	250	280
Project Management Unit	Capital Community	PC00303001602001002_1356	Existing	Air efficient, effective and development-oriented public service	Inclusion and access		Personnel	Community Assets	Wards of the District Administration or Head Office	0	0		4 621	4 403	10 289	5 600	600
Recreational Facilities	pool vehicle	PC00303002019_1380	Existing		Governance		Logistics	Transport Costs	Wards of the District	0	0		878	-	900	-	-
SOLID WASTE DISPOSAL (LANDFILL SITES)	Landfill Site, PPE	PC001030020201_1409	New	Air efficient, responsive and responsive economic infrastructure relevant	Growth		SOLID WASTE INFRASTRUCTURE	Landfill Sites	Wards of the District Administration or Head Office	0	0		4 129	24 977	163 881	90 547	-
													13 620	36 005	108 399	96 447	980
Parent Capital expenditure																	



G4: Carbon Route - Supporting Table B3M Detailed capital budget																	
B: Issued	Function	Project Description	Project Number	Type	MTSP Service Outcome	SDG	Our Strategic Objectives	Asset Class	Asset Sub-Class	World Location	OPE Lifecycle	OPE Lifetime	2020/21 Medium Term Revenue & Expenditure Forecasts				
													Audited Financials 2019/20	Current Year Full Year Forecast	Budget Year 1 2020/21	Budget Year 2 2021/22	Budget Year 3 2022/23
Excludes:	Capital assets/projects prepared by City of Sydney																
Excludes A	Water project A																
Excludes B	Electricity project B																
Excludes Capital expenditure													-	-	-	-	-
Total Capital expenditure													12 420	26 000	100 300	98 647	103

[illegible]

DC4 Garden Route - Supporting Table SAR Consolidated detailed operational projects

M thousand	Function	Project Description	Project Number	Type	WTPF Service Outcome	IUDP	Own Strategic Objectives	Asset Class	Asset Sub-Category	Ward Location	GPS Longitude	GPS Latitude	Prior year outcomes		2023/24 Medium Term Review & Expenditure Framework			
													Justified Outcome 2023/24	Current Year 2023/24 and Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
	Asset Management	List of operational projects proposed by Function																
	GPW, LEDS	Growth & Development Strategy	P00030201_1159	Development	development/retention public service	GPW Integration	Completion of Plan			District/Lesotho	0	0	-	-	200	-	-	
	Corporate Wide Strategic Planning (GPW, LEDS)	LMC Support Programme	P00030202_1182	Local Economic Development	An efficient, effective and development/retention public service	GPW Integration	Project Implementation				0	0	-	350	750	350	577	
	Corporate Wide Strategic Planning (GPW, LEDS)	GP Reg Forum	P00030401_1192	Strategic Management and Governance	Responsive, accountable, effective and efficient local government	Reason and Access	High Governance Relations (GPW Programme)				0	0	48	109	76	76	80	
	Climate Management	Maintenance of radio equipment	P00010002002001_1217	Non-Infrastructure		Compliance	Corrective Maintenance	Emergency				0	0	256	40	41	42	42
	Economic Development/Planning	EPWP Project	P000301001_1450	Expanded Public Works Programme	An efficient, effective and development/retention public service	Reason and Access	Project				0	0	408	100	85	-	-	
	Finance	Maintenance at Carlsberg Spa	P00010010002007010_1227	Infrastructure	An efficient, competitive and responsive economic infrastructure network	Reason and Access	Corrective Maintenance	Emergency				0	0	19	29	40	27	29
	Finance	Maintenance at Swartholm	P00010010002007010_1235	Infrastructure	An efficient, competitive and responsive economic infrastructure network	Reason and Access	Corrective Maintenance	Emergency				0	0	-	19	29	14	14
	Finance	Maintenance of office buildings	P00010010002008000_1224	Infrastructure	An efficient, competitive and responsive economic infrastructure network	Reason and Access	Corrective Maintenance	Emergency				0	0	27	62	80	66	67
	Finance	Maintenance at Carlsberg Spa	P00010010002008000_1226	Infrastructure	An efficient, competitive and responsive economic infrastructure network	Reason and Access	Corrective Maintenance	Emergency				0	0	75	88	100	95	95
	Finance	Maintenance at De Hoek Resort	P00010010002008000_1222	Infrastructure	An efficient, competitive and responsive economic infrastructure network	Reason and Access	Corrective Maintenance	Emergency				0	0	48	73	170	76	78
	Finance	Maintenance at Swartholm	P00010010002008000_1236	Infrastructure	An efficient, competitive and responsive economic infrastructure network	Reason and Access	Corrective Maintenance	Emergency				0	0	88	97	279	91	93
	Finance	Fire Fighting Services: Pumps and Plant - Service	P0001000010010020100007_1299	Non-Infrastructure	A comprehensive, responsive and sustainable water protection system	Reason and Access	Preventative Maintenance	Internal Demand				0	0	69	76	80	82	84
	Finance	Servicing of Priders	P000100001001004_1336	Non-Infrastructure	An efficient, effective and development/retention public service	Compliance	Preventative Maintenance	Internal Demand				0	0	28	48	47	48	50
	Finance	Fire Fighting Services: Servicing/Scheduled Maintenance	P000100001001010_1297	Non-Infrastructure		Compliance	Preventative Maintenance	Internal Demand				0	0	94	104	107	109	112
	Finance	Fire Fighting Services: Type Replacement (New)	P000100001002010_1300	Non-Infrastructure		Compliance	Preventative Maintenance	Condition Based				0	0	90	107	100	103	106
	Finance	Maintenance of office buildings	P000100000001000001001002_1321	Non-Infrastructure	An efficient, effective and development/retention public service	Compliance	Corrective Maintenance	Internal Demand				0	0	616	864	864	815	825
	Finance	General Maintenance	P000100000001000001001002_1348	Non-Infrastructure	An efficient, effective and development/retention public service	Compliance	Corrective Maintenance	Internal Demand				0	0	41	128	300	134	137
	Finance	Maintenance at Carlsberg Spa	P000100000000000000000002_1325	Non-Infrastructure	A strong and healthy (N) for all South Africans	Reason and Access	Corrective Maintenance	Emergency				0	0	85	96	188	101	104
	Finance	Maintenance at De Hoek Resort	P000100000000000000000002_1326	Non-Infrastructure	A strong and healthy (N) for all South Africans	Reason and Access	Corrective Maintenance	Emergency				0	0	170	119	122	124	129
	Finance	Maintenance at Swartholm	P000100000000000000000002_1333	Non-Infrastructure	A strong and healthy (N) for all South Africans	Reason and Access	Corrective Maintenance	Emergency				0	0	30	76	86	82	84



DC4 Garden Route - Supporting Table SA38 Consolidated detailed operational projects

Item/Asset	Function	Project Description	Project Number	Type	WSP Service Outcome	JDP	Own Strategic Objectives	Asset Class	Asset Sub-Class	Road Location	GPS Longitude	GPS Latitude	Prior year estimates		2025/26 Medium Term Revenue & Expenditure Frameworks		
													Available October 2023/24	Current Year 2023/24 Full Year Forecast	Budget year 2025/26	Budget year +1 2026/27	Budget year +2 2027/28
Finance	Investive and awareness		PO08301004_1189	Health and Welfare	A long and healthy life for all South Africans	Provision and access		Municipal Health Service		Remise of the District Adminstrative or Head Office	3	3	6	6	6	6	6
Finance	WHS Admin section		PO08301004_1215	Health and Welfare	A long and healthy life for all South Africans	Provision and access		Municipal Health Service		Remise of the District Adminstrative or Head Office	3	3	2 638	2 631	2 586	2 736	2 802
Finance	WHS George section		PO08301004_1292	Health and Welfare	A long and healthy life for all South Africans	Provision and access		Municipal Health Service		Remise of the District Adminstrative or Head Office	3	3	9 571	10 226	9 966	10 595	11 254
Finance	WHS Langebaan section		PO08301004_1294	Health and Welfare	A long and healthy life for all South Africans	Provision and access		Municipal Health Service		Remise of the District Adminstrative or Head Office	3	3	8 903	9 408	9 754	10 482	11 188
Finance	HR Manager		PO08302003_1382	Human Resources	Responsible, accountable, effective and efficient local government	Governance		Human Resource Management		Remise of the District Adminstrative or Head Office	3	3	10 886	10 481	11 182	11 587	12 796
Finance	TASK section		PO08302003_1312	Human Resources	Responsible, accountable, effective and efficient local government	Governance		Human Resource Management		Remise of the District Adminstrative or Head Office	3	3	83	615	648	688	487
Finance	Basic Conditions of Service section		PO08302003_1313	Human Resources	Responsible, accountable, effective and efficient local government	Governance		Human Resource Management		Remise of the District Adminstrative or Head Office	3	3	32	94	113	94	61
Finance	ICSP		PO08302002_1118	Local Economic Development	At efficient, effective and development-oriented public service	Quality Integration		Project Implementation		Remise of the District Adminstrative or Head Office	3	3	729	104	300	110	112
Finance	Plan Office		PO08302002_1168	Local Economic Development	At efficient, effective and development-oriented public service	Quality Integration		Project Implementation		Remise of the District Adminstrative or Head Office	3	3	205	205	205	210	215
Finance	OSH section		PO08303_1323	Occupational Health and Safety	Responsible, accountable, effective and efficient local government	Provision and access				Remise of the District Adminstrative or Head Office	3	3	48	148	118	121	124
Finance	Performance Management section (running costs)		PO083034_1361	Performance Management	Responsible, accountable, effective and efficient local government	Provision and access				Remise of the District Adminstrative or Head Office	3	3	1 434	1 476	1 586	1 693	1 811
Finance	Fire Fighting Services		PO083038_1294	Public Protection and Safety	At people in South Africa are and the safe	Provision and access				Remise of the District Adminstrative or Head Office	3	3	25 501	25 552	25 220	21 859	19 728
Finance	DCP/BNP		PO08304010_1195	Strategic Management and Governance	Responsible, accountable, effective and efficient local government	Provision and access		Local Governmental Relations (LGR) Programme		Remise of the District Adminstrative or Head Office	3	3	37	35	15	-	-
Finance	Waste minimization strategy		PO0830401005_1365	Strategic Management and Governance	Responsible, accountable, effective and efficient local government	Quality Integration		Strategic Planning	Plan Development	Remise of the District Adminstrative or Head Office	3	3	152	154	168	182	187
Finance	Tourism Marketing		PO0830401005_1170	Strategic Management and Governance	Responsible, accountable, effective and efficient local government	Governance		Strategic Planning	Promotional and Marketing	Remise of the District Adminstrative or Head Office	3	3	202	8	100	183	166
Finance	PMG Grant		PO08305006_1389	Financial Management and Governance	Responsible, accountable, effective and efficient local government	Governance		Waste Compensation		Remise of the District Adminstrative or Head Office	3	3	648	588	638	680	727
Finance	Public Transport		PO08400102003091_1243	Existing	At efficient, competitive and responsive economic infrastructure network	Provision and access		Upgrading	Road Infrastructure	Administrative or Head Office of the District	3	3	2 548	4 372	2 754	3 660	3 623
Finance	ROADS WORKSHOP OPERATIONAL COST 1		PO08400102003091_1271	Existing	At efficient, competitive and responsive economic infrastructure network	Provision and access		Upgrading	Road Infrastructure	Administrative or Head Office of the District	3	3	3 262	11 359	12 835	9 559	10 077
Finance	ROADS - GRAZIER RIVERBRIDGE - PROJECT 1		PO08400102003091_1275	Existing	At efficient, competitive and responsive economic infrastructure network	Provision and access		Upgrading	Road Infrastructure	Administrative or Head Office of the District	3	3	3 189	4 596	4 408	3 594	3 595

DC4 Garden Route - Supporting Table SA38 Consolidated detailed operational projects

Function	Project Description	Project Number	Type	MTSF Service Outcome	UDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Prior year outcomes		2023/24 Medium Term Revenue & Expenditure Forecasts		
												Adjusted Outcome 2021/22	Current Year 2022/23 Full Year Forecast	Budget Year 2023/24	Budget Year 1 2024/25	Budget Year 2 2025/26
Finance	ROADS - MAINTENANCE GEORGE - PROJECT 1 MAINTENANCE ROADS - PREVENTATIVE CONDITION	PO06480102002001_1276	Existing	An efficient, competitive and responsive economic infrastructure sector	Recreation and access		Upgrading	Roads Infrastructure	Administrative or Head Office/DCOM Change House of the District	0	0	12 742	12 645	11 792	14 055	15 625
Finance	ROADS - CONSTRUCTION (UPGRADE) - PROJECT 1 - CORRECTIVE MAINTENANCE - BLANCKRIVER	PO06480102002001_1281	Existing	An efficient, competitive and responsive economic infrastructure sector	Recreation and access		Upgrading	Roads Infrastructure	Administrative or Head Office/DCOM Change House of the District	0	0	23 589	18 232	-	19 670	21 486
Health Services	MHS - Lanes Area section	PO06319056_1261	Health and Welfare	A strong and healthy life for all South Africans	Recreation and access		Municipal Health Service	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	7 582	8 228	8 302	8 864	9 488
Health Services	MHS - Kuhn Kuno section	PO06319056_1263	Health and Welfare	A strong and healthy life for all South Africans	Recreation and access		Municipal Health Service	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	7 846	8 633	9 270	8 742	9 289
Health Services	Purchase of samples and analysing	PO06319056_1216	Health and Welfare	A strong and healthy life for all South Africans	Recreation and access		Food Sample Testing	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	1 148	1 487	1 504	1 541	1 586
Human Resources	Servicing of all fire equipment (OHS)	PO06180201001006_1227	Non-Infrastructure		Governance		Preventative Maintenance	Internal Office	Whole of the District/Local office or Head Office	0	0	42	82	82	82	90
Human Resources	COVID 19	PO06319056_1261	Health and Welfare	A strong and healthy life for all South Africans	Recreation and access		Contagious Diseases and Infections	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	72	11	11	11	12
Human Resources	EAP section	PO06320003_1262	Human Resources	Responsive, accountable, effective and efficient local government	Governance		Employee Assistance Programme	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	71	88	120	82	94
Human Resources	Employee Wellness Day	PO06320003_1214	Human Resources	Responsive, accountable, effective and efficient local government	Governance		Employee Assistance Programme	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	-	-	90	-	-
Human Resources	Human Resources	PO06320003_1154	Human Resources	Responsive, accountable, effective and efficient local government	Governance		Human Resource Management	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	-	-	1 322	-	-
Human Resources	Recruitment and selection section	PO06320003_1261	Human Resources	Responsive, accountable, effective and efficient local government	Governance		Human Resource Management	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	148	201	289	242	249
Human Resources	Training and Development section	PO06320003_1267	Human Resources	Responsive, accountable, effective and efficient local government	Governance		Human Resource Management	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	341	32 011	16 848	16 662	16 676
Human Resources	Labour Relations section	PO06320003_1263	Human Resources	Responsive, accountable, effective and efficient local government	Governance		Human Resource Management	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	28	95	181	188	196
Human Resources	Medical Examination	PO06320_1260	Occupational Health and Safety	Responsive, accountable, effective and efficient local government	Recreation and access			Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	54	174	117	128	129
Marketing, Customer Relations, Publicity and Media Co-ordination	Municipal Newsletters	PO06330605_1263	Communication and Public Participation	Sustainable human settlements and improved quality of housing for all	Recreation and access		Newsletters	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	24	47	48	60	81
Marketing, Customer Relations, Publicity and Media Co-ordination	Communication section (printing costs)	PO06344602_1264	Strategic Management and Governance	Responsive, accountable, effective and efficient local government	Recreation and access		Communication and Development	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	2 087	2 454	2 600	2 702	2 909
Mayor and Council	Donations and Sponsor of Sport Equipment	PO063017003_1277	Functions and Events	An efficient, effective and development-oriented public service	Recreation and access		Events and Organisations	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	489	280	297	305	312
Population Control	UDF database maintenance and development	PO06317006_1214	Environmental	Protect and enhance our environmental assets and natural resources	Quarry Integration		Environmental Health	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	100	136	139	142	146
Population Control	Development of an Air Quality Management Plan	PO06344616002_1266	Strategic Management and Governance	Responsive, accountable, effective and efficient local government	Quarry Integration		Strategic Planning	Plan Development	Health Services/WHO in office	0	0	-	-	90	-	-
Population Development	EPWP Manager section (printing costs)	PO063016001_1268	Engaged Public Works Programme	An efficient, effective and development-oriented public service	Recreation and access		Project	Health Services/WHO in office	Whole of the District/Local office or Head Office	0	0	2 854	2 408	4 900	2 866	2 842

DC4 Garden Route - Supporting Table SA38 Consolidated detailed operational projects

Division	Function	Project Description	Project Number	Type	MTSP Service Outcome	ISOT	Own Strategic Objective	Asset Class	Asset Sub-Class	Road Location	GPS Longitude	GPS Latitude	Prior year outcomes		2023/24 Medium Term Revenue & Expenditure Projections			
													Adjusted Outcome 2022/23	Full Year Forecast	Budget Year 2023/24	Budget Year 21/2024	Budget Year 22/2024	
Property Services	Maintenance of office buildings	P0061010000007019_123	Infrastructure	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Corrective Maintenance	Emergency	Removal of the District Administration of Head Office	0	0		116	281	020	286	000	
	Recreational Facilities	Maintenance at De Hoop Resort	P0061010000007019_124	Infrastructure	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Corrective Maintenance	Emergency	Removal of the District Administration of Head Office	0	0		1	13	14	14	
Recreational Facilities	Maintenance at Victoria Bay	P0061010000007019_125	Infrastructure	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Corrective Maintenance	Emergency	Administrative or Head Office removal of the District	0	0		11	18	20	19	20	
	Recreational Facilities	Maintenance at Victoria Bay	P0061010000000005_146	Infrastructure	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Corrective Maintenance	Emergency	Removal of the District Administration of Head Office	0	0		15	80	91	82	84
Recreational Facilities	Maintenance at Victoria Bay	P00610100000000000003_15	Non-Infrastructure	A strong and healthy life for all South Africans			Corrective Maintenance	Emergency	Removal of the District Administration of Head Office	0	0		8	16	16	13	11	
Recreational Facilities	Default Project	P0000_0		Optimise human settlements and improved quality of housing for	GOVERNANCE				Removal of the District Administration of Head Office	0	0		148 940	169 948	228 148	200 947	277 313	
	Risk Management	Risk Management section planning costs	P00004616_156	Strategic Management and Governance	Responsive, accountable, effective and efficient local government	PO0001 AND 00003		Risk Management		Removal of the District Administration of Head Office	0	0		795	865	886	955	1 020
Roads	Roads Agency Function	P006400100000001_154	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Removal of the District Administration of Head Office	0	0		1 373	887	-	841	1 043	
Roads	ROADS OPERATIONAL COST 1	P006400100000001_170	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		28 288	92 288	91 018	92 284	94 674	
Roads	ROADS - MAINTENANCE OUTDOORHOORN - PROJECT 1 MAINTENANCE ROADS - PREVENTATIVE CONDI	P006400100000001_172	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		16 838	16 927	17 073	17 880	18 864	
Roads	ROADS - GRADER OUTDOORHOORN - PROJECT 1	P006400100000001_173	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		9 003	7 403	6 842	6 332	6 608	
Roads	ROADS - MAINTENANCE RIVERDALE - PROJECT 1 MAINTENANCE ROADS - PREVENTATIVE CONDI	P006400100000001_174	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		11 636	12 862	13 108	14 373	15 202	
Roads	ROADS - GRADER GEORGE - PROJECT 1	P006400100000001_177	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		6 254	5 990	6 002	6 902	6 608	
Roads	ROADS - REGRABEL - PROJECT 1 MAINTENANCE ROADS	P006400100000001_178	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		16 716	17 448	18 076	19 014	19 880	
Roads	ROADS - REGRABEL - PROJECT 2 - SHORT SECTION	P006400100000001_179	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		1 162	1 887	-	1 761	1 784	
Roads	ROADS - REGRABEL - PROJECT 1 - MAINTENANCE ROADS	P006400100000001_180	Existing	An efficient, competitive and responsive economic infrastructure network	PO0001 AND 00003		Upgrading	Roads Infrastructure	Administrative or Head Office removal of the District	0	0		18 380	18 314	18 248	19 816	20 180	



DC4 Garden Route - Supporting Table SA38 Consolidated detailed operational projects

Function	Project Description	Project Number	Type	WSP Service Outcome	IUDF	Over Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Prior year outcomes		2023/24 Medium Term Revenue & Expenditure Framework		
												Audited Outcome 2021/22	Current Year 2022/23 Full Year Forecast	Budget Year 2023/24	Budget Year 1 2024/25	Budget Year 2 2025/26
Roads	ROADS - CONSTRUCTION - CORRECTIVE MAINTENANCE SMALL INVOULTE STRUCTURES	P00040010020201_1382	Existing	An efficient, competitive and responsive economic infrastructure network	Incision and access		Logistics	Roads infrastructure	Administrative or Head Office (none of the District)	0	0	2 881	4 289	28 112	4 479	4 709
Tourism	Culiv Care Project	P00034000_1174	Tourism	An efficient, effective and development-oriented public service	Growth		Tourism Skills Development		Administrative or Head Office of the District (none of the District)	0	0	383	583	584	578	582
Parent Operational expenditure												409 595	405 640	532 130	584 588	616 620
Entities: List all Operational projects grouped by Entity																
Entity A Water project A																
Entity B Electricity project B																
Entity Operational expenditure												-	-	-	-	-
Total Operational expenditure												409 595	405 640	532 130	584 588	616 620

# **ANNEXURE B**

## **APPROVED TARIFFS**

## AIR QUALITY

AIR QUALITY				2022/2023	2023/2024	2024/2025
<b>TARRIF LIST/ STRUCTURE</b>						
Registration of Controlled Emitters: Registration fees will be charged in line with GRDM Air Quality by-Laws and tariff structure.						
R5000 per application						
REVIEW OF ATMOSPHERIC EMISSION LICENCE: included in above Processing fee calculator						
SPOT FINES IN TERMS OF GRDM AIR QUALITY BY-LAW- see attached						
<b>DISPERSION MODELLING</b>				0	5000	5300
<b>SMOKE CHECK OF VEHICLES</b>						
R515.00.00 per test (excl. VAT) 6% increase				545,9	578,65	613,37
<b>IN STACK EMISSION MONITORING (TESTO 350)</b>						
Combustion Efficiency				545,9	578,65	613,37
CO				612,68	649,44	688,41
CO2				612,68	649,44	688,41
NOX				612,68	649,44	688,41
SO2				612,68	649,44	688,41
H2S				612,68	649,44	688,41
Flow rate				612,68	649,44	688,41
CO2				612,68	649,44	688,41
NOX				612,68	649,44	688,41
SO2				612,68	649,44	688,41
H2S				612,68	649,44	688,41
Flow rate				545,9	578,65	613,37
<b>PASSIVE SAMPLING (per single sample taken)</b>						
H2S; AMMONIA				955,06	1 012,36	1 073,11
SO2/NO2				842,7	893,26	946,86
HCL				898,88	952,81	1 009,98
BTEX AND OTHER				898,88	952,81	1 009,98
<b>DUST SAMPLING: Minivol Air Sampler</b>						
Per single sampling run				1500	1590	1685,4
<b>MOBILE ANALYZER</b>						
Per single sample run 5 parameters				5000	5300	5618
<b>WEATHER DATA</b>						
Single record all weather parameters/ per record				1000	1060	1123,6
Processing fees for Atmospheric Emission Licence (AEL) applications will be charged in terms of Annexure A, contained in the Regulations prescribing the atmospheric emission licence processing fee, 2016 as per Government Notice 250 published 11 March 2016.						
<b>Annexure A:</b>						
Application for new AEL				Application for AEL review	Application for AEL renewal	Application for AEL transfer
R10 000 per listed activity				R10 000 per listed activity under review	R5 000 per listed activity	R 2 000,00
<b>ADMINISTRATIVE FINES</b>						
Administrative fines in terms of Section 22A of the National Environmental Management, Air Quality Act, 2004, (Act 39 of 2004).						
Administrative fines will be charges in terms of Annexure 1 of The Regulations for the Procedure and Criteria to be followed in the Determination of an Administrative Fine in terms of section 22A of the Act, 2016 as per Government Notice 332 of 18 March 2016.						
<b>Annexure 1</b>						
Minimum fine		Yes/No	Amount			
For operating illegally			R200 000			
Aggravating factors/ criteria		Yes/No	Additional amount to the minimum fine (if yes)			
Each year in which the facility has operated without a licence.			R200 000 per year, i.e. each 12 month cycle.			
The facility for which the application is submitted is in a declared Priority Area in terms of section 18 of the Act			R1000 000			
Maximum fine may not exceed R5 million in terms of Section 22A.						

## FIRE SERVICES TARIFFS

GARDEN ROUTE DISTRICT MUNICIPALITY						
Fire Services Charges						
VAT Inclusive						
2023/24			2022/23	2023/24	2024/25	2025/26
			Tariff	Tariff	Tariff	Tariff
<b>1. SPECIALIZED FIRE FIGHTING SERVICES:</b>						
1.1	This will include all Fire vehicles, all manpower, water supplies and pump attendance during actual rendering of a specialized fire fighting services (Per hour or part thereof) (Excluding travelling times)		R 5 973,56	R 6 331,98	R6 711,90	R7 114,61
1.2	Humanitarian Assistance					
1.3	Contracted services		3rd party invoice amount plus 10% handling fee	3rd party invoice amount plus 10% handling fee	3rd party invoice amount plus 10% handling fee	
1.4	Additional Consumables:		Purchase price plus 10% handling fee	3rd party invoice amount plus 10% handling fee	3rd party invoice amount plus 10% handling fee	
1.5	Standby:	(Per hour or part thereof) (Excluding travelling time)	R 2 024,83	R 2 146,32	R 2 275,09	R 2 411,60
1.6	Air Support Services		Purchase price plus 10% handling fee	Purchase price plus 10% handling fee	Purchase price plus 10% handling fee	
1.7	Assistance requested outside Eden DM boundary:	(Per hour or part thereof)	R 7 430,92	R 7 876,77	R 8 349,38	R 8 850,34
1.8	Fire Safety/Fire Prevention Inspection:	Per kilometer tariff				
		LDV:	R 7,86	R 8,34	R 8,84	R 9,37
		Sedan Type:	R 6,55	R 6,95	R 7,36	R 7,80
		Per inspection: (all inclusive tariff)	R 849,25	R 900,20	R 954,21	R 1 011,47
1.9	Fire Permit	Per kilometer tariff				
		LDV:	R 7,86	R 8,34	R 8,84	R 9,37
		Sedan Type:	R 6,55	R 6,95	R 7,36	R 7,80
		Per inspection: (all inclusive tariff)	R 849,25	R 900,20	R 954,21	R 1 011,47
1.1	Certified copy of incident report	Per Copy	R 141,54	R 150,03	R 159,04	R 168,58
1.11	Public Education					
1.12	Water Delivery Add: Price of Water as per supplier invoice plus 10% handling fee	Per kilometer tariff	R 19,66	R 20,84	R 22,09	R 23,41
<b>2. RENT</b>						
2.1	Rent Income of Tents	Per Day				
		5x5 Army Tent	R 566,16	R 600,13	R 636,14	R 674,31
		10x20 Marque Tent	R 10 615,59	R 11 252,53	R 11 927,68	R 12 643,34
2.2	Rent Income of Generators	Per Day				
		70KVA	R 906,91	R 961,33	R 1 019,01	R 1 080,15
		40KVA	R 878,08	R 930,76	R 986,61	R 1 045,81
		6KVA	R 283,08	R 300,07	R 318,07	R 337,16
<b>3. SPECIAL SERVICES:</b>						
3.1	First Aid or Army Safety Assistance	Per event per official	R 707,71	R 750,17	R 795,18	R 842,89
3.2	Travelling or Equipment use	Per kilometer tariff				
		10 Seater or Minibus	R 9,17	R 9,72	R 10,31	R 10,93
		Sedan Vehicle	R 6,55	R 6,95	R 7,36	R 7,80
		Light Delivery Vehicle	R 7,86	R 8,34	R 8,84	R 9,37
		Medium Tanker	R 13,11	R 13,89	R 14,73	R 15,61
		Major Tanker	R 17,04	R 18,06	R 19,14	R 20,29
		Consumables actual cost	Plus 10%	Plus 10%		

## MUNICIPAL HEALTH TARIFFS

GARDEN DISTRICT MUNICIPALITY TARIFF LIST MUNICIPAL HEALTH	2022/2023 BUDGET (VAT INCL)	2023/24 BUDGET (VAT INCL)	2024/2025 BUDGET (VAT INCL)	2025/2026 BUDGET (VAT INCL)
1.Issuing of a Health Certificate, Health Report and/or Certificate of Acceptability (COA) in terms of R638, Certificate of Competence(COC) in terms of R363 and Certificate of Acceptability (COA) for a Milking Shed in terms of R961	R240.00	R250.00	R265.00	R280.00
2.Health monitoring at the exhumation and reburial of human remains.	R730.00	R770.00	R816.00	R864.00
<b>3.Water Quality Monitoring:</b>				
3.1 Water samples except on request of an authority: R250.00 per sampling session plus laboratory costs of laboratory contracted by Garden Route DM.	R240.00	R250.00	R265.00	R280.00
3.2 With an application for a COA for a food premises: R250.00 per sampling session plus laboratory costs of laboratory contracted by Garden Route DM.	R240.00	R250.00	R265.00	R280.00
3.3 All subsequent routine bacteriological and/or chemical sampling on premises in possession of a COA.	FREE	FREE	FREE	FREE
<b>4. Sampling of milk and milk products on request of purveyors</b>	R240.00	R250.00	R265.00	R280.00
4.1 All bacteriological and chemical sampling. R250.00 per sampling session plus laboratory costs of laboratory contracted by Garden Route DM.	R240.00	R250.00	R265.00	R280.00
4.2 Follow up samples taken on request in cases where samples did not comply with the condition of the Foodstuffs, Cosmetics & Disinfectant Act, 1972 (Act 54 of 1972) R250.00 per sampling session plus laboratory costs of laboratory contracted by Garden Route DM.	R240.00	R250.00	R265.00	R280.00
<b>5. Health reports in respect of milk export certificates.</b>	R240.00	R250.00	R265.00	R280.00
<b>6. An inspection carried out in terms of Section 4.5 of R638</b> with reference to an application for the lifting of a prohibition on the use of a premises or facility.	R800.00	R840.00	R890.00	R943.00
<b>7. Replacement of a COA, COC or health certificate when lost or destroyed.</b>	R240.00	R250.00	R265.00	R280.00
<b>8. Health inspections at premises excluding food premises, for the issuing of a health report in respect of an application for trading licenses in terms of the Businesses Act.</b>	R240.00	R250.00	R265.00	R280.00
<b>9. The issuing of certificate for the removal/destruction of foodstuffs, unfit for human consumption.</b>	R380.00	R400.00	R424.00	R449.00
<b>10. The issuing of a Health Certificate for Child Care Centre &amp; Early Childhood Development Centre (in terms of GRDM MHS Bylaws, 10 December 2018).</b>	R240.00	R250.00	R265.00	R280.00
<b>11. The issuing of a Health Certificate for Nursing Homes (in terms of GRDM MHS Bylaws, 10 December 2018).</b>	R240.00	R250.00	R265.00	R280.00
<b>12.The issuing of a Health Certificate for Maternity Homes (in terms of GRDM MHS Bylaws, 10 December 2018).</b>	R240.00	R250.00	R265.00	R280.00
<b>13. The issuing of a Health Certificate for Old Age Homes (in terms of GRDM MHS Bylaws, 10 December 2018).</b>	R240.00	R250.00	R265.00	R280.00
<b>14. The issuing of a Health Certificate for School Premises (in terms of GRDM MHS Bylaws, 10 December 2018).</b>	R240.00	R250.00	R265.00	R280.00
<b>15. The issuing of a health Certificate for Accommodation Establishment (in terms of GRDM MHS Bylaws, 10 December 2018).</b>	R240.00	R250.00	R265.00	R280.00
	R240.00	R250.00	R265.00	R280.00



16. The issuing of a Health Certificate for Beauty Salons (in terms of GRDM MHS Bylaws, 10 December 2018).	R240.00	R250.00	R265.00	R280.00
17. The issuing of a Health Certificate for Offensive trades (in terms of GRDM MHS Bylaws, 10 December 2018).				

## SWARTVLEI TARIFFS

SWARTVLEI												
2022/2023 + 2023/2024 + 2024/2025 + 2025/2026												
Detail	Rate	Rate	Rate	Rate	Rate	Rate						
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026						
IN SEASON												
WESTERN CAPE SCHOOL HOLIDAYS												
SITES WITHOUT ELECTRICITY	R	475	R	500	R	530	R	562	R	596	R	631
SITES WITH ELECTRICITY	R	554	R	585	R	620	R	657	R	697	R	739
TARIFF IS FOR 4 PEOPLE, THE 5TH AND 6TH PERSON WILL PAY EACH							R100 PER PERSON EXTRA PER NIGHT					
CHILDREN 2 YEARS AND YOUNGER IS FREE OF CHARGE												
MAXIMUM OF 6 PERSONS PER SITE												
OUT OF SEASON												
WESTERN CAPE SCHOOL HOLIDAYS												
SITES WITHOUT ELECTRICITY	R	266	R	280	R	297	R	315	R	333	R	353
SITES WITH ELECTRICITY	R	324	R	340	R	360	R	382	R	405	R	429
TARIFF IS FOR 4 PEOPLE, THE 5TH AND 6TH PERSON WILL PAY EACH							R100 PER PERSON EXTRA PER NIGHT					
CHILDREN 2 YEARS AND YOUNGER IS FREE OF CHARGE												
MAXIMUM OF 6 PERSONS PER SITE												
DAY VISITORS												
Per person	R	31	R	30	R	32	R	34	R	36	R	38

## VICTORIA BAY TARIFFS

VICTORIA BAY												
2022/2023 + 2023/2024 + 2024/2025 + 2025/2026												
Detail	Rate 2020/2021		Rate 2021/2022		Rate 2022/2023		Rate 2023/2024		Rate 2024/2025		Rate 2025/2026	
SITES WITH COMMUNAL ABLUTION FACILITIES												
IN SEASON												
WESTERN CAPE SCHOOL HOLIDAYS												
SEA BREEZE	R	585	R	615	R	652	R	691	R	732	R	776
RAILWAY TERRACE	R	642	R	675	R	716	R	758	R	804	R	852
TARIFF IS FOR 4 PEOPLE, THE 5TH AND 6TH PERSON WILL PAY EACH							R100 PER PERSON EXTRA PER NIGHT					
CHILDREN 2 YEARS AND YOUNGER IS FREE OF CHARGE												
MAXIMUM OF 6 PERSONS PER SITE												
OUT OF SEASON												
WESTERN CAPE SCHOOL HOLIDAYS												
SEA BREEZE	R	334	R	355	R	376	R	399	R	423	R	448
RAILWAY TERRACE	R	334	R	355	R	376	R	399	R	423	R	448
TARIFF IS FOR 4 PEOPLE, THE 5TH AND 6TH PERSON WILL PAY EACH							R100 PER PERSON EXTRA PER NIGHT					
CHILDREN 2 YEARS AND YOUNGER IS FREE OF CHARGE												
MAXIMUM OF 6 PERSONS PER SITE												
SITES WITH INDIVIDUAL ABLUTION FACILITIES												
IN SEASON												
WESTERN CAPE SCHOOL HOLIDAYS												
WESTERN TERRACE	R	674	R	710	R	753	R	798	R	846	R	896
TARIFF IS FOR 4 PEOPLE, THE 5TH AND 6TH PERSON WILL PAY EACH							R100 PER PERSON EXTRA PER NIGHT					
CHILDREN 2 YEARS AND YOUNGER IS FREE OF CHARGE												
MAXIMUM OF 6 PERSONS PER SITE												
OUT OF SEASON												
WESTERN TERRACE	R	428	R	450	R	477	R	506	R	536	R	568

# DE HOEK RESORT TARIFFS

DE HOEK MOUNTAIN RESORT				
2022/2023 + 2023/2024 + 2024/2025 + 2025/2026				
Facility		Financial Year	OUT OF SEASON	IN SEASON
4-sleeper Chalet	Per unit	2022/2023	R 636	R 901
		2023/2024	R 674	R 955
		2024/2025	R 714	R 1 012
		2025/2026	R 757	R 1 073
6-sleeper Chalet	Per unit	2022/2023	R 795	R 1 060
		2023/2024	R 843	R 1 123
		2024/2025	R 893	R 1 190
		2025/2026	R 947	R 1 262
Dormitories	Per person	2022/2023	R 85	R 85
		2023/2024	R 90	R 90
		2024/2025	R 95	R 95
		2025/2026	R 101	R 101
Caravan Site With Electricity	Refer to notes	2022/2023	R 371	R 424
		2023/2024	R 393	R 449
		2024/2025	R 417	R 476
		2025/2026	R 442	R 504
Tent Site Without Electricity	Refer to notes	2022/2023	R 212	R 318
		2023/2024	R 224	R 337
		2024/2025	R 237	R 357
		2025/2026	R 252	R 379
Day Visitors	Per person	2022/2023	R30,00 Per Person	
		2023/2024		
		2024/2025		
		2025/2026		
Conferences	Per day	2022/2023	R 742	
		2023/2024	R 787	
		2024/2025	R 834	
		2025/2026	R 884	
TARIFF IS FOR 4 PEOPLE PER CAMP SITE, THE 5TH AND 6TH PERSON WILL PAY EACH				R100 PER PERSON
MAXIMUM OF 6 PERSONS PER CAMP SITE				

# **CALITZDORP HOT SPRINGS TARIFFS**



CALITZDORP HOT SPRINGS					
2022/2023 + 2023/2024 + 2024/2025 + 2025/2026					
Facility		Financial Year			
			OUT OF SEASON		IN SEASON
Swimming Pool	Per unit 4-sleeper	2022/2023	R	848	R 1 166
		2023/2024	R	899	R 1 236
		2024/2025	R	953	R 1 310
		2025/2026	R	1 010	R 1 389
Mountain Chalets 22 & 24	Per unit 4-sleeper	2022/2023	R	636	R 1 060
		2023/2024	R	674	R 1 124
		2024/2025	R	715	R 1 191
		2025/2026	R	757	R 1 262
Mountain Chalets 21, 23, 25	Per unit 6-sleeper	2022/2023	R	848	R 1 060
		2023/2024	R	899	R 1 124
		2024/2025	R	953	R 1 191
		2025/2026	R	1 010	R 1 262
Mountain Chalets	Per unit 4-sleeper	2022/2023	R	583	R 848
		2023/2024	R	618	R 899
		2024/2025	R	655	R 953
		2025/2026	R	694	R 1 010
Mountain Chalets	Per unit 6-sleeper	2022/2023	R	742	R 1 007
		2023/2024	R	787	R 1 067
		2024/2025	R	834	R 1 131
		2025/2026	R	884	R 1 199
Day Visitors	Per person	2022/2023	R 27.00 per Person		
		2023/2024			
		2024/2025			
		2025/2026			
Caravan & Tent Site With Electricity	See notes	2022/2023	R	371	R 424
		2023/2024	R	393	R 449
		2024/2025	R	417	R 476
		2025/2026	R	442	R 505
Caravan & Tent Site Without Electricity	See notes	2022/2023	R	212	R 318
		2023/2024	R	225	R 337
		2024/2025	R	238	R 357
		2025/2026	R	252	R 379
Conferences (Hall & Restaurant)	per day	2022/2023	R	1 272	N/A
		2023/2024	R	1 348	
		2024/2025	R	1 429	
		2025/2026	R	1 515	
Kitchen without crockery and cutlery	per day	2022/2023	R	954	N/A
		2023/2024	R	1 011	
		2024/2025	R	1 072	
		2025/2026	R	1 136	
TARIFF IS FOR 4 PEOPLE, THE 5TH AND 6TH PERSON WILL EACH PAY PER CAMP SITE					R100 PER ADDITIONAL PERSON

# **WASTE MANAGEMENT TARIFF**

## Waste Management Tariffs 2023/24

TARIFF LIST WASTE MANAGEMENT/	2022/2023 BUDGET (VAT INCL)	2023/2024 BUDGET (VAT INCL)	2024/2025 BUDGET (VAT INCL)	2025/2026 BUDGET (VAT INCL)
Issuing of Waste Registration Certificates in terms of the Waste Management Bylaw.	239	253	268	285

# **LANDFILL SITE TARIFF**

## Landfill Site Tariffs 2023/24

Client	Utilisation of Regional Waste Management Facility	2023/24	2024/25	2025/26
		R (VAT incl)	R (VAT incl)	R (VAT incl)
Mossel Bay Municipality	Monthly tariff (all inclusive)	1 847 545	1 958 398	2 075 902
George Municipality		2 325 091	2 464 596	2 612 472
Knysna Municipality		806 228	854 602	905 878
Bitou Municipality		596 196	631 968	669 886
Other clients				
- General Waste	Price per one metric ton	654	693	734
- General Waste	Price per quarter metric ton	163	173	183
- Hazardous Waste	Price per one metric ton	953	1 010	1 071
- Hazardous Waste	Price per quarter metric ton	238	252	267

# COMMUNICATION TARIFFS

GARDEN ROUTE DISTRICT MUNICIPALITY					
PROPOSED TARIFFS 2023/2024					
GIS OFFICE					
ITEM	Tariff 2020/2021	Tariff 2021/2022	Tariff 2022/2023	Tariff 2023/2024	Tariff 2024/2025
<b>PHOTOCOPIES</b>	R	R	R	R	R
A0	34,69	36,26	37,92	40,20	42,61
A1	19,02	19,87	20,79	22,04	23,36
A2	9,61	10,05	10,51	11,14	11,81
A3	0,98	0,98	1,03	1,09	1,16
A4	0,77	0,77	0,80	0,85	0,90
<b>NORMAL PLOT</b>					
A0	191,44	200,06	209,26	221,82	235,13
A1	95,72	100,03	104,63	110,91	117,56
A2	56,74	59,30	62,02	65,75	69,69
A3	32,81	34,29	35,87	38,02	40,30
A4	23,93	25,00	26,15	27,72	29,39
<b>FLOOD PLOT</b>					
A0	379,86	396,95	415,21	440,12	466,53
A1	191,44	200,06	209,26	221,82	235,13
A2	95,72	100,03	104,63	110,91	117,56
A3	56,74	59,30	62,02	65,75	69,69
A4	38,98	40,73	42,61	45,16	47,87
<b>OTHER</b>					
AKTEX / enquiry	19,44	20,31	21,25	22,52	23,87
CD	27,69	28,94	30,27	32,09	34,01
LABELS & CARDBOARD / sheet (INK excl.)	2,19	2,29	2,40	2,54	2,70
DATA / Block	83,60	87,36	91,38	96,86	102,68
A4 LAZER PRINT BLACK (INT)	2,82	2,95	3,08	3,27	3,47
A4 LAZER PRINT COLOUR (INT)	-	-	-		
A4 LAZER PRINT BLACK	3,55	3,71	3,88	4,12	4,36
A4 LAZER PRINT COLOUR (INT)	7,42	7,75	8,11	8,60	9,11
A0 PHOTO PAPER	125,87	131,54	137,59	145,84	154,59
A1 PHOTO PAPER	65,63	68,58	71,73	76,04	80,60
A2 PHOTO PAPER	41,96	43,85	45,86	48,61	51,53
A3 PHOTO PAPER	27,90	29,16	30,50	32,33	34,27
<b>LAMINATING</b>					
ID CARD INTERNAL	10,97	11,47	11,99	12,71	13,48
<b>RENTAL OF CAR PORTS</b>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>
Carports 1	30,00	30,00	30,00	30,00	30,00
Carports 2	20,00	20,00	20,00	20,00	20,00
Op Oudshoorn is tandem carports indien die gebruik voortgaan met die verhuur	25,00	25,00	25,00	25,00	25,00
	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>
Issuing of a duplicate account (per account)	5,54	5,79	6,05	6,42	6,80
Tracking fees: Plan/documentation (p/property)	52,77	55,20	57,74	61,20	64,88
GISc Services fees (p/hour)		345,00	360,87	382,52	405,47
Tracking fees: GIS(p/property)	103,98	108,76	113,76	120,59	127,82

<b><u>SUPPLY CHAIN MANAGEMENT TARIFFS</u></b>					
<b>PROPOSED TARIFFS 2023/24</b>					
	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>
<b>Tender Documents</b>	<b>R 275,00</b>	<b>R 291,50</b>	<b>R 300,00</b>	<b>R 350,00</b>	<b>R 400,00</b>

<b><u>TARIFFS: PROPERTIES</u></b>			
<b>PROPOSED TARIFFS 2023/24</b>			
	<b>2022/2023</b>	<b>2023/2024</b>	<b>2025/2026</b>
<b>Property Application Tariffs</b>	<b>R 2 288,88</b>	<b>R 2 400,00</b>	<b>R 2 520,00</b>



# **DISASTER MANAGEMENT TARIFFS**

GARDEN ROUTE DISTRICT MUNICIPALITY								
Disaster Management Charges								
VAT Inclusive								
2023/2024					2023/2024	2024/2025	2025/2026	
				Tariff				
1. DISASTER MANAGEMENT:								
1,1	Humanitarian Assistance			---Free---				
2. RENT								
2,1	Rent Income of Tents	Per Day						
		5x5 Army Tent	R	400,00	R 494,56	R 555,69	R 589,03	R 624,37
		10x20 Marque Tent	R	7 500,00	R 9 272,87	R 10 419,00	R 11 044,14	R 11 706,78
2,2	Rent Income of Generators	Per Day						
		70KVA	R	640,00	R 792,19	R 890,10	R 943,51	R 1 000,12
		40KVA	R	620,00	R 767,02	R 861,82	R 913,53	R 968,35
		6KVA	R	200,00	R 247,28	R 277,84	R 294,51	R 312,19
3. Hourly rate					2023/2024	2024/2025	2025/2026	
		Incident commander:			645,05	683,76	724,78	
		Disaster Management Officers:			384,72	407,80	432,27	
		Logistical Support Staff:			248,43	263,33	279,13	
4. Forward Command Vehicle (Per kilometer tariff)					2023/2024	2024/2025	2025/2026	
		LDV:			8,34	8,84	9,37	
		Sedan Type:			6,95	7,36	7,80	
		10 Seater or Minibus			9,72	10,31	10,93	
5. Logistical Support Vehicle (Per kilometer tariff)					2023/2024	2024/2025	2025/2026	
		LDV:			8,34	8,84	9,37	
		Sedan Type:			6,95	7,36	7,80	
		10 Seater or Minibus			9,72	10,31	10,93	

# **ANNEXURE C TARIFF POLICY**



## TARIFF POLICY

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Date Approved: DD MM YYYY

Council Resolution DC  
(DC No):

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## **1. INTRODUCTION**

A tariff policy must be compiled, adopted and implemented in terms current legislation. This Policy will focus on the levying of fees and for municipal services provided by the Municipality itself or by way of service delivery agreements. In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and also of the impact its own tariffs may have on local economic development.

## **2. LEGISLATION**

For the purposes of this Policy, the Municipal Finance Act No. 53 of 2003 and the Local Government Municipal Systems Amendment Act No. 44 of 2003 has been used as a reference.

## **3. OBJECTIVES**

The objectives of the tariff policy are to ensure the following:

- 3.1. The tariffs of the Municipality conform to acceptable policy principles;
- 3.2. Municipal services are financially sustainable;
- 3.3. That there is certainty in the Council, of how the tariffs will be determined;
- 3.4. Tariffs of the Municipality comply with the applicable legislation.

## **4. POLICY PRINCIPLES**

The Municipality's tariff policy will reflect the following principles:

- 4.1 Although users of municipal services should be treated equitably in the application of tariffs, tariffs may differentiate between different categories of consumers, municipal services and service standards as long as such differentiation does not amount to unfair discrimination.
- 4.2 The amount individual users pay for services should generally be in proportion of their use of that service;
- 4.3 Tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned. A service is financially sustainable when it is provided in a manner that would ensure it's financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision and to cover the cost of rehabilitation where a statutory obligation to do restoration exist.

- 4.4 Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users.

## **5. NEED FOR A TARIFF POLICY**

### **5.1 Revenue Adequacy and Certainty**

The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must:

- (a) Fully utilize the available sources of revenue to meet its development objectives; and
- (b) Be reasonably certain of its revenue to allow for realistic planning.

### **5.2 Sustainability**

Financial sustainability requires that the Municipality must ensure that:

- (a) Services are provided at affordable levels; and
- (b) It is able to recover the costs of service delivery.

### **5.3 Effective and Efficient usage of Resources.**

Resources are scarce and must be used in the best possible way to reap the maximum benefit for the community.

### **5.4 Accountability, Transparency and Good Governance.**

The Municipality must be accountable to the community for the use of its resources, Councillors must be able to:

- (a) Justify their expenditure decisions; and
- (b) Explain why and how the revenue necessary to sustain expenditure, is raised.

### **5.5 Budgeting and the financial affairs**

Must be open to public scrutiny, in accordance with Section 22 of the Municipal Finance Management Act No 53 of 2003. The community should be part of the decision-making process about how revenue is raised and spent.

### **5.6 Equity and Redistribution**

The Municipality must treat members of the community equitably with regard to the provision of services.

## **6. IMPLEMENTATION OF POLICY**

### **6.1 Affordable Tariffs**

The Council is aware of the financial situation of most residents within the municipal area and need to keep tariffs at affordable levels. In order to ensure that tariffs remain affordable, the Council will ensure that:

- (a) Services are delivered at an appropriate level; and
- (b) Efficiency improvements are actively pursued across the Municipalities' operations;

### **6.2 Tariff Equality for Services**

The Council believes that all residents and other receivers of services must pay the same tariff for the same level and quality of service.

The Municipality, like any other business enterprise is subject to continuous price increases in the goods, materials and other resources that it uses to perform its functions. Consequently it is the policy of the Council:

- (a) That tariffs for service and property rates will be reviewed at least once during every financial year;
- (b) That the tariff increases must be in line with increases in the price of goods, material and other resources acquired and used by the Municipality to perform its functions; and
- (c) Further the tariff for a particular service must be calculated in such a way that all relevant costs are covered. This means that a tariff for a service must include at least the capital expenditure required and interest thereon, the cost of managing and operating the service and the cost of maintaining, repairing and replacing the physical assets used in its provision and to cover the cost of rehabilitation where a statutory obligation to do restoration exist.

### **6.3 Payment for services rendered**

Consumers of services must pay for the amount of services that they use.

### **6.4 Local Economic Development and Competitiveness**

The Council will take care that the service charges presented to consumers are fair. To ensure fairness toward consumers, the Council will, when it determines tariffs, take into account the desire:

- (a) To promote local economic competitiveness, and
- (b) To promote local economic development and growth.

The Municipality must ensure that the services that it provides must be sustainable. Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that its financing is sufficient.

### **6.5 Tariff Determination**

Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality. Tariffs may be calculated in various different ways, dependent upon the nature of the service being provided. Tariffs may be set in such a manner so as to recover the full cost of the service being provided



or recover a portion of those costs, or to bring about a surplus that can be utilized to subsidize other non-economical services or to result in a cash surplus which must be transferred to a reserve established for a particular service. Tariffs could also include administrative fees to be charge to recover cost as an additional cover charge to deliver a service on behalf of an other party. Proposed tariffs will be presented to the community and municipalities utilizing services, during the Council's consultations about the budget.

## **7. SOURCES OF REVENUE**

### **The Municipality may impose:**

- 7.1 If authorised by National legislation, other taxes, levies and duties appropriate to Local Government, but it may not impose income tax, value-added tax or customs duty.
- 7.2 May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and may be regulated by national legislation.

The Council may finance the affairs of the Municipality by:

- (a) Charging fees for services; and
- (b) The revenue of the Municipality consists of the taxes, fees, charges, fines and other sums imposed or recoverable by or payable to the Council under any law;
- (c) The Council may charge interest on any other amount due to it that may not have been paid within thirty days from the date on which such amounts became due. The interest rate charged is one percent higher than the rate payable by the Council to its bank in respect of an overdraft for the period during which such amounts remain unpaid after the expiry of the period of thirty days. Interest may not be charged on: Fines imposed by a court and due to the Council; and

Monies due to the Council in terms of a law and in respect of which that law provides that a penalty on interest must be levied if such monies are not paid on the date when due or payable.

- (d) The interest rates referred to above must be amended on the first day of the month following on the month in which the Council's bank has amended the interest rate payable by the Council to its bank in respect of an overdraft; and
- (e) Any fine imposed or money treated as bail in respect of any offence under the ordinance or a bylaw made by the Council, must be paid to the Municipality.

## **8. TARIFF STRATEGY**

The Council's strategy is to recover the full financial cost of rendering the services required by the community from the community, including the cost of capital:

- 8.1 The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
- 8.2 The second point will be to ensure a sustainable service delivery based on the set service level; and

- 8.3 The third point will be the upgrade of services to higher levels in accordance with the affordability of the community and the ability to render the upgraded services in a sustainable manner.

## **9. CATEGORIES OF USERS**

The tariff structure of the Garden Route District Municipality will make provision for the following categories of users.

- Domestic;
- Commercial;
- Industrial
- Agricultural
- Rural
- Municipal Services; and
- Special agreements for users not falling in any of the above-mentioned categories.

## **10. TARIFF CHARGES**

All tariffs will be charged as set out in the tariff list as approved within the budget of each year.

## **11. RESPONSIBILITY / ACCOUNTABILITY**

The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy. The Municipal Finance Management Act defines the responsibility of the Municipal Manager as ensuring that the Tariff Policy be in place and that it is effectively implemented.

# **ANNEXURE D**

## **LONG TERM FINANCIAL PLAN**

### **POLICY**



# LONG TERM FINACIAL PLAN POLICY

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Date Approved:

Council Resolution (DC  
No):

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## 1. ABBREVIATIONS DEFINITIONS

**Basic municipal service:** 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;

**BSC:** Budget Steering Committee, a committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA;

**Budget-related policy:** A policy of a municipality affecting or affected by the annual budget of the municipality, including—

(a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

**IDP:** Integrated Development Plan;

**LTFP:** Long Term Financial Plan;

**Long-term debt:** Debt repayable over a period exceeding one year;

**MBRR:** Municipal Budget and Reporting Regulations;

**MFMA:** Municipal Finance Management Act No 56 of 2003;

**MTREF:** Medium Term Revenue and Expenditure Framework, as prescribed by the

MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years;

**Municipal tariff:** A tariff for services which a municipality may set for the provision of a service;

**National Treasury:** National Treasury established by section 5 of the Public Finance Management Act;

**Short Term:** Refers to a period up to 1 (one) year;

**Medium Term:** Refers to a period between 2 (two) and 3 (three) years;

**Long Term:** Refers to any period longer than 3 (three) years.

## **2. INTRODUCTION**

- 2.1 The Local Government: Municipal Finance Management Act No 56 of 2003 (MFMA) has instituted various financial reform measures. Sound financial management practices have been identified as essential to the long-term sustainability of municipalities. In this regard the MFMA necessitates that municipality's must have a policy related to a Long Term Financial Plan (LTFP).
- 2.2 A municipality's financial plan integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan (IDP). It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on tariffs and other service charges.
- 2.3 A municipality's long term financial model aims to determine the appropriate mix of parameters and assumptions within which the municipality should operate to facilitate budgets which are affordable and sustainable at least 5 years into the future. In addition, it identifies the consequential financial impact of planned capital projects on the municipality's operational budget.

## **3 PURPOSE**

The policy aims to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

#### **4. GUIDING PRINCIPLES**

- (a) Future financial sustainability;
- (b) Optimal collection of revenue, taking into consideration the socio economic environment;
- (c) Optimal utilisation of grant funding;
- (d) Continuous improvement and expansion in the service delivery framework, and
- (e) Prudent financial strategies.

#### **5. ROLE PLAYERS AND STAKEHOLDERS**

The following role players will ensure that the LTFP is implemented in accordance with the prescribed legislative requirements and Council processes.

##### **5.1 Chief Financial Officer**

- (a) Responsible for the preparation and the compilation of the LTFP;
- (b) Responsible for overall oversight;
- (c) Present long term financial plan outcome to the Budget Steering Committee;
- (d) Review Policy and Strategy, in consultation with relevant stakeholders, to ensure maximum compliance in terms of legislation.

##### **5.2 Departments**

- (a) Responsible for providing reasons on past performance outcomes;
- (b) Responsible for providing information to Chief Financial Officer to update the financial plan;
- (c) Required to identify revenue and expenditure plans for both operating and capital



*budgets for at least 3 years;*

*(d) Required to make recommendations on future service delivery matters.*

### **5.3 Budget Steering Committee**

*(a) Responsible for providing strategic guidance on matters relevant to the long term financial plan;*

*(b) Responsible for endorsing the projected MTREF assumptions and parameters contemplated by the LTFP.*

## **6. REGULATORY CONTEXT**

**6.1** *Section 17 (3) of the MFMA states that “when an annual budget is tabled it must be accompanied by, amongst others, “any proposed amendments to the budget-related policies of the municipality”.*

**6.2** *Section 21 of the MFMA states that the mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for, amongst others:*

*(i) the annual review of—*

*(aa) the integrated development plan in terms of section 34 of the Municipal Systems Act;*

*(bb) the budget-related policies;*

*(ii) the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and*

*(iii) any consultative processes forming part of the processes referred to in subparagraphs(i and (ii).*

**6.3** *Section 7 (1) of the Local Government: Municipal Finance Management Act, 2003, Municipal Budget and Reporting Regulations, 2009 (MBRR) states that:*

*“the Municipal Manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of budget-related policies of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21 (1)(b) of the MFMA”.*

6.4 Section 7 (1) reference (1) of the MBRR, further states that “as defined in section 1 of the MFMA. Policies that affect or are affected by the annual budget of a municipality include .. “(g) a policy related to the long term financial plan”.

6.5 Section 4 (1) of the MBRR states “that the mayor of a municipality must establish a budget steering committee to provide technical

assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA”.

6.6 Section 26 (h) of the Local Government: Municipal Systems Act 32 of 2000 (MSA) states that “An Integrated Development Plan must reflect a financial plan, which must include a budget projection for at least the next three years”.

## **7. POLICY DIRECTIVE DETAILS**

### **7.1 Financial strategies.**

An intrinsic feature of the LTFP is to give effect to the municipality's financial strategies. These strategies include:

- (a) Increasing funding for asset maintenance and renewal;
- (b) Continuous improvement to the financial position;
- (c) Ensuring affordable debt levels to fund the capital budget;
- (d) Maintaining fair, equitable and affordable tariff increase;
- (e) Maintaining or improving basic municipal services;
- (f) Achieving and maintaining a breakeven/surplus Operating budget; and
- (g) Ensuring full cost recovery for the provision of internal services.

### **7.2 Non – financial strategies**

The LTFP is a key component for achieving the goals listed in the IDP of the Municipality.

The LTFP must consider the following non – financial strategic strategies:

- (a) The Municipality's Strategic Focus Areas;
- (b) Infrastructure growth strategies; and
- (c) The Municipality's Spatial Development Framework.

### **7.3 Preparation of the LTFP**

7.3.1 The LTFP process should commence by latest June of each year.

7.3.2 The LTFP should consider the fiscal overview by reviewing past financial

performance, projection of long-term financial outlook and financing and funding arrangements. The following matters should be considered annually:

- (a) Revising the long-term financial plan for events that may have impacted during the recent past;
- (b) Assessing the outcomes and achievements of the past few years' financial performance as per the audited financial statements;
- (c) Reviewing the financial objective and assumptions;
- (d) Reviewing the past and summarise long term financial outlook;
- (e) Assess the current overall financial position and liquidity situation;
- (f) Identify any financial challenges and constraints;
- (g) Identifying strategies to deal with the challenges, and to maintain financial viability and capacity to sustain services;
- (h) Identify overall funding mix and implications for own revenue and external funding; and
- (i) Assess compliance with the MFMA and other relevant legislation.

**7.3.3** The LTFP is prepared in an uncertain environment. It is therefore required to make certain assumptions. Assumptions on the following internal and external factors must be made:

- (a) Reviewing the external factors (e.g. population migration, employment, health, roads, development of businesses and the Garden Route region);
- (b) General inflation outlook and its impact on the municipal activities;
- (c) Credit rating outlook;
- (d) Interest rates for borrowing and investment of funds;
- (e) Tariffs and charges, and timing of revenue collection;
- (f) Collection rates for each revenue source;
- (g) Price movements on specifics e.g. fuel etc.
- (h) Average salary increases;
- (i) Industrial relations climate, reorganisation and capacity building;
- (j) Trends in population and households (growth, decline, stable);
- (k) Changing demand characteristics (demand for services);
- (l) Impact of national, provincial and local policies;

- (m) Ability of the municipality to spend and deliver on programmes; and
- (n) Implications of restructuring and other major events into the future.

**7.3.4** Intergovernmental fiscal transfers/allocations from National and Provincial government play a pivotal role in the finances of the Municipality. The following unconditional transfers/allocations must be considered, as a minimum, when projecting the budget:

- (a) Local Government Equitable Share; and
- (b) Grants related to the provision of Provincial government functions.

**7.4** The Municipality's LTFP model and scenario planning:

**7.4.1** The Municipality's financial model gives effect to the LTFP. It enables the forecasting of the operating and capital budgets for at least 5 years into the future. The model embodies National Treasury's budget preparation guidelines, drawing on assumptions and parameters to forecast the operating budget.

**7.4.2** Strategic initiatives should be prioritised and quantified to be included in the financial model.

**7.4.3** The financial forecasting model must be updated using the fiscal overview, assumption and intergovernmental fiscal transfers/allocations information to identify immediate opportunities and/or risks.

**7.4.4** The medium and long-term financial viability should be evaluated.

**7.4.5** Re-iterative scenario planning should be executed to ensure optimum use of resources to cater for strategic initiatives.

**7.4.6** To identify the optimum balance between revenue collection and municipal spending the following should be taken into account:

- (a) The impact each scenario has on the financial sustainability and affordability of the Municipality;
- (b) Whether scenarios are realistic in terms of revenue projections;
- (c) Potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality;

- (d) *Potential cost saving mechanisms related to strategic initiatives; and*
- (e) *The impact of infrastructure investments and maintenance programs on future revenue streams.*

*7.4.7 Presentations on scenarios should be presented to the BSC as may be requested.*

*7.4.8 BSC should endorse the final MTREF scenario inclusive of assumptions and parameters annually by latest January.*

*7.5 The annual updated LTFP should identify the following:*

*7.5.1 Assumptions and parameters to be used to compile the Operating and Capital budgets over the next MTREF;*

*7.5.2 Future operating revenue and expenditure projections based on assumptions and parameters;*

*7.5.3 Future affordability of projected Capital Plans;*

*7.5.4 The level of infrastructure development required to achieve the Municipal priorities, within the funding restrictions; and*

*7.5.5 External funding requirements in respect of long term debt.*

*7.6 Implementation of the LTFP*

*7.6.1 The annual updated LTFP should provide the parameters and assumptions for the compilation of the operating and capital budgets for the next MTREF.*

*7.6.2 This information should be provided to the departments by latest January of each year.*

## **8. EVALUATION AND REVIEW**

*8.1 This policy shall be implemented once approved by Council.*

*8.2 This policy must be reviewed on an annual basis.*

*8.3 Changes in financial strategy, non – financial strategic strategies and legislation must be taken into account for future amendments to this policy.*

*8.4 Any amendments must be tabled to Council for approval as part of the budget process.*

# **ANNEXURE E**

## **BUDGET POLICY**



# BUDGET POLICY

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Date  
Approved:

Council Resolution

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## 1. DEFINITIONS

### **"Accounting Officer"**

(a) means the Municipal Manager;

**"Allocation"**, means

- (a) a municipality's share of the local government's equitable share referred to in section 214(l) 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 in terms of section 24 of the MFMA, or
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

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

**"Budget-related Policy"** means a policy of a municipality affecting or affected by the annual budget of the municipality, including

- (a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) the rates policy which the municipality must adopt in terms of section 3 of the municipal property rates Act; (not applicable to district municipalities)
- (c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
- (d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
- (e) a borrowing policy which must comply with Chapter 6 of the Act;
- (f) a funding and reserves policy;
- (g) a policy related to the long-term financial plan;
- (h) the supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- (i) any policies dealing with the management and disposal of assets;

- (j) any policies dealing with infrastructure investment and capital projects, including –
  - (i) the policy governing the planning and approval of capital projects; and
  - (ii) the policy on developer contributions for property developments;
- (k) the indigents policy of the municipality; (not applicable to a district municipality)
- (l) any policies related to the provision of free basic services; (not applicable to a district municipality)
- (m) any policies related to budget implementation and monitoring including –
  - (i) a policy dealing with the shifting of funds within votes;
  - (ii) a policy dealing with unforeseen and unavoidable expenditure; and
  - (iii) policies dealing with management and oversight;
- (n) any policies related to the managing electricity and water including - (not applicable to a district municipality)
  - (i) a policy related to the management of losses; and
  - (ii) a policy to promote conservation and efficiency;
- (o) any policies related to personnel including policies on overtime, vacancies and temporary staff;
- (p) any policies dealing with municipal entities, including – (GRDM do not have any municipal entities at this stage)
  - (i) the service delivery agreement; and
  - (ii) the dividend preference of the municipality; and
- (q) any other budget-related or financial management policies of the municipality.

**"Budget transfer"** means transfer of funding within a function / vote.

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

**"chief financial officer"** means a person designated in terms of section 80(2) (a) of the MFMA;

**"councillor"** means a member of a municipal council;

**"creditor"**, means a person to whom money is owed by the municipality;

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

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

**"financial recovery plan"** means a plan prepared in terms of section 141 of the MFMA

**"financial statements"**, means statements consisting of at least

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) Statement of change in net assets
- (d) a cash-flow statement;

- (e) Statements of comparison of budget and actual amounts
- (f) any other statements that may be prescribed; and
- (g) any notes to these statements;

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

**"financing agreement"** includes any loan agreement, lease, and 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 Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

**"investment"**, in relation to funds of a municipality, means

- (a) the placing on deposit of funds of a municipality with a financial institution; or
- (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

**"lender"**, means a person who provides debt finance to a municipality;

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

**"mSCOA"** Municipal Chart of Accounts

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

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

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

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

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

**"municipal debt instrument"** means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

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

**"municipality"**

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

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

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

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

**"municipal tax"** means property rates or other taxes, levies or duties that a municipality may impose;

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

**"official"**, means

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

**"overspending"**

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

**"past financial year"** means the financial year preceding the current year;

**"quarter"** means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

**"service delivery and budget implementation plan"** means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate

- (a) projections for each month of
  - (i) revenue to be collected, by source; and
  - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l)(c) of the MFMA;

**"short-term debt"** means debt repayable over a period not exceeding one year;

**"standards of generally recognised accounting practice"**, (GRAP) means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board (ASB)

**"unauthorised expenditure"**, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes

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

**"virement"** means transfer of funds between functions / votes

**"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**

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.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget 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. In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

## **3. OBJECTIVE**

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, (MTREF)
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to Garden Route District Municipality's IDP review and budget processes.

## **4. BUDGETING PRINCIPLES**

- The municipality shall not budget for a cash deficit
  - The municipality should ensure that revenue projections in the budget are realistic taking into account actual collection levels but taking into account any changes in the environment which can influence the collection rates.
- Expenditure may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- Garden Route District Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) and that will be reviewed annually and approved by Council.
- The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan (IDP).

## **5. BUDGET PREPARATION PROCESS**

### **5.1 Budget Steering Committee**

A Budget Steering Committee must be established by the Executive Mayor in terms of regulation 4 of the Municipal Budget and Reporting Regulations, to provide technical assistance to the Mayor in discharging the budget process and related matters set out in section 53 of the Act.

### **5.2 Quality Certification**

Whenever an annual budget and supporting documentation, an adjustment budget and supporting documentation or an in-year report of a municipality is submitted to the mayor, tabled in the municipal council, made public or submitted to another organ of state, it must be accompanied by a quality certificate complying with Schedule A, B or C of the regulations, as the case may be, and signed by the municipal manager. (Regulation 5).

### **5.3. Formulation of the budget**

- (a) The Accounting Officer with the assistance of the Chief Financial Officer and the IDP Manager shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- (b) The executive mayor shall table the IDP process plan as well as the budget timetable to Council not later than 31 August of each year for approval (10 months before the start of the next budget year).
- (c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act (MFMA), Municipal Budget and reporting regulations as well as the guidelines set by National Treasury or any other legislation that may be applicable.
  - (d) The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March of each year (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.
- (e) The Chief Financial Officer and Executive Management team (MANCOM) undertake the technical assumptions and changes to be made to the budget and which inputs will be included in the budget.
- (f) The Manager: BTO will provide assistance where needed to the senior management to forecast the projections of the tariffs, revenue, and expenditure to be included in the MTREF as per MANCOM directives set.
- (g) The Manager: BTO will oversee the budget process and staff of the BTO office will compile the budget in the prescribed formats with the inputs received from the Accounting Officer, CFO and the executive managers. The Manager BTO and CFO will review the schedules and budget report before submission for the council agenda.
- (h) The budget must be in the prescribed format by National Treasury, and must be divided into capital and operating budget.
- (i) The budget must reflect the realistically expected revenues by major source for the budget year concerned that is estimated to be collected. (Section 18(2 (a)&(b)):

- (a) projected revenue for the current year based on collection levels to date; and
- (b) actual revenue collected in previous financial years
- (j) According to Section 18 of the 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 purpose; and
  - Borrowed funds, but only for the capital budget referred to in section 17 (2).
- (j) The expenditure reflected in the budget must be divided into the different line items and per vote.
- (k) The budget must 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 expenditure for the current year and the two prior year actual revenue and expenditure.

#### 5.4. Public participation process

Immediately after the draft annual budget has been tabled, the municipality invites the public, stakeholder organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

Section 22 of the MFMA states:

Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must:

- (a) In accordance with Chapter 4 of the Municipal Structures Act –
  - (i) Make public the annual budget and the documents referred in section 17 (3); and
  - (ii) Invite the local community to submit representation in connection with the budget; and
- (b) Submit the annual budget –
- (c) (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and
  - (iii) In either format to any prescribed national or provincial organ of state and to other municipalities affected by the budget.

Section 23 of the MFMA states: (consultations on tabled budget)

- (1) When the annual budget has been tabled the municipal council must consider any views of –
  - (a) The local community; and
  - (b) The National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity –
  - (a) To respond to the submissions; and
  - (b) If necessary, to revise the budget and table amendments for consideration by the council..



- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guideline on the formation of a committee of the council to consider the budget and to hold public hearings.
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

### **5.5. Approval of the annual original budget**

- (a) Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- (b) The council resolution, must contain the budget related policies and performance measures to be adopted, the budget (MTREF) (operating and capital budget), tariffs and any other information required by legislation.
- (c) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:
  - i. draft resolutions approving the budget;
  - ii. other taxes and tariffs for the financial year concerned;
  - iii. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
  - iv. the projected cash flows for the financial year by revenue sources and expenditure votes;
  - v. any proposed amendments to the IDP;
  - vi. any proposed amendments to the budget-related policies;
  - vii. 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;
  - viii. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;
  - ix. particulars of the municipality's investments; and
  - x. various information in regard to municipal entities under the shared or sole control of the municipality

### **5.6. Publication of the budget**

- (a) Within 14 days after the draft annual budget has been tabled, the municipality must publish the budget and other budget-related documentation on the municipal website to be accessible to the public.
- (b) The Chief Financial Officer must within 14 days after the draft annual budget is tabled:
  - (i) submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as publish it on the municipal website.
  - (ii) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

### 5.7. Service Delivery and Budget Implementation Plan (SDBIP)

- (a) The Executive mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- (b) The SDBIP shall include the following components:
  - (i) Monthly projections of revenue to be collected for each source
  - (ii) Monthly projections of expenditure (operating and capital) and revenue for each vote
- (iii) Quarterly projections of service delivery targets and performance indicators for each vote
- (iv) Ward information for expenditure and service delivery
- (v) Detailed capital works plan broken down by ward over three years
- (vi) Any other information that may be required by legislation.

## 6. CAPITAL BUDGET

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and has a useful life in excess of one year and inflow of economic benefits are expected.
- (b) The capital budget shall distinguish between replacement and new assets.
- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (d) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes. Refer to above section with regards to the funding of the budget.
- (e) Before approving a capital project, the Council must consider:
  - (i) the projected cost of the project over all the ensuing financial years until the project becomes operational,
  - ii. 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).
- (f) Before approving the capital budget, the council shall consider:
  - (i) the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
  - (ii) depreciation of fixed assets,
  - (iii) maintenance of fixed assets, and
- (iv) any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustment capital budget only if it has been properly cash funded.
- (h) The capital expenditure shall be funded from the following sources:

### (i) Revenue or Surplus

- If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
- If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

### (ii) External loans

- External loans can be raised only if it is linked to the financing of an asset;
- A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if it can be reasonably assumed as being secured;

- The loan redemption period should not exceed the estimated life span of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
  - Interest payable on external loans shall be included as a cost in the operating budget;
- Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.
  - Section 46 of the MFMA with regards to taking up of a loan must be adhered to.

### **Capital Replacement Reserve (CRR)**

- Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve can be funded from:
  - inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
  - interest on the investments of the CRR, appropriated in terms of the investments policy;
  - additional amounts appropriated as contributions in each annual or adjustments budget; and
  - interest on investments of unutilised grants;
  - only VAT claimed back on grants and subsidies; and
  - Sale of land and profit or loss on the sale of assets.
- Before any 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;
  - Transfers to the CRR must be budgeted for in the cash budget

### **Grant Funding**

- Non capital expenditure funded from grants
  - must be budgeted for as part of the revenue budget;
  - Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
  - Capital expenditure must be budgeted for in the capital budget;
- All unutilized grants received must be ring fenced and cash backed by means of an investment.

## **7. OPERATING BUDGET**

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
  - (i) provision for accrued leave entitlements .

- (ii) entitlement of officials as at 30 June of each financial year,
- (iii) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages.
- (iv) provision for the obsolescence and deterioration of stock in accordance with its stores management policy
- (v) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
- (vi) At least 2% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance. (excluding Roads and PPP.)
- (vii) Any other matters that need to be included in the budget.
- (b) 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.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of the capital component on:
  - depreciation charges
  - repairs and maintenance expenses
    - interest payable on external borrowings.
    - other operating expenses.

## **8. FUNDING OF CAPITAL AND OPERATING BUDGET**

- (a) The budget may be financed only from:
  - (i) realistically expected revenues, based on current and previous collection levels;
  - (ii) cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
  - (iii) borrowed funds in respect of the capital budget only.

## **9. UNSPENT FUNDS / ROLL OVER OF BUDGET**

- (a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.
- (b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year
- (c) Conditions of the grant fund shall be taken into account in applying for such roll over of funds
  - (d) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.
  - (e) No unspent operating budget shall be rolled over to the next budget year

## 10. ADJUSTMENT BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenditure.

- (a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.
- (b) Council may revise its annual budget by means of an adjustments budget in terms of section 28 of the MFMA and according to the timelines of the Municipal Budget and reporting regulations section 23.
- (c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (d) 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.
- (e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
- (f) An adjustments budget must contain all of the following:
  - (i) an explanation of how the adjustments affect the approved annual budget;
  - (ii) appropriate motivations for material adjustments; and
- (iii) an explanation of the impact of any increased spending on the current and future annual budgets.
- (g) Any inappropriate surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.
- (h) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
  - (i) Unauthorised expenses may be authorised in an adjustments budget.
  - (j) In regard to unforeseen and unavoidable expenditure, the following apply:
    - (i) the Executive mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA;
    - (ii) these expenses must be reported by the Executive mayor to the next Council meeting;
    - (iii) the expenses must be appropriated in an adjustments budget; and
- (iv) Council must pass the adjustments budget within sixty days after the expenses were incurred.

## 11. BUDGET TRANSFERS AND VIREMENTS

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Executive Manager and CFO and Accounting Officer, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. [{Section 28 \(2\) \(d\) MFMA}](#).

### 11.1 VIREMENT PROCEDURE

- a) All virement proposals must be completed on the appropriate documentation which is submitted to the CFO who recommends such virement to the Municipal Manager who will approve the virement.
  - (b) After approval, the relevant documentation is forwarded to the BTO Office for implementation.
- b) All virements must be signed by the manager of the directorate within which the vote is allocated. (Section 79 MFMA)
  - c) All virements should be approved in line with Council's System of Delegation.
  - d) Projected cash flows in the SDBIP should be adjusted in line with the virement.
- e) All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)
- f) All virements of funds between votes (directorates/departments) are not allowed.

### 11.2 VIREMENT RESTRICTIONS

- a) Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes).
- b) Virements between the capital budget and the operating budget are not allowed.
- c) No virement may be made where it would result in over expenditure of a line item [\(Section 32 MFMA\)](#)
- d) Virements should not result in adding 'new' projects to the Capital Budget.
- e) Virements towards personnel expenditure are not permitted.
- f) Budgets from the following line items may only be transferred by Financial Services:
  - (i) Salaries and allowances
  - (ii) Depreciation
  - (iii) Capital Cost (Interest and Redemption)
  - (iv) Appropriations
  - (v) Contributions to Funds and Provisions

- (vi) Administration Cost
- (vii) Municipal Services Consumption (Water, Electricity, Refuse and Sewerage)
- (viii) Any other accounting/ GRAP/ mSCOA related items
- g) Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges, grants to individuals, revenue foregone, insurance and VAT).
- h) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- i) Virements may not be made between Expenditure and Income.

## **12. BUDGET IMPLEMENTATION**

### **12.1 Monitoring**

- (a) The accounting officer with the assistance of the chief financial officer and other executive 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;
  - expenditure are reduced if expected revenues are less than projected; and
  - revenues and expenses are properly monitored.
- (b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive mayor for consideration and tabling to Council.
- (c) 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.

### **12.2 Reporting**

#### **12.2.1 Monthly budget statements**

- (a) 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 Executive mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

The Chief Accountant: BTO will compile the report and reviewed by the Manager: BTO who submit it to chief financial officer for review. The CFO will submit the report after his/her review to the Accounting Officer

#### **This report must reflect the following:**

- (i) actual revenues per source, compared with budgeted revenues;

- (ii) actual expenses per vote, compared with budgeted expenses;
  - (iii) actual capital expenditure per vote, compared with budgeted expenses;
  - (iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
  - (v) the amount of allocations received, compared with the budgeted amount;
  - (vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
  - (vii) explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
  - (viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
  - (ix) 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.
- (b) The report to the National Treasury must be both in electronic format and in a signed written document.

### **12.2.2 Quarterly Reports**

- (a) The Executive mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.
- (b) The Chief Accountant: BTO will compile the report and reviewed by the Manager: BTO who submit it to the chief financial officer for review, who will then submit the report to the accounting officer for review.
- (c) The accounting officer will submit the report to the Mayor to review and submit to Council.

### **12.2.3 Mid-year budget and performance assessment**

- (a) 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.
- (b) The Chief Accountant: BTO will compile the report and reviewed by the Manager: BTO who submit it to the chief financial officer for review and CFO will submit report to the accounting officer for review.
- (c) The Accounting officer must then submit a report on such assessment to the Executive mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.
- (d) 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.



### **13. CONCLUSION**

All budgets and budget related documentation must be placed on the municipality's official website as prescribed by legislation.

# **ANNEXURE F**

## **ASSET MANAGEMENT**

### **POLICY**



# ASSET MANAGEMENT POLICY

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Date  
Approved:

Council  
Resolution (DC  
No):

DC

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## 1. INTRODUCTION

This Policy for the management of assets has been designed to assist management and officials of the Garden Route District Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This Policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.

There is a separate fixed asset property policy which resides under the Property Manager in the Department of Planning and Economic Development.

**For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.**

## 2. OBJECTIVE OF THIS POLICY

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by: -

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements and fixed asset register;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices (GRAP);
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and the responsibility of any custodian to whom assets are allocated.
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

### 3. DEFINITIONS

**Accounting officer** means the municipal manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

**Agricultural Activity** is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

**Agricultural Produce** is the harvested product of the entity's biological assets.

**A Biological Asset** is a living animal or plant.

**Assets** are resources controlled by the municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

**Biological Transformation** comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

**Carrying amount** is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

**Chief Financial Officer** means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

**Class of property, plant and equipment** means a grouping of assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

**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 recognized in accordance with the specific requirements of 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 between knowledgeable, willing parties in an arm's length transaction.

**Heritage assets** are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

An **impairment loss** of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An **impairment loss** of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

**Infrastructure assets** are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

**Intangible assets** are identifiable non-monetary assets without physical substance.

**Investment properties** are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

**Municipal valuation** means the official valuation of an immovable property as reflected in the Municipality's valuation roll.

**Other assets** are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

**Property, plant and equipment** are tangible assets that:-

- 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
- are expected to be used during more than one period.

**Recoverable amount** is the higher of a cash-generating asset's net selling price and its future value in use.

**Recoverable service amount** is the higher of a non-cash-generating asset's fair value less costs to sell and its future value in use.

**Residual value** of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.



**Useful life is:-**

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality's accounting officer.

#### **4. STATUTORY AND REGULATORY FRAMEWORK**

The Municipality shall, notwithstanding this policy, comply with all relevant legislative requirements, including:

- The Constitution of the Republic of South Africa; 1996
- Local Government: Municipal Systems Act; 2000
- Local Government: Municipal Finance Management Act; 2003
- Division of Revenue Act; 2005
- Generally Recognised Accounting Practice (GRAP)
- Supply Chain Management Legislation
- Asset Transfer Regulations

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include amongst others:

- **GRAP 1** Presentation of Financial Statements;
- **GRAP 13** Leases;
- **GRAP 16** Investment Property;
- **GRAP 17** Property, Plant and Equipment;
- **GRAP 100** Non-Current Assets Held for Sale and Discontinued Operations;
- **GRAP 101** Agriculture; and
- **GRAP 102** Intangible Assets.

#### **5. BACKGROUND**

The utilization and management of property, plant and equipment, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

## **6. DELEGATION OF POWERS**

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

## **7. EFFECTIVE ASSET MANAGEMENT**

### **7.1 Responsibilities**

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Executive managers and their teams comply with this policy.

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.

- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The Executive managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

**The Executive Managers must ensure that:**

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The executive managers may delegate or otherwise assign responsibility for performing these functions but they ***will remain accountable for ensuring that these activities are performed.***

Each executive manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

***The responsibility for the physical control of assets rests with the relevant executive manager to whom the responsibility was delegated to*** in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each executive manager shall ensure that assets entrusted to him / her ***are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.***

The Chief Financial Officer (Asset Unit), must be notified by the Heads Of Departments of any transfer of assets between departments after arrangements between the relevant executive managers were made.

Upon the resignation / retirement of an employee, the applicable executive manager must inform the Chief Financial Officer and Corporate Service Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant executive manager.

## **7.2 Asset Register**

### **Establishment and Management of the Register of Assets**

The Chief Financial Officer will establish and maintain the Register containing key financial data on each item of Property, Plant or Equipment, Investment Property, Intangible Assets and Agricultural Assets that satisfies the criterion for recognition.

Executive managers are responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.

Each executive manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition of all assets in their registers.

### **Contents of the Asset Register**

The measurement based used (Cost or Fair Value);

- The depreciation methods used;
- The original useful life;
- The revised useful life;
- The residual value;
- The revised residual value;
- Depreciation charged for the period;
- The accumulated depreciation;
- The gross carrying amount;
- Date of acquisition or brought into use;
- Date of disposal (if applicable);
- Increases or the decreases resulting from revaluations (if applicable);
- Date of last revaluation;
- Method of calculating recoverable amount (when impairment tests are required in terms of GRAP);
- Any restrictions on title to the asset;
- Location;
- Source of finance;
- Condition of the asset;

- Method of calculating the recoverable amount (when impairment losses are required in terms of GRAP);
- Strategic purpose and if it is required to provide minimum basic services; and
- Responsible Functional Manager/ department/ vote.
- Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- Whether the asset is required to perform basic municipal services
- Whether the asset has been used to secure any debt, and – if so - the nature and duration of such security arrangements
- The title deed number, in the case of fixed property

All Executive managers under whose control any fixed asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the fixed asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. A fixed asset shall remain in the fixed assets register for as long as it is in physical existence.

### **7.3 Classification of Assets**

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:-

#### **7.3.1 Property, Plant and Equipment**

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Bins and Containers;
- Emergency Equipment;
- Disaster Management Equipment;
- Fire Engines;
- Plant and Equipment;
- Computer equipment;
- Office equipment;
- Furniture and fittings; and
- Motor Vehicles.

### **7.3.2 Investment Property**

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property unless it is leased out on the same conditions that is applicable to the general public.

Investment properties will be treated in accordance with relevant GRAP standards and will separately be classified in the Statement of Financial Position.

### **7.3.3 Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with relevant GRAP standards and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

### **7.3.4 Agricultural Assets**

Agricultural Assets will be treated in accordance with relevant GRAP standards and will separately be classified in the Statement of Financial Position

### **7.3.5 Assets Treated as Inventory**

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings

owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Annexure on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Annexure shall use the classification applicable to the asset most closely comparable in the Annexure.

## **7.4 Recognition of Assets**

### **7.4.1 Recognition of Heritage Assets**

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

### **7.4.2 Recognition of Donated Assets**

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the Chief Financial Officer in reference to the relevant generally accepted accounting practice.



## 7.5 Capitalisation Criteria

### 7.5.1 Material Value

#### PPE and Intangible Assets

All assets may only be acquired in terms of council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Executive managers shall at all times ensure that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Executive managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of council's Supply Chain Management policy should be obtained and where required submitted to council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the finance department;
- Once delivered the asset must be labeled / bar-coded by the Budget and Treasury department before such asset is put into use;
- The executive manager must indicate what the expected useful life of the asset will be;
- The executive manager should endorse receipt of the asset on the invoice and forwarded it for payment to the Finance department; and
- The Finance department would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The **original cost** of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the fixed asset register.

### **Subsequent expenditure**

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

### Investment Property

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- (a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### Reinstatement, Maintenance and Other Expenses

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of a fixed asset, may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs and installation, assembly and communication costs.

#### **7.5.2 Intangible Items**

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

## **7.6 Depreciation**

### **7.6.1 Depreciation of PPE and Investment Property**

All PPE and Investment Property, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE and Investment Property are used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on an annual basis against the appropriate line item in the department or vote in which the item of PPE and Investment Property is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE and Investment Property are acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE and Investment Property controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

#### **7.6.2 Rate of Depreciation and Amortisation**

The relevant head of department shall assign a useful operating life to each depreciable item of PPE and Investment Property recorded on the Municipality's asset register. In determining such a useful life the relevant head of department shall use to the useful lives set out in the annexure to this document and relevant historical experience as a guideline.

In the case of an item of PPE or Investment Property which is not listed in this annexure, the relevant head of department in consultation with the Chief Financial Officer shall determine a useful operating life, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

### **7.6.3 Method of Depreciation**

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date by each executive manager and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

## **7.7 Amendment of Asset Lives and Diminution in the Value of PPE**

A printout of the asset register indicating the current remaining useful lives of all assets allocated to a department will be distributed by the Chief Financial Officer to all Heads of Department annually. All Heads of Department must review the remaining useful lives of the assets under their control. Any changes in useful lives must be communicated to the Chief Financial Officer in order for the Finance Department to make the required changes to the Fixed Asset Register. All changes will be treated as Changes in Accounting Estimates in terms of GRAP 3 in the annual financial statements.

The Heads of Department shall request the Chief Financial Officer to amend the useful operating life assigned to any item of PPE if it becomes known that such item has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the item's economic benefits or service potential will be consumed.

If the value of an item of PPE, Investment Property or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE and Investment Property has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the item has physically ceased to exist, it shall be written off in the fixed asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE, Investment Property or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE or Investment Property, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

## **7.8 Funding of PPE and Reserves**

The purchase of assets may be funded from the raising of external loans, leases, government- and public contributions, the Capital Replacement Reserve and surplus cash.

## **7.9 Other Write-offs of PPE**

An item of PPE, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

## **7.10 Management and Operation of Assets**

### **7.11.1 Accountability to manage assets**

Each Executive Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. This will include:-

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.



### **7.11.2 Contents of a strategic management plan**

Executive Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Executive Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

### **7.11.3 Reporting on Emerging Issues**

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

### **7.11.4 Verification of Assets**

The Municipality shall at least once during every financial year undertake on a date as determined by the CFO a comprehensive verification of all moveable assets controlled or used by all the departments of the Municipality.

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all relevant results of such verification, provided that each such item of asset verification shall be undertaken and completed during April of each financial year, and that the resultant report shall be submitted to the Chief Financial Officer not later than 31 May of the year in question.

### **7.11.5 Movement of Assets**

Movement of moveable assets to be undertaken as per Standard operating procedures in annexure A.

## **7.11 Alienation of Assets**

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (fifty thousand rand). The council shall ensure that the alienation of any asset with a carrying value equal to or in excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004.

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the fixed assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the fixed asset register. If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the Municipal Asset Transfer Regulations.

## **7.12 Maintenance**

### **7.12.1 Maintenance Plans**

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

#### **7.12.2 Deferred Maintenance**

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall re-determine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

#### **7.12.3 General Maintenance of Assets**

Every Head of Department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 7.13.1 and part 7.13.2 above) are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

### **7.13 Replacement Strategy**

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. **This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.**

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

#### **7.14 Insurance of Assets**

The municipal manager or heads of departments to whom the responsibility of the assets have been delegated shall ensure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils. The municipal manager and heads of department will annually revise council insurance portfolio to ensure that all assets are adequately insured. The services of an insurance broker would be required in terms of council's Supply Chain Management policy.

Any theft, loss or damage to an asset should immediately be reported to council's insurance brokers by the relevant head of department under whose responsibility the asset falls. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer who must record such claim in the insurance register. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

The municipal manager shall recommend to the council of the municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The Chief Financial Officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

## **7.15 Impairment of Assets**

The accounting treatment relating to impairment losses is outlined in GRAP 21 and GRAP 26.

### **7.15.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

#### **(a) External sources of information**

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

## (b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **7.15.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

##### **(a) External sources of information**

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

##### **(b) Internal sources of information**

- Evidence is available of physical damage of an asset.



- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units

expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
  - Are in a state of damage at year end.
  - Are technologically obsolete at year end. .
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.

- Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset and value-in-use as defined above.

## **8. ACQUISITION OF ASSETS**

### **8.1 Pre-acquisition Planning**

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

### **8.2 Approval to Acquire Property, Plant and Equipment**

Money can only be spent on a project if:

- The money has been appropriated in an approved budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.

## Funding of Capital Projects

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

## 9. PURCHASE OR HIRE OF IMMOVABLE PROPERTY

The municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:-
  - In the case of the following paragraph complies with the requirements of that paragraph; and
  - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:
  - The price is in excess of the market value thereof as assessed by an appraiser; or
  - The rental which, when calculated per annum in the case of:
    - Immovable property hired for agricultural purposes, exceeds six percent; and
    - Immovable property hired for any other purpose, exceed twelve percent of the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

## **10. IMPLEMENTATION OF THIS POLICY**

This policy to be implemented as approved by Council Decision DCxxx, 28 May 2019. All future asset management must be done in accordance with this policy.

This policy must be reviewed annually by the Accounting Officer and the CFO for any legislative or General Accounting Practise changes in consideration with audit recommendations for the Auditor General.

## APPENDIX A

### SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS (to be used as a guide only, every asset's useful life must be determined individually)

	Years		Years
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	7 - 32	Buildings	5 - 32
		Other vehicles	2 - 34
		Office equipment	3 - 32
<b><u>Community</u></b>		Furniture and fittings	1 - 33
Buildings	7 - 32	Bins and containers	8 - 32
Recreational Facilities	32	Specialised plant and	
Parks and gardens	22	Equipment	2 - 32
Investment Property - Buildings	29 - 32	Fire Engines	3 - 34
		Emergency equipment	6 - 22
		Computer equipment	1 - 32
		Computer Software	2 - 18

### **Annexure A : Movement of Moveable Assets**

- Do not move assets without having completed an asset transfer form (Annexure B), signed off by the Executive Manager of the department; the form to be submitted to Asset Management Unit (Finance) within 3 workings asset of being.
- Keep assets issued to you personally (laptops, camera's, etc.) safely and in good working condition. Assets will not be readily replaced and that could hamper your work performance. If there is any assets not in good working condition please inform asset management for them to be repaired as this this will affect the value of our assets in our books if it is not in good working condition during asset verification or audit process.
- Ensure that assets in your possession are barcoded if not inform asset management (Finance) to have the item barcoded.
- If there are any concerns regarding missing assets that might have been moved without following the correct process of filling in the Assets transfer from, please raise the matter immediately with asset management unit for the item to either be moved back to your office or the process be ratified (Asset Register – Location of Asset, filling in of asset transfer form)
- If you are aware of stolen assets or missing assets that have not been located please inform asset management unit to allow the due process regarding assets to be ensued, otherwise failure to do will result in the official to whom the asset was entrusted as personally liable for the recovery cost of the asset
- Every room should have an asset list mounted at the back each door listing all assets in that room. If you become aware that a room /office does not have one, please inform asset unit immediately.
- Asset list to be reviewed very month by the allocated user/occupant of the office or room, to ensure that all assets in the office exist, they are complete and in good working condition. (Ensure that they still have their Bar Codes)
- Any missing assets on the list but not in the office/room to be reported to asset unit immediately.
- Any unidentified asset in the room but not listed in the room asset list to be reported to the asset unit. (Asset Unit will remove the asset and place it in the allocated location as per asset register)

Matters of Emphasis

1. All transfer of asset forms completed to be signed off by the relevant head of department with the approval of the designated official and sent to Asset unit (Ext. 1325 or 1303).
2. Should there be any discrepancies between the Asset register and the assets in your custody and no formal documentation indicating their movement; report the matter to asset unit immediately.
3. Every person to whom assets are allocated are responsible to ensure the assets are safeguarded and any theft/damage is immediately reported. Reasonable care must be exercised to safeguard the assets. Negligence to safeguard assets can lead to investigated procedures to be initiated which can potentially lead to disciplinary action.



**Annexure B: Asset Transfer Form:****Application for Asset Transfer**

Asset No	From Location	To Location

Requested	Authorised By	Date

Received By	Date

# **ANNEXURE G**

## **FUNDING AND RESERVE POLICY**



# FUNDING AND RESERVES POLICY

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Date Approved:

Council Resolution  
(DC):

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## **FUNDING AND RESERVE POLICY**

### **I. 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**

#### **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.

#### **STANDARD OF CARE**

Each functionary in the budgeting and accounting process must do so with judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise to the management of his or her own finances with the primary objective of ensuring that the objectives of this policy are achieved.

#### **STATEMENT OF INTENT**

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

#### **CASH MANAGEMENT**

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

### **DEBT MANAGEMENT**

Debt must be managed in terms of the municipality's Debt Management and credit control Policy, together with any requirements in this policy.

### **FUNDING THE OPERATING BUDGET**

#### **2.6.1 INTRODUCTION**

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognizes the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidized services to the poor. This will necessitate cross subsidization in funding to be calculated in the budget process.

#### **2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET**

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information and in any line with any budget circulars issued by National and Provincial Treasury;
- c) Tariff adjustments must be fair;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- g) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at the minimum of 10% of the prior year balance of the long-term benefits not yet cash-funded, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- h) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans, landfill site calculations of the GRAP 17 asset and GRAP 19 provisions, must be reflected as a surplus on the cash flow budget. Capital Replacement Reserve must be fully cash funded and amount equal to the annual depreciation/amortisation must be transferred to the Capital Replacement Reserve annually.

- i) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed. All provisions must be cash backed and cash set aside for the payment of these contributions as they become due and payable.
- j) The amount calculated as a contribution to rehabilitate the landfill site at the end of its useful life, is included in the cash flow and must generate a cash surplus equal to the calculated value of the annual amount to be invested to yield the amount needed to rehabilitate the landfill site. To achieve this the cost of the landfill site operations must be fully recovered from the participating user municipalities. These cash surpluses must annually be transferred from the accumulated surplus to a Landfill Rehabilitation Reserve Fund.

## **FUNDING THE CAPITAL BUDGET**

### **2.7.1 INTRODUCTION**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

### **2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE**

The capital budget can be funded by way of own contributions, grants, public contributions as well as external loans.

#### **Own Contributions**

The capital budget financed from own contributions must primarily be funded from the Capital Replacement Reserve and the Landfill Rehabilitation Reserve which must be cash funded and/or current year surplus revenue.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

Annually the depreciation/amortization amount must be transferred to the capital replacement reserve. When the capital replacement reserve is utilized for the funding of the capital budget, the capital replacement reserve must be replenished within two years to ensure adequate cash is available in the reserve to fund unforeseen and unavoidable capital purchases that was not included in the original budget.

### **Grants (Including Public Contributions)**

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

### **External Loans**

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year. Given the revenue restraints of a district municipality detail cost analysis must be performed for considering raising loans and the ability to repay such obligations as they become due and payable. Loans must be used for purchasing of cash generated assets to ensure a constant revenue stream to be utilized for the repayment of such loans.

## **FUNDING COMPLIANCE MEASUREMENT**

### **2.8.1 INTRODUCTION**

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

### **2.8.2 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS**

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;



- unspent conditional public contributions;
- unspent borrowings;
- VAT due to SARS;
- secured investments;
- capital replacement reserve balance
- landfill site restoration reserve balance
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- In addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.

### **2.8.3 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS**

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised. Annually the depreciation/amortization amount must be transferred to the capital replacement reserve to build up the reserve and it must be cash funded.

## **3. SECTION B: RESERVES POLICY**

### **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.

This policy aims to provide for such measure of protection by creating certain reserves.

### **LEGAL REQUIREMENTS**

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund, however this is not applicable to district municipalities currently. The GRAP Standards itself also do not provide for reserves.

However, the GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

### **TYPES OF RESERVES**

Reserves can be classified into two main categories being "cash funded reserves" and "non – cash funded reserves".

### **3.3.1 CASH FUNDED RESERVES**

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

**(a) Capital Replacement Reserve (CRR)**

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance– or other operating expenditure. This fund must be fully cash backed.

**(b) Rehabilitation Reserve**

The once off payment for the statutory obligation to rehabilitate the regional landfill site when it reached the end of its useful life must be placed in a separate capital reserve and must be cash backed and may only be utilized for purposes of the regional landfill site.

The operation, licensing, management and closure of landfill sites in South Africa is highly regulated. The objective of the legislation is to minimize the potential impact that landfill sites can, or may have on the environment.

The rehabilitation of the landfill site is legislatively required to ensure that the site is environmentally acceptable after the landfill site has stopped receiving waste. Garden Route District Municipality is in the process of erecting a regional landfill site which will be funded from loan funding. The agreement will be for twenty (20) years and local municipalities will partake in this project and contribute monthly towards the operational cost of the regional landfill site as well the administration and rehabilitation cost.

The monthly rehabilitation cost contribution received from the participating local municipalities must be transferred to a cash funded reserve set aside for the rehabilitation cost payable after the landfill site has reached the end of its useful live.

**(c) Employee benefit reserve**

To be utilized for any provision of employee related benefits/provisions and must be cash backed.

**3.3.2 NON CASH FUNDED RESERVES**

Currently the district municipality do not have any such reserves.

# **ANNEXURE H**

## **SUPPLY CHAIN MANAGEMENT POLICY**



## SUPPLY CHAIN MANAGEMENT POLICY

Adopted by Council: 29/05/17 COUNCIL RESOLUTION DC 162/05/17

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

Date of adoption: **[29/05/17]**

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



*Supply Chain Management Policy of the municipality*

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## 8. Definitions

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

**“Central Supplier Database (CSD)”** means National Treasury's web based Vendor Management Database established as per MFMA circular No. 81, Municipal Finance Management Act No. 53 of 2003. [www.csd.gov.za](http://www.csd.gov.za) effective as 01 July 20016

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

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

**“emergency” means is a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to lack of planning, if left unattended will cause a serious health/life threatening risk or adverse financial ramifications.**

**“e-Tender publication portal”** means National Treasury's central web based publication platform to ensure goods, services and works are procured in a manner that is fair, equitable, transparent, competitive and cost effective by advertising centrally as an invitation to prospective bidders to submit bids. [www.etenders.gov.za](http://www.etenders.gov.za)

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

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

**“in the service of the state”** means to be -

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

- an employee of Parliament or a provincial legislature;

**“contract of long term nature”** means a contract with a duration period exceeding the three year MTREF period as per section 33 of the MFMA;

**“list of accredited prospective providers”** means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy; or Central Supplier Database

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

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

**“PPPFA”** means the Preferential Procurement Policy framework Act, no 5 of 2000

**“Executive Manager”** reporting directly to the Accounting Officer” means an executive manager in the employment of the Garden Route District Municipality who heads a department and reports to the Municipal Manager

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

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

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

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

## CHAPTER 1

### IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

#### 9. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –
- a. gives effect to –
    - (i) section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - b. is fair, equitable, transparent, competitive and cost effective;
  - c. complies with –
    - (i) the Regulatory framework prescribed in chapter 2 of the regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - d. is consistent with other applicable legislation:
    - (i) The Preferential Procurement Policy Framework Act
    - (ii) The Preferential Procurement Regulation, 2022
    - (iii) The Broad Based Black Economic Empowerment Act
    - (iv) The Construction Industry Development Board Act
    - (v) The Local Government: Municipal Systems Act
    - (vi) The Promotion of Administrative Justice Act
    - (vii) The Promotion of Access to Information Act
  - e. does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - f. is consistent with national economic policy concerning the promotion of investments and doing business with the public sector
  - g. assigns the responsibility for the implementation of policy to the Accounting Officer of the Municipality
- (2) The Municipality may not act otherwise than in accordance with the supply chain management policy *when* –
- (i) Procuring goods or services
  - (ii) Disposing of goods no longer needed or which have become redundant
  - (iii) Disposing or letting of fixed assets, including land needed have proven commercial value no longer required for basic municipal service

- (iv) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
  - (v) Selecting external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act
- (3)** This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - b) electricity from Eskom or another public entity, another municipality or a municipal entity.

#### **10. Adoption and amendment of the supply chain management policy**

- (1)** The accounting officer must
- a) at least annually review the implementation of this Policy;
  - b) review compliance to norms and standards cost efficiency of the supply chain management process; and
  - c) when the accounting officer considers it necessary submit proposals for the amendment of this Policy to the council.
- (2)** If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
- a) ensure that such proposed amendments comply with the Regulations; and
  - b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3)** When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4)** The desired outcome of the policy is to provide mechanism to ensure sound, sustainable and accountable Supply Chain Management within the Garden Route District Municipality while promoting the following LED objectives:
- (i) to stimulate and promote local economic development in a targeted and focused manner as per **Garden Route Growth and Development Strategy as**

approved by Council;

(ii) to promote resource efficiency and reduce the negative environmental impact of daily operations of the Garden Route District;

(iii) to facilitate creation of employment and business opportunities for the people of the Garden Route District with particular reference to Preferential Procurement Policy Framework Act, 2000, Preferential Procurement Regulations, 2022, and **setting specific B-BEEE rating targets for all procurement above a range as determined by council over a period of the contract.**

(iv) to promote the competitiveness of regional businesses within approved Regional Economic Development Strategy;

#### 11. Delegation of supply chain management powers and duties

1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

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

i) Chapter 8 or 10 of the Act; and

ii) **this Policy;**

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

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

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

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

3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

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

## 12. Sub delegations

- The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- The power to make a final award –
  - above R 10 million (VAT included) may not be sub delegated by the accounting officer;
  - above R 2 million (VAT Included), but not exceeding R 10 Million (VAT Included), may be sub-delegated but only to –
    - **the chief financial officer;**
    - a Head of Department; or
    - a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
  - not exceeding R 2 million (VAT Included) may be sub-delegate but only to –
    - the chief financial officer;
    - a Manager directly accountable to Accounting Officer
    - a manager directly accountable to the Chief Financial Officer or a Senior Manager; or
- An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph 5(2) must within five days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month, including-
  - (i) the amount of the award;
  - (ii) the name of the person to whom the award was made; and
  - (iii) the reason why the award was made to that person.
- A written report referred to in subparagraph 5(3) must be submitted –
  - to the accounting officer, in the case of an award by –
    - the chief financial officer;
    - a senior manager; or
    - a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

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

### 13. Oversight role of council

1. The council reserves its right to maintain oversight over the implementation of this Policy
2. For the purposes of such oversight the accounting officer must –
  - (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or share control of the municipality, to the council of the municipality;
  - (ii) and whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
3. The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor
4. The reports must be made public in accordance with section 21A of the Municipal Systems Act.
5. Section 117 of the MFMA prohibits a municipal councillor from being a member of a bid committee or attend any other committee evaluating or approving quotations or bids nor may a Municipal Councillor attend any such meeting as an observer.
6. In order to create an environment where business can be conducted with integrity



and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Garden Route District Municipality involved in supply chain activities shall act with Integrity and in accordance with the highest ethical standards

**7. All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards**

**7. Supply chain management unit**

- 1) A supply chain management unit is hereby established to implement this Policy.
- 2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.
- 3) The supply chain management unit shall operate as a centralised supply chain management function to administer and co-ordinate all the Supply Chain Management activities and functions of the municipality as described in this Policy unless a function or activity is specifically excluded by the accounting officer from the unit's term of reference
- 4) All Garden Route District officials shall act with integrity and adhere to the code of conduct of municipal staff contained in Annexure B of the Policy (Systems Act, schedule 2)

**8. Training of supply chain management officials**

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

Development Officer (HR) to facilitate the necessary training for the SCM officials to achieve the Minimum Competency Levels as required. Work based skills plan facilitated by Human Resources to form the basis for training of SCM officials.

**CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM**

**9. Format of supply chain management system**

This Policy provides systems for -

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

## **Part 1: Demand management**

### **10. Demand Management System**

- 1) The accounting officer must establish, through operational procedures, and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic- goals as outlined in the Integrated Development Plan.
- 2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategic document setting out how the Municipality intends to tackle its development challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.
- 3) The demand management system to ensure that each Head of the Department has a yearly plan that will include the following:
  - a) include timely planning and management processes to ensure that all goods and services required by the municipality / respective departments are quantified and budgeted for. Timely and effectively planning is executed to ensure they are delivered at the right location, at the critical delivery date, and are of the appropriate quality and quantity at a fair cost; *(All Executive / Senior Managers to oversee the Yearly Planning for their respective departments)*
  - b) **take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;**
  - c) provide for the compilation of the required specifications to ensure that its needs are met.
  - d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

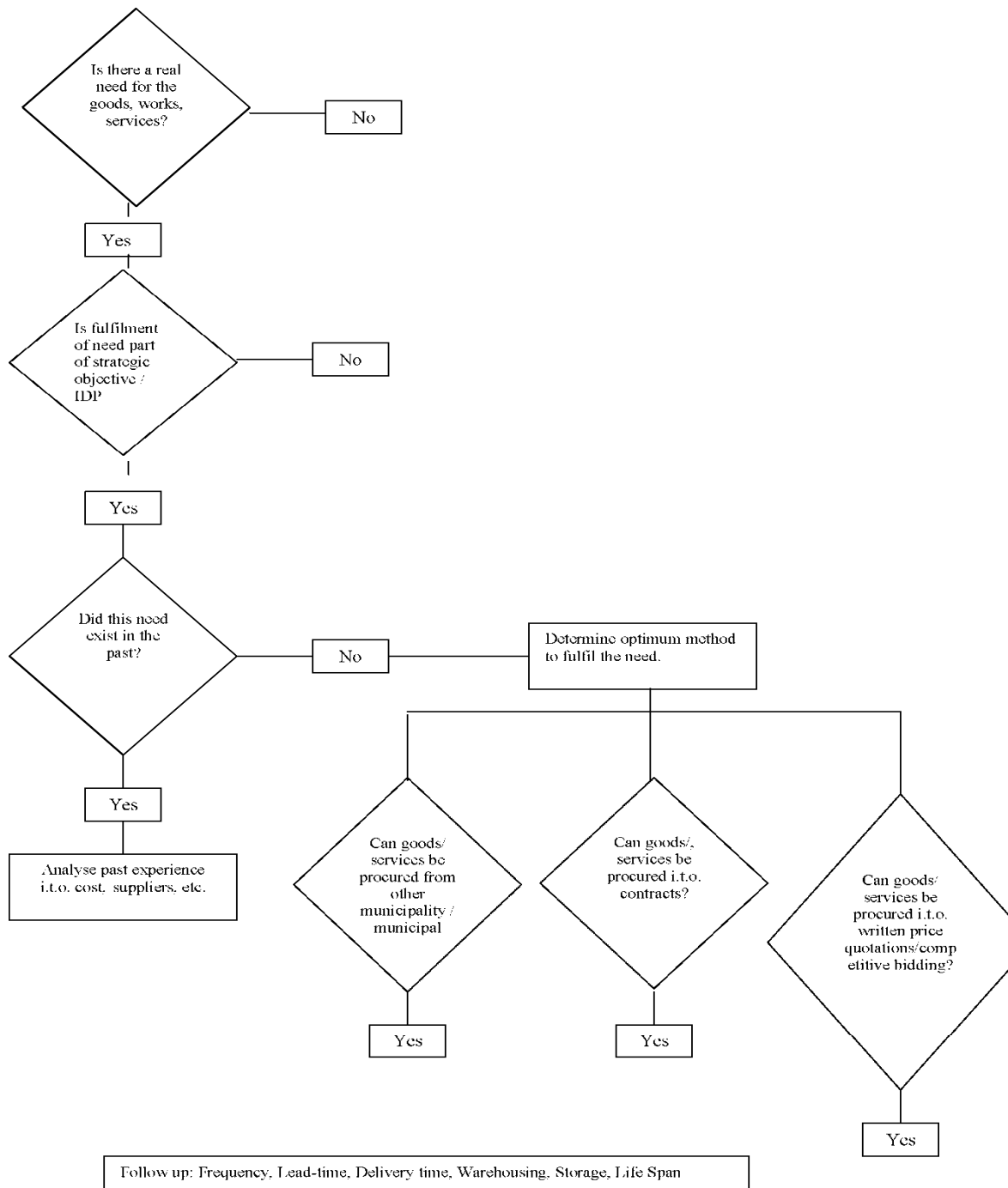
- e) In dealing with suppliers and potential suppliers, the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

**(4) Major Activities**

- a) Demand management to be executed following the tabling of the draft Integrated Development Plan (IDP) and draft budget by council or approval of the Adjustment budget by council, spending of funds subject to final approval of the budget by council and funds are available on the financial system.
- b) Establishing requirements
- c) Determining the needs
- d) Deciding on appropriate procurement strategy
- e) All procurement to be directly linked to the Demand Management Plan that will entail all envisaged planning for financial year ahead.
- f) Demand Management Plan of the respective departments to be reviewed by the Accounting Officer or Delegated Official and submitted to Supply Chain Management Unit for planning and execution.
- g) All deviations to be interrogated by the Accounting Officer against the Demand Management Plan and the Accounting officer to oversee the appropriate remedial steps to be implemented by the relevant executive / senior managers to prevent poor or lack of planning by departments

**(5) Demand Management Plan to entail the following:**

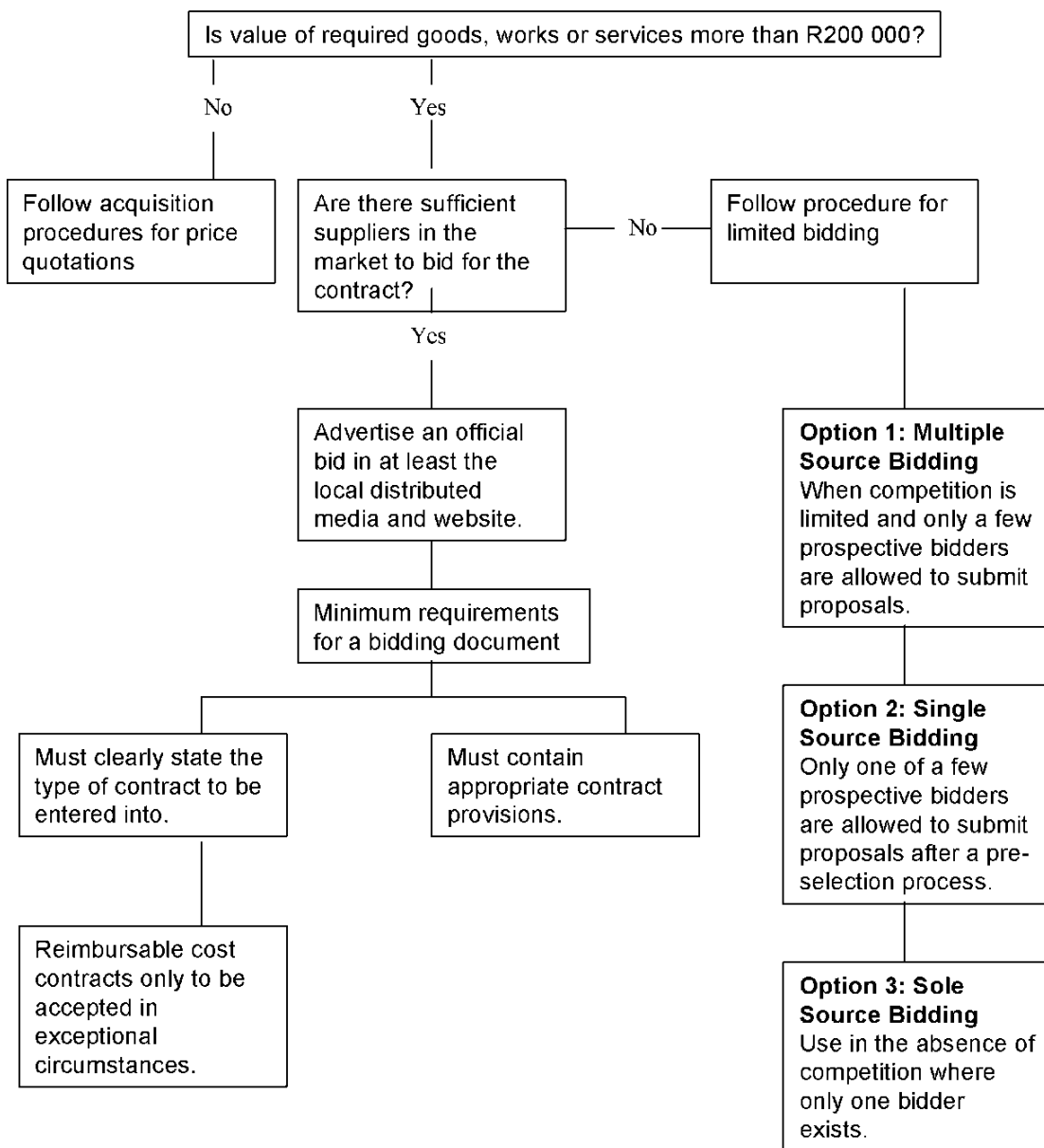
- a) establishing requirements and needs for the year ahead
- b) deciding on appropriate procurement strategies, use of quotations or bidding
- c) understanding the future needs;
- d) identifying the frequency of the need
- e) linking the requirement to the budget
- f) conducting expenditure analysis based on past expenditure
- g) determining requirement (including the internal capacity to implement)
- h) conducting commodity analyses in order to check for alternatives; and
- j) conducting industry analyses to establish market prices and strategic industry role players

**Annexure:****Flowchart of the Demand Management Process**

## Part 2: Acquisition management

### 11. Acquisition management System

- (1) The Objective of the System of Acquisition Management is to ensure –
  - a) that goods and services are procured by the municipality in accordance with authorised processes only;
  - b) That expenditure on goods and services is incurred in terms of an *approved budget in terms of section 15 of the Act*;
  - c) that the threshold values for the different procurement processes are complied with;
  - d) That bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with any applicable legislation including PPPFA, and any condition of the CIDBA; and
  - e) That any Treasury guidelines / circulars on acquisition management are properly taken into account during the review of the SCM Policy.
  
- (2) When procuring goods or services contemplated in section 110(2) of the Act, including water from the department of Water Affairs, Public Entity, another municipality or a municipal entity; and electricity from Eskom or public entity, municipality or municipal entity; the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -
  - a) the kind of goods or services; and
  - b) the name of the supplier.



*Strategic sourcing flow chart for competitive bidding for Items above R200 0000 (Source: The Accounting Officer's guideline for Supply Chain Management)*

## **12. Range of procurement processes**

- (1) Goods and services may only be procured by way of -
  - a) petty cash purchases may be used up to a transaction value of R2 000, in accordance with the provisions of the Petty Cash Policy
  - b) written quotations for procurements of a transaction value over R2 000 up to R30 000 (VAT included);
  - c) formal written price quotations (informal tender) for procurements of a transaction value over R 30 000 up to R200 000 (VAT included); and
  - d) competitive bidding process (formal tender) for procurement above a transaction value of R 200 000 (VAT included)
- (2) The accounting officer may, in writing-
  - a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
  - b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2000;
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000
    - (iii) informal tender process be followed for procurement below R30k
    - (iv) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy.
- (4) When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

## **13. General preconditions for consideration of written quotations or bids**

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

- (a) has furnished that provider's -
  - a. full name;
  - b. identification number or company or other registration number; and

- c. tax reference number and VAT number, if supplier is a register VAT vendor;
- (b) In the case of transactions exceeding R 30 000, including VAT:
  - (i) A valid Tax clearance certificate or service provider tax verification details (SARS Pin number for e-filing independent verification) must accompany the bid documents. (Status verification on the day of award) *(The onus is for the bidder to ensure that their tax matters are in order.)*
  - (ii) If the bid of the preferred bidder is not supported by a valid TAX Clearance Certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the Central Supplier Database of the National Treasury, the municipality reserves the right to request the Bidder to supply the municipality with a valid SARS (e-filing) TCS pin for independent verification on SARS e-filing within a prescribed period, failure of which will result in a disqualified bid. *(Within seven days of being notified by Supply Chain Management Office)*
- (c) has indicated -
  - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
  - (ii) if the provider is not a natural person, whether any of its directors, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
  - (iii) whether a spouse, child or parent of the provider or of director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (d) The Municipality is aware that not all service providers in the region are registered on the Central Supplier Database of National Treasury; although it's preferable and the intention of Government to limit transactions to registered suppliers on the National Treasury Central Supplier Database, the following is applicable to acquiring goods or services from service providers not registered on the database with regards goods and services below R30 000:
  - i. Where less than 3 services providers have been identified on the Central Supplier Database, alternative service providers not registered on the database maybe requested for additional quote(s) provided their tax matter are in order and can be independently verified on SARS e-filing. (Such service providers must be encouraged and assisted subsequently to register on the Central Supplier Database)
  - ii. Where quotations provided are not market related, prices quoted are significantly material above market price, an alternative quotation



- should be requested from an alternative vendor rendering the same goods and services even if not on the system vendor management system, provided their tax matters are in order and can be independently verified on SARS e-filing)
- iii. A declaration form to be attached to the requisition sent to the service provider not listed on the database requesting declaration of not being in the service of the state.
  - iv. Supplier to be provided with the Municipal Declaration form for regulation 44 vetting and SARS compliance
- (e) Where the chosen vendor to render services or supply goods is in accordance to section 13(d) of the Garden Route District Municipality's Supply Chain Management System, the following must take place
- i. Provision can be made for purchases to be made from such a supplier for transactions below R30K
  - ii. Suppliers not registered on the Central Supplier Database with whom the Municipality transacts with frequently to be encouraged to register on the National Treasury's Central Supplier Database.
    - a) Where services or goods delivered are once off the CFO to provide authorisation for direct payment,
    - b) Where it is likely that the similar service or goods requested will be required in the future, then DATA Unit to be approached to engage with the service provider and facilitate the process of the vendor registering on the Central Supplier database
  - iii. The user department must inform Data Unit in Finance Department of such a service provider and request that assistance be provided to the service provider to be registered on the Central Supplier Database.

#### **14. Lists of accredited prospective providers**

(1) The accounting officer must -

- a) at least once a year through website, newspapers commonly circulating locally, or any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers on the National Treasury's Central Supplier Database and the updated Municipal Supplier Database
- b) Ensure use of The National Treasury Central Supplier Database, which is the database which lists the detail of all suppliers who have been registered and

vetted in order to do business with the Municipality and Government

- c) Ensure Prospective suppliers to be assisted with registering on the National Treasury's Central Supplier Database at any time, [www.csd.gov.za](http://www.csd.gov.za)
  - d) Ensure Minimum criteria for prospective suppliers is to be registered and approved on the National Treasury Central Supplier's Database
  - e) disallow the registration of any prospective supplier whose name appears on the National Treasury's Database of Restricted Suppliers and/or Register for Tender Defaulters and who is therefore prohibited from doing business with the public sector.
- (2) Vendors bidding for Informal/Formal tenders that are not registered on the National Treasury's Central Supplier Database are not precluded from submitting bids, but must however be registered and approved by the time the Bid is evaluated, failing which their bid may be declared non-responsive.
- a. All persons forming part of a Joint Venture or Consortium must be registered as such on the National Treasury's supplier Database and have obtained a joint venture or partnership B-BBEE certificate of the new entity.
  - b. Use of National Treasury's Central Supplier Database for procurement approved from the 31 December 2017

### **15. Petty cash purchases**

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

1. Petty Cash management resides with the relevant Head of Department and in the absence of a Petty Cash policy the following shall apply:
  - a) Only an Executive manager may approve or authorize the petty cash voucher.
  - b) The authorized petty cash voucher with the slip must be filed and recorded in a petty cash register.
  - c) The petty cash box must be stored away in safe place when it is not in use.
  - d) The designated personnel managing the petty cash to keep record of all transactions with the supporting document and avail it for inspection when required so.
  - e) The Chief Accountant Expenditure to verify the petty cash reconciliation every time it is replenished.
  - f) Random cyclical petty cash review can be undertaken without prior notice

where the need has been identified by the Office of the Chief Financial Officer.

2. each executive manager may allow petty cash purchases not exceeding an amount of R2 000 in each month;
3. a monthly reconciliation report from each executive manager must be provided to the chief financial officer, including –
  - (i) the total amount of petty cash purchases for that month; and
  - (ii) receipts and appropriate documents for each purchase.
4. the following types of expenditure may not be made from petty cash: all Labour or salary related expenditure

#### **16. Written or verbal quotations**

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

- a) Quotations must be obtained from at least three different providers preferably from National Treasury's Central Supplier Database, but not limited to, providers whose names appear on the list of accredited prospective providers, provided that if quotations are obtained from providers who are not listed, such providers can be requested to provide an a SARS e-filing pin for independent verification.
- b) to the extent feasible, providers must be requested to submit such quotations in writing;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or official designated by the accounting officer;
- d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

#### **17. Formal written price quotations**

- (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality and the National Treasury's central supplier database.
- b) quotations may be obtained from providers who are not listed, provided that such providers are not listed on the national treasury's list prohibited suppliers;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

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

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows, 1:

- a. when using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting all relevant providers to submit quotations. Rotation basis to be considered where pricing is competitive between bidders otherwise normal SCM process to be followed for an award.
- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations (Informal Tender) must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website, an official notice board of the municipality and e-tender publication portal
- c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- d) the accounting officer or chief financial officer must on a monthly basis be notified in

writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;

- e) offers up to R10 000 (VAT included) must be awarded based on compliance to specifications, ability and capability to deliver the goods and services and lowest price;
- f) Council to consider use of rotation basis for requesting Quotations up to R10 000 (VAT Included), to avoid supplier fatigue and encourage a broader allocation of work.
- g) offers up to R30 000 (VAT included) and above R10 000 must be awarded based on price (formal written quotation) after consideration of compliance to specifications, conditions of contract, ability and capability to deliver the goods and services
- h) the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations and formal written price quotations is not abused
- i) requirements for proper record keeping must be adhered to, such as:
  - i. completion of documents for audit purposes;
  - ii. ensuring the correctness of documents;
  - iii. before awards are made, proper review of documents must be undertaken.

#### **19. Competitive bidding process**

1. Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
2. No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.
3. Verification by the Chief Financial Officer prior to advertisement of bids above R10 million. The following information must be submitted by the executive/senior manager responsible for the vote to the CFO **prior** to the public advertisement of any bids in excess of R10 million (all applicable Taxes included):
  - (i) Proof that the budgetary provision exists for procurement of the goods and services

and /or infrastructure projects;

- (ii) Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance cost relating to the asset, administration costs and rehabilitation/renewal costs;
- (iii) Any Multi-years budgetary implications, for example, if the project will take more than one financial year, the estimated expenditure per financial year
- (iv) Goods, service and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project
- (v) Requirements may not be deliberately split into part or items of lesser value merely to avoid the information being submitted
- (vi) Contracts above the value of R10 million (all applicable taxes included) may only be awarded to the preferred bidder after Chief Financial Officer has verified in writing that the budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Integrated Development Plan.
- (vii) Requirements of MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 relating to procurement of goods and services in excess of 10 million, be implemented dealing with procurement goods or services contracts in excess of R10 million

## **20. Process for competitive bidding**

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

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
- (h) After approval of a bid, the accounting officer and the

bidder must enter into a written agreement.

- (i) Proper record keeping
- (j) Original/ legal copies of written contracts agreements should be kept in a secure place for reference purposes.

## **21. Bid documentation for competitive bids**

The criteria with which bid documentation for a competitive bidding process must comply in addition to the requirement as listed in section 13, must –

- (a) take into account -
  - (i) the general conditions of contract and any special conditions of contract, if specified;
  - (ii) any Treasury guidelines on bid documentation; and
  - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
    - (aa) for the past three years; or
    - (bb) since their establishment if established during the past three years;
  - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 days;
  - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including

- particulars of any material non-compliance or dispute concerning the execution of such contract;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
  - (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
  - (f) compel bidders to declare their previous supply chain management practices and state whether or not they:
    - a. have been found guilty by a court of law or a structure established by council or the accounting officer for handling alleged abuses of the Municipality or the municipal entity's supply chain management system or committed any improper conduct in relation to such a system
    - b. have been convicted of fraud or corruption during the past five years
    - c. have wilfully neglected, reneged on or failed to comply with any government , municipal or other public sector contract during the past five years
    - d. have been listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt activities Act 12 of 2004.

## **22. Public invitation for competitive bids**

- (1) The procedure for the invitation of competitive bids, is as follows:
  - (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly



circulating locally, the website of the municipality, e-Tender Publication Portal of National Treasury or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

- (b) The information contained in a public advertisement, must include -
- (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
  - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality ;and
  - (iii) date, time and venue of any proposed site meetings or briefing sessions.;
  - (iv) In accordance with MFMA circular 83, advertisement of bids and the publication of notices in respect of awarded bids, unsuccessful bids, cancelled bids, deviations, variations and extensions of existing contracts of a municipality to be published on the e-Tender publication Portal from date of approval of the policy.
  - (v) Notices of cancelled bids must be published on the same day, or at least the day after a municipality decided to cancel a bid on e-Tender Publications Portal.
  - (vi) Notices of all awards to suppliers through deviations from competitive bidding, Awards through variations and extensions of existing contracts; must be published on the e-Tender Publications Portal within seven working days after the award was made
  - (vii) Bid documentation obtained from the municipality in hard copy to be disbursed at a nominal charge as set in the approved tariff structure of council; alternatively a soft copy may be obtained from the website at no cost.

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

must be justifiable and recorded and not seen to favour any one bidder and prejudice competitive bidding)

(3) Bids submitted must be sealed

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

### **23. Procedure for handling, opening and recording of bids**

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids-

- i. must be opened only in public;
- ii. must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
- iii. received after the closing time should not be considered and returned unopened immediately.

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

(c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The accounting officer must -

- (i) record in a register all bids received in time;
- (ii) make the register available for public inspection; and publish the entries in the register and the bid results on the website.
- (iii) After the closure of any advertised competitive Bid, Garden Route DM must publish information in terms of section 75 of the MFMA; on the municipality's website.

### **24. Negotiations with preferred bidders**

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation—

- i. does not allow any preferred bidder a second or unfair opportunity;
- ii. is not to the detriment of any other bidder; and

- iii. does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

## **25. Two-stage bidding process**

- (1) a two-stage bidding process is allowed for -
  - (a) large, complex projects;
  - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

## **26. Committee system for competitive bids**

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
  - (a) a bid specification committee;
  - (b) a bid evaluation committee; and
  - (c) a bid adjudication committee.
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with -
  - (a) paragraph 27, 28 and 29 of this Policy; and
  - (b) any other applicable legislation.
- (5) Informal tenders to be evaluated and awarded by the Bid Evaluation committee

## 27. Bid specification committee

- (1) A bid specification committee should only review specifications compiled by the user department only after being signed off by the head of the user department.
  - a) Head of the Department should satisfy themselves that all tenders initiated in the department, formal or informal are aligned or included in the Department's Demand management plan and provided for in the approved budget or adjustment budget
  - b) Every tender, formal or informal, before being submitted to the Supply Chain Management Unit must have the following:
    - a) User Department to identify the appropriate person(s) to compile the relevant specification
    - b) Ensure that the relevant technical expertise would be available in assessing the Technical requirements
    - c) The Risk officer to be invited to all Bid Specification Committee meeting as part of the risk assessment process. Risk assessment may include the content below or alternative as the risk officer may deem appropriate:
      - a) –
        - I. **Legislative/legal requirements** – prescripts that govern process and legislative requirements
        - II. **Deliverables** – pre define the deliverables and parameters, no open ended contracts with specific reference to use of consultants
        - III. **Time frames** – critical deadlines to be defined, realistic time frames set
        - IV. **Municipal resources** – funding of the project is provided in the approved budget, either as own resources or alternative funding sources
        - V. **Costs** – project roll out cost to give a realistic indication of market conditions (basis for assessing value for money)
        - VI. **Political Risk** – Item linked to Integrated Development Plan of the municipality

- (2) Final specifications –
  - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
  - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
  - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
  - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
  - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
  - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2022; and
  - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved if not a member of the Bid Adjudication Committee, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (5) It is preferable that the Accounting officer nominate municipal officials and establish a permanent Bid Specification Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a

specific commodity or goods if needs be

- (6) should a member declare a conflict of interest at any stage, the member may not form part of the Bid Specification Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise.

## **28. Bid evaluation committee**

- (1) A bid evaluation committee must -
  - (a) evaluate bids (formal & Informal) in accordance with -
    - (i) the specifications for a specific procurement; and
    - (ii) the points system set out in terms of paragraph 27(2)(f);
  - (b) evaluate each bidder's ability to execute the contract;
  - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
  - (d) submit to the Bid Adjudication Committee a report and recommendations regarding the award of the formal bid or any other related matter.
  - (e) evaluate and award Formal written quotations (Informal Tender)
- (2) A bid evaluation committee must as far as possible be composed of-
  - (a) officials from departments requiring the goods or services; and
  - (b) at least one supply chain management practitioner of the municipality.
  - (c) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Evaluation Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be
  - (d) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Evaluation Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

## **29. Bid adjudication committee**

- (1) A bid adjudication committee must -
  - (a) consider the report and recommendations of the bid evaluation committee; and
  - (b) either -
    - (i) **depending on its delegations**, make a final award or a recommendation to the accounting officer to make the final award; or
    - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include -
  - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
  - (b) at least one senior supply chain management practitioner who is an official of the municipality; and
  - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
  - (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -
    - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
    - (ii) notify the accounting officer.
  - (b) The accounting officer may -
    - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in

paragraph (a); and

- (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation

*(i) Should an award be made to a bidder not recommended by the Bid Evaluation Committee on justifiable grounds, the decision must be noted and made available to the Auditor general for audit purposes.*

- (7) The accounting officer must comply with section 114 of the Act within 10 working days.
- (8) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Adjudication Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

### **30. Asset Disposal committee**

- 1) The accounting officer or delegated authority will implement a mechanism to dispose of movable and immovable assets.
- 2) The accounting officer to establish an Asset Disposal Committee / Property Task Team, composed of line managers / designated personnel and on ad hoc basis may co-opt additional members with specific expertise
  - a) Line manager are regarded as asset managers / designated personnel
  - b) The nominated Asset Disposal Committee/ Property Task Team to oversee the asset disposal process of the municipality
- 3) Asset Disposal Committee / Property Task Team to meet as needs be in the financial year and assess any formal requests for Asset Disposals
- 4) Asset disposal dates to be determined by the committee following an assessment of the assets to be disposed
- 5) Detailed records of the committee, for reporting purposes, must be kept of all activities and should consist of at least, but not limited to,



- a) Disposal verification schedule
- b) Disposal schedule
- 6) Asset Disposal Committee / Property task team to establish a Disposal Management Standard operating procedure in accordance to the Supply Chain Management policy and aligned to the Asset Management Policy.
- 7) The committee to assess and ensure adequate insurance cover for Council Properties within the risk appetite of council

### **Specialised Forms of Procurement**

#### **31. Procurement of banking services**

- (1) Subject to section 33 of the MFMA, any contract for banking services –
  - (a) shall be procured through competitive bids;
  - (b) shall be consistent with section 7 or 85 of the Act; and
  - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- (4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

#### **32. Procurement of IT related goods or services**

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if -
  - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagree

with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

**33. Procurement of goods and services under contracts secured by other organs of state (piggy backing)**

- (i) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -
  - a. the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - b. there is no reason to believe that such contract was not validly procured;
  - c. there are demonstrable discounts or benefits to do so;
  - d. that other organ of state and the provider have consented to such procurement in writing.
  - e. the initial contract agreement needs to be valid and binding at the time "of piggy backing "; once the contract is terminated there is no longer a contract to "piggy back" from
  - f. where a contract is not linked to a period with a particular end date, the contract will terminate once the obligation outlined in the contract are completed or the final object is received and accepted.
  - g. any other organ of state wishing to "piggy back" from contracts as mentioned in subsection (1)(f) can only be granted permission while current contract with Garden Route District Municipality is active. (if contract has lapsed section 32 application may not be granted)
- (ii) Subparagraphs (1)(c) and (d) do not apply if -
  - a. a municipal entity procures goods or services through a contract secured by its parent municipality; or
  - b. a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent

municipality.

### **34. Procurement of goods necessitating special safety arrangements**

1. the acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
2. Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

### **35. Proudly South African Campaign / Proudly Garden Route Campaign**

- (1) The municipality supports the **Proudly SA Campaign** to the extent, that preference is given to procuring local goods and services as per specific goals in the::
- a) Approved Preferential Procurement Policy of council,

### **36. Appointment of consultants**

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement is made.
- (2) Consultancy services must be procured through competitive bids if
  - (a) the value of the contract exceeds R 200 000 (VAT included); or
  - (b) the duration period of the contract exceeds one year
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -

- a. all consultancy services provided to an organ of state in the last five years; and
  - b. any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.
- (5) Should the Municipality have a Council approved Policy with regards to the appointment of consultants that is aligned to Treasury Guidelines; such policy would override this section of the Supply Chain Management Policy.

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

(1) the accounting officer may -

- (a) dispense with the official procurement processes established by this Policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only
  - I. in an emergency and subsequently the department to take into account in the review of their annual Demand Management Plan
  - II. if such goods or services are produced or available from a single provider only;
  - III. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
  - IV. acquisition of animals for zoos
  - V. in any other exceptional case where it is impractical or impossible to follow the official procurement processes e.g. any purchase on behalf of the District Municipality at a public auction sale; and
- (b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs 37(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.
- (4) Emergency Dispensation – Conditions warranting Emergency dispensation include the existence of one or more of the following
  - i. The possibility of human injury or death
  - ii. The prevalence of human suffering or deprivation of rights
  - iii. The possibility of damage to property, or suffering and death of livestock and animals
  - iv. The interruption of essential services, including transportations and communication facilities or support services critical to the effective functioning of the District or the B Municipalities within the District
  - v. The possibility of serious damage occurring to the natural environment
  - vi. The possibility that the security of the state could be compromised
- (5) Single Source selection – Justification for single source selection must be examined in the context of the overall interest of the Garden Route District Municipality and the project
  - i. Single source selection may be appropriate only if it represents a clear advantage over competition for services that represent a natural continuation of previous work carried by the consultant, and continuity of downstream work is considered essential.
  - ii. The reasons for single source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract.
  - iii. Detailed specification with defined scope and details of deliverables must be set before work can commence guiding the consultants and providing set the parameters to which they may operate with. No contract may be open ended without addressing specific needs analysis approved by the Accounting Officer or delegated authority beforehand.

### **38. Transversal bids**

- 1) Accounting officer or delegated authority to approve initiation (shared services) or participation of transversal bids by Garden Route District Municipality
- 2) Transversal bids will only be relevant when the municipality wishes to invite a tender/bid itself and other municipalities or wishes to participate in a tender together with other municipalities or organs of state from the initial phase or it is prescribed through a circular by the National Treasury.
- 3) This form of bidding is different than when participating in a tender invited by another organ of state as referred to in SCM Treasury regulation 32 or section 33 of the Garden Route District Supply Chain Management Policy
- 4) Chief Financial Officer to arrange and provide advice, assist and guide the transversal procurement process and ensure that technical and governance requirements are met
- 5) Arrange implies drawing up a the business case, obtaining formal approval from affected municipalities and the Accounting Officer to proceed, the planning, organising, logistical and bid administration requirements by the custodian Municipality
- 6) Where transversal bids are contemplated, it should result in lower unit cost or economies of scale or other corporate advantage as demonstrated by the required business case.
- 7) Where the custodian municipality other than Garden Route District Municipality has identified the need for transversal tender, it must ensure that the procurement of goods or services or both is procured in terms of the section 217 of the constitution of the Republic of South Africa and any other relevant legislation and prescripts
- 8) Formal written consent must be obtained by the participating municipalities or other organs of state before the tender process is initiated.
- 9) When Garden Route District Municipality initiates the transversal tender written consent obtained from the accounting officers of other municipalities or organs of state must mention a review and consensus of needs analysis, specification, risk assessment and, defined desired outcomes
- 10) The Custodian Municipality will take full responsibility for the arrangement and conclusion of the bid process, inclusive of the formalisation of the contracting arrangements noting that each participating municipality, depending on the

requirements and the nature of the contract, may have to sign a separate service level agreement with the selected service provider.

- 11) Provision in the agreement amongst participating municipalities or organs of state should make provision for participating entities to second their own official with the relevant expertise to participate, observe or offer advice to the initiating entity.

### **39. Unsolicited bids**

- 1) In accordance with section 113 of the Act, Garden Route Council is under no obligation to consider unsolicited bids received outside a normal bidding process.
- 2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if
  - a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - c) the party or entity that has made the unsolicited bid is the sole provider of the product or service; and
  - d) the reasons for not going through the normal bidding processes are found to be sound and justifiable by the accounting officer subject to relevant consultation.
- 3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act together with –
  - a) reasons as to why the bid should not be open to other competitors;
  - b) an explanation of the potential benefits if the unsolicited bid were accepted; and
  - c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- 5) The adjudication committee may consider the unsolicited bid and may

award the bid or make a recommendation to the accounting officer, with comments from Provincial and National Treasury

- 6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- 7) When considering the matter, the adjudication committee must take into account-
  - a) any comments submitted by the public; and
  - b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- 8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

#### ***40. Combating of abuse of supply chain management system***

- (1) The accounting officer must-
  - a) take all reasonable steps to prevent abuse of the supply chain management system;
  - b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
    - (i) take appropriate steps against such official or other role player; or
    - (ii) report any alleged criminal conduct to the South African Police Service;
  - c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - d) Reject any bidder if they are listed as non-compliant on the National Treasury's Central Supplier Database



- e) Reject any bid from a bidder-
    - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
    - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
  - f) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
  - g) cancel a contract awarded to a person if
    - i. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
    - ii. an official or other role player committed any corrupt or fraudulent act during the bidding
  - h) reject the bid of any bidder if that bidder or any of its directors –
    - i. has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
    - ii. has been convicted for fraud or corruption during the past five years;
    - iii. has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
    - iv. has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii),  
(f) or (g) of this policy.
- (3) The Municipality takes cognisance of the provisions of Chapter 2 of the Competition Act no. 89 of 1998

- ☐ PART B - Abusive of a Dominant position; and
- ☐ PART C - Exemption from application of chapter 2.

(4) The accounting officer must also provide measures for the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendation or decisions that were made, taken or in any way influenced by:

- i. Councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors in schedule 1 of the Systems Act; or
- ii. Municipal officials in contravention of item 4 or 5 of the Code of Conduct for the Municipal Staff member set out in schedule 2 of the Systems Act

(5) The Bid Adjudication and Evaluation Committee to take cognisance of the provisions of the Competition Act no 89 of 1998 during the evaluation and award of the tender.

(6) Accounting Officer or any other delegated personnel of Garden Route DM, is prohibited from deliberately placing order for goods, service and /or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and arranging with suppliers for such goods, services and/or infrastructure projects to be invoiced and paid for in another financial year

(7) The above prohibition does not apply to multi-year contracts and projects adopted over multi-years in terms of the MFMA sections 19 and 33.

#### **40 (B). CONTRACT MANAGEMENT**

(1) All contracts entered into by the municipality in the tender process referred to in paragraph 18 & 19 of this Policy must:

- a. Be in writing
- b. Stipulate the terms and conditions of the contract or agreement which must include provisions for providing for:
  - I. The termination of the contract or agreement in the case of non or under performance
  - II. Dispute resolution mechanisms to settle disputes between parties
  - III. A periodic review of contract or agreement
  - IV. Any other matters as maybe prescribed
- c. Include General conditions of contract as prescribed by national treasury

- d. Specify the duration of the contract
  - e. Specify the repayments terms in respect of the goods or services supplied
  - f. Be monitored by the Directorate of the municipality which requested the goods and services to ensure that all the contracts requirements are met.
- (2) Unauthorised or breaches of the contract as in paragraph 40(B) above by the supplier or service provider must be reported to the Legal Department for initiating appropriate action as well as to the SCM Unit which must record the details of such deviation and breaches.
- (3) Departmental Heads shall be responsible for ensuring that contract managers:
- a. Are assigned to all contracts within the department Head's area of responsibility
  - b. Are adequately trained so that they can exercise the necessary formalities in signing up the contract and/or issuing the purchase order(s);
  - c. Ensure that contracts related to the procurement of goods and services are captured on the Municipality's record management system
  - d. Ensure that all original contract documentation is lodged at registrar
  - e. Manage all contract variations and ensure any variations are administered in accordance with any treasury guidelines or relevant statute
  - f. Manage any contract disputes and lodge with the relevant authority and the legal department where disputes could not be resolved
  - g. Ensure suppliers performance review is undertaken against the project deliverables
  - h. Maintain appropriate formal records and correspondence regarding the project and contract for reference point
  - i. Act with care and diligence and observe all accounting and legal requirements
- (4) Management of expansion or variation of order against the original contract: The expansion or variation of contracts against the original contract and prevention of contract manipulation.
- a) Contracts may be expanded or varied by not more than 20% of the original value for Construction related goods, services and/ or infrastructure projects.
  - b) Contracts for all other goods and/or services may be varied by not more

than 15% of the original value of the contract.

- c) Any expansion or variation in excess of the above mentioned thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract
- d) The above is not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of Municipalities and specific term contracts. The latter refers to contracts where required quantities are not specified or are unknown and the award is based on creating a facility.

### **Part 3: Logistics, Disposal, Risk and Performance Management**

#### **41. Logistics management**

- (1) The accounting officer must establish and implement an effective system of logistics management, which must include -
  - a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
  - b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
  - c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
  - d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
  - e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
  - f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
  - g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

## **General Logistics**

### **(2) Placing Orders**

- a) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations on Garden Route District Document Management System or financial system.
- b) Purchase order approval will be system based and authorised by the delegated authority (No manual process to be followed unless in exceptional circumstances, financial system is not accessible for unreasonable prolonged periods without clear indication when the system malfunction would be restored or there is power shortages or there is no power back up in place, however approval in writing to be obtained from the Chief financial officer authorising such process and giving guidance on the ratification process)
- c) All purchases orders will be captured on Garden Route District's Financial and or Document Management System at stores, and ensure that proper audit trail exist. (no one may issue an order apart from a delegated officials)
- d) In respect of goods and services (with exception of professional services where there are other mechanisms place for accepting a bid), no work shall commence or goods be delivered before an official order has been placed with the vendor
- e) Garden Route District Municipality shall not be held liable for payment of any goods delivered or services rendered in contravention of clause (41)(2)(d) of the Garden Route District Municipality

### **(3) Receiving of Goods**

- 1) Goods received note (GRV) will be completed for all goods and services received by the municipality in the following manner:
  - I. Goods delivered or services rendered to be received by the user department that issued the requisition at the location indicated in the requisition and the purchase order unless if it's a store item that should be delivered at the municipality's respective stores.
  - II. The official receiving the goods must inspect and agree the content of

service provider's delivery note to Garden Route District Municipality's official order placed and agree to the following:

- a) Delivery note to indicate Garden Route District Official Order number and the official to confirm the order number to be legitimate
  - b) Description of the type of goods on the delivery note, brand, the quantity of goods and the total cost of the goods or service to be agreed to the official order before any acceptance of goods and signing off of any delivery document
- III. Deliveries where no official orders can be matched to an official order may not be accepted by the municipality, acceptance of such is seen as exposure of Council to Financial Risk
- IV. On matching of the delivery note to the purchase order, the receiving official to inspect the goods or service being delivered against the content of the delivery note and the following to be agreed as faithful representation at hand:
  - a) The description of goods and services being delivered or rendered to the municipality
  - b) The quantity of goods being delivered
  - c) The quality of the goods or service being delivered or rendered to the municipality (damaged goods or goods with past expiry period may not be accepted)
- V. Any discrepancies, shortfalls against the order, damaged goods, incorrect goods or any other discrepancy to be recorded in permanent marking and signed off by both the Municipality's receiving official and the supplier and delivering agent.
- VI. Goods exceeding the quantities ordered or deviating from the description or quality should not be accepted and should be noted and communicated to the supplier formally and communicated to Finance Department (Creditors Unit)

- VII. On acceptance of the Goods or services subsequent to the above mentioned process, an internally generated Good Received Note should be generated recording the goods or services received and their quantity and total cost and signed off.
- VIII. All relevant documentation (original documentation) related to any delivery of goods or receipt of service from external service providers to be sent to Finance Department (Creditors unit immediately)
- IX. Failure to record crucial information and omission of discrepancies that result in the municipality incurring a financial loss will be dealt with in accordance with municipality's disciplinary code of conduct or the equivalent.
- X. Failure to forward all the relevant documentation to creditors department timeously can result in appropriate actions against the responsible official

**(4) Stock Logistics**

- I. Stock or inventory to be valued as per accounting policy of the Municipality in line with the relevant accounting practise
- II. Input VAT to be claimed upon purchase and output VAT is accounted for at the time of issue according to the accounting policy
- III. Stock items shall be systematically replenished using the re-order point or minimum level as set in the financial system
- IV. Issuing of stock shall be systematically administered through the financial system against internal orders or requisitions that are duly authorised
- V. Stores function is centralised and managed through the 3 stores of the municipality, George, Oudsthoorn and Riversdale. (Fuel through the stores and fuel depots)

**42. Disposal management**

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets are as provided in **sections 14 and 90** of the Municipal Finance Management Act, and the Municipal Asset Transfer Regulations, 2008.
- (2) Assets may be disposed of by -

- i. transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
  - ii. transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - iii. selling the asset; or
  - iv. destroying the asset.
  - v. In terms of the donations policy
- (3) The accounting officer must ensure that –
- a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
  - c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
  - d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
  - e) all fees, charges, rates, tariffs, scales of fees or other charge relating to the letting of immovable property are annually reviewed;
  - f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
  - g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

#### **43. Risk management**

- a) Risk Management unit, to be serve as part of the Bid Specification Committee and Bid Evaluation Committee in facilitating and evaluation of risk identified in the procurement of goods and services.
- b) Risk management assessment will be guided by the risk assessment process in line with Risk Management guidelines and standards. The process may include the following:
  - i. The identification of risks on a case by case basis



- ii. The allocation of risks to the party best suited to manage such risks;
  - iii. Acceptance of the cost of the risk where the cost of transferring the risk is higher than that of retaining it
  - iv. The management of risk in a pro-active manner and the provision of adequate cover for the residual risk; and
  - v. The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation
- c)** Risk management will duly assess corporate risk and identify mitigating controls

#### ***44. Performance management***

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

#### **44 (A).**

- 1) The official that receives goods or services on behalf of the Council, or manages the contract which was entered into as a result of a competitive bidding process, to ensure that the goods or services have been delivered in accordance with the service level agreement governing the contractual relationship
- 2) In the case of non-performance or unsatisfactory performance by a supplier, the user department concerned, in consultation with contracts management unit, must issue a notice to the supplier or service provider in writing notifying them of terms contravened and requesting immediate remedial action to comply with the contract terms; failing which:
  - Legal Services / contracts management unit to be consulted for appropriate action.
- 3) In the case of goods and services supplied in response to a quotation invited by the municipality, the official that initiated the requisition or received the goods or services on behalf of council, should complete a goods received voucher (GRV) and note any discrepancies that may require the attention of the service provider if any.
- 4) In the case of goods or services procured through a tender process as specified in terms of the policy, paragraph 18(b) and 19, the contract manager or designated person must ensure that goods or services requested have been provided in accordance with service level agreement before the final payment is settled..
- 5) Final review should consider the following:
  - a) Satisfactory element of the quality and standard of the goods and services received and quality of workmanship.
  - b) Include details, supported by formal written notifications to the supplier regarding non- performance or poor service delivery.
  - c) Include recommendation on any further actions to be taken against the supplier in terms  
of paragraph 40 B of the policy.

## Part 4: Other matters

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

#### 45.

- (1) No award from R30 000 and above may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.
- (4) In cases of uncertainty on Tax affairs of the service provider, Service provider to provide the municipality with SARS e-filing pin code for independent verification by the municipality.
- (5) That Garden Route Council adopt MFMA circular No. 90, Tax Compliance Status, in the finalisation of awards made for transaction above R30 000 on Tax related matters.

***Prohibition on awards to persons in the service of the state***

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

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

- 47.** The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -
- (a) the name of that person;
  - (b) the capacity in which that person is in the service of the state; and
  - (c) the amount of the award.

***48. Ethical standards***

- (1) The code of ethical standards as set out in the "*National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management*" is hereby established for officials and other role players in the supply chain management system of the Municipality in order to promote -
  - a. mutual trust and respect; and
  - b. an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) A breach of the code of ethics must be dealt with as follows -
  - a) in the case of an employee, in terms of the disciplinary

procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;

- b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

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

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant -
  - a) any inducement or reward to the municipality for or in connection with the award of a contract; or
  - b) any reward, gift, favour or hospitality to -
    - I. any official; or
    - II. any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph
  - (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

**50. *Sponsorships***

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is

-

- a) a provider or prospective provider of goods or services; or
- b) a recipient or prospective recipient of goods disposed or to be disposed.

### **51. Objections and complaints**

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

### **52. Resolution of disputes, objections, complaints and queries**

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

resolution.

- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

### **53. Contracts providing for compensation based on turnover**

If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate -

- a) a cap on the compensation payable to the service provider; and
- b) that such compensation must be performance based.

### **54. Construction Industry Development Board (CIDB)**

The Construction Industry Development Board (CIDB) has been established by government to promote uniform application of policy to the construction industry.

#### **a) When calling for construction related bids:**

- I. The prescribed CIDB (uniformity bid documents) must be utilised
- II. Only contractors registered with CIDB may be used
- III. All projects must be advertised on the i-tender or e-tender system

- IV. Consultants used in the procurement process must adhere to the CIDB legislation
- V. Consultants used in the procurement process are prohibited to provide goods, works or service related to the project; and
- VI. Subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements

**b) *When evaluating construction related bids***

- I. The validity of the contractor's registration on the CIDB website must be verified
- II. The bidders documents must be assessed against the prescribed CIDB contractor requirements
- III. Calculations for joint venture grading must be done according to the CIDB prescriptions

**c) *All construction related procurement and projects above minimum threshold R50 million should be undertaken in accordance with the Infrastructure Delivery and Procurement Management (IDPM) – Refer to Annexure C***

**d) *Other matters***

- I. all projects approved by the municipality must be registered with the CIDB
- II. contracts registered on the i-tender systems must be update and completed
- III. non-performance and non-compliance of contractors must be **reported to the CIDB as per CIDB guidelines**

**55. Commencement**

This Policy takes effect on date of adoption by council and should be reviewed annually.



## ANNEXURE A

### **PROCESS FOR THE OBTAINING OF GOODS AND SERVICES**

The following process must be followed in terms of the Municipal Finance Management Act, Act 56 2003, Garden Route Supply Chain Management Policy and the Supply Chain Regulations to obtain goods and services.

#### 1. **PURCHASES**

##### 1.1 Purchase of all goods/services (capital and non-capital)

Value of Goods and Services	Procurement Method	Delegated Approval Authority	SCM Policy
➤ R0 – R2000	Petty Cash	Executive Manager	Supply Chain Management Policy S12(1)(a)
➤ R 2 000 up to R 30 000 (VAT Incl.)	Minimum of 3 x written quotations preferably selected from supplier database or central supplier database,	As per delegation register	Supply Chain Management Policy S12(1)(b)
➤ R 30 000 but up to R 200 000 (Informal Tenders)	Informal Tender process; (successful bidder must be registered on the National Treasury's Central supplier Database)	As per delegation register	Supply Chain Management Policy S12(1)(c)
➤ R200 000 or Long Term Contracts (Formal Tenders)	Formal Tender process to be followed. (Successful Bidder – CSD Registered)	As per delegation through the appointed Supply Chain Management Bid Committees.	Supply Chain Management Policy S12(1)(d)
Deviation below 10k	Through procurement system of the municipality	Final approval by the Executive Manager of the Department	Supply Chain Management Policy
Deviations above R10 000	Through procurement system of the municipality (Tax Clearance in order & not in the employ of the state)	Final approval by the Municipal Manager	Supply Chain Management Policy

#### 2. **REQUISITIONS**

**Requisitions must be approved in terms of the relevant delegation register as approved by the Accounting Officer or delegated authority.**

#### 3. **ORDERS**

##### I. **Capital purchases**

Requisitions are verified by the Asset Management Section.

##### II. **Non capital purchases**

All orders are issued through Stores.

#### 4. **SUPPLY CHAIN MANAGEMENT POLICY**

##### **A. >R 0 – R30 000: 3 x Written Quotations**

- i. User department or initiator to put in requisition to the Buyers to obtain a minimum of three quotations. Preference to be given to suppliers listed on the National Treasury's Central Supplier Database, however if there is less than three suppliers identified on the database, potential additional suppliers not listed on the database to be identified and requests for quotation obtained.
- ii. If the preferred supplier is not listed on the Database the following to occur:
  - a) Procurement to take place through an approval by the CFO for direct payment to be obtained. Minimum supplier listing criteria to be fulfilled, i.e. Tax Clearance Certificate, regulation 44 declarations etc.
  - b) User departments to identify Key service providers within their operations and urge them to register on the National Treasury's Central Supplier Database
  - c) Deviations below Quotation R 10 000 to be approved by the Executive Manager of the relevant department.
  - d) The order number will be generated by the chief clerk at stores and forwarded to User department for action

##### **B. R30 000 – R200 000: 3 x Informal tenders**

- i. User department to initiate the procurement process by compiling specifications and forwarding them to Supply Chain Management via the electronic procurement system. (Specifications approved by the Head of the Department)
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

*Procurement Life Cycle to involve the following:*

- a) Specifications to serve before the specification committee
- b) Approved specifications will be advertised on the website, e-tender, notice board and send to potential suppliers registered on the accredited supplier database subject to review by Specs Committee and sign off by the Accounting Officer

- c) On submission, Informal tenders must be placed in the tender box and will be opened on the closing date as per time specified on the advertisement.
- d) Summary of informal tenders will be compiled by Supply Chain Management Officer.
- e) **User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive**
- f) Formal Written Price Quotations(Informal Tenders) will be evaluated and awarded by the Bid Evaluation Committee
- g) Competitive Bids (Formal tenders) will be evaluated by the Bid Evaluation committee and recommendation submitted to bid adjudication committee for final award.
- h) Service Level Agreements to be compiled by legal services for all goods and services procured through Informal and Formal Tenders; signed off by both parties before goods and services may be procured

C. >R200 000: Formal Tenders & Long Term Contracts

- i. User department sends a request for a formal tender through to SCM Unit via Collaborator with the specifications.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

*Procurement Life Cycle to involve the following:*

- iii. Specifications to serve before the specification committee
- iv. Reviewed and approved specifications to be approved by the accounting officer and Executive Manager of the department initiating the tender before advertising takes place
- v. Approved specifications will be advertised on the municipal website, e tender, notice board and send to potential suppliers registered on the accredited supplier database
- vi. The Tender number and closing date will be allocated by the SCM Unit.
- vii. Tender advertisement will be compiled and placed by the SCM Unit.
- viii. Standard tender documents will be provided to prospective tenderers by the SCM Unit.
- ix. Tenders will be opened on the date and time as specified in the advertisement.
- x. Summary of tenders will be compiled by Supply Chain Management Officer.
- xi. User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive bidders in accordance with the Supply Chain Management Regulations.
- xii. The Bid Evaluation Committee to evaluate and make recommendations

- to the Bid Adjudication committee.
- xiii. The Bid Adjudication Committee can only adjudicate and on contracts up to 10 million.
- xiv. Tenders greater than R10 million will be awarded by the Accounting Officer after recommendations by the Bid Adjudication Committee
- xv. Service Level Agreements must be complied and signed by both parties before goods and services may be procured in excess of R30 000
- xvi. Successful / unsuccessful tenderers will be notified of the Bid Adjudication Committee's decision.
- xvii. After awarding the formal tender, the User Department will be informed of the outcome and they are to complete a Service Level agreement before any requisition can be generated

## **5. SERVICE LEVEL AGREEMENTS**

User department to liaise with Legal Services (contract management unit) on the compilation of service level agreements for all tenders (formal and Informal). Process guidance for compilation of Service Level Agreements to be in accordance with Contract Management process.

## **6. Performance Management:**

- (i) Each department to monitor the performance of each supplier to whom tenders have been issued under. The process flow for monitoring performance of service providers to be undertaken on the collaborator system and all the relevant compulsory review comments is completed.
- (ii) It is important that all communication with the service provider regarding the dissatisfaction of the work performed or goods delivered be documented and the service provider be afforded the opportunity to rectify it and respond accordingly. Where the final assessment of the service provider or supplier remains substandard after engaging with the service provider, legal services to facilitate the process going forth with the legal remedies available

## **Travel and Accommodation – Refer to Travel and Subsistence Allowance Policy of Council**

### **7.3 Catering**

Refer to the catering policy as approved by council.

## Annexure B



### CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.

The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

#### General Principles

**Garden Route District Municipality** commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

- 1.1 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

- 1.2 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

## **2 Conflict of interest**

An official or other role player involved with supply chain management –

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350 or as may be set by council;
- (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality ;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

## **3 Accountability**

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit

the municipality to any transaction for the procurement of goods and / or services.

- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- 3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
  - (i) any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
  - (iii) any alleged breach of this code of conduct.
- 3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the **Garden Route District Council** who must ensure that such declaration is recorded in the register.

#### **4 Openness**

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

#### **5 Confidentiality**

- a) Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractors personal rights.
- b) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

## **Bid Specification / Evaluation / Adjudication Committees**

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the council in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2. Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 6.4 No person should-
  - 6.4.1 interfere with the supply chain management system of the council; or
  - 6.4.2 amend or tamper with any price quotation / bid after its submission.

## **6 Combative Practices**

- a) Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
  - (i) Suggestions to fictitious lower quotations;
  - (ii) Reference to non-existent competition;
  - (iii) Exploiting errors in price quotations / bids;
  - (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.



I ....., an employee of Garden Route District Municipality , hereby acknowledges the Garden Route District Municipality's Code of Conduct for Supply Chain Management and commits to abide by it in the spirit to which it is intended for.

- I acknowledge that my integrity can only be affirmed by how I am deemed by others and therefor will uphold the Supply Chain Management Policy of the Municipality to the letter and spirit to which it is intended for.
- I will refrain from any conduct which may be deemed to be fraudulent in nature or could be seen as bringing disrepute to the image of Council.
- I acknowledge my responsibility for continuous professional development in familiarising myself with the changes in the relevant and applicable legislation of Supply Chain Management and any other relevant procurement legislation.

Signature .....

Name of Official .....

Date of Signature .....

**ANNEXURE C****Supply Chain Process for Infrastructure Delivery and Procurement Management**

The Council resolves in terms of section 168 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), in reference to SCM Regulation 3(2), this Policy prescribes the standards and gateways system requirements and principles which municipalities must adhere to when procuring infrastructure related services linking to CIDB and ISO standards and ethos, therefore to adopt the following SCM Framework for Infrastructure Delivery and Procurement Management of the Garden Route District Municipality, for procurement in excess of R50 million rand.

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## Foreword

In 2012, the Infrastructure Delivery Management System (IDMS) was adopted as the chosen government wide system for infrastructure delivery in South Africa. In the same year (2012), the National Treasury, together with the eight metropolitan municipalities, initiated the customisations of the IDMS for implementation by municipalities. The product of that engagement became the Cities Infrastructure Delivery Management Toolkit (CIDMT), focusing mainly on cities or metros.

In order to establish a common approach to infrastructure delivery across all organs of state, the Standard for Infrastructure Procurement and Delivery Management (SIPDM) was issued for adaptation and adoption by municipalities in terms of Circular 77.

In the process of implementing and institutionalising the SIPDM, institutions expressed concerns regarding the operational challenges imposed by aspects of the SIPDM. This constraint was further compounded when the Preferential Procurement Regulations, 2017 were promulgated and effected, resulting in conflict between the SIPDM and the Regulations.

The National Treasury, in consultation with relevant stakeholders, initiated the SIPDM review process, which resulted in the development of the Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM). The LGFIDPM provides for minimum requirements for effective governance of infrastructure delivery and procurement management.

## Introduction

- a) The Integrated Development Plan (IDP) is the principal strategic planning instrument for municipalities. The IDP process requires a robust process of gathering and synthesising information related to the medium to long-term management of the municipality's infrastructure needs.
- b) The preparation of Roads and Storm Water Services, Water and Sanitation Services, Waste Disposal Services, Electricity Services and Community Facilities and Municipal Buildings, Infrastructure Asset Management Plans (IAMPs) enables municipalities to rank projects and determine budgets, based on a holistic view of local needs and priorities; and serves as a source of valuable information in preparing the IDP.
- c) Through the Infrastructure Delivery Management System, Cities Infrastructure Delivery Management System was developed to provide a holistic system for the management of infrastructure based on the requirements of SANS 55001: Asset management tailored for application in South African metropolitan spaces and specifically in support of the country's spatial transformation agenda.
- d) There is need to develop an infrastructure delivery management system tailor-made for all municipalities (excluding cities) which should integrate asset management strategy, policy to guide infrastructure planning, delivery management and decision making. The LGFIDPM introduces the initial process focusing on the project processes of the infrastructure delivery management and infrastructure procurement.
- e) The Framework for Infrastructure Procurement Management should be implemented together with the project management processes, to ensure alignment, integration and efficient and effective service delivery.

## 1. Scope

- 1.1 The Local Government FIDPM applies to organs of state which are subject to the Municipal Finance Management Act (MFMA).
- 1.2 The Framework provides minimum requirements for the implementation of Infrastructure Delivery and Procurement Management through the:
  - a) Project processes for infrastructure delivery management, and
  - b) Infrastructure procurement gates.
- 1.3 The Framework specifies the allocation of responsibilities for performing activities and making decisions at project stages and procurement gates.

### 3. Terms and Definitions

**Approved:** Officially agreed and signed-off by an Accounting Officer or a delegated person / body.

**Construction:** Everything constructed or resulting from construction operations.

**Employer:** Organ of state intending to, or entering into, a contract with a contractor.

**Gate:** A control point at the end of a process where a decision is required before proceeding to the next process or activity.

**Gateway review:** An independent review of the available information at a gate upon which a decision is made whether to proceed to the next process, or not.

#### Infrastructure:

- immovable asset, which is acquired, constructed or results from construction operations; or
- Movable asset, which cannot function independently from purpose-built immovable asset(s).

**Infrastructure delivery:** The combination of all planning, technical, administrative and managerial actions associated with the construction, supply, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

**Infrastructure procurement:** The procurement of goods or services, including any combination thereof, associated with the acquisition, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

**Organ of State:** Any department of state or administration in the national, provincial and local sphere of government.

**Procurement strategy:** The selected packaging, contracting, pricing and targeting strategy and procurement procedure for a particular procurement.

**Project:** A unique set of processes consisting of coordinated and controlled activities with start and end dates, performed to achieve the project objective.

**Stage:** A collection of periodical and logically related activities in the Project Management Control Stages that culminates in the completion of an end of stage deliverable.

#### 4. **ABBREVIATIONS**

CIDB	Construction Industry Development
Board IDP	Integrated Development Plan
FIDPM	Framework for Infrastructure Delivery and Procurement
Management MFMA	Municipal Finance Management Act
PSP	Professional Service Provider
PPFA	Preferential Procurement Policy Framework Act
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan

## 5. NORMATIVE REFERENCES

### 4.1 Acts of Parliament

The following referenced Acts of Parliament are indispensable in the application of this document:

- Architectural Profession Act, 2000 (Act No. 44 of 2000)
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- Division of Revenue Act (Annual)
- Engineering Profession Act, 2000 (Act No. 46 of 2000)
- Landscape Architectural Profession Act, 2000 (Act No. 45 of 2000)
- Municipal Finance Management Act, (No. 56 of 2003)
- Local Government: Municipal Systems Act, 2000 (Act No. 32 Of 2000)
- National Archives and Record Services of South Africa Act, 1996 (Act No. 43 of 1996)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000)
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Quantity Surveying Profession Act of 2000 (Act No. 49 of 2000)
- Other Sector Specific Acts of Parliament.

### 4.2 Regulations issued in terms of the MFMA and MFMA Circulars

- i) Regulations issued in terms of the MFMA
- ii) Preferential Procurement Policy Framework Act Regulations (PPPFA of 2022 or as amended from time to time) and circulars.

### 4.3 Standards

- i) Applicable Construction Industry Development Board Standard for Uniformity
- ii) Construction Sector Code

### 4.4 Management System

- i) System in place
- ii)

### 4.5 National Treasury Guidelines

- i) Local Government Capital Asset Management Guideline and Planning Guidelines
- ii) Budget Facility for Infrastructure (BFI).

### 4.6 Department of Cooperative Governance and Traditional Affairs Guidelines

- i) Guidelines for Infrastructure Asset Management in Local Government.



## 6. FRAMEWORK FOR INFRASTRUCTURE DELIVERY

### 5.1 The Infrastructure Delivery Management Project Processes

- a) The project process of infrastructure delivery management contains control stage deliverables at the end of each stage. Table 1 outlines the stage deliverables that must be approved. The control stages are specific to project management processes; and outline and describe the stages in the life of a project from start to end. The specific stages are determined by the specific project's governance and control needs. The stages follow a logical sequence with a specified start and end. The deliverable is considered to have passed through the relevant stage when it is approved and signed off. The project then moves on to the next sequential stage. It is expected that the Garden Route Municipality's project implementation process reflects an engagement between the Budget Treasury Office, IDP, SCM, and all strategic role players when developing and approving projects. It is also expected that there should be engagements with the National and Provincial Treasury where appropriate or where projects dictate so.

**Table 1: Project stage deliverables**

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
1	Initiation	<p><b>Initiation Report or Pre-feasibility Report</b></p> <p>The Initiation Report defines project objectives, needs, acceptance criteria, organisation's priorities and aspirations, and procurement strategies, which set out the basis for the development of the Concept Report.</p> <p>Or</p> <p>A Pre-feasibility Report is required on Mega Capital Projects, to determine whether to proceed to the Feasibility Stage; where sufficient information is presented to enable a final project implementation decision to be made. Mega capital projects should be determined in the municipality's policy approved by the Municipal Council.</p> <p><b>Stage 1 is complete when the Initiation Report or Pre-feasibility Report is approved.</b></p>

2	<b>Concept</b>	<p><b>Concept Report or Feasibility Report</b></p> <ul style="list-style-type: none"> <li>i. The Concept Stage presents an opportunity for the development of different design concepts to satisfy the project requirements developed in Stage 1. This stage presents alternative approaches and an opportunity to select a particular conceptual approach. The objective of this stage is to determine whether it is viable to proceed with the project, premised on available budget, technical solutions, time frame and other information that may be required.</li> <li>ii. The Concept Report should provide the following minimum information:</li> </ul>
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Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
		<ul style="list-style-type: none"> <li>a) Document the initial design criteria, cost plan, design options and the selection of the preferred design option; or the methods and procedures required to maintain the condition of infrastructure, or the project.</li> <li>b) Establish the detailed brief, scope, scale, form and cost plan for the project, including, where necessary, the obtaining of site studies and construction and specialist advice.</li> <li>c) Provide an indicative schedule for documentation and construction, or maintenance services, associated with the project.</li> <li>d) Include a site development plan, or other suitable schematic layouts, of the works.</li> <li>e) Describe the statutory permissions, funding approvals and utility approvals required to proceed with the works associated with the project.</li> <li>f) Include a baseline risk assessment for the project and a health and safety plan, which is a requirement of the Construction Regulations issued in terms of the Occupational Health and Safety Act.</li> <li>g) Contain a risk report, need for further surveys, tests, investigations, consents and approvals, if any, during subsequent stages.</li> </ul> <p>iii. A Feasibility Report must provide the following minimum information:</p> <ul style="list-style-type: none"> <li>a. Details regarding the preparatory work covering: <ul style="list-style-type: none"> <li>i. A needs and demand analysis with output specifications.</li> <li>ii. An options analysis.</li> </ul> </li> <li>b. A viability evaluation covering: <ul style="list-style-type: none"> <li>i. A financial analysis.</li> <li>ii. An economic analysis, if necessary.</li> </ul> </li> <li>c. A risk assessment and sensitivity analysis;</li> <li>d. A professional analysis covering: <ul style="list-style-type: none"> <li>i. A technology options assessment.</li> <li>ii. An environmental impact assessment.</li> <li>iii. A regulatory due diligence.</li> </ul> </li> <li>e. An implementation readiness assessment covering: <ul style="list-style-type: none"> <li>i. Institutional capacity.</li> <li>ii. A procurement plan.</li> </ul> </li> </ul> <p><b>Stage 2 is complete when the Concept Report or the Feasibility Report is approved.</b></p>
3	Design Development	<p><b>Design Development Report</b></p> <ul style="list-style-type: none"> <li>1) The Design Development Report must, as necessary: <ul style="list-style-type: none"> <li>a) Develop, in detail, the approved concept to finalise the design and definition criteria.</li> </ul> </li> </ul>

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
		<p>b) Establish the detailed form, character, function and costings.</p> <p>c) Define the overall size, typical detail, performance and outline specification for all components.</p> <p>d) Describe how infrastructure, or elements or components thereof, are to function; and how they are to be safely constructed, be commissioned and be maintained.</p> <p>e) Confirm that the project scope can be completed within the budget, or propose a revision to the budget.</p> <p><b>Stage 3 is complete when the Design Development Report is approved.</b></p>
4	Design Documentation	<p><b>Design Documentation</b></p> <p>(vii) Design documentation provides:</p> <ul style="list-style-type: none"> <li>the production information that details performance definition, specification, sizing and positioning of all systems and components that will enable construction;</li> <li>the manufacture, fabrication and construction information for specific components of the work, informed by the production information.</li> </ul> <p><b>Stage 4 is complete when the Design Documentation Report is approved.</b></p>
5	Works	<p><b>Completed Works capable of being used or occupied</b></p> <p>4) Completion of the Works Stage requires:</p> <p>a) Certification of the completion of the works in accordance with the provisions of the contract; or</p> <p>b) Certification of the delivery of the goods and associated services in accordance with the provisions of the contract.</p> <p><b>Stage 5 is complete when the Works Completion Report is approved.</b></p>
6	Handover	<p><b>Works which have been taken over by the user or owner; Completed Training; Record Information</b></p> <p>(5) The handover stage requires the following activities to be undertaken:</p> <p>a) Finalise and assemble record information which accurately reflects the infrastructure that is acquired, rehabilitated, refurbished or maintained;</p> <p>b) Hand over the works and record information to the user organisation and, if necessary, train end user staff in the operation of the works.</p> <p><b>Stage 6 is complete when the Handover/Record Information Report is approved.</b></p>

<b>7</b>	<b>Close-Out</b>	<b>Defects Certificate or Certificate of Final Completion; Final Account; Close-Out Report</b>
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Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
		<p>(6) The Close-Out Stage commences when the end user accepts liability for the works. It is complete when:</p> <ul style="list-style-type: none"> <li>a) Record information is archived;</li> <li>b) Defects certificates and certificates of final completion are issued in terms of the contract;</li> <li>c) Final amount due to the contractor is certified in terms of the contract;</li> <li>d) Close-Out Report is prepared by the Implementer and approved by the Municipality.</li> </ul> <p><b>Stage 7 is complete when the Close-out Report is approved.</b></p>

- b) Procurement of PSPs and Contractors can occur at different points in the project stages.
- c) Additional stages may be added to the described stages above, if deemed necessary. For example, additional stages could include those necessary to ensure that project activities are appropriately carried out and stages linked. Contract activities would, in many instances, be contingent upon the requirements of the specific contract being used.
- d) For project progress using the project stages, reporting must be for the deliverable achieved in the stage immediately prior to the 'in progress' stage. For example, if a project is shown as being at Stage No. 3 (Design Development), it implies that the deliverable for Stage No. 2 (i.e. the Concept Report) has been achieved; and that the deliverable for Stage 3 (i.e. the Design Development Report) is in the process of being prepared.
- e) Where an organ of state engages another organ of state to provide agency services, a service delivery agreement must be developed that outlines the roles and responsibilities for each organ of state; and establishes a relationship between the client and the implementer. The development of all deliverables should be carried out in a cooperative and consultative manner between the Client and Implementer parties. All deliverables must be developed and signed off in compliance with the specific service delivery agreement.

### c) **Gateway Reviews**

#### **5.2.1 Gateway reviews for mega capital projects : Value > R50 000 000**

- i. The MFMA (Act 56 of 2003), section 19 (2) states: "Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider the projected cost covering all financial years from the start until the project is operational; and the future operational costs and revenue on the project, including municipal tax and tariff implications."
- ii. The (LGFIDPM) Local Government Framework for Infrastructure Delivery and Procurement Management, prescribes the Gateway Review at the end of stage 2, as the minimum requirement to comply with section (i) above.
- iii. The focus of such a review must be on the quality of the documentation in the first instance, and thereafter on:
  - a. Deliverability: the extent to which a project is deemed likely to deliver;

- b. Expected benefits: within the declared cost, time and performance area;
  - c. Affordability: the extent to which the project's level of expenditure and financial risk can be accepted, given the organisation's overall financial position, both singly, and when considering its other current and projected commitments; and Value for money: The optimum combination of whole life costs and quality (or fitness of purpose), to meet the user's requirements.
- iv. A gateway review team must comprise of not less than three persons who are neither involved, nor associated with the project, but have a broad understanding of the subject matter.
- v. A gateway review must be led by a person who has experience in the planning of infrastructure projects and is registered as a professional with a statutory council under the built environment professions. The members of the team must, as relevant, have expertise in the key technical areas, cost estimating, scheduling and implementation of similar projects.
- vi. It is the duty of the institution's Accounting Officer or Authority to appoint a team responsible for the gateway review of his or her institution.
- vii. The gateway review team must base its findings primarily on:
  - a) The information contained in the end-of-stage deliverable;
  - b) Supplementary documentation, if any, provided by key staff and obtained during an interview process; and
  - c) Interviews with key staff members and stakeholders.
- viii. The gateway review team must issue a report at the conclusion of a gateway review, which reflects the team's assessment of the information at the end of a stage; and provides findings or recommendations on areas where further work should be undertaken to improve such information.
- ix. The gateway review findings must be classified by the gateway review team as:
  - a) Critical: Findings that pose adverse effect to the project or package. Critical findings are findings related to the stage deliverable that are wholly unacceptable.
  - b) Major: Findings that pose a potentially adverse effect to the project or package. Major findings are serious findings and are in direct violation of key legislation, e.g. The Constitution of the Republic of South Africa, the MFMA or the PPPFA.
  - c) Minor: Findings that do not pose any adverse effect to the project or package. Minor findings indicate the need for improvement of practices and processes.
- x. A Stage 2 deliverable must not be approved until such time that all findings have been resolved.

## 6.1 FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT

### (1) INTRODUCTION

The framework for infrastructure procurement outlines the minimum infrastructure procurement policy requirements for municipal planning and implementation.

The strategic direction set in the Integrated Development Plan (IDP) informs the framework for infrastructure procurement. For example, procurement strategies must be aligned to the municipality's developmental and internal transformation needs, as specified in the IDP.

### (2) MINIMUM REQUIREMENT FOR INFRASTRUCTURE PROCUREMENT

- a) Infrastructure procurement must be undertaken in accordance with all applicable Infrastructure Procurement related legislation and this Framework.
- b) Infrastructure procurement must be implemented in accordance with the procurement gates prescribed in clause 6.3 below.
- c) The Accounting Officer must ensure that a budget is available for the duration of the project, in line with MFMA provisions for capital and operating budgets.
- d) The Accounting Officer must ensure that cash flow management processes are in place to meet payment obligations within the time periods specified in the contract.
- e) Procurement gates provided in 6.3 below must be used, as appropriate, to:
  - (i) Authorise commencement of activities that lead to the next control gate;
  - (ii) Confirm conformity with requirements; and/or
  - (iii) Provide information to eliminate any cause of non-conformity and to prevent reoccurrence.
- f) The authorisation to proceed to the next procurement gate must be given by a delegated person or body. The delegated person or body must be able to apply relevant built environment knowledge and skill to achieve the intended results required at the relevant procurement gate. The level of detail contained in the documentation on which a decision to proceed to the next procurement gate is made, must be sufficient to enable an informed decision.
- g) The Accounting Officer must develop and implement effective and efficient emergency procurement procedures, including relevant approval delegation, in compliance with relevant legislation.
- h) The Accounting Officer must develop and implement an effective and efficient infrastructure disposal policy in line with the Municipal Asset Transfer Regulations. The institution may consider disposal strategies aligned to their internal disposal policy, prior to proceeding with the procurement strategy.
- i) The Accounting Officer must keep records of Procurement Gate Approvals, in a manual or electronic format, with the following minimum requirements:
  - (i) Procurement gate;
  - (ii) Delegated person/s or body;
  - (iii) Date on which the approval request was received;
  - (iv) Date on which the approval was actioned; and
  - (v) Signature of the delegated person or body.

**6.3** All assets must be recorded in the municipal asset register as required by the GRAP



standards.

## Infrastructure Procurement Gates

### 6.3.1 Procurement Gate 1 (PG 1)

- a) Initiate a procurement process;
- b) **Minimum Requirement for PG 1:**
  - i. Establish and clarify the procurement need, aligned to the municipality's development and transformation priorities specified in the IDP.
  - ii. Determine a suitable title for the procurement, to be applied as the project description
  - iii. Prepare the broad scope of work for the procurement.
  - iv. Perform market analysis.
  - v. Estimate the financial value of proposed procurement and contract for budgetary purposes, based on the broad scope of work.
  - vi. Confirm the budget.
  - vii. Compliance with section 33 of the MFMA with respect to community and stakeholder consultation.
- c) **PG 1 is complete when a designated person or body makes the decision to proceed/not to proceed, with the procurement of the infrastructure.**

### 6.3.2 Procurement Gate 2 (PG 2)

- a) Approve procurement strategy to be adopted.
- b) **Minimum Requirement for PG 2:**
  - i. Develop a procurement strategy aligned to the institutional procurement strategy:
  - ii. Establish contracting and pricing strategy comprising of an appropriate allocation of responsibilities and risks; and the methodology for contractor payments.
  - iii. Identify service required for works.
  - iv. Decide on contracting strategy.
  - v. Decide on pricing strategy.
  - vi. Decide on form of contract.
  - vii. Establish opportunities for promoting preferential procurement in compliance with legislative provisions and the Construction Sector Code.
- c) **PG 2 is complete when a delegated person or body approves the procurement strategy that is to be adopted.**

### 6.3.3 Procurement Gate 3 (PG 3)

- a) Approve procurement documents.
- b) **Minimum requirements for PG 3:**
  - 1) Prepare procurement documents that are compatible with:
    - i. approved procurement strategies.
    - ii. project management design documentation.
- c) PG 3 is complete when the Bid Specification Committee approves the procurement document.

#### 6.3.4 Procurement **Gate 4 (PG 4)**

- a) Confirm that cash flow processes are in place to meet projected contractual obligations.
- b) **Minimum requirement for PG 4**
  - 6.3.4.b.1 Confirm that cash flow processes are in place to meet contractual obligations.
  - 6.3.4.b.2 Establish control measures for settlement of payments within the time period specified in the contract.
- c) **PG 4 is complete when a delegated person or body confirms in writing that cash flow processes are in place; and control measures are established for the procurement to take place.**

#### 6.3.5 Procurement **Gate 5 (PG 5)**

- a) Solicit tender offers.
- b) **Minimum requirements for PG 5**
  - 6.3.5.b.1 Invite contractors to submit tender offers.
  - 6.3.5.b.2 Receive tender offers.
  - 6.3.5.b.3 Record tender offers.
  - 6.3.5.b.4 Safeguard tender offers.
- c) **PG 5 is complete when tender offers received are recorded and safeguarded by a delegated person from the SCM unit.**

#### 6.3.6 Procurement **Gate 6 (PG 6)**

- a) Evaluate tender offers premised on undertakings and parameters established in procurement documents.
- b) **Minimum Requirement for PG 6:**
  - 6.3.6.b.1 Determine whether tender offers are complete.
  - 6.3.6.b.2 Determine whether tender offers are responsive.
  - 6.3.6.b.3 Evaluate tender submissions.
  - 6.3.6.b.4 Review minimum compliance requirements for each tender.
  - 6.3.6.b.5 Perform a risk analysis.
  - 6.3.6.b.6 Prepare a report on tender offers received, and on their achievement of minimum compliance.
- c) **PG 6 is complete when the chairperson of the Bid Evaluation Committee approves the BEC report.**

#### 6.3.7 Procurement **Gate 7 (PG 7)**

- a) Award the contract.
- b) **Minimum Requirement for PG 7:**
  - 6.3.7.b.1 Bid adjudication committee review of the BEC evaluation report.
  - 6.3.7.b.2 Bid Adjudication Committee makes an award.
  - 6.3.7.b.3 Accounting Officer approval of the tender process.
  - 6.3.7.b.4 Notify successful tenderer and unsuccessful tenderers of the outcome.
  - 6.3.7.b.5 Sign contract document.
  - 6.3.7.b.6 Formally accept tender offer.
- c) **PG 7 is complete when the Accounting Officer, or the Bid Adjudication Committee where delegated, confirms that the tenderer has provided evidence of complying with all requirements stated in the tender data and formally accepts the tender offer in writing, and issues the contractor with a signed copy of the contract.**

#### 6.3.8 Procurement **Gate 8 (PG 8)**

- a) Administer and monitor the contract.
- b) **Minimum Requirements for PG 8:**

- 1) Finance department to:
  - i. Capture contract award data.
  - ii. Manage cash flow projection.
  - iii. Administer contract in accordance with the terms and provisions of the contract.
    - i. Delivery department to:

- 2) Ensure compliance with contractual requirements.

c) ***PG 8 is complete when a delegated person captures the contract completion/termination data (close out reports and relevant documents), including payment certificates due***

# **ANNEXURE I**

## **CREDIT CONTROL AND DEBT COLLECTION POLICY**




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### CREDIT CONTROL AND DEBT COLLECTION POLICY

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Date

DC Approved:

Council  
Resolution (DC  
**No):**

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## PREAMBLE

In terms of section 96 of the Local Government: Municipal Systems Act, 2000, a Municipality shall-

- 9 collect all money due and payable to it, subject to the provisions of the Act and any other applicable legislation; and
- 10 for this purpose, implement and maintain a credit control, debt collection policy which is not in conflict with its rates and tariffs policies and which complies with the provisions of the Act.

In order to give effect to the a foregoing provisions of the Act, the council of the Garden Route District Municipality will have to adopt a policy relating to credit control, debt collection and as set out hereinafter.

## 6. DEFINITIONS

For purposes of this policy, and unless inconsistent with the context, any word or phrase to which a specific meaning was ascribed by the Act, will have that meaning and

**"account"** includes-

- 6.1 rental agreements;
2. fire services
3. air quality services
- environmental health levies
- any other levies and money owing to the Municipality; and

**"municipal account"** has a corresponding meaning;

**"Act"** means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

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

**"council"** means the municipal council of the Garden Route District Municipality ;

**"date of payment"** means the date on which the Municipality's accounts are due.

**"Manager: Financial Services"** means a person appointed by the council in that capacity to administer the council's finances and includes any person –

- who is in an acting capacity in that position;
- to whom the Manager: Financial Services delegated a power, function

or duty in respect of such delegated power, function or duty;

**"Municipal Manager"** means the person appointed in that capacity by the council in accordance with Section 82 of the Local Government Municipal Structures Act No 117 of 1988 as amended by Section 54A of the Local Government Municipal Systems Act No 32 of 2000 and includes any person –

- (a) acting in that position;
- (b) to whom the Municipality delegated a power, function or duty in respect of such delegated power, function or duty;

**"municipal services"** means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether

- 6 such a service is provided, or to be provided by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and
- 7 fees, charges or tariffs are levied in respect of such service or not.

**"Municipality"** means the Garden Route District Municipality ;



**"owner"** in respect of immovable property means-

**7.1** the person in whom ownership vests;

7. in the event of the person in whom the ownership vests being insolvent or deceased, or subject to any legal disqualification, the person under whose control and administration such immovable property vest in his/her capacity as curator, trustee, executor, administrator, judicial manager, liquidator or any other lawful representative;
8. 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;
9. in the event of immovable property in respect of which a lease agreement of 30 years or longer had been concluded, the lessee thereof;

10. in respect of-

- a portion of land demarcated on a sectional title plan and registered in accordance with the Sectional Titles Act, 1986 (Act No. 59 of 1986), the developer or the governing body in respect of the joint property;
- a portion of land as defined in this Act, the person in whose name that portion is registered in accordance with a title deed registered in a Deeds Registrars Office according to the Deeds Registries Act, 1937 (Act No 47 of 1937), including the lawfully appointed representative of such person;

11. any persona, including but not limited to:

- a company registered in accordance with the Companies' Act, 1973 (Act No 61 of 1973) as amended, 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) as amended, and a voluntary association;
- any government department;
- any council or governing body established in accordance with any legislation in force in the Republic of South Africa; and
- any embassy or other foreign entity;

**"premises"** means any portion of land, situated within the area of jurisdiction of the municipality, and of which the outer boundaries are demarcated on:

- (1) 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
- (5) a sectional title plan registered in accordance with the Sectional Titles Act, 1986 (Act No 95 of 1986);

**"standard rate of interest"** means a rate of interest two percent higher than the prime rate in the RSA

**"interest on overdue accounts"** is based on a full month and part of a month shall be deemed to be a full month whilst interest on overdue account will be calculated on total principal debt balance levied which is outstanding at the due date for payment - which excludes the total accumulated interest balance which forms part of the total overdue amount on the account

## **7. CUSTOMER CARE AND MANAGEMENT**

### **2.1. COMMUNICATION AND THE CONVEYANCE OF INFORMATION**

- In order to give effect to the provisions of section 95 (a), (b), and (c) of the Act, the Municipality shall do everything within its power to-
  - hold community meetings where representatives of the Municipality and other service providers may consult with the community;
  - ensure that users of municipal services and/or any other service are properly informed with regard to the delivery of services and in particular the costs of the provision of services.

In order to achieve these aims-

- there will, amongst others, be public meetings convened during the budget process, in which political parties, ratepayers' associations, residents'

associations, community organisations, chambers of commerce, the general public, and any other interested party shall be involved and during which the priorities, principles, and frameworks of budgets will be discussed and analysed;

- 5) identify, within the region, the needs which are legally the responsibility of the Municipality;
- 6) involve the community in the prioritising of such needs;
- 7) involve the community in the Municipality's planning of projects and what the Municipality is and other government levels are doing; and
- 8) inform communities what the levels of payment and non-payment are in respect of municipal services, rates and other money due to the Municipality, and to establish strategies in this regard.
  - a) further public meetings will be held after the drafting of the concept budget at which the implementation of tariffs and the manner in which the budget is to be applied, will be discussed;

- Other methods of communication are to include-

- the utilization of municipal accounts as a highly effective method of communication to convey all kinds of information;

- the distribution of a newsletter in which prominence is to be given to customer care and issues relating to debt;
- encouragement to the press and social media service provider to give prominence to the Municipality's customer care and issues relating to debt and to encourage the press to attend council meetings at which these issues are discussed.

- **MUNICIPAL ACCOUNTS**

In so far as it is possible, the Municipality shall ensure that a person liable for payment of municipal services shall receive monthly statements on which the following shall be reflected:

- all outstanding amounts and the balance brought forward; amounts owing;
- total amount due;

- **ENQUIRIES. APPEALS. ANP SERVICE COMPLAINTS**

- Should a person be convinced that his or her account for municipal services, is inaccurate, he or she may direct a request to the Municipality to have that account reviewed.
- In the meantime, the person must pay an amount, as determined by the Manager: Financial Services, before the date of payment and until the matter has been resolved.
- The Municipal department concerned shall, within one month of receipt of such a request, investigate the matter and inform the person concerned of the outcome of such an investigation.
- Failure to pay the amount determined in accordance with paragraph 2.3.2 on or before the date of payment in respect of municipal services, will result in credit control action be taken as spelled out in this policy

- A person may appeal against the findings of the Municipality referred to in paragraph 2.3.3.
- An appeal in accordance with paragraph 2.3.3 must be made and delivered to the Municipal Manager within 21 days of the appellant becoming aware of the finding referred to in paragraph 2.3.3 and shall-  
(l) set out the grounds of the appeal
- The Municipal Manager must commence with an appeal within six (6) weeks and decide the appeal within a reasonable period.

## 2) PAYMENT FACILITIES

- The Municipality shall provide and maintain strategically situated accessible payment offices and cash points throughout its area of jurisdiction
- The following alternative payment facilities shall also be provided or be available:
  - electronic bank transfers {A.C.B. system};
  - internet transfers;
  - direct depositing of money into the Municipality's approved bank account;
- Where any of the alternative payment facilities is 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, where such incorrect allocations are due to a mistake on the part of such person.
- Where payment of the money due is made by way of a direct deposit into the Municipality's approved bank account, the onus rests on the debtor to notify the Municipality of such deposit in writing or facsimile to reach the Municipality not later than the date of payment of such monies.

- Municipal accounts are due and payable on the 15th of the month or the first working day after a weekend or public holiday if the 15th is during a weekend or on a holiday

#### **c) ALLOCATION OF REVENUE**

In accordance with section 102 of the Act, a Municipality may-

- consolidate any separate accounts of persons liable for payments to the Municipality; and
- credit a payment by such a person against any account of that person.

### **3. CREDIT CONTROL AND DEBT COLLECTION MEASURES**

#### **3.1 INABILITY FOR PAYMENT OF MONEY DUE AND PAYABLE TO THE MUNICIPALITY**

- The person responsible for the payment of money due and payable to the Municipality will be the following in the instances mentioned hereafter:
- any other services -the person to whom such services were delivered.
- Where an account is not paid in full, any lesser amount offered and accepted by the Municipality shall not be deemed to be in full and final settlement of such account, unless the Municipal Manager in writing accepts such lesser amount as being in full and final settlement of the account in question.
- The onus rests on the debtor to obtain a statement of his or her accounts so that they may be paid on or before the date of payment.

#### **3.2 DATE OF PAYMENT OF MONEY DUE**

- Municipal Services, Rental Agreements, Sundry debtors

- Moneys payable in respect of municipal services are due and payable on the date indicated as such on the account delivered each month in respect of those services and such payment must be made on or before the 15th day of the month after the month in which the account is rendered or such future date as the Council may determine from time to time.
- Payment of amounts due to the Municipality, and fees due in respect of municipal services, must be made on the date indicated on the account rendered to such debtor in respect of such amount owed, which date will be no more than 30 days after the rendering of the particular service.
- Where the last date of payment of any amount owing to the Municipality falls on a day on which the offices of the Municipality are closed, the final date for payment will be deemed to be the first subsequent day on which the offices are open.

**(1) ACTIONS TO BE TAKEN WHERE DEBTORS FALL IN ARREARS OR FAIL TO PAY  
MONEYS DUE ON OR BEFORE THE DATE OF PAYMENT**

**a) FEES AND LEVIES IN ARREARS IN RESPECT OF MUNICIPAL SERVICES**

- Interest shall be levied interest on overdue account will be calculated on total principal debt balance levied which is outstanding at the due date for payment - which excludes the total accumulated interest balance which forms part of the total overdue amount on the account
- If a person is unable to pay fees in arrears in respect of municipal services, the Municipality may enter into an agreement with such a person in terms of which he or she is permitted to pay the fees in arrears in monthly instalments and that such the person regularly pays all future accounts in respect of municipal services; the person acknowledges that interest on such amounts in arrears shall be payable at the prescribed rate of interest and he or she agrees to pay such interest;
- the person acknowledges that should he or she at any time fail to comply with the provisions of such an agreement, the agreement shall be deemed to be null and void; no further negotiations with that person shall be possible, and immediate

steps shall be taken to have the electricity and water supplies to the premises in question disconnected or restricted, after which legal proceedings shall follow.

(i) When a person is served with an account of which the amount due in respect of municipal services is exceptionally high and it is the result of -

- an act or omission on the part of the Municipality; or
- and provided that such amount in arrears is legally due and payable by that person, the Municipality may, in the discretion of the Manager: Financial Services, enter into an agreement with that person in terms of which he or she is permitted to pay the amount owing by way of monthly installments, provided that where such a high account is the result of an act and/or omission on the part of the Municipality, no interest shall be payable in respect of that outstanding amount.

(ii) If fees, or any portion thereof, due in respect of municipal services remain unpaid for a period exceeding 90 days calculated from the date of payment, and an agreement has not been entered into with the debtor, the Manager: Financial Services must,

- hand the account thus due and payable to a debt collector or attorney for collection, if, in his opinion, there is a fair chance that the debt may indeed be collected; [for purposes hereof a debt collector will be deemed to include any official of the council who is vested with the authority to collect debts]
- or
- institute legal proceedings against the debtor for the recovery of the debt.

#### • AR R EARS R ENTAL AGR EEMENTS

- Where agreements provide for interest payable on rentals in arrears, interest will be levied in accordance with the provisions contained in such lease or loan agreements.
- Where instalments due to the Municipality are not paid on or before the date of payment, a letter of demand is sent to the person involved



in which he or she is requested to pay such arrears, together with interest, if any, within 21 days of the date of such notice.

- An agreement to pay the arrears by way of monthly instalments may at any time be entered into with the person so in arrears, subject, however, to the terms and conditions contained in paragraph 3.3.2.2, which terms shall apply *mutatis mutandis*.
- Where no agreement has been concluded to pay arrears by way of monthly instalments, and such amounts still remain in arrears after more than 30 days calculated from the date of payment, the Manager: Financial Services shall take the steps as set out in paragraph 3.3.2.3.

#### **3.4. FEES DUE OTHER THAN THOSE IN RESPECT MUNICIPAL SERVICES AND RENTAL AGREEMENTS**

The provisions of paragraphs 3.3.2.2 in respect of agreements in arrears are applicable *mutatis mutandis*.

#### **V. LEVING OF INTEREST**

- Interest at the standard rate shall be levied and collected in respect of all amounts in arrears due and payable to the Municipality.
- Interest is levied from the day following the date of payment in respect of such amounts in arrears as have not been paid by such date of payment.
- Interest is levied on the total principle debt balancer outstanding and interest on interest will not be levied as part of the outstanding balance

#### iv. COLLECTION OF DEPOSIT

- a) When a person applies for municipal services and before such services are provided, a deposit may be collected from that person to serve as security or partial security for the payment for municipal services provided to that person.
- b) A deposit as envisaged in paragraph (3.6.1) is utilised to extinguish or reduce debts owed by a person to the Municipality for municipal services rendered, in the event of such person disappearing and being difficult to trace, or being declared insolvent or who, for whatever reason, refuses to meet his or her obligations towards the Municipality.
- c) The amount of the deposit is determined as per specific agreement for municipal services.
- d) When a person, having paid a deposit to the Municipality, requests in writing that the municipal services provided to him or her be terminated and that the deposit thus kept by the Municipality be refunded to him or her, such deposit or any portion thereof which has not been utilised in accordance with paragraph 3.7.2, shall be refunded to such person.
- e) The Municipality is not liable for the payment of interest on deposits held by the Municipality.

#### f) INSTITUTION OF LEGAL PROCEEDINGS

- The institution of legal proceedings includes, but is not limited to-
  - the suing of a debtor for payment of amounts in arrears;
  - the attachment of rent payable in respect of a property;
  - the attachment of a debtor's remuneration;
  - the attachment and sale in execution of movable things;
  - the attachment and sale in execution of immovable property;
  - the evacuation of a tenant from a rented property in the event of rental due to the Municipality in respect of such leased property.
- The institution of legal proceedings is undertaken with due consideration of all legal requirements and in compliance with the applicable regulations and procedural rules.
- Discretionary powers vest in the Manager: Financial Services to decide whether

- an account should be handed over to a debt collector or an attorney for collection and if
- legal proceedings should be instituted against a debtor

In the exercise of his powers the Manager: Financial Services determines as a sole consideration whether it will be cost-effective to hand over the account for collection and/or to institute legal proceedings against the debtor or not.

- The Manager: Financial Services shall be empowered to determine which of the judicial measures listed in paragraph 3.8.1 will be the most appropriate and effective in respect of each and every debtor against whom legal proceedings are to be instituted in accordance with this policy of the Council.

#### a. **WRITING OFF OF BAD DEBT**

##### 3.8.1 Steps To Be Taken Before Writing Off Debt

Before consideration is given for the write-off of any debt the following steps should be taken:

##### (1) CREDIT CONTROL AND DEBT COLLECTION POLICY ACTIONS

All the applicable actions as contained in the Credit Control and Debt Collection Policy of the Municipality should have been executed and implemented.

##### (2) ESTATE NOTICES MONITORING

- Deed search to be requested from Legal Services Department on ID numbers of deceased debtors
- Estate notices in the Government Gazette must be checked regularly to enable the municipality to institute claims against insolvent and deceased estates of persons owing money to the Municipality.

##### (3) TRACING OF DEBTORS

In the event that the debtor's address is not known, all

reasonable steps must be taken to trace the debtor. A reasonable effort to trace the debtor will include, but is not limited to, the following:

- (a) Utilising all the information available (such as vehicle registration number, school attended by children, etc.) to locate the debtor;
- (b) Utilising the telephone directory for the last town or city in which the debtor lived to locate the debtor and/or his/her relatives; and
- (c) Contacting the following institutions or persons in order to locate the debtor:
  - The Vehicle Registration Authorities;
  - The Department of Home Affairs; and
  - Officials and/or colleagues at the debtor's last place of employment.

The Manager Financial Services shall consider all other economically viable avenues for debt recovery, including the use of tracing agents, factoring of debts, recourse against sureties, guarantors or lessees, etc.

### 3.8.2 Prevention Of Prescription Of Debt

- Prevention:  
Proceedings out of the appropriate court having jurisdiction for the recovery of a debt must be commenced as soon as is appropriate in order to prevent prescription of the debt. A summons process

for payment of the debt must be successfully concluded as soon as possible to prevent prescription of the debt in terms of the Prescription Act.

- Prescription Act, 1969 (Act No. 68 of 1969):

Section 10 (1) of the Prescription Act provides that a debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant law applies in respect of the prescription of such debt. The Municipality cannot legally enforce payment of a debt once the debt has prescribed, but the period of prescription is interrupted:-

- By the service on the debtor of any process whereby the creditor claims payment of the debt. "Process" means a Summons or Notice of Motion, which must actually be served on the debtor and not simply issued by the court, and does NOT include a registered letter of demand
- the debtor acknowledges liability, whether expressly or tacitly payment of a portion of the debt can constitute a tacit acknowledgement of liability.

The completion of prescription may also be delayed in certain circumstances.

- In terms of Section 11 of the Prescription Act, 1969 (Act 68 of 1969), the periods of prescription of debts are as follows:
  - **Thirty years** in respect of -
    - any debt secured by a mortgage bond;
    - any judgment debt;
    - any debt in respect of any taxation imposed or levied by or under any law; and
    - any debt owed to the State in respect of any share of the profits, royalties or any similar consideration payable in respect of the right to mine minerals or other substances.
  - **Fifteen years** in respect of any debt owed to the State and arising out of an advance or loan of money or a sale or lease of land by the State to the debtor, unless a longer period applies in respect of the debt in question in terms of paragraph (i) above.
  - **Six years** in respect of a debt arising from a bill of exchange or other negotiable **instrument** or from a notaries contract, unless a longer period applies in respect of the debt in question in terms of paragraph (i) or (ii) above.
  - **Three years** in respect of all other debts, save where an Act of Parliament provides otherwise.<sup>29</sup>

### 3.8.3 General

Should all the above efforts prove to be unsuccessful and the debtor cannot be traced or it would be uneconomical to take the matter any further, only then must a submission be made requesting the write-off of the debt. This submission must detail all steps taken and the Municipality must maintain audit trails in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

### 3.8.4 WRITE OFF DEBTS OWING TO THE MUNICIPALITY

#### (iii) GENERAL CONDITIONS

The Municipality will consider debts for write-off in the following general circumstances:

- (a) When debts have prescribed, as contemplated in paragraph 3.8.1 above;
- (b) When debts have not been recovered from the deceased, where their estates have been finalized, and recovery of the debts from the heirs is not possible;
- (c) When debts are owed by debtors who cannot be traced, notwithstanding compliance with the provisions in paragraph 3.3 above;
- (d) When no source documentation is available to substantiate or prove the claims, provided that the Manager Financial Services must have satisfied him/herself that all reasonable steps have been taken to locate the source documents;
- (e) When the debtor has emigrated without paying the debts, leaving no assets available for attachment and the debtors' whereabouts are unknown;

(f) When it is not economical to pursue the debt further.

**Note:** Unless affordable arrangements can be made with tracing agents or attorneys, the costs associated with the tracing of a debtor and subsequent legal costs occasioned thereby, could exceed the amount claimed. It would therefore not be in the Municipality's interest to attempt recovery of debts where the prospects of recovery are remote, and where the possibility exists that the costs associated with recovery may exceed the debt.

#### (iv) SPECIFIC CONDITIONS

The Municipality will consider debts for write-off in the following specific circumstances:

- Sundry Debt:

Debt owed to Council arising from auxiliary services rendered by Council will be regarded as irrecoverable in the following instances:

- If the debt has prescribed;
- In circumstances contemplated in 3.8.3 (i) (a) to (f) above

- FINAL ACTION

Whenever all the legal avenues, procedures and steps listed above have been exhausted, the arrear amounts should be classified as irrecoverable and should be written off by the person to whom the authority to do so has been delegated under the Municipality's system of delegations

Immediately after 30 June each year, or more regularly if requested by Council, the Manager Financial Services must present to the Council a report listing the following:

- For noting-details of the debts that was written off during the year ending 30 June under delegated authority, together with the reasons for the write offs; and
  - For consideration – details of any debt, not included under (a) above, which is believed to be irrecoverable, together with the reasons for this conclusion. The council shall then approve the write-off of such arrears, if it is satisfied with the reasons provided.
- BAD DEBTS RECOVERED

The approval of Council for the write-off of any debt does not mean that actions to recover the money will be terminated, however, further actions will be instituted depending on the costs involved and if debt is recovered it will be recorded in the financial records of Council as recovered.

## **4. GENERAL PROVISIONS**

### **4.1 COLLECTION COSTS**

All legal costs and any other expenses incurred by the Municipality in order to recover monies owing by a debtor to the Municipality, shall be debited against that debtor's account and/or collected by an attorney.

Collection commission and other expenses incurred by the municipality in order to recover monies owing by a debtor to the municipality, is not recoverable from the debtor.



#### iv. **DISHONoured PAYMENTS**

Should any payment made to the Municipality by means of a negotiable instrument be dishonoured by a bank at a later stage, the Manager: Financial Services may -

- impose costs and administration fees on the account of that debtor at a rate to be determined by the council from time to time; and
- after payment tendered by a debtor is dishonoured for a third time by a bank, notify that person in writing that all future payments may only be made in cash.

#### 4.3 **ACCESS TO PREMISES**

An occupier of premises in the area of jurisdiction of the Municipality must give an authorised representative of the Municipality or of a service provider access at "all reasonable hours to the premises.

#### • **SIGNING OF NOTICES AND DOCUMENTS**

A notice or document issued by the Municipality pursuant to a by-law promulgated by the Municipality and signed by a staff member of the Municipality is deemed to have been properly issued and shall be accepted by the court as evidence of that fact upon the mere submission thereof.

#### • **CERTIFICATION OF DOCUMENTS**

Any order, notice or other document which needs to be certified by the Municipality, is deemed to have been sufficiently certified if it is signed by the Municipal Manager or a duly authorised official of the Municipality to whom such powers were delegated by means of a decision of the Municipality's council or pursuant to a by-

law.

- **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 suitably qualified official authorised thereto by the Municipal Manager, shall be accepted by the court as *prima facie* evidence that the amount is due.

- **QATA MAINTENANCE**

Should the client contact the municipality at any time, his/her details as reflected on the financial system should be verified and checked and adjusted accordingly.

#### 4.8 **SHORT TITLE**

This policy is called the Credit Control, Debt Collection Policy of the Garden Route District Municipality.

**ANNEXURE J**

**BANKING, CASH  
MANAGEMENT AND  
INVESTMENT POLICY**



## **BANKING, CASH MANAGEMENT & INVESTMENT POLICY**

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Date	Council
<b>Approved:</b>	D
	C Resolution (DC No):

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## 1      **DEFINITIONS**

For the purpose of this policy:

**"Act"**- means the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)

**"Accounting Officer"**- is the person appointed by Council in terms of Section 82 of the Municipal Structures Act, 1998 as amended by Section 54 A of the Municipal Systems Act, 2000 [Act No. 32 of 2000]

**"Council"** - means the Garden Route District Municipal Council or any of the Council's committees or officials acting under powers, functions and duties delegated to them in terms of any existing act or ordinance or by-law in force within the area of jurisdiction to the Council

**"Councillor"**- shall mean a member of the municipal council of Garden Route District Municipality;

**"Chief Financial Officer"** - shall mean the head of the Financial Services Department as contemplated in Section 80 of the MFMA;

**"Official"** - shall mean all persons in the employment of Garden Route District Municipality

**"Investments"** - means:

25. The placing or deposit of funds with a financial institution' or
26. The acquisition of monetary and non-monetary assets with funds not immediately required with the primary aim of preserving those funds.  
**"Investment Manager"**- means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Market Control Act, 1989 (Act 55 of 1989 and Stock Exchanges Control Act, 1985) Act 1 of 1985, contracted by a municipality or municipal entity to -
  16. advise on investments
  17. manage investments on its behalf ; or
  18. advise it on investments and manage investments on its behalf

**"Investee"**- means an institution with which an investment is placed, or its agent;

**"Municipality"**- means the Garden Route District Municipality

## 9 **Objective and Scope of Policy**

- 9.1 The council and staff of the municipality have an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- 9.2 The municipality therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- 9.3 This policy is intended to provide a framework for ensuring the proper management and investment of its cash resources so as to ensure:



- That the net current asset requirements of the municipality are effectively managed;
- That sufficient cash resources are available to finance the capital and operating budgets of the municipality;
- That the highest possible return on investments is gained without unnecessary risk, during periods when excess funds are not immediately required;
- That in so doing, the primary aim of preserving and ensuring the safety of deposits is promoted;
- That there is effective control over the management of bank accounts
- That investments are diversified.

**9.4** This policy shall apply to the management of all of the cash resources of the Municipality and to all investments made by it

## **10 Legal Provisions**

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of:

**10.1** The Local Government: Municipal Finance Management Act No. 56 of 2003 ("the MFMA") and

**10.2** any Regulations made thereunder, including, in particular, the Municipal Investment Regulations published under GN R308 in Government Gazette 27431 of 1 April 2005 ("the Investment Regulations").

## **11 Principles of Sound Cash Management**

In order to promote sound cash management, the Municipality shall

adhere to the following principles:

- 11.1 It shall collect revenue when it is due and bank it promptly;
- 11.2 It shall make payments, including transfers to other levels of government and non- government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the creditor's normal terms for account payments;
- 11.3 It shall avoid 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;
- 11.4 It shall accept discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;
- 11.5 It shall and pursue apply its debt collection policy to ensure that amounts receivable by the municipality are collected and banked promptly;
- 11.6 It shall accurately forecast its cash flow requirements;
- 11.7 It shall synchronise the inflow and outflow of cash;
- 11.8 It shall recognise the time value of money by economically, efficiently and effectively managing cash;
- 11.9 It shall take any other action as may promote the efficient utilisation of cash resources, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets; and
- 4.10 It shall avoid bank overdrafts.

## 11 **CASH COLLECTION**

- 11.1 All monies due to the municipality must be collected as soon as possible,

either on or immediately after due date, and banked on a economical minimum of twice p.m basis.

- 11.2** The Municipality shall endeavour to apply its Credit Control and Debt collection Policy rigorously in order to promote the collection of moneys due to it. This includes charging interest and recovering other costs when appropriate and setting target dates when these are payable.

## **12 RECEIPT OF PAYMENTS**

- 12.1** The receipt of all monies collected by the council shall be acknowledged forthwith by the issue of a numbered official receipt, as provided in this section.

- 12.2** When money is received over the counter:

- Every payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- Every receipt form which is cancelled will be reattached in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

- 12.3** Payments by cheque

No payments by cheque will be accepted

- 12.4** When money is received by electronic transfer, such transfers must be immediately recorded and receipts must be issued.

## **8. Payments to Creditors**

- 8.1** 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, subject to the provisions of Section 65 of the MFMA.

- 8.2** Notwithstanding 7.1, in the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, then the CFO chief financial officer may in his discretion authorise payment thereof.
- 8.3** The Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if he or she determines that there are financial incentives for the municipality to do so.
- 8.4** The Chief Financial Officer shall not ordinarily process payments for accounts received more than once in each calendar month, such processing to take place on or about the end of the month concerned, except when payment is to be effected in circumstances contemplated in 7.2.
- 8.5** Special payments to creditors (that is to say, payments made in circumstances not contemplated elsewhere in this section) 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.
- 8.6** Credit statements must be reconciled monthly.
- 8.7** Payments must be made only on receipt of an official order, certified goods received note and official company invoice.
- 8.8** All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s) .
- 8.9** The chief financial officer shall, in consultation with the municipal manager and with due regard to the council 's policy on banking and investments, and subject to 7.10, determine the rules and procedures relating to the approval of payments and jointly with the municipal manager decide on appropriate signatories.
- 8.10** Only the Municipal Manager or the Chief Financial Officer, or any other

senior official of the Municipality acting on the written authority of the Municipal Manager, may withdraw money or authorize the withdrawal of money from any of the Municipality's bank accounts, and shall do so only for the purposes prescribed in Section 11 of the MFMA.

**8.11** Notwithstanding the above, payments shall be effected by means of electronic transfers with the normally accepted control measures being applied

- All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- The maximum amount and nature of petty disbursements, shall be generally determined from time to time by the chief financial officer, subject, however, to the provisions of the Municipality's Supply Chain Management Policy.
- No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- The chief financial officer or the delegated authority shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- Payments to creditors shall in any event be made in accordance with the provisions of the MFMA, and in particular, with Section 65 thereof.

## 8. **INVESTMENTS DENOMINATED IN FOREIGN CURRENCIES PROHIBITED**

8.1 A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

## 9. **PAYMENT OF COMMISSION**

Every financial institution with which the municipality makes an investment must issue a certificate to the accounting officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment, including councillors, officials or related spouses or family members.

### • **MANAGEMENT OF INVENTORY**

- The chief financial officer or delegated authority shall be responsible for the proper administration of all stores.
- If sub-stores are established under the control of any head of department, or delegated authority such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned.
- No sub-store may be established without the prior written consent of the chief financial officer.
- Each head of department or delegated authority shall ensure that such department's inventory levels do not exceed normal operational

requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

- A stock register, reflecting the undermentioned detail must be kept and updated daily:

10.5.1 Item description;

10.5.2 Stores code

10.5.3 number;

10.5.4 Transaction date;

On goods received-

- Goods delivery note number;
- Number of items received; and

10.5.5 Value of items

received. On goods issued-

- Requisition number; and

- Number of items issued.
- Balance of items in stock.
- Stock counts must be affected monthly and an annual report reflecting stock shortage and surpluses must be submitted to council as at 31 August of each financial year. All surpluses and shortages must be explained by the accountable head of department.
- Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

#### 9) **CASH FLOW PROJECTIONS**

- a) The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis, or more frequently, if considered necessary.
- b) Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality.
- c) The operating requirements must include provisions for:
  - i) Monthly salary and allowances payments;
  - ii) Bulk purchases of electricity and water;
  - iii) Interest on long term loans;
  - iv) Maintenance of assets;
  - v) General expenditure [payments to current creditors]; and
  - vi) Expected daily and monthly incomes.
- d) The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have



to be liquidated, and when (if applicable ) either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, in good time and in the format required by the Chief Financial Officer.

- e) The Chief Financial Officer shall report to the executive committee or the executive mayor, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate.
- f) For purposes of such report, the cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report.
- g) Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

(iv) **INVESTMENT ETHICS**

- The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance, including, in particular, the Investment Regulations.
- In making such investments the Chief Financial Officer shall at all times have only the best interests of the municipality in mind, and shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.
- No official or councillor of the Municipality may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment

agent or institution or any party with which the Municipality has made or may potentially make an investment.

## 8. **INVESTMENT PRINCIPLES**

- (i) When money is available for investment, it shall be invested in accordance with the provisions contained in this policy.
- (ii) After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must determine the best manner in which to invest it. As rates vary according to money market perceptions, quotations must be requested telephonically, within term limitations, and these must be set out on a schedule.
- (iii) In order to limit exposure, where large sums of money are available for investment, the Chief Financial Officer shall ensure that:
  - they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality, so that not more than 50% are invested at the institution with the highest rate, 30 % at the institution with the 2<sup>nd</sup> highest rate and 20% with the institution with the 3<sup>rd</sup> highest rate of available funds at that date; and
  - As far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered.
- (iv) Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. It can be accepted as a general rule that the larger the return, the greater the risk.
- (v) When investments are placed with smaller registered institutions, the Chief

Financial Officer shall ensure that the Municipality is not exposed to undue risk, and shall ensure that the creditworthiness and performance of the institution are satisfactory. Information from which the creditworthiness of financial institutions can be determined must be obtained and analysed at least annually

- (vi) Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.
- (vii) The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- (viii) Money kept in current accounts should be kept at minimum levels, as it may be more beneficially invested in other accounts such as call deposits.
- (ix) If the Chief Financial Officer invests with financial institutions, he or she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.

## **11. Credit Ratings**

- 1) It is of utmost importance that the investments only be placed with creditworthy institutions with a credit rating of A 1 and better for short term [0 - 12 months] and credit ratings AA and AAA ratings for long term [more than 12 months]
- 2) Fitch and or CA ratings to be obtained of all investments institutions before a financial institution may be considered for investing funds.
- 3) Ratings must be updated at least annually or when there has been structural change in the market or at the particular institution.
- 4) The optimal combination of the most favourable rated institution and the institution offering the best returns for the investment sought, should be the determining factor when choosing the institution.

(viii) **PERMITTED INVESTMENTS**

- Monetary investments: The Municipality may invest funds only in investment types permitted under Regulation 6 of the Investment Regulations.
- Non-monetary investments: Any non-monetary investments will require approval by Council prior to execution.

(ix) **CALL DEPOSITS AND FIXED DEPOSITS**

- Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three institutions.
- Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations electronically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant [for example, whether the interest is payable monthly or only on maturity, and so forth).

d) Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

18 **Restriction on Term of Investments**

No investment with a term exceeding twelve months shall be made without the prior approval of the executive mayor or the executive committee, as the case may be.

## **19     CESSION OF INVESTMENTS**

The cession of any investment of the Municipality as security shall be subject to the provisions of Section 48 of the MFMA.

## **20     Supply Chain Management Policy**

The Municipality shall comply with its Supply Chain Management Policy to the extent that it is applicable to the implementation of any aspect of this policy.

## **(6)     CONTROL OVER INVESTMENTS**

- a) The Chief Financial Officer shall ensure that proper records are kept of all investments made by the Municipality.
- b) Such records shall include an investment register in which the following information shall be recorded:
  - Name of institution
  - Capital invested
  - Date invested
  - Interest rate
  - Maturationdate
  - Interestreceived
  - Capital repaid; and
  - Balance invested (other categories).
- c) The investment register and accounting records must be reconciled on a monthly basis.

- d) The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks.
- e) The Chief Financial Officer must ensure that interest, correctly calculated, is received on due date.
- f) Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:
  - Fixed deposit letter or investment certificate
  - Receipt for capital invested,
  - Copy of electronic transfer or cheque requisition
  - Excel schedule of comparative investment figures,
  - Commission certificate indicating no commission was paid on the investment; and
  - Interest rate quoted.

**(7) REPORTS**

The Municipal Manager shall ensure that reports are submitted to the Mayor as required under Regulation 9 of the Investment Regulations.

**(8) BANKING ARRANGEMENTS**

- a) The Municipal Manager is responsible for the management of the Municipality's bank accounts, but may delegate this function to the Chief Financial Officer.
- b) The Municipal Manager and Chief Financial Officer are authorised at all times to sign electronic transfers and any other documentation associated with the management of such accounts.
- c) The Municipal Manager is authorised to appoint, in consultation with the chief financial officer, two or more additional signatories in respect of such accounts, and to amend such appointments from time to time.

- d) All bank accounts and investments must be in the name of the municipality.
- e) The selection of the Municipality's Bankers shall be carried out in accordance with the Municipality's Supply Chain Management Policy.

## **12. Raising of Debt**

- (1) The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the MFMA and only with the prior approval of the council.
- (2) The raising of debt shall be governed by the municipality's borrowing policy.

## **25. RELATED POLICIES**

- 25.1 This policy must be read in conjunction with the following budget-related policies of the Municipality:

25.1.1 The Credit Control and Debt Collection Policy;

k) The Supply Chain Management Policy;

l) The Budget Policy;

m) The Borrowing Policy;

## **(d) REVIEW OF POLICY**

This policy is to be reviewed annually.

## **(e) RESPONSIBILITY FOR IMPLEMENTATION**

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer as may be required to enable the Chief Financial Officer to perform such duties as are imposed on him or her in terms of this policy, and may delegate

such other powers as he or she may deem fit

## **28 Commencement**

**This policy shall come into force on the first day of July 2021**



# **ANNEXURE K**

## **BORROWING POLICY**



## BORROWING POLICY

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Date Approved:

Council Resolution (DC  
No):

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## 1. PURPOSE

To establish a borrowing framework policy for the Municipality and set out the objectives, statutory requirements and guidelines for the borrowing of funds.

## 2. OBJECTIVES

To manage interest rate and credit risk exposure. Maintain debt within specified limits and ensure adequate provision for the repayment of debt.

To ensure compliance with Legislation and Council policy, governing the borrowing of funds.

## 3. DEFINITIONS

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

**“municipal debt”** means –

- (a) a monetary liability or obligation on a municipality or municipal entity created by-
  - (i) a financing agreement, note, debenture, bond or overdraft; or
  - (ii) the issuance of municipal debt instruments; or
- i. a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

**“borrower”** will be the Garden Route District Municipality

**“lender”**, in relation to a municipality or municipal entity, means a person who provides debt finance to a municipality or municipal entity;

**“short-term debt”**, in relation to a municipality or municipal entity, means debt that is repayable over a period not exceeding one year;

**“long-term debt”**, in relation to a municipality or municipal entity, means debt repayable by the municipality or municipal entity over a period exceeding one year;

**“security”**, in relation to a municipality or municipal entity, means any mechanism intended to secure the interest of a lender or investor, and includes any of the mechanisms mentioned in section 48(2) of the Act

**“financing agreement”** includes any loan agreement, lease, installment, purchase contract or a hire purchase arrangement under which a Council undertakes to repay a long-term debt over a period.

## 4. SCOPE OF THE POLICY

**Risk Management:** The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure.

**Cost of Borrowings:** The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation.

**Prudence:** Borrowings shall be made with care, skill, prudence and diligence. The standard of prudence to be used shall be the "prudent person" standard and shall be applied in the context of managing overall debt.

**Officials are required to adhere to:**

- a) written procedures and these guidelines
- b) exercise due diligence
- c) prepare all reports timeously
- d) ensure strict compliance with all Legislation and Council policy

## **5. LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY**

The relevant legislation and regulations in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.

## **6. CONSIDERATIONS**

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail.

### **6.1 Factors to be considered when borrowing:**

- the type and extent of benefits to be obtained from the borrowing.
- the length of time the benefits will be received.
- the beneficiaries of the acquisition or development.
- the impact of interest and redemption payments on both current and forecasted income.
- the current and future capacity of the income base to pay for borrowings and the rate of growth of the income base.
- likely movements in interest rates for variable rate borrowings.
- other current and projected sources of funds.
- Competing demands for funds
- Timing of money markets interest rate movements and the long term rates on the interest rate curve
- The municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges
- Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery

## **6.2 Potential lenders include:**

- The Development Bank of Southern Africa
- Registered Banks in South Africa

## **7. DEBT REPAYMENT PERIOD**

Whilst the period for which loan debt may be received will vary from time to time according to the requirements of the various Lenders, presently the typical debt repayment period for loans in the current economic climate is between 10 to 20 years. Cognisance is taken of the useful lives of the underlying assets to be financed by the debt, and, moreover, careful consideration is taken of the interest rates on the interest yield curve. Should it be established that it is cost effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimise the most favourable and cost effective benefit to the Municipality.

## **8. SECURITY**

The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

## **9. OVERDRAFT**

Garden Route District Municipality has a bank overdraft facility. However, while in a sound financial position, this facility be not utilised.

## **10. SHORT TERM DEBT**

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.

The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt. The Municipality may, in terms of the Municipal Finance Management Act, incur short term debt only if the Chief Financial Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by Municipality, or is necessary due to an emergency that could not reasonably have been foreseen and cannot await Council approval.

The Garden Route District Municipality is in the fortunate position that due to its sound financial position it is not necessary to raise any short term loans.

## **11. DISCLOSURE**

Any official involved in the securing of loans by the Municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective Investor disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

## **12. APPROVAL OF LOANS BY THE MUNICIPALITY**

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt. A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of –

- i. the essential repayment terms, including the anticipated debt repayment schedule; and
- ii. the anticipated total cost in connection with such debt over the repayment period.

## **13. PROVISION FOR REDEMPTION OF LOANS**

Garden Route District Municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan. These sinking funds may also be invested directly with the Lender's Bank. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid. Use can also be made of guaranteed endowment policies to facilitate the payment on maturity date.

## **14. NON-REPAYMENT OR NON-SERVICING OF LOAN**

Garden Route District Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favourable costs of borrowing. In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.

## **15. PROHIBITED BORROWING PRACTICES**

In the past some Municipalities have borrowed funds with the sole purpose of investing them to earn a return. The motive was clearly speculative. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments.

Consequently, as a principle, Garden Route District Municipality does not borrow for investment purposes, but depending on the shape of the interest yield curve may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve. Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

## **16. INTERNAL CONTROL**

The internal control procedures involve Internal Audit and Performance Management, and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis. In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.

### **Controls deemed most important include:-**

- Control of collusion, separation of duties.
- Custodial safekeeping of loan agreements and contracts.
- Clear delegation of duties.
- Checking and verification by senior officials of all transactions.
- Documentation of transactions and repayments.
- Code of ethics and standards
- Electronic Funds Transfer limits and a detailed procedure manual for the system.

## **17. NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS**

The Municipality submits numerous returns to National Treasury. It is mainly coordinated by the Accounting Division. One such report deals with the Municipality's external interest paid each month. Another return, prepared on a quarterly basis, requires the Municipality to itemise all its external borrowings for the quarter ended.

## **18. OTHER REPORTING AND MONITORING REQUIREMENTS**

Regular reporting mechanisms are in place in order to access the borrowings portfolio and to ensure compliance with policy objectives, guidelines and applicable laws.

Quarterly activities:

- National Treasury Borrowings Return General
- Report actual borrowings (in compliance with Section 71 of the Municipal Finance Management Act) to the mayor and Provincial Treasury

Annually:-

- Preparation of Annual Budget
- Preparation of Annual Cash Flow
- Forecast Preparation of Annual Financial Statements
- Confirmation of Lender balances at financial year end obtaining written certification of loan balances at year end



- Completion of credit rating questionnaire
- Regular reviews by Auditor General



## **19. POLICY REVIEW**

The CFO will for the purposes of ensuring that this policy is aligned to the legislation, consider if and when necessary to amend the policy. In the event of the policy not being amended during the budget process, the approved policy will remain applicable.

**ANNEXURES****EXTRACTS FROM THE LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003  
- CHAPTER 6: DEBT****SHORT-TERM DEBT**

45 (1) A municipality may incur short-term debt only in accordance with and subject to the provisions of this Act. A municipality may incur short-term debt only when necessary to bridge –

- (a) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or
- (b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

- 2) A municipality may incur short term debt only if - 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) For the purpose of subsection (2) (a.) a municipal council may - approve a short term debt individually ; or approve an agreement with a lender for a short-term credit facility to be accessed as and when required , including a line of credit or bank overdraft facility , provided that –
  - i) the credit limit must be specified in the resolution of the council ;
  - ii) the terms of agreement , including the credit limit , may be changed only by a resolution of the council ; and
  - iii) if the council approves a credit facility that is limited to emergency use , the accounting office must notify the council in writing as soon as practical of the amount , duration and any debt incurred in terms of such a credit facility , as well as options for repaying such debt.
- 4) A municipality - must pay off short-term debt within the financial year; and may not renew or refinance short-term debt, whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.
- 5) (a) No lender may willfully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection (4)(a). If a lender willfully extends credit to a municipality in contravention of paragraph (a), the municipality is not bound to repay the loan or interest on the loan.
- (6) Subsection (5)(b) does not apply if the lender –
  - i) relied in good faith on written representations of the municipality as to the purpose of the borrowing; and
  - ii) did not know and had no reason to believe that the borrowing was for the purpose of renewing or

refinancing short-term debt

## LONG-TERM DEBT

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

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

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

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

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

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

(3) A municipality may incur long-term debt only if the accounting officer of the municipality has in accordance with subsection 21A of the Municipal Systems Act– at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

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

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

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

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

( 4 ) Capital expenditure contemplated in subsection (1)(a) may include - financing costs, including - capitalised interest for a reasonable initial period; costs associated with security arrangements in accordance with section 48; discounts and fees in connection with the financing; fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing costs of professional services directly related to the capital expenditure; and (c) such other costs as may be prescribed.

A municipality may borrow money for the purpose of re-financing existing long-term debt, provided –

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

the re-financing does not extend the term of the debt beyond the useful life of the property, plant or

equipment for which the money was originally borrowed;

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

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

- (6) A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2).

## **CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT**

47. A municipality may incur debt only if –

the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value the Rand against any foreign currency;

- (b) section 48 (3) has been complied with, if security is to be provided by the municipality

## **SECURITY**

48. (1) A municipality may, by resolution of its council, provide security for –

any of its debt obligations;

- (b) any debt obligations of a municipal entity under its sole control; or

contractual obligations of the municipality undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.

- ) A municipality may in terms of subsection (1) provide any appropriate security including by - giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating an asset or right, or giving any other form of collateral;

undertaking to effect payment directly from money or sources that may become available and to authorise the lender or investor direct access to such sources to ensure payment of the secured debt or performance of the secured obligations, but this form of security may not affect compliance with section 8 (2)

- (c) undertaking to deposit funds with the lender, investor or third party as security;

agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;

(e) ceding as security any category of revenue or rights for future revenue;

undertaking to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;

undertaking to retain revenues or specific charges, fees, tariffs or funds at a particular level or at a level sufficient to meet its financial obligations;

(h) undertaking to make provision in its budgets for the payment of its financial obligations, including capital and interest;

agreeing to restrictions on debt that the municipality may incur in future until the secured debt is settled or the secured obligations are met; and

agreeing to such other arrangements as the municipality may consider necessary and prudent.

) A council resolution authorising 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 provision of that minimum level of basic municipal services will be protected.

) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the municipality, deal with asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be.

## DISCLOSURE

(1) Any person involved in the borrowing of money by a municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor - disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and take reasonable care to ensure the accuracy of any information disclosed.

(2) A lender or investor may rely on written representations of the municipality, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.

## **MUNICIPAL GUARANTEES**

A municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following conditions:

The guarantee must be within limits specified in the municipality's approved budget:

a municipality may guarantee the debt of a municipal entity under its sole control only if the guarantee is authorised by the council in the same manner and subject to the same conditions applicable to a municipality in terms of this Chapter if it incurs debt

a municipality may guarantee the debt of a municipal entity under its shared control or of any other person, but only with the approval of the National Treasury, and then only if-

- (i) the municipality creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or
- (ii)** the municipality purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the municipality's potential financial exposure as a result of such guarantee.

## **NATIONAL AND PROVINCIAL GUARANTEES**

Neither the national nor a provincial government may guarantee the debt of a municipality or municipal entity except to the extent that Chapter 8 of the Public / New Finance Management Act provides for such guarantees.

# **ANNEXURE L**

## **PREFERENTIAL PROCUREMENT POLICY**



## PREFERENTIAL PROCUREMENT POLICY

Adopted by Council: 00/00/18 COUNCIL RESOLUTION DC 00/00/18



## Foreword

### Section 217 of the Constitution of the Republic of South Africa -

1. *When an organ of state in the national, provincial or Local sphere of Government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.*
2. *Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –*
  - a) *Categories of preference in allocation of contracts; and*
  - b) *The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.*
3. *National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.*

### Section 2 of Preferential Procurement Policy Act of 2000 –

1. *An organ of state must determine its preferential procurement policy and implement it within the following framework:*
  - (a) *A preference point system must be followed.*
  - (b)
    - i. *for contracts with a Rand value above a prescribed amount a maximum of 10 points may be allocated for specific goals as contemplated in paragraph (d) provided that the lowest acceptable tender scores 90 points for price*
    - ii. *For contracts with a Rand value equal to or below a prescribed amount a maximum of 20 points may be allocated for specific goals as contemplated in paragraph (d) provided that the lowest acceptable tender scores 80 points*
  - (c) *Any other acceptable tenders which are higher in price must score fewer points, on a pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with the prescribed formula.*
  - (d) *The specific goals may include –*
    - i. *Contracting with persons or categories of persons from designated sectors on the basis of race, gender or disability*
    - ii. *Implementing the programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994*
  - (e) *Any specific goal for which a point may be awarded must be clearly specified in the invitation to submit a tender.*
  - (f) *The contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer; and*
  - (g) *Any contract awarded on account of false information furnished by the tenderer to secure preference in terms of this Act may be cancelled at the sole discretion of the organ of state without prejudice to any other remedies the organ of state may have.*
  - (h) *Any Goals contemplated in subsection (1)(e) must be measurable, quantifiable and monitored for compliance.*

### Exemption

*The minister may, on request, exempt an organ of state from any or all the provisions of this Act if-*

- (a) *It is in the interest of national security.*
- (b) *The likely tenderers are international suppliers; or*
- (c) *It is in the public interest.*

## Western Cape Provincial Treasury Circular Mun No. 1/2023

Garden Route District Municipality takes cognizance of the Constitutional Court outcomes that has resulted in the transition from Preferential Procurement Regulations 2017 to the Preferential Procurement Regulations 2022. We note the legalities implicit in the Preferential Procurement Regulations of 2022 and the risk inherent in Policy Formulation where it is not evidence led by reasonable empowerment impact assessment and any other supporting research.

The proposed policy is an evolving policy that will encompass a demand management process that is based on the Integrated Development Plan (IDP) and Local Economic Strategy (LED) of Garden Route District. The specific goals as envisaged in the Section 2(1)(d) & (e) of the Preferential Procurement Policy Act 5, will be aligned to the IDP and the LED Strategy Documents to ensure that specific goals realized through procurement spending of the municipality is a conduit to realizing the strategy of council for the Garden Route District.

In alignment to the guidance issued by The Western Cape Provincial Government through Treasury Circular Mun No. 1/2023, Garden Route District adopts a transitional process to allow council to develop its specific goals in alignment to the IDP and LED strategy. The interim policy is to ensure that the Municipality can execute its current projects as provided for in the approved budget for the 2022/23 financial year.

The preferential procurement goals contemplated in the Section 2(1)(d) of the PPPFA through the relevant B-BBEE score cards as specified in the Broad based Black Economic Empowerment Act, 2003 (B-BBEE Act) and codes of Good Practice, be accepted as supporting evidence to claim preference points (B-BBEE Level Contributor Certificate) or a sworn Affidavit for Exempt Micro Enterprises.

The B-BBEE score card is based upon the RDP goals and was specifically developed as a scientific measurement of these individual goals and issued by accredited to ensure credibility of the assessment. The B-BBEE score card amongst others gives effect to 6 RDP Goals.

- i. the promotion of South African Owned enterprises
- ii. the promotion of SMMEs
- iii. the creation of new Jobs or the intensification of Labor absorption
- iv. the empowerment of the work force by standardising the level of skill and knowledge of workers
- v. the development of human resources, including by assisting in tertiary and other advanced training programs, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills.
- vi. the upliftment of communities through, but not limited to housing, transport, schools, infrastructure, donations, charity organisations.

The 2023/24 budget process and review of budget related policies will allow thorough engagement by council to give effect to specific goals set by council for implementation.

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## 1. Definitions

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—

**“National Treasury”** has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

**“Price”** means an amount of money tendered for goods or services and includes all applicable taxes less all unconditional discounts.

**“Rand value”** means the total estimated value of a contract in Rand, calculated at the time of the tender invitation; and

**“The Act”** means the Preferential Procurement Policy Act, 2000 (Act No. 5 of 2000).

**“Black designated groups”** has the meaning assigned to it in the codes of good practice issued in terms of section 9 (1) of the BBBEEA.

**“Black people”** has the meaning assigned to it in section 1 of the BBBEEA.

**“Designated group”** means black designated groups, black people, women, people with disabilities; or small enterprises as defined in section 1 of the National Small Enterprise Act, 1996

**“Disability”** means in respect of a person, a permanent means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.

**“EME”** means.

(1) exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the BBBEEA.

(2) an entity with an annual turnover of R10 000 00.000 (ten million Rand) or less

**“Historically disadvantaged individual (HDI)” means a South African citizen –**

(1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983); and / or

(2) who is a female; and / or

(3) who has a disability:

Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.

**“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 term of section 9(1) of the Broad-Based Black Economic Empowerment Act.

**“Acceptable Tender”** mean any tender which, in all respects, complies with the specification and conditions of tender as set out in tender document;

**“Highest acceptable tender”** means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other acceptable tenders;

**“Lowest acceptable tender”** means a tender that complies with all specifications and conditions of tender and that has the lowest price compared to other acceptable tenders;

**“Market Analysis”** means a technique used to identify market characteristics for specific goods or services.

**“Specific goals”** means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and development Programme as published in Government Gazette No.16805 dated 23 November 1994;

**“tender”** means a written offer in the form determined by an organ of state in response to an invitation provide goods or services through Informal Tenders, competitive tendering process or any other tendering method envisaged in legislation.

**“tender for income-generating contracts”** means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreements between the organ of state and a third party that produces revenue for the organ of state, and includes, but not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions

**“Qualifying Small Enterprise (QSE)”** means a qualifying small business enterprise in terms of the code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act

**“Region”** means the Garden Route District Municipality.

**“Rural area”** means-

- 1) a separately populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or
- 2) an area including a large settlement which depends on migratory labor and remittances and government social grants for survival and may have a traditional land tenure system.

“**SMME**” means small, medium and micro enterprises namely Exempted Micro Enterprises and Qualifying Small Enterprises.

“**Youth**” has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

## 2. Introduction

The Constitution of the Republic of South Africa, 1996, provides in sections 152(1)(c) and 152(2) that local government must promote social and economic development and that the municipality must strive within its financial and administrative capacity, to achieve the objects set out in subsection 152(1).

The Constitution provides in section 217 that an organ of state must contract for goods or services in accordance with a procurement system which is fair, equitable, transparent, competitive, and cost effective and to implement a policy to grant preferences within a framework prescribed by National Legislation.

The Broad-Based Black Economic Empowerment Act, 2003 requires: “ (1) Every organ of state and public entity must apply any relevant code of good practice issued in terms of this Act in (b) developing and implementing a preferential procurement policy.

The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)-[PPPFA] was promulgated by the Minister in response to the Constitutional provision and allow for a Municipality to develop a preferential procurement policy and to implement such policy within the PPPFA framework.

Section 2(1)(d)(i) and (ii) of the Preferential Procurement Policy Framework Act, 2000 refers to specific goals which may include:

- i. Contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
- ii. Implementing the programmes of the Reconstruction and Development Programme (RDP) as published in Government Gazette 16805, 23 November 1994.

The RDP (1994), as basis for development in South Africa, was meant to provide a holistic, integrated, coherent socio-economic policy that is aimed at mobilising people and resources to work towards the upliftment of the material and social conditions of local communities to build sustainable livelihoods for these communities.

In terms of Section 2 (1)(d)(ii), the following activities may be regarded as a contribution towards achieving the goals of the RDP, in addition to the awarding of preference points in favor of HDIs (published in Government Gazette No. 16085 dated 23 November 1994):

- (i) The promotion of South African owned enterprises.
- (ii) The promotion of export orientated production to create jobs.
- (iii) The promotion of SMMEs.
- (iv) The creation of new jobs or the intensification of labor absorption.
- (v) The promotion of enterprises located in a specific province for work to be done or services to be rendered in that province.
- (vi) The promotion of enterprises located in a specific region for work to be done or services to be rendered in that region.
- (vii) The promotion of enterprises located in a specific municipal area for work to be done or services to be rendered in that municipal area.
- (viii) The promotion of enterprises located in rural areas.
- (ix) The empowerment of the work force by standardising the level of skill and knowledge of workers.
- (x) The development of human resources, including by assisting in tertiary and other advanced training programmes, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills; and
- (xi) The upliftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations.

## 3. Purpose, and Objectives

a) The purpose of this policy is to:

- i. To give effect to section 217(1) and (2) of the Constitution of the Republic of South Africa

- ii. To give effect to the Preferential Procurement Policy Framework Act of 2000 in establishing Garden Route District Municipality's preferential procurement policy

b) Objective

- i. To give effect to the Preferential procurement Regulations, 2022, through adoption of Preferential Procurement Policy of Garden Route District Municipality as adopted by council.

**Section 2 of the Preferential Procurement Policy** states that “*an organ of state must determine its preferential procurement policy and implement it within the following framework:*”

**Regulation 3(3) of the Municipal Supply Chain Management Regulations** states “*When preparing or amending its supply chain management policy, a municipality or municipal entity must take into account of the need for uniformity in supply chain management practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management system for small businesses.*”

This policy strives to ensure that the objectives for uniformity in the supply chain management systems between Municipalities/Municipal entities, is not undermined and that consistency with the SCM and LED policies in line with sections 152(1)(c) and 152(2).

#### 4. Application and Identification of preference point system

4.1 The Garden Route District Municipality will, in the tender documents, stipulate —

- (a) the preference point system applicable as envisaged in regulations 4, 5, 6 or 7.
- (b) the specific goal in the invitation tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of claim for such a goal, as envisaged in section 2(1)(d) and (e) of the Preferential Procurement Policy, Act 5 of 2000

4.2 If it is unclear whether the 80/20 or 90/10 preference point system applies—

- (a) in the case of a tender income-generating contracts, either the 80/20 or the 90/10 preference point system will apply, and the highest acceptable tender will be used to determine the applicable preference point system: or
- (b) in any other invitation for tender, 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.

#### 5. Points for Price: 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million.

5.1 The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where-

$P_s$  = Points scored for price of tender under consideration;

$P_t$  = Price of tender under consideration; and

$P_{\min}$  = Price of lowest acceptable tender.

5.2 A maximum of 20 points may be awarded to a tenderer for the specified goals specified for the tender.

5.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

5.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 2000, the contract must be awarded to the tenderer scoring the highest points.

**6. Points for price: 90/10 preference point system for acquisition of goods or services with Rand value above R50 million**

6.1 The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where-

$P_s$  = Points scored for price of tender under consideration;

$P_t$  = Price of tender under consideration; and

$P_{\min}$  = Price of lowest acceptable tender.

6.2 A maximum of 10 points may be awarded to a tenderer for the specific goals for the specified for the tender.

6.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

6.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 2000, the contract must be awarded to the tenderer scoring the highest points.

**7. 80/20 preference points system for tenders for income-generate contracts with Rand value equal to or below R50 million**

7.1 The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$P_s = 80 \left( 1 + \frac{P_t - P_{\max}}{P_{\max}} \right)$$

Where-

$P_s$  = Points scored for price of tender under consideration.

$P_t$  = Price of tender under consideration; and

$P_{\max}$  = Price of highest acceptable tender.

7.2 A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.



- 7.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 7.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 200, the contract must be awarded to the tenderer scoring the highest points.

## 8. 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million

- 8.1 The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left( 1 + \frac{Pt - Pmax}{Pmax} \right)$$

Where-

Ps = Points scored for price of tender under consideration.

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

- 8.2 A maximum of 10 points may be awarded to a tenderer for the specific goals specified for the tender.
- 8.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 8.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 2000, the contract must be awarded to the tenderer scoring the highest points.

## 9. Specified contract participation goals.

- 9.1 Every invitation for a tender will stipulate the specific goals to which preference points (10 or 20) will be allocated, as contemplated in section 2(1)(d)(ii) of the Preferential Procurement Act, be attained.
- 9.2 To align procurement to the Growth and Development Strategy of Council, preferential procurement policy will address the Reconstruction and Development Goal of growing the regional and local economy through preference point allocation. Preference Points allocation will be allocated as per 9.3 below, allocating preference to B-BBEE level contribution and Locality. The objective of the goal is to grow the regional economy of the district by procuring from business entities in the region.
- 9.3 Preference points allocations:
- A maximum of 10 points B-BBEE Scorecard and a maximum of 10 for locality in a (80/20 preference points system),
  - Maximum of 5 points B-BBEE Scorecard and a maximum of 5 for locality in a (90/10) preference points system), will be allocated as tabled below:

### 9.3.1 B-BBEE Points

B-BBEE Status Level of Contributor	Number of Points for Preference (80/20)	Number of Points for Preference (90/10)
1	10	5
2	9	4.5
3	7	3
4	6	2.5



5	4	2
6	3	1.5
7	2	1
8	1	0.5
Non-compliant contributor	0	0

### 9.3.2 Preference Points for Locality

Locality	Number of points for Preference (80/20)	Number of Points for Preference (90/10)
Supplier / Service provider located within Garden Route District	10	5
Supplier / Service Provider located within Western Cape Province	5	2.5
Supplier / Service Provider located within South Africa but outside the Western Cape Province	0	0

9.4 A tenderer must submit proof of its BBBEE status level contributor certificate; a tenderer failing to submit proof of BBBEE status level of contributor –

- a) may only score in terms of the 80/90-point formula for price; and
- b) scores 0 points out of 10 or 20 B-BBEE status level of contributor, which is in line with section 2(1)(d)(i) of the Act, where the supplier or service provider did not provide proof thereof.

9.5 A Tenderer must submit a Municipal Account for their primary business location or valid lease agreement, as per address indicated in the bid document, to claim preference points for locality

9.6 Failure to submit a valid Municipal Account or Lease agreement will result in 0 preference point allocation for locality

## 10 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 specific goals.
- 10.2 If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

## 11. Award of contracts to tenderers not scoring highest points

A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of 761 the Act.

## 12 Remedies

- 12.1.1 Upon detecting that a tenderer submitted false information regarding specific goals, or any other matter required in terms of this policy which will affect or has affected the evaluation of a tender, the Garden Route District Municipality will affect the following:
- (a) inform the tenderer; accordingly, and
  - (b) give the tenderer an opportunity to make a representation within 14 days as to why the tender may 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: and
- 12.2 After considering the representations referred to in par 12(1)(1)(b), council may, if it concludes such information to be false:
- (i) disqualify the tenderer or terminate the contract in whole or in part; and
  - (ii) if applicable, claim damages from the tenderer.
  - (iii) Follow the National Treasury Debarment guidelines.

## 13 Policy Review

Accounting Officer to effect Policy review:

- a) Annual review together with all other budget related policies.
- b) When required due to the changes in Legislation, regulations, adoption of National Treasury or Provincial Treasury Circulars

## 14 Joint Venture and Consortiums - Preference points

### a. B-BBEE Preference Points

- i. Joint Ventures and Consortiums must submit a consolidated B-BBEE level contribution certificate in the name of the joint venture or the consortium to be able to claim B-BBEE preference points
- ii. In the absence of a consolidated B-BBEE certificate, the Joint Venture and Consortium may not be awarded B-BBEE preference points

### b. Locality Preference Points

- i. Joint Ventures or Consortiums to claim preference points for locality within;
- ii. Garden Route Region - All members of the Joint Venture or Consortium must reside in Garden Route to be able to claim preference points. If one or more members of the Joint venture or Consortium is not based in the Garden Route, the bidding entity can not claim any preference points for locality in the Garden Route District
- iii. Western Cape Province: All members of the Joint Venture or Consortium must be based in the Western Cape Province to be eligible to claim preference for locality. If one or more members of the consortium is not based in the Western Cape Province, the bidding entity may not claim points for locality in the Western Cape.

# **ANNEXURE M**

## **PETTY CASH POLICY**

## GARDEN ROUTE DISTRICT MUNICIPALITY



## PETTY CASH POLICY

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## INTRODUCTION

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner.

Therefore the Garden Route District Municipality adopts the following petty cash policy.

- **REGULATORY FRAMEWORK**

Legislation-Municipal Finance Management Act 56 of 2003

- **OBJECTIVES**

Compliance with the regulatory framework in terms of the relevant legislation is required.

- **DEFINITIONS**

**Accounting Officer:** The person appointed by council in terms of section 82 of Act 17 of 1998, also known as the Municipal Manager, and defined in terms of section 60 of Act 56 of 2003 (MFMA)

**Chief Financial Officer:** The person designated in terms of section 80 (2) (a) of Act 56 of 2003 (MFMA), and includes any person acting in that position or to whom authority is delegated

**Petty Cash:** A relatively small amount of cash kept at hand for making immediate payments for miscellaneous small payments

**Petty Cash Float:** The total sum of Petty Cash which has been granted to a Petty Cash Officer.

**Petty Cash Officer:**

An employee made responsible for the day-to-day operating of the Petty Cash Float

**Reconciliation:**

Is the process of comparing information, for example cash spent compared with the relevant

**Sub-advances:**

documentation and receipts.

A relatively small amount of cash, made available by the Petty Cash Officer on request to buy miscellaneous small items.

- **RESPONSIBILITY AND ACCOUNTABILITY**

The key responsibilities in terms of the MFMA (Section 65) are:

Accounting Officer (Municipal Manager) -

(1) The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

- The accounting officer must, for the purposes of subsection (1), take all reasonable steps to ensure-
  - that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds;
  - that the municipality has and maintains a management, accounting and information system which-
    1. recognizes expenditure when it is incurred;
    1. accounts for creditors of the municipality, and
    2. accounts for payments made by the municipality.

- that the municipality has and maintains a system of internal control in respect of creditors and payments;
- that payments by the municipality are made-
  - directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and

(i) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager delegates authority to the Chief Financial Officer.

## 12 PETTY CASH POLICY

### 12.1 General Policy

- The use of a petty cash float (a float may not exceed R3,500.00) is strictly confined to individual cash purchases of up to a maximum of R750.00, unless otherwise authorized by the Chief Financial Officer;
- The expenditure with regard to petty cash shall not be deliberately split into more than one transaction to avoid the said limit;
- A petty cash float is not to be used for any of the following:
  - the cashing of cheques;

13 loans to any person whatsoever;



14. payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason.
9. for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;
10. any purchase violating the true meaning of petty cash transactions, or petty cash purchases from a trade creditor that does not exist on the Supply Chain Management Supplier database. This will be regarded as a deviation from the accepted accounting practices in the use of petty cash, and will constitute a serious offence under the Disciplinary Code, unless authorized by the Chief Financial Officer.
- Other cash floats may also be established for the purpose of providing change for a cash register, or any other purpose approved by the Chief Financial Officer. Use of such floats is restricted to the purpose for which they were established.
  - The accounting officer, or delegated official, may conduct internal audits to evaluate compliance with this policy.

### **12.2 Establishing and Operating a Petty Cash Float**

- To establish a new petty cash float or increase an existing advance, a written application must be made to the Chief Financial Officer by the relevant Manager of a department.
- A request for the establishment of an advance will indicate the position of a senior employee to be held responsible for the control over the petty cash float within the relevant department.
- The employee mentioned under 6.2 (b) will be responsible for the security and that leave arrangements are in place to ensure safe custody of funds in the office.
- The minimum security arrangement that will be acceptable is that the float will be kept in a locked box which will be kept in a locked filing cabinet or safe.
- When an advance is approved, the Chief Accountant: Creditors will advise the relevant department accordingly, and request that the designated employee mentioned under 6.2 (b) collect the advance.

### **12.3 Security of Petty Cash Floats and Documentation**

- The cash on hand and used petty cash vouchers are to be kept in a locked box for which there are to be two keys. One key is to be retained by the petty cash officer (on their person) normally responsible for petty cash, and the other by the senior employee mentioned under 6.2 (b) in a sealed envelope in the office safe or other secure place, to be used only in an emergency.
- The locked petty cash box must be kept in a secure place when not in use and should be removed and returned by the responsible

employee only. At no stage should staff other than the responsible employee/s have access to the storage place of the petty cash box.

- Under no circumstances are keys to be left in the lock of the petty cash box, cabinet or safe.
- If the responsible petty cash officer is either going on leave or is leaving the municipality's employment, the petty cash float is to be reconciled and signed by the departing-as well as the replacement staff member, to indicate their agreement as to its balance.

#### **12.4 Completing Petty Cash Vouchers and the Petty Cash Reconciliation and Register**

- Petty cash stationery is available from the Expenditure section. The form consists of two parts:
  - Petty Cash Voucher
  - 4. ) Petty Cash Reconciliation and Register
  - 5. Receipt for cash advance (Only when appropriate-refer to paragraph on Advances)

( the same form as in ( i) above)

- All details entered on the Petty Cash Voucher must appear on the Petty Cash Reconciliation and Registersheet.
- Original receipts and other valid documentation as required must be attached as proof of payment, with the signature of the designated officer on this documentation. The receipt and invoice must be in a formal business format.

### 12.5 Sub-advances to staff members

- If it is necessary to make an initial sub-advance to a staff member, a receipt for the cash advance must be completed (Petty Cash Voucher) . The receipt for the cash advance form must be completed as follows:
  - (i) description and *estimated* cost of the goods/services purchased;
  - (ii) purchaser's signature;
  - (iii) correct vote number with an adequate budget to be charged;
  - (iv) signature of the petty cash officer.
  
- On completion of the purchase, the recording-, documentation- and authorization requirements will be as stated in the above paragraph: Completing a Petty Cash Voucher.
  
- All sub-advances will be accounted for within 24 hours, by submitting original receipts and other applicable documentation required, attached as proof of payment ( with the approval signature on the documentation) . Where this cannot be achieved, the buyer will be liable to pay back the advance without any delay or, if not possible, alternatively be for the immediate recovery from the individual's salary.
  
- No more than one advance will be made to any one individual at a time.

### 12.6 Out-of Pocket Payments

- Where a staff member has made a purchase from own funds and seeks reimbursement from petty cash, supporting documentation must be provided to substantiate the claim.

- The responsibility to ensure that the purchase will be in accordance with all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s) .
- The recording-documentation-and authorization requirements will be as stated in paragraph 6.4

### 12.7 Reimbursement of Petty Cash Floats

- A petty cash float is operated on the basis that expenditure from the float is reimbursed **not more than twice monthly**. Such reimbursement requires:-
  - returning the cash level of the petty cash float to its original level, and;
  - (ii) charging the expenditure which has been incurred to the correct expenditure vote.
- Accordingly, **at any point in time**, the sum of the cash on hand, i.e. remaining unspent, plus the cash advances for unfinalized purchases, plus the completed cash purchase claim forms, updated on the Petty Cash Reconciliation and Register form, shall equal the level of the petty cash advanced.
- Completed Petty Cash Reconciliation and Register forms, with attached cash register slips etc. must be submitted to the Expenditure section for reimbursement, after the relevant documentation has been authorized by the relevant head of the department.

- Reimbursement of claims where supporting documentation as prescribed in this policy is absent/ missing, will be declined.
- The prescribed forms as mentioned in 6.4 (a) (i) to (iii) above, as well as other relevant forms attached to it, must be completed in full.
- The most recently completed Petty Cash Reconciliation and Register form must record the reconciliation of the petty cash float. The Chief Accountant: Creditors will decline reimbursement of claims where this is not supplied.
- A petty cash float must never be reimbursed with funds derived from any other source whatsoever.

### **5.8 Shortages**

- Any shortages in respect of a petty cash float must be reimbursed immediately by the responsible petty cash officer.
- Where a petty cash float is stolen, the incident must be reported promptly to the Chief Financial Officer in the required format, after a case has been logged at the South African Police Services

### **7.2 Procedure where a Petty Cash Float is repaid/cancelled**

When an advance is no longer required, a departmental memorandum must be submitted, signed by the manager of the relevant department, to the Chief Accountant: Creditors, with the balance of cash on hand and completed and authorized forms. The most recently completed Petty Cash Reconciliation and Register form will record the reconciliation of the petty cash float.

The Cashier will issue a receipt to the person delivering the cash.

### **7.3 Short title and commencement**

This Policy is called the Garden Route District Municipality Petty Cash Policy and takes effect from, July 2021 , and should be reviewed annually

# **ANNEXURE N**

## **COST CONTAINMENT POLICY**





### **COST CONTAINMENT POLICY**

<hr/> Date Approved:	<hr/> Council Resolution (DC No):	<hr/> DC
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## **1. DEFINITIONS**

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

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

"*consultant*" means a professional person, individual partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.

"*cost containment*" means the measures implemented to curtail spending in terms of this policy.

"*credit card*" means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder.

"*municipality*" means Garden Route District Municipality ("GRDM")

"*political office bearers*" means, in terms of this policy, all councillors serving on the council of Garden Route District Municipality

## **2. PURPOSE**

The purpose of the policy is to regulate spending and to implement cost containment measures at Garden Route District Municipality.

## **3. OBJECTIVES OF THE POLICY**

The object of this policy is to ensure that the resources of the municipality are used effectively, efficiently and economically by implementing cost containment measures.

#### **4. SCOPE OF THE POLICY**

This policy will apply to all Councillors, **members of Oversight Committees** and Municipal employees.

#### **5. LEGISLATIVE FRAMEWORK**

This policy must be read in conjunction with other policies of Council applicable to matters raised in this policy. In the even that other policies have different limits/criteria than this policy in relation to matters covered in both, the stricter limits/criteria will apply.

#### **6. POLICY PRINCIPLES**

This policy will apply to the procurement of the following goods and/or services:

- (a) Use of consultants
- (b) Vehicles used for political office-bearers
- (c) Travel and subsistence
- (d) Domestic accommodation
- (e) Credit cards
- (f) Sponsorships, events and catering
- (g) Communication
- (h) Conferences, meetings and study tours
- (i) Any other related expenditure items

#### **7. USE OF CONSULTANTS**

- 7.1 Consultants may only be appointed after an assessment of the needs and requirements confirms that GRDM does not have the requisite skills or resources in its full -time employ to perform the function.
- 7.2 The accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates -

- (a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor -General of South Africa ", issued by the South African Institute of Chartered Accountants;
  - (b) set out in the "Guide on Hourly Fee Rates for Consultants ", issued by the Department of Public Service and Administration; or
  - (c) as prescribed by the body regulating the profession of the consultant.
- 7.3 The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in par 7.2 above.
- 7.4 When negotiating cost -effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market –determined rates.
- 7.5 When consultants are appointed the accounting officer must:
- (a) appoint consultants on a time and cost basis with specific start and end dates;
  - (b) where practical, appoint consultants on an output- specified basis, subject to specific measurable objectives and associated remuneration;
  - (c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
  - (d) ensure the transfer of skills by consultants to the relevant officials of the municipality;
  - (e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's supply chain management policy; and
  - (f) develop consultancy reduction plans to reduce the reliance on consultants.
- 7.6 All contracts with consultants must include a fee retention or a penalty clause for poor performance.
- 7.7 The specifications and performance of the service provider must be used as a monitoring tool for the work that is to be undertaken and performance must be appropriately recorded and monitored.

- 7.8 The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.
- 7.9 The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

## **8. VEHICLES USED FOR POLITICAL OFFICE-BEARERS**

- 8.1 The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed seven hundred thousand rand (R700 000) or 70% (VAT inclusive) of the total annual remuneration package for GRDM's grade, as defined in the Public Office Bearers Act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.
- 8.2 The procurement of vehicles in par. 8.1 must be undertaken using the national government transversal mechanism, unless it may be procured at a lower cost through other procurement mechanisms.
- 8.3 Before deciding on another procurement process as contemplated in 8.2, the accounting officer must provide the council with information relating to the following criteria that must be considered:
- (a) Status of current vehicles;
  - (b) Affordability of options including whether to procure a vehicle as compared to rental or hire thereof, provided that the most cost effective option is followed and the cost is equivalent to or lower than that contemplated in par. 8.1;
  - (c) Extent of service delivery backlogs;
  - (d) Terrain for effective usage of vehicle; and
  - (e) Any other policy of council
- 8.4 If the rental referred to in par. 8.3 is preferred, the accounting officer must review the costs incurred regularly to ensure that value for money is obtained.

- 8.5 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometers.
- 8.6 Notwithstanding par. 8.5, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometers only in instances where the vehicle experiences serious mechanical problems and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.
- 8.7 The accounting officer must ensure that there is a policy that addresses the use of municipal vehicles for official purposes.

## **9. TRAVEL & SUBSISTENCE**

- 9.1 The accounting officer:
- (a) May approve the purchase of economy class tickets for officials or political office bearers where the flying time for a flight is five (5) hours or less; and
  - (b) may only approve the purchase of business class tickets for officials, political office bearers and persons reporting directly to the accounting officer for flights exceeding five hours.
- 9.2 In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.
- 9.3 Notwithstanding par. 9.1-9.2, the accounting officer, or the mayor in the case of an accounting officer, may approve the purchase business class tickets for an official or a political office bearer with a disability or a medically certified condition.
- 9.4 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.

9.5 The accounting officer, or the mayor in the case of the accounting officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only -

- (a) during peak holiday periods; or
- (b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and /or international guests in that particular geographical area.

9.6 An official or a political office bearer of the municipality must:

- (a) utilize the municipal fleet, where viable, before incurring costs to hire vehicles;
- (b) make use of available public transport or a shuttle service if the cost of such a service provider is lower than:
  - (i) the cost of hiring a vehicle;
  - (ii) the cost of kilometres claimable by the official or political office bearer; and
  - (iii) the cost of parking.
- (c) not hire vehicles from a category higher than Group B or an equivalent class; and
- (d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

9.7 The municipality must use the negotiated rates for flights and accommodation as communicated by National Treasury, from time to time, or any other cheaper flight or accommodation that is available.

## **10. DOMESTIC ACCOMMODATION**

10.1 The accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by National Treasury, from time to time.



- 10.2 Overnight accommodation may only be booked where the return trip exceeds 500 kilometres, unless deemed to be impractical and prior approval is obtained from the applicable Executive Manager (or Speaker in case of councillors) after providing proper written motivation to deviate from this stipulation. For example, in instances where attendance is required over a number of days, or there is a risk to the health of the official or councillor and cost vs benefit considerations can warrant such expenditure.

## **11. CREDIT CARDS**

- 11.1 The accounting officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office bearer.
- 11.2 Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials and public office bearers must use their personal credit cards or cash or arrangements made by the municipality, and request reimbursement from the municipality in terms of the travel and subsistence policy and petty cash policy.

## **12. SPONSORSHIPS, EVENTS & CATERING**

- 12.1 The municipality may not incur catering expenses for meetings that are only attended by persons in the employ of the municipality, unless prior written approval is obtained from the accounting officer.
- 12.2 Catering expenses may be incurred by the accounting officer for the following, if they exceed five (5) hours:
- (a) Hosting of:
    - (a) meetings;
    - (b) conferences;
    - (c) workshops;
    - (d) courses;
    - (e) forums;
    - (f) recruitment interviews; and

(g) council proceedings

- 12.3 Entertainment allowances of qualifying officials may not exceed two thousand rand (R2 000) per person per financial year, unless otherwise approved by the accounting officer.
- 12.4 Expenses may not be incurred on alcoholic beverages, unless the municipality recovers the cost from the sale of such beverages.
- 12.5 Social events, team building exercises, year-end functions, sporting events and budget vote dinners may not be financed from the municipal budget or by any supplier or sponsor.
- 12.6 Expenditure may not be incurred on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials or is an integral part of the business model.
- 12.7 Expenditure may be incurred to host farewell functions in recognition of officials who retire after serving the municipality for ten (10) or more years, or retire on grounds of ill health, the expenditure should not exceed the limits of the petty cash usage as per the petty cash policy of the municipality.

### **13. COMMUNICATION**

- 13.1 All municipal related events must, as far as possible, be advertised on the municipal website, instead of advertising in magazines or newspapers.
- 13.2 Officials will be held liable for the reimbursement of costs to GRDM relating to private calls and data usage that exceed the cellphone and data packages assigned to officials, as applicable.
- 13.3 Newspapers and other related publications for the use of officials must be discontinued on the expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.
- 13.4 The acquisition of mobile communication services may be done by using the transversal term contracts that have been arranged by the National Treasury.

#### **14. CONFERENCES, MEETINGS & STUDY TOURS**

- 14.1 Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa. (Note that "conference or event" referenced above excludes attendance of government forums, user groups and workshops.)
- 14.2 The benchmark costs may not exceed R2 500.
- 14.3 When considering applications from officials to conferences or events within and outside the borders of South Africa, the accounting officer must take the following into account:
- (a) The officials role and responsibilities and the anticipated benefits of the conference or event;
  - (b) Whether the conference or event will address the relevant concerns of the municipality;
  - (c) The appropriate number of officials to attend the conference or event, not exceeding three officials; and
  - (d) Availability of funds to meet expenses related to the conference or event.
- 14.4 The amount referred to in 14.2 above excludes costs related to travel, accommodation and related expenses, but includes:
- (a) Conference or event registration expenses; and
  - (b) Any other expense incurred in relation to the conference or event.
- 14.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- 14.6 Meetings and planning sessions that entail the use of municipal funds must, as far as practically possible, be held in-house.
- 14.7 Municipal offices and facilities must be utilized for conferences, meetings and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.

- 14.8 An accounting officer must grant the approval for officials and in the case of political office-bearers, oversight committee members and the accounting officer, the mayor, as contemplated in par 14.3
- 14.9 The municipality must take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

## **15. OTHER RELATED EXPENDITURE ITEMS**

- 15.1 All commodities, services and products covered by a transversal contract by the National Treasury must be procured through that transversal contract before approaching the market, in order to benefit from savings and lower prices or rates that have already been negotiated.
- 15.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during the election periods.

## **16. ENFORCEMENT PROCEDURES**

Failure to implement or comply with this policy may result in any official of the municipality or political office bearer, that has authorized or incurred any expenditure contrary to determinations in this policy, being held liable for financial misconduct or a financial offence in the case of political office bearers as defined in Chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

## **17. DISCLOSURES OF COST CONTAINMENT MEASURES**

- 17.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.

- 17.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings, on the implementation of the cost containment measures must be submitted to the municipal council for review and resolution. The municipal council can refer such reports to an appropriate council committee for further recommendations and actions.
- 17.3 Such reports must be copied to the National Treasury and relevant provincial treasuries within seven calendar days after the report is submitted to municipal council.

## **18. IMPLEMENTATION & REVIEW PROCESS**

This policy will be reviewed at least annually or when required by way of a council resolution, or when an update is issued by National Treasury.

## **19. SHORT TITLE**

This policy shall be called the Cost Containment Policy of the Garden Route District Municipality.

**ANNEXURE O**  
**MFMA NATIONAL TREASURY**  
**CIRCULAR NO 122**



NATIONAL TREASURY

MFMA Circular No. 122

Municipal Finance Management Act No. 56 of 2003

# Municipal Budget Circular for the 2023/24 MTREF

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## Introduction

This budget circular provides guidance to municipalities with their compilation of the 2023/24 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (*mSCOA*), and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, *mSCOA* is implemented correctly and that audit findings are addressed.

Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that is not covered in this circular.

### 1. The South African economy and inflation targets

The National Treasury forecasts real economic growth of 1.9 per cent in 2022, compared with 2.1 per cent projected in the 2022 Budget Review, in response to global and domestic shocks. Growth is projected to average 1.6 per cent from 2023 to 2025. Implementing structural reforms, especially in the energy sector, remains crucial to improve the economy's productive capacity and competitiveness.

The recovery in economic activity that began in 2021 was driven by a strong rebound in global economic activity, high commodity prices and easing COVID-19 restrictions. The scarring impact of the pandemic on employment and investment decisions will likely weigh on the recovery over the medium term. Investment remains well below pre-pandemic levels.

The economy grew by 1.4 per cent in the first half of 2022 compared with the first half of 2021. Real GDP grew more than expected in the first quarter of 2022, with output returning to pre-pandemic levels. However, a deteriorating global environment, flooding in KwaZulu-Natal and the Eastern Cape, industrial action in the electricity and mining sectors, and prolonged and intense power cuts resulted in a broad-based contraction across most sectors during the second quarter. The third quarter was marked by frequent and prolonged power cuts, which significantly disrupted economic activity.

The following macro-economic forecasts must be considered when preparing the 2023/24 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2021 - 2026**

Fiscal year	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Estimate	Forecast		
CPI Inflation	5.2%	6.8%	4.7%	4.6%	4.6%

Source: Medium Term Budget Policy Statement 2022.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

It is noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections.



## 2. Key focus areas for the 2023/24 budget process

### 2.1 Local government conditional grants allocations

Over the 2023 MTEF period, conditional grant allocations to municipalities will grow below inflation. This is due to a higher 2022/23 baseline (R3.8 billion) added to local government conditional grants in the 2022 Division of Revenue Amendment Act. Over the next three years, total local government resources, including the equitable share and indirect conditional grants increase at an annual average rate of 6 per cent.

The local government equitable share increases at an annual average rate of 7.8 per cent and municipal conditional grants increase by 3.6 per cent over the 2023 MTEF period. The local government equitable share formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the 2023 MTEF period.

The annual Division of Revenue Bill will be published in February 2023 after the Minister of Finance's budget speech. The Bill will specify grant allocations and municipalities must reconcile their budgets to the numbers published herein.

*Municipalities are advised to use the indicative numbers presented in the 2022 Division of Revenue Act to compile their 2023/24 MTREF. In terms of the outer year allocations (2025/26 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as presented in the 2022 Division of Revenue Act for 2022/23. The DoRA is available at:*  
<http://www.treasury.gov.za/documents/national%20budget/2022/default.aspx>

### 2.2 Re-enforcing the 2023 Division of Revenue Bill, (DoRB) to facilitate improved intergovernmental relations

Towards enforcing a system of good intergovernmental relations as envisaged in the Chapter 3 of the Constitution and subsequent related legislation, the National Treasury would like to remind municipalities of Section 31 of DoRA that articulates the facilitation of personal liability for unnecessary litigation. Going forward, a municipality may therefore only institute litigation against any organ of state, state-owned enterprise, public-and/ or municipal entity after exhausting all dispute resolution mechanisms required and/ or available to the municipality in terms of existing intergovernmental relations processes, policy and/ or any related contract with the municipality, including in terms of the Municipal Finance Management Act, 2003, the Intergovernmental Relations Framework Act, 2005, and/ or the Electricity Regulation Act, 2006 (dispute processes administered by NERSA).

The 2023 DoRB will facilitate the personal liability of and refund of any expenditure related to such litigation to the national revenue fund (NRF) by any person responsible for the institution of litigation by a municipality without having exhausted all the available dispute resolution mechanisms. This will be done through the equitable share off-setting processes. Municipalities, parallel to instituting any litigation against any organ of state, must report such litigation to the Auditor-General, the National Treasury and to the relevant provincial treasury. The report must provide the details of all the dispute resolution processes that were attempted, supported by information explaining the failure of these attempts.

#### ***Division of Revenue Amendment Bill, 2022 (DoRAB) Disaster***

#### ***response funding***

***Conversion of disaster response grants*** – To allow for adequate response to the April 2022 floods, funding was shifted between the disaster relief grants in August 2022. R145 million

was shifted from the Provincial Disaster Response Grant to the Municipal Disaster Response Grant and R120 million was shifted from the Municipal Emergency Housing Grant to the Provincial Emergency Housing Grant.

***Additional funding for disaster response grants*** – In response to disasters that have occurred, most of the disaster funding for 2022/23 had been depleted by the time of the tabling of the DoRAB. To enable for response should a disaster(s) occur in the remaining months of the current financial year, R248 million is added to the Municipal Disaster Response Grant to enable immediate response by municipalities.

***Additional funding for disaster reconstruction and rehabilitation<sup>1</sup>*** – For the reconstruction and rehabilitation of municipal infrastructure damaged by flash floods in the Western Cape (Overberg District Municipality, Cape Winelands District Municipality and Garden Route District Municipality) in December 2021 and the April 2022 floods in the Eastern Cape (Winnie Madikizela-Mandela Local Municipality) and KwaZulu-Natal (eThekweni Metropolitan Municipality, uMhlathuze Local Municipality, uThukela District Municipality, uMgungundlovu District Municipality and iLembe District Municipality), R3.3 billion is added to the Municipal Disaster Recovery Grant.

***Purchasing of land for relocation of flood victims*** – R92 million is added to the Informal Settlements Upgrading Partnership Grant: Municipalities for eThekweni Metropolitan Municipality for the purchase of land identified for the relocation of displaced flood victims.

#### ***Changes to local government allocations***

***Roll-over of funds in the Integrated National Electrification Programme (municipal) Grant*** – R1 million is rolled over in the Integrated National Electrification Programme (municipal) Grant to fund 50 electrification connections in Swellendam in Dikgatlong Local Municipality.

***Roll-over of funds in the indirect Regional Bulk Infrastructure Grant*** – R15 million is rolled over in the indirect Regional Bulk Infrastructure Grant to fund operational payments for the Vaal River pollution remediation project in Emfuleni Local Municipality.

***Reprioritisation in the Neighbourhood Development Partnership Grant*** – R100 million of the Neighbourhood Development Partnership Grant is shifted from Schedule 5, Part B (direct) to Schedule 6, Part B (indirect) to fund project preparation, planning and implementation for municipalities that are having administrative and financial challenges that are affecting project implementation. These funds will be used for projects they were allocated for in the direct component. Affected municipalities are Mogale City Local Municipality, KwaDukuza Local Municipality and Emfuleni Local Municipality.

#### ***Changes to gazetted frameworks and allocations***

***Municipal Disaster Response Grant*** – The grant framework for the Municipal Disaster Response Grant is amended to allow for spending to respond to the disasters that occurred in December 2021 and April 2022.

***Informal Settlements Upgrading Partnership Grant: Municipalities*** – The grant framework for the Informal Settlements Upgrading Partnership Grant is amended to ring-fence funds for

<sup>1</sup> There was an oversight in the allocations to Western Cape and KwaZulu-Natal, wherein the allocations or parts thereof allocated to the district municipalities in the DoRAB ought to have been allocated to the respective local municipalities in these districts. This is explained in detail in the section “*Correction of errors in the Municipal Disaster Recovery Grant framework and allocations to municipalities*” below.

the purchase of identified land for the relocation of flood victims who were previously residing in informal settlements that were washed away by April 2022 floods in eThekweni Metropolitan Municipality.

**Municipal annexures** – Changes to previously gazetted municipal allocations include a change of the name of a municipality. The name of Engcobo Local Municipality in the Eastern Cape is updated to Dr A.B. Xuma Local Municipality as per the Gazette published in terms of section 12 of the Local Government: Municipal Structures Act, on 30 May 2022.

### ***Correction of errors in the Municipal Disaster Recovery Grant framework and allocations to municipalities***

The National Disaster Management Centre (NDMC) has requested changes to the in-year allocations for the Municipal Disaster Recovery Grant in the DoRAB tabled in Parliament. Part of the funding allocated to uThukela and iLembe district municipalities in KwaZulu Natal (page 36 of the DoRAB), should have been allocated to Alfred Duma and KwaDukuza local municipalities, respectively. The allocations made to the Cape Winelands, Overberg, and Garden Route district municipalities in the Western Cape (page 39 of the DoRAB), should have been made to Breede Valley; Theewaterskloof and Swellendam; and Oudtshoorn and George local municipalities, respectively. These corrections also affect the ring-fencing in the grant framework (page 28 of the DoRAB).

Parliament has approved that the National Treasury correct the allocations and effect the required changes to the MDRG framework, as part of section 15(1) of the 2022 DoRA to ensure that MDRG allocations are correctly allocated to the municipalities assigned for the functions.

## **3. Pension fund defaults**

There has been a growing trend where municipalities are deducting pension from the employees but are not paying it over to their pension fund. This in our view is inconsistent with the intent and spirit of the MFMA and constitute an act of financial misconduct in terms of section 171 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings and potentially also a criminal offence in terms of section 173 of the MFMA read with other applicable legislation. Municipal Councils should refer these actions to the Disciplinary Boards for further investigation and should also consider laying criminal charges against the accounting officer and other responsible officials that has failed to perform the responsibility outlined in terms of section 65(2)(f) of the MFMA which states that “the accounting officer of a municipality must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments”. Municipal Councils should also consider further measures and actions in terms of the Pension Funds Administration Act, as may be applicable.

## **4. Municipal Standard Chart of Accounts (mSCOA)**

### **4.1 Release of Version 6.7 of the Chart**

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.7 is released with this circular.

Version 6.7 of the chart will be effective from 2023/24 and must be used to compile the 2023/24 MTREF and will be available from 20 December on the link below:

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

Kindly note that, in accordance with section 8(2)(j) of the Municipal Property Rates Act (MPRA) as amended in 2014, municipalities may apply for categories other than the categories in 8(2)(a) to (i). Towards this end the Minister of Cooperative Governance and Traditional Affairs approved the following categories:

- Sports Clubs and Fields for Bitou Municipality and
- Residential sectional title garages for Drakenstein Municipality.

These categories were only approved for use by municipalities indicated above. System vendors must therefore block the use of these categories for all other municipalities. The Project Summary Document (PSD) on the National Treasury webpage will be aligned to the chart changes in version 6.7 where applicable. The PSD is also available on the above link.

For the National Treasury to consider a new chart change in version 6.8 of the chart, the issue must be logged with all relevant background and details on the *mSCOA* FAQ portal by 31 August 2023. The *mSCOA* FAQ portal can be accessed by all registered GoMuni users on the following link. [https://lq.treasury.gov.za/ibi\\_apps/signin](https://lq.treasury.gov.za/ibi_apps/signin)

## 4.2 Amendments to the regulated A1 schedules

The following tables of the A1 Schedule that was regulated in terms of the Municipal Budget and Reporting Regulations (MBRR), have been aligned to the *mSCOA* and Generally Recognised Accounting Standards (GRAP):

- A4: Statement of Financial Performance; and
- A6: Statement of Financial Position

In addition, tables A8 and A10 have been linked to the *mSCOA* data strings and will be included in the 2023/24 budget reports available on the GoMuni portal from 01 July 2023.

*The amended and protected version of the A1 schedule will be available from 20 December on the link below:*  
<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

System vendors and municipalities that are managing their own in-house systems must programme the amended schedules on their financial systems. Input fields for supporting tables that are not part of the non-financial data string must be created to ensure that a complete A schedule is generated from the core municipal financial system.

The *mSCOA* Regulations require that municipalities budget, transact and report on legislated *mSCOA* segments and directly on the core financial system and submit the required data strings directly from this system to the GoMuni Upload portal. To ensure that the data strings submitted are credible, municipalities must:

- Lock the budget adopted by Council on the core municipal financial system before submitting the budget (ORGB) data string to the GoMuni Upload portal;
- Close the core financial system at month-end as required in terms of the MFMA before submitting the monthly data string to the GoMuni Upload portal; and
- Generate the regulated MBRR Schedules (A, B and C) directly from the core municipal financial system.

The preparation of budgets on excel spreadsheets that is captured in the system at a later stage and manual correction of data strings by municipal officials or system providers are not allowed in terms of the *mSCOA Regulations*. Where a municipality makes use of a stand- alone 3rd party sub-system or a system provider has entered into an agreement or consortium for the provision of certain functionality with a 3rd party sub-system provider, such a 3rd party sub-system should host the relevant part of the *mSCOA* chart to seamlessly integrate with the core financial system without manual intervention.

### 4.3 Credibility of *mSCOA* data strings

*The credibility and accuracy of the data strings must be verified by municipalities before submission as the data strings submitted will be used as the single source for all analysis and publications in the 2023/24 municipal financial year.*

Municipalities have been given access to the GoMuni portal in April 2022 and should use the reports on GoMuni to verify the credibility of their submissions. It should be emphasized that errors in the data can only be corrected in the next open period. e.g., errors in the tabled budget (TABB) data string can only be corrected in the adopted budget data string (ORGB). Municipalities are not allowed to open closed periods to make corrections.

Municipalities are reminded that incorrect or incomplete data string submissions is considered as non-submission.

The credibility of the *mSCOA* data strings remains a concern in the following areas:

#### **The inclusion of opening balances in data strings**

Municipalities and system vendors must ensure that opening balances are included in the budget and in-year data strings. The opening balances at year end (month 12 – M12) of the previous financial year must be rolled over to the first month (M01) and updated with pre- audited (PAUD) and audit (AUDA) adjustments in the current financial year in the *applicable open period*. In other words, if the audit is completed on 31 October, then the changes in the opening balances must be reflected in the in-year submission for November 2022 (M05 submission). If opening balances and changes thereto are not included in the budget and in- year data strings, the C schedules will not populate correctly. This means that the movement of the balance sheet items will not have a starting point and the Statement of Financial Position (balance sheet) will be incorrect.

#### **Accounting for Water Inventory**

As per the guidance in MFMA Budget Circular No.115 (dated 04 March 2022), municipalities must budget and account for bulk water purchases as **inventory** under current assets in the Statement of Financial Position as per GRAP 12 (paragraph. 07).

In terms of GRAP 12:

*Inventories are assets:*

- a. *In the form of materials or supplies to be consumed in the production process;*
- b. *In the form of materials or supplies to be consumed or distributed in the rendering of services; and*
- c. *Held for sale or distribution in the ordinary course of operations, or*
- d. *In the process of production for sale or distribution.*

*Inventory acquired through non-exchange transactions should be recorded at its fair value as at the date it is acquired. The cost of inventory, except for non-purified water, will be determined or recognised in accordance with paragraph 25 and 26, which is the primary and secondary costs in getting the water either to the treatment works or to the users of the water.*

It is important to note that water cannot be issued if it was not purchased or brought into the inventory through system input transactions. Therefore, the total input volume of water related to water purified and water from natural sources should include both primary and secondary cost components. The allocation of secondary cost to the input volume of water will necessitate the utilisation of the Costing Segment in the *mSCOA*. This is crucial in determining cost reflective tariffs for water.

The fair value of water from natural resources such as boreholes, springs and fountains may be determined by the primary and secondary cost components. Secondary costs include:

- Labour
- Extraction cost
- Distribution cost
- Chemicals/ Treatment
- Maintenance
- Infrastructure
- Depreciation charges

The municipality must account for water from natural resources as follows:

**Debit:** System Input Volume: Natural Resources

**Credit:** Gains and Losses: Water at fair value

Water inventory must be budgeted to be acquired and recorded in the Current Assets: Inventory: Water as indicated below. The movement accounts in the *mSCOA* structure makes provision for the different methods of acquiring and the consumption/ issuing of Water inventory.

**Current assets:**

- Inventory: Water Opening balance: Non-Funding Transactions
- Inventory: Water: System Input volume: Bulk Purchases: Water Treatment/Natural Resources
- Water Authorised Consumption:
  - a) Billed Unmetered Consumption
  - b) Un-Billed Authorised Consumption
  - c) Billed Metered Consumption
- Inventory: Water Losses (Apparent and Real Losses)

Water that is issued to Consumers must be issued from the inventory and expensed in the **Expenditure:** Inventory: Consumed -Water.

Water losses will reduce the Water inventory in current assets and the corresponding amounts should be captured in **Gains and Losses:** Inventory: Water: Fair value

It is important to note that the change in accounting for water through the inventory purchased process and the change of using a methodology to report the balance of water as at year-end may impact on the Annual Financial Statements (AFS). Municipalities must ensure that they update their accounting policy, document this process, and provide comparative figures when assessing and reporting their water balance to ensure that the GRAP guidelines of changes in reporting and materiality is applied correctly.



## **The Local Government Municipal Property Rates (MPRA) Amendment Act, 2014**

Municipalities are reminded that section 8 of the MPRA on the determination of categories of rateable properties has been revised through the Local Government Municipal Property Rates Amendment Act, 2014 ("the Amendment Act").

Municipalities were required to implement the new property categorisation framework by not later than 01 July 2021. The *mSCOA* chart Version 6.7 will only make provision for the new framework. The old framework has been retired and municipalities must prepare their 2023/24 MTREF Budgets accordingly.

### **Fixed Asset Register**

Municipal financials systems must comply with the minimum business processes and system requirements on fixed asset registers as articulated for the asset management module in MFMA Circular No 80. The asset management module should be embedded in the core financial system or seamlessly integrate from a third-party sub-system to the core financial system. This will enable the regular and seamless updating of the fixed asset register. The register must contain the following information as a minimum requirement:

- Description of the asset
- Date of acquisition or brought into use
- Purchase cost
- Location of the asset
- Function responsible for the asset
- Current value
- Depreciation and method utilised
- Remaining life of the asset
- Maintenance information
- Insurance Coverage

Municipalities will be required to upload their updated fixed asset register in a PDF format on the GoMuni Upload portal as part of their 2023/24 MTREF tabled and adopted budget submission and thereafter on a quarterly basis as part of their in-year reporting.

### **Recording of Schedule 6B Grants in *mSCOA***

Grants allocated in terms of Schedule 6B of DoRA should be recorded in terms of *mSCOA* as an allocation-in-kind. This means that the municipality will only record the transaction once they received a completed asset.

Importantly, a Schedule 6B grant may not be transferred to the end-user of the asset to construct the asset as this is in contravention with the conditional grant framework. If a transferring officer of a Schedule 6B grant consider the municipality capable of constructing its own asset, the grant should be re-gazetted and reclassified as a Schedule 5B grant. The grant will then be transferred directly to the municipality to construct the asset and the receipt and expenditure of the grant must be in accordance with GRAP 17. An adjustments budget in terms of Section 28(2)(b) of the MFMA and Regulation 23(3) of the MBRR must be adopted to include the grant funding and project in the MTREF budget.

In the case where a municipality is constructing an asset for a national department but will not be the end-user of the asset being constructed, the accounting must be done in terms of GRAP 11. There will be VAT implications as the municipality will be a contractor and act as an agent. It is important to ensure that the contract between the municipality and the department outlines the responsibilities of all parties.

Municipalities must ensure that they are making provision for VAT in accordance with the VAT Act, 1991 (Act No. 89 of 1991) and the VAT 419 guide issued by SARS. The National Treasury issued *mSCOA Circular No.12* (dated 01 October 2021) that provides guidance on the recording of VAT in the *mSCOA*.

### **Impact of Balance Sheet Budgeting and Movement Accounting on Cash Flow Tables**

*From the analysis of the mSCOA data strings it is evident that the cash flow tables (A7, B7 and C7) are still not populating correctly or completely. This can be contributed to the fact that a number of municipalities still do not use balance sheet budgeting and movement accounting. Guidance on the use of balance sheet budgeting and movement accounting to populate tables A7, B7 and C7 correctly was provided in MFMA Budget Circular No. 107 (dated 04 December 2020) and mSCOA Circular No. 11 (dated 04*

#### **4.4 Regulation of Minimum Business Processes and System Specifications**

National Treasury will review and regulate minimum business processes and system specifications for *mSCOA* by the end of 2024/25. In preparation for the regulation of the minimum requirements, municipalities should ensure that they comply fully with the current minimum business processes and system specifications articulated in MFMA Circular No. 80 (dated 08 March 2016).

Where a municipality is not fully compliant with the *mSCOA* requirements, a *mSCOA* Road Map must be in place to drive and fast track the *mSCOA* implementation in the municipality. The *mSCOA* Steering Committee, chaired by the Accounting Officer or his/ her delegate, must use the *mSCOA* Road Map to track progress and take correction actions where required.

Road Maps must be reviewed and updated annually as part of the budget process is updated and submitted to Council for approval together with their 2023/24 MTREF budget. Municipalities will be required to upload their updated *mSCOA* Road Maps in a PDF format on the GoMuni Upload portal as part of their 2023/24 MTREF tabled and adopted budget submission and thereafter on a quarterly basis as part of their in-year reporting.

Municipalities should ensure that they budget sufficiently to become and remain *mSCOA* compliant.

Guidance on the content of the *mSCOA* Road Map was provided in MFMA Budget Circular No. 115 (dated 04 March 2022).

#### **4.5 mSCOA Training Initiatives**

##### **Training to municipalities and municipal system vendors**

The National Treasury, in conjunction with CIGFARO, will conduct monthly training sessions aimed at municipalities, municipal system vendors and other relevant role-players. The training will focus on technical aspects of budgeting, transacting and reporting in the *mSCOA* and is aimed at improving the quality of *mSCOA* data strings. The draft programme is attached as **Annexure A**.

##### **mSCOA eLearning Course**

The National School of Government is hosting the *mSCOA* eLearning Course that was developed by the National Treasury. The *mSCOA* eLearning Course provides government officials with the basic knowledge on the reform and how to record transactions using the *mSCOA*.



Government institutions can enrol their employees for this course by sending a request for training to the NSG at [contactcentre@thensg.gov.za](mailto:contactcentre@thensg.gov.za). If your institution has not attended any training with the NSG previously, then you will also be required to register on the NSG database. The mSCOA eLearning Course will be offered as no cost until 31 March 2023. Thereafter, delegates will have to pay to attend the course.

Any queries in this regard must be directed to the NSG at [contactcentre@thensg.gov.za](mailto:contactcentre@thensg.gov.za) or tel number: 086 100 8326.

## 5. The revenue budget

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending.

Municipalities must ensure that they render basic services, maintain their assets and clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in reduced unemployment. Some municipalities are experiencing serious liquidity challenges. Therefore, the new leadership is advised to:

- Decisively address unfunded budgets by reducing non-priority spending and improving revenue management processes to enable collection; and
- Address service delivery failures by ensuring adequate maintenance, upgrading and renewal of existing assets to enable reliable service delivery.

### 5.1 Maximising the revenue generation of the municipal revenue base

Reference is made to MFMA Circulars No. 93, paragraph 3.1 and No. 98, paragraph 4.1. The emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates.

The purpose of the above mentioned MFMA Circulars is to ensure that the municipalities are using their entire revenue base as the basis for the revenue budget. It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

One of the aims of the reconciliation process is to identify exceptions, i.e. records on the roll and not on the billing system and records on the billing system and not on the roll. In addition, the reconciliation must identify duplicated records, missing data, and data errors. These exceptions should then be investigated, and remedial action strategies developed for data cleansing and other corrective actions. The Debtors Ageing data should also form part of the reconciliation process so that "debtors" can be tracked and assessed at a property record level and prioritised for verification of rates liability measured against a MPRA property and owner.

To facilitate reconciliation of the separate databases (Roll and Billing), a unique property identifier (common primary unique link code) must be created and populated for each rateable property on the roll system and on the rates billing system. This property identifier must be unique, without duplicates, and remain constant for the life of the property. The standards adopted by the South African Council for the Property Valuers Profession (SACPVP), namely South African Standard: Municipal Valuations for Property Rating, specifies that the Surveyor General Code SG 21-digit Code, derived, and created from the property description, be applied for all registered full title property defined in terms of part (a) of the definition of property.

For all other MPRA defined property, Part (a) Sectional Title, Part (b) Registered Rights, Part (c) Land Tenure Rights and Part (d) PSI, and apportioned multiple use property in terms of sections 8(2)(i) and 9(2), an added suffixed 5 digits to the SG 21-digit code must be assigned by the designated municipal valuer, thereby creating a unique 26-digit code. The municipality must ensure that the SG21 digit code and 26-digit coding system is applied in their valuation roll management system and billing system and engage with their designated municipal valuer and systems service providers to implement the unique property identifier.

Further it is important that municipalities who are performing a general valuation (GV) to implement a new valuation roll on 1 July 2023, must also as best practice compare the current consolidated roll to the new valuation roll. This can identify any anomalies and errors of category of property and market values for review and investigation and the option of lodging an objection by the municipality, where applicable. This process should also identify outliers and shifts in market values by category and area so that tariffs on the new roll can be modelled and determined in an equitable manner to avoid rates shocks.

Municipalities should undertake this exercise as a routine practice during the budget process so that supplementary adjustments to the valuation roll are kept up to date. In order to ensure that the most updated information is used for the reconciliations, municipalities are reminded to adhere and comply with s23(1)(2) of the MPRA and therefore use the Part A register as the basis for performing the reconciliations going forward.

Furthermore, municipalities are also advised and expected to comply with s8(1) of the MPRA in terms of the billing methodology that needs to be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used in the reconciliation process.

The list of exceptions derived from this reconciliation will indicate where the municipality may be compromising its revenue generation in respect of property rates or whether the municipality is overstating its revenue budget.

A further test would be to reconcile this information with the Deeds Office registry. In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll/Part A register to the billing system to the National Treasury on a quarterly basis by no later than the 10<sup>th</sup> working day. A detailed action plan must accompany the reconciliation where variances are noted.

The above information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: [https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin). If the municipality experience any challenge uploading the information, a request for an alternative arrangement may be emailed to [linda.kruger@treasury.gov.za](mailto:linda.kruger@treasury.gov.za).

No operation can be sustainable if it does not collect its revenue. A municipality is no different. There is a misconception that a municipality may not interrupt or restrict the supply of water services of a defaulting consumer. The National Treasury confirms that neither the

Water Services Act, 1997 (Act No. 108 of 1997) or any other legislation prevents a municipality from cutting the supply of water to a defaulting consumer unless the consumer is an indigent in which case the water services to that household must be restricted to the national free basic water limit of 6 kilolitre water monthly (or 50 kilowatt hours in the case of free basic electricity monthly). This was confirmed by the Constitutional Court in the matter of Mazibuko and Others v City of Johannesburg and Others (CCT 39/09) [2009] ZACC 28; 2010 (3) BCLR 239 (CC); 2010 (4) SA 1 (CC) (8 October 2009).

Municipalities are urged to use the restriction/ interruption of supply of both water and electricity services as a collection tool. Effective from the tabling and adoption of the 2023/24 MTREF, municipalities' By-laws and policies must facilitate this and clearly stipulate the order in which any partial payment of the consolidated municipal bill (including property rates) will be applied as well as the process before the supply of water and electricity services will be cut. The National Treasury recommended that any partial payment firstly be applied to property rates, wastewater, waste management, water and lastly to electricity. When interrupting or restricting the supply of water it is important that such is undertaken together with the municipal engineer(s) to ensure a continued minimum supply of waste water.

## 5.2 Setting cost-reflective tariffs

Reference is made to MFMA Circular No. 98, paragraph 4.2. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (Financial and Fiscal Commission (FFC), 2011). Credible budgets are critical for local government to fulfil its mandate and ensure financial sustainability.

A credible expenditure budget reflects the costs necessary to provide a service efficiently and effectively, namely:

- A budget adequate to deliver a service of the necessary quality on a sustainable basis; and
- A budget that delivers services at the lowest possible cost.

The National Treasury issued a tariff setting tool and guide as part of MFMA Budget Circular No. 98 (refer item 4.2) on 6 December 2019 and since 2019, encouraged municipalities to utilise the tool. **With effect, the 2023/24 MTREF, all municipalities (except metropolitan cities and district municipalities that do not provide any services) as part of both the tabled and adopted MTREF submissions must submit the completed National Treasury tariff tool (in excel format)** illustrating that the revenue component of the budget is credible and funded and that the municipality's tariffs are cost reflective. If the municipality's initial calculation results in high increases to facilitate cost-reflectiveness, it is recommended that such are phased in over 3 to 5 years. The municipality's strategy in this regard should be included as part of the budget narratives.

This tool will assist in setting tariffs that are cost-reflective and enable a municipality to recover costs to fulfil its mandate. Going forward it is also imperative that every municipality fully embrace the Municipal Standard Chart of Accounts (*mSCOA*): costing component. Considering, *mSCOA* implementation is entering its sixth year of implementation, all municipalities must fully embrace and report also utilising the costing segment correctly. The National Treasury Municipal Costing Guide is available on the link below on the National Treasury website.

<http://mfma.treasury.gov.za/Guidelines/Documents/Forms/AllItems.aspx?RootFolder=%2fGuidelines%2fDocuments%2fMunicipal%20Costing%20Guide&FolderCTID=0x0120004720FD2D0551AE409361D6CB3E122A08>.

### 5.3 Tariffs – achieving a balance between cost-reflectiveness and affordability

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other consumers while ensuring the financial sustainability of the municipality.

When setting tariffs, it is therefore critical to understand the economic environment specific to the municipality and consideration should include at least –

- *The socio-economic profile undertaken for the municipality* available on the National Treasury GoMuni portal – municipalities are encouraged to annually update their own socio-economic profile using the template model available on GoMuni;
- *The most recent average monthly household income in the municipality* as per Statistics South Africa (Stats SA) available on [Statistics South Africa | Improving Lives Through Data Ecosystems \(statssa.gov.za\)](http://Statistics South Africa | Improving Lives Through Data Ecosystems (statssa.gov.za));
- *The average property value in the municipality* per its most recent approved general valuation roll and/ or supplementary general valuation roll;
- *The number of indigent households in the municipality*, including any variation in the number of indigent households included in the Equitable Share: free basic services component for the municipality vs the municipality's own indigency level discretion; and
- *The economic drivers and activities specific to the municipal area<sup>2</sup>; etc.*

The municipality's tariff-setting or other committee tasked with this role must understand and deliberately reflect on this context during the tariff-setting process. Considering the average monthly household income, the median affordable municipal bill would ideally not exceed proportionally the average monthly household income. This median affordable bill, in combination with the median average property value should inform the basis to determine any rebates to households with income below the median.

It is also important when setting particularly water and electricity tariffs that municipalities consider setting two-tier tariffs, that include a basic availability charge to recover the fixed (direct and indirect) cost associated with the service in conjunction with consumption-based tariff bands. For example, in a drought, such tariffs will facilitate the ability to pay for infrastructure and maintenance, treating chemicals and salaries, etc. while parallel facilitating water restriction based on inclining tariffs as consumption increase. Furthermore, it is important to link the municipality's water tariffs to dam levels, also approved as part of the budget process. For example, if the dam levels drop to 60 per cent the first tier of restriction tariffs should become applicable in terms of the municipality's approved tariff policy.

It is also noted that NERSA approves seasonal tariffs for Eskom but not necessarily for the municipality. It is important that the municipality clearly factor this in its tariff application to NERSA, illustrating the cashflow crunch if the municipality is not similarly allowed a seasonal tariff to recover the higher Eskom bulk cost during winter months.

Lastly, municipalities are cautioned against setting tariffs that include operating inefficiencies. This could lead to tariffs falling into the unaffordable range.

The Consumer Price Index (CPI) inflation is forecasted to be within the 3 to 6 per cent target band; therefore, municipalities are required to **justify all increases in excess of the projected inflation target for 2023/24** in their budget narratives and pay careful attention to

<sup>2</sup> The spatialised tax data is now available through National Treasury for all municipalities that provides an up to date information on economic activity within a municipal boundary.

tariff increases across all consumer groups. In addition, municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

#### 5.4 Bulk Account Payments and Concessions

During 2018/19, intense work was undertaken to resolve systemic and structural issues pertaining to the electricity function in municipalities. Core to this work was addressing the escalating Eskom debt that threatened the sustainability of Eskom as well as that of municipalities.

During the process, Eskom agreed to provide relieve in certain areas. Municipalities are reminded of the following concessions that remain in place:

- The interest rate charged on overdue municipal bulk accounts were reduced from prime plus 5 per cent to prime plus 2.5 per cent;
- Payment terms were extended from 15 days to 30 days for municipal bulk accounts; and
- Eskom allocation of municipality payments to capital first and then to interest.

These concessions align to the MFMA and are meant to curb municipal growing debt levels by allowing a more conducive payment regime than what was previously employed. In addition, municipalities are urged to budget for and ring-fence their payment of bulk services. Bulk current account payments must be honoured religiously to avoid stringent application of the bulk suppliers' credit control policy.

Municipalities are also urged to enforce a culture of payment for services through their normal credit control processes. In this regard it should be noted that municipalities are only compensated for free basic services based on an indigent user component calculation through the equitable share. As such, a municipality's allocation of free basic services to all of the municipality's consumers is not funded in the equitable share. Every municipality, during the budget process, must consider the affordability to the municipality when allocating free basic services above the national norm and to consumers other than indigent consumers. **If a municipality has any arrears on any of its bulk supplier's accounts, it must limit its provision of free basic services to registered indigent consumers only.**

#### 5.5 Critical Notice Affecting STS Meters

As highlighted in previous MFMA Circular No. 115 (dated 06 December 2022) municipalities are once again alerted that there is still a pending business risk to the prepayment metering industry that requires urgency of action. The token identifiers (TID) used to identify each credit token will run out of available numbers in November 2024, at which point all STS meters will stop accepting credit tokens.

The remedy is to visit each meter and enter a special set of key change tokens in order to reset the meter memory. Municipalities are advised that the National Treasury, through the Office of the Chief Procurement Officer (OCPO), will soon facilitate a transversal contract for the provision of auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters that align to minimum and critical technical specifications for local government. In this respect the development of the transversal contract for smart prepaid meters as per NRS 049 (per latest approved version) is at an advanced stage and should be issued shortly by National Treasury.

If your municipality or municipality entity is currently in the process of procuring for a solution or is planning to, you are cautioned:

- Against proceeding prior to the OCPO having issued and awarded the transversal contract for the provision of inter alia auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters Terms of Reference (ToR); and



- That, with immediate effect, you must obtain the National Treasury's input prior to proceeding with any current procurement or proposed procurement for this purpose or any related solution or similar. This is to prevent unnecessary and wasteful expenditure on such solutions. Any request for National Treasury's input on the current or planned procurement of any related solution or similar or component thereof, must be directed to the National Treasury for the attention of the Local Government Budget Analysis Unit (Mr. Sadesh Ramjathan) [Sadesh.Ramjathan@treasury.gov.za](mailto:Sadesh.Ramjathan@treasury.gov.za).

In this regard, municipalities will have two options to choose from:

- Firstly, to pursue the route of auditing, re-calibrating and re-configuring services for standard transfer specification compliant prepayment meters; and/ or
- Secondly, to replace the old meter with a new smart prepaid meter.

For both options, the municipality will have to budget accordingly as no additional funding will be available through the national fiscus.

Your assistance in proactively ensuring that the municipality and/ or its entities are not adversely affected by these processes will be appreciated.

## **5.6 Completeness and credibility of revenue related information in the Budget**

The MBRR regulates the minimum level of information required from municipalities when compiling, implementing, monitoring, and evaluating the municipality's financial management situation. Failure to include the minimum required information hampers the municipal council, the public and stakeholders' ability to make informed decisions and engage on the matter. It also limits research, studies, and benchmarking undertaken for local, provincial, and national purposes.

The National Treasury would like to take this opportunity to caution municipalities that the MBRR prescribe the minimum level of information municipalities must include as part of their legal reporting obligations.

Going forward the Treasuries will place increased attention and focus on the adequacy of municipalities' submissions. The National Treasury regards this non-compliance to include the minimum level of information as serious and if persistent will consider applying the available legal sanctions, including recourse in terms of section 216(2) of the Constitution. In this context, National Treasury will particularly focus on the completeness of asset management related information as well as the statistical information required in the A, B and C schedules during the 2023/24 MTREF.

## **5.7 Eskom Bulk Tariff increases**

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2022/23, bulk electricity costs increased moderately at 9.61 per cent, compared to 17.8 per cent in the 2021/22 municipal financial year. Due to Eskom's funding needs, they are seeking higher tariff increases and have applied to NERSA for a 32 per cent hike from 1 April 2023/24. NERSA will make a final decision on the tariff application by 24 December.

In addition, a High Court hearing is still pending on the Multi-Year Price Determination (MYPD 5) application. The urgent High Court review requires NERSA to urgently process the Eskom revenue application for at least one year, as required by law. The timeframes for the review allow for a decision to be made in time for implementation by 1 April 2023.

## 5.8 Updated Municipal Borrowing Policy Framework

Cabinet approved the Update to the Policy Framework for Municipal Borrowing and Financial Emergencies on the 17th of August, 2022. The purpose of the Update is to re-examine the original Policy Framework, along with the legislation (i.e. Municipal Finance Management Act – MFMA) that was adopted to implement it, considering the experience with municipal borrowing that has accumulated since 2000.

The following key reforms have been introduced through the Update to the Policy Framework for Municipal Borrowing:

- The Policy Framework for Municipal Borrowing has been updated to introduce the necessary reforms that will expand the scope of responsible municipal borrowing and create an environment that attracts more players (e.g. insurers, pension funds, institutional investors and fund managers, and international Development Finance Institutions) in the municipal debt market space. The original core principles underlying municipal borrowing are maintained (i.e. creditworthy municipalities should borrow prudently to finance capital investment, and that there will be no bail-outs by the provincial or national government);
- The updated policy framework clarifies the role of Development Finance Institutions (DFIs), as it was not clearly articulated in the original policy. DFIs are required to pursue clear and agreed developmental goals, as outlined in the policy. The objective of this approach is to ensure that a DFI lending does not crowd out the private sector. Public-sector lenders, both domestic and foreign, should be guided by a social and developmental investment approach in which demonstrable social outcomes are considered alongside potential financial returns;
- The updated policy framework permits and clarifies innovative infrastructure financing mechanisms (such as pooled financing mechanisms, project finance, tax increment financing, revenue bonds, and pledging of conditional grants) that municipalities can use to leverage municipal borrowing. Municipalities are encouraged to explore these alternatives, and innovative infrastructure financing mechanisms permitted subject to the requirements contained in the Municipal Finance Management Act (MFMA) and
- The participation of both private and public sector market participants in the development of a liquid secondary market for municipal debt securities is also encouraged. The policy proposes options that can be explored to support the development and growth of an efficient and liquid market for municipal debt obligations.

The Updated Municipal Borrowing Policy Framework can be accessed at the MFMA website at the following link <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>.

## 5.9 Tariff Policies

Municipalities must comply with the provisions of Section 74 of the Municipal Systems Act (MSA) which requires that a municipal council must adopt and implement tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation. Municipalities should also ensure that the tariff policies adhere to all the principles outlined in section 74(2) of the MSA. A municipality's tariff policies must also take into consideration variable factors such as water shortages and electricity feedback excess into the municipal system from new generation capacity. Municipalities must adopt by-laws to give effect to the implementation and enforcement of their tariff policies.

### **5.10 Non-Revenue Electricity and Non-Revenue Water/ Revenue Losses:**

Water Service Authority municipalities and electricity licensed municipalities are urged to align both their non-revenue water and non-revenue electricity indicators and their set targets in the 2023/24 SDBIPs with identifiable infrastructure or operational projects and/ or programmes. Municipalities should improve on the baseline information included in the SDBIPs by indicating the volume of water losses (i.e., kilolitres/ mega-litres) and the amount of electricity losses (KwH or MWs) for the previous year. This approach will help to determine the progress of municipalities in curbing losses, which impact on municipal revenues, in both non-revenue water and non-revenue electricity.

## **6. Burial of Councillors**

Salaries, allowances and benefits for political office-bearers and members is managed through Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils notice issued by the Minister of Cooperative Governance and Traditional Affairs.

Section 167 of the MFMA provides that a municipality may remunerate its Councillors within the framework of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), setting the upper limits of the salaries, allowances and benefits for those political office-bearers and members. Any benefit which is not included in the above-mentioned notice will be deemed irregular expenditure and recovery thereof from the Councillor concerned is mandatory.

Municipalities may also refer to relevant Councillor Pension Scheme or personal funeral policies in existence for any funeral benefits relating to such Councillor

## **7. Funding choices and management issues**

Municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2023/24 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;
- Ensuring value for money through the procurement process;
- The affordability of providing free basic services to all households;
- Not taking on unfunded mandates;
- Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water;
- Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
- Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA, read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.



## **7.1 Employee related costs**

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2023/24 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 and 01 July 2024 an increase based on the projected average CPI percentages for 2023 and 2024. The forecasts of the Reserve Bank, in terms of the January 2023 and January 2024, shall be used to determine the projected average CPI. Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once-a-year manual salary disbursement, in order to root out ghost employees.

According to the 2021 State of Local Government Finance Report, there are about 165 municipalities that are in financial distress. These municipalities need to ensure that they seek an early exemption from this dispensation of this salary agreement. Municipalities should also avoid paying out leave in cash while having major financial challenges.

## **7.2 Remuneration of Councillors**

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from the councilor(s) concerned.

# **8. Transfers to municipalities**

## **8.1 Criteria for the release of the Equitable Share**

Section 216(2) of the Constitution of South Africa requires that the National Treasury must enforce compliance with the measures established to ensure both transparency and expenditure control in each sphere of government and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures.

The criteria for the release of the Equitable Share Instalments for the 2023/24 municipal financial year are as follows:

- The 2023/24 adopted budget must be funded and adopted by Council as per the legal framework, as required in terms of section 18 of the MFMA and consistent with the Budget Council and Budget Forum resolutions;
  - a. The adopted budget must include budget allocations for bulk suppliers current account payments;
  - b. Should the adopted budget still be unfunded, then a credible funding plan will be required to show how the municipality intends moving progressively out of this position into a funded state, if this plan has been adopted in the past, then a progress report must be submitted on the framework previously shared to guide municipalities which is aligned to the rescue phase of the new approach to Municipal Financial Recovery Service (MFRS);

- c. Those municipalities that adopted an unfunded budget must work with their respective Provincial Treasuries to rectify this position in the lead up to the main adjustments budget process in February 2023; and
  - d. A council resolution showing commitment to address the unfunded position must be submitted by these municipalities to the National Treasury by 01 July 2023.
- Credible mSCOA data strings and source documents for the 2023/24 MTREF and 2022/23 audits must be generated directly from the core municipal financial system and successfully uploaded to the Local Government GoMuni Portal. Source documents must be submitted in PDF and no excel based spreadsheet/ templates will be accepted;
  - The report submitted by bulk suppliers in terms of section 41 of the MFMA must indicate that the current account has been paid timeously in terms of section 65(2)(e) of the MFMA. In addition, where the municipality has a repayment plan with Eskom and/ or the water boards, proof that the current accounts have been paid and a copy of the agreed upon payment plan (or evidence of negotiations underway with creditors) must be submitted to the National and provincial treasuries;
  - Municipalities must provide evidence that SARS, pension and other staff benefits deducted from municipal officials have been paid over the appropriate Funds and/ or institutions;
  - The information requested in MFMA Circulars No. 93, 98 and 107 on the reconciliation of the valuation roll have been submitted to the National Treasury as per the required timeframes;
  - The Competency Regulations reporting requirements have been complied with;
  - Provide a copy of the Unauthorised, Irregular, Fruitless and Wasteful (UIF&W) expenditure register, the latest copy of the Municipal Public Accounts Committee (MPAC) recommendations, Council Resolution on UIFW as well as a copy of the council approved UIFW Reduction Strategy/ Plan, proof of establishment of the Disciplinary Board (or evidence of progress towards their establishment) including evidentiary evidence demonstrating functionality of the Disciplinary Board and updated audit action plan (where the audit has been completed);
  - Those municipalities that received an adverse or disclaimed opinions for the 2020/21 financial year will not receive their funding allocation unless there is a council resolution committing to address these opinions with an implementable plan. The resolution must be signed by each member of the Council and submitted to National Treasury by 1 October 2023;
  - The Municipal Financial Recovery Service progress reporting framework for financial recovery plans must be complied with by municipalities under intervention in terms of S139 of the Constitution;
  - Additionally, those municipalities that have outstanding audits for both the 2020/21 and 2021/22 financial years as well as municipalities with outstanding 2021/22 audit opinions that also received an adverse or disclaimer opinion in 2020/21, will also not receive their allocation; and
  - Any other outstanding documents as per the legal framework have been submitted including the AFS submission (municipality only and consolidated AFS).

Failure to comply with the above criteria will result in National Treasury invoking section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

## 9. The Municipal Budget and Reporting Regulations

### 9.1 Schedule A – version to be used for the 2023/24 MTREF

National Treasury has released Version 6.7 of the Schedule A1 (the Excel Formats) which is aligned to Version 6.7 of the mSCOA classification framework and must be used when compiling the 2023/24 MTREF budget.

All municipalities must prepare their 2023/24 MTREF budgets in their financial systems and produce the Schedule A1 directly from their financial system.

*Municipalities must start early enough to capture their tabled budget (and later the adopted budget) in the budget module in the financial system and must ensure that they produce their Schedule A1 directly out of the budget module. Manual capturing on the A1 schedule version 6.7 is not allowed in terms of the mSCOA Regulations*

National Treasury has protected the A1 schedule version 6.7 in order to ensure that the Schedule A1 generated directly from the financial system and not populated manually.

The budget, adjustments budget and Section 71 monthly reporting Schedules that have been regulated in terms of the MBRR have also been aligned to the mSCOA chart version 6.7. The revised MBRR Schedules for the 2023/24 MTREF and its linkages to the financial and non-financial data string are available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>

### 9.2 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matjatji Mashoeshoe	012-315 5553	<a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
	Pitso Zwane	012-315 5171	<a href="mailto:Pitso.Zwane@Treasury.gov.za">Pitso.Zwane@Treasury.gov.za</a>
	Oreal Tshidino		<a href="mailto:Ophulusa.Tshidino@Treasury.gov.za">Ophulusa.Tshidino@Treasury.gov.za</a>
Buffalo City	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
Free State	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.mabaso@treasury.gov.za">Sifiso.mabaso@treasury.gov.za</a>
	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
Gauteng  City of Tshwane and City of Johannesburg Ekurhuleni	Matjatji Mashoeshoe	012-315 5553	<a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
	Abigail Maila	012-395 6737	<a href="mailto:Abigail.Maila@Treasury.gov.za">Abigail.Maila@Treasury.gov.za</a>
	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Makgabo Mabotja	012-315 5156	<a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
KwaZulu-Natal	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Kevin Bell	012-315 5725	<a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.mabaso@treasury.gov.za">Sifiso.mabaso@treasury.gov.za</a>
Limpopo	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Mpumalanga	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
	Lesego Leqasa		<a href="mailto:Lesego.Leqasa@treasury.gov.za">Lesego.Leqasa@treasury.gov.za</a>

Northern Cape	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
	Sibusisiwe Mchani	012-315 5539	<a href="mailto:Sibusisiwe.Mchani@treasury.gov.za">Sibusisiwe.Mchani@treasury.gov.za</a>
North West	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Makgabo Mabotja	012-315 5156	<a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
Western Cape	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Enock Ndlovu	012-315 5385	<a href="mailto:Enock.Ndlovu@treasury.gov.za">Enock.Ndlovu@treasury.gov.za</a>
Cape Town	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
George	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
Technical issues with Excel formats	Septhiri Tlhomeli	012-406 9064	<a href="mailto:lgdataqueries@treasury.gov.za">lgdataqueries@treasury.gov.za</a>

National and provincial treasuries will analyse the credibility of the data string submissions.

### 9.3 Assessing the 2023/24 MTREF budget

National and provincial treasuries will assess the 2023/24 MTREF budgets to determine if it is complete, funded and complies with the *m*SCOA requirements. The *m*SCOA data strings for the tabled (TABB) and adopted (ORGB) budgets will be used for this assessment.

Municipalities should note that the MFMA legislated timeframes for submission of the tabled and adopted budgets are outer timeframes. In this context, different to previous MTREF's, going forward, if the municipality's budget is unfunded, council in terms of MFMA section 74 is requested to table and/ or adopt a budget funding plan together with the budget at the same time.

The Treasuries' **assessment period** of municipal budgets will be from **01 April to 30 June 2023 for both the tabled and adopted budgets. However**, (in a context of some municipalities persisting with unfunded budgeting practices), **if the municipality tabled and/ or adopted an unfunded budget in the 2022/23 MTREF**, the municipality must adjust its schedule of key budget deadlines to facilitate an earlier Treasuries' assessment thereof between 1 April to 15 May 2023 for both tabled and adopted budgets. In this period the national and provincial treasuries will evaluate all municipal budgets for completeness and for being fully funded. Any adjustment that needs to be made must be done before the start of the municipal financial year on 30 June 2023.

Importantly, in order to generate an adopted budget (ORGB) data string, the budget must be locked immediately on the financial system at the start of the new municipal financial year on 1 July. Therefore, once the ORGB data string has been generated, errors in the ORGB can only be corrected via an adjustments budget in February of each year. In terms of the design principles of *m*SCOA, municipalities are not allowed to open the budget on the system for corrections after it has been locked. This means that the tabled budget data string (TABB) should in fact be verified and errors in the TABB should be corrected in the ORGB **before the adopted budget is locked on the financial system and the ORGB data string is generated.**

Amending an unfunded, incomplete and erroneous budget through an adjusted budget is also not encouraged as the National Treasury only considers an adjusted budget in the third and fourth quarter of the financial year for analysis and publication purposes. This will result in overspending and unauthorised expenditure not been monitored in the first six months of the financial year.

The National Treasury would like to emphasise that ***where municipalities have adopted an unfunded budget together with a funding plan that lacks credibility, they will be required to correct the funding plan and ensure that it is credible. The credible funding plan must be immediately adopted by the Municipal Council, and the changes to the***

***budget must be effected in the mid-year adjustments budget to ensure compliance with Section 18 of the MFMA.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

***The budget and data strings that the municipality submits to National Treasury must be a consolidated budget for the municipality (including entities). The budget of each entity must be submitted on the D Schedule in pdf format.***

In the past it was noted that municipalities have challenges to align the audited outcomes on the financial system to A1 Schedule. Municipalities must ensure that the audited figures and adjusted budget figures captured on the A1 Schedule aligns to the annual financial statements and Schedule B respectively.

## **10. Submitting budget documentation and A1 schedules for 2023/24 MTREF**

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, ***immediately*** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in electronic formats. If the annual budget is tabled to council on **31 March 2023**, the final date of submission of the electronic budget documents and corresponding mSCOA data strings is **Monday, 03 April 2023**; and
- Section 24(3) of the MFMA, read together with regulation 20(1) of the MBRR, requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. However, given that municipalities are generating the annual budgets directly from the financial system as required by the mSCOA Regulations and that the budgets must be verified before it is locked on the financial system and transacted against, municipalities must submit the approved budget to the National Treasury and the relevant provincial treasury in electronic formats ***immediately*** after approval by the municipal council. Therefore, if the annual budget is tabled to council on **31 May 2023**, the final date of submission of the electronic budget documents and corresponding mSCOA data strings is **Thursday, 01 June 2023**.

**Since the 2020/21 MTREF, municipalities are no longer required to submit hard copies of all required documents including budget related, Annual Financial Statements and Annual Reports to National Treasury via post or courier services. Electronic copies must be submitted in PDF format to the GoMuni Upload portal.**

### 10.1 Expected submissions for 2023/24 MTREF

The following information should be submitted for the 2023/24 MTREF:

- The budget documentation as set out in the MBRR. The budget document must include the main A1 Schedule Tables (A1 - A10);
- The non-financial supporting tables (A10, SA9, SA11, SA12, SA13, SA22, SA23, SA24 etc. and any other information not contained in the financial data string) in the A1 schedule must be submitted in the prescribed *m*SCOA data string in the format published with Version 6.7 of the A1 schedule;
- The draft and final service delivery and budget implementation plan (SDBIP) in electronic PDF format;
- The draft and final IDP;
- The council resolution for the tabled and adopted budgets;
- Signed Quality Certificate as prescribed in the MBRR for the tabled and adopted budgets;
- D Schedules specific for the entities;
- A budget locking certificate immediately at the start of the new municipal financial year on 1 July;
- The National or Provincial treasury input to the tabled budget must be included as an Annexure to the adopted budget together with the municipality's explanation of how such was addressed in the adopted budget. If not, the explanation should provide reasons; and
- The bulk water-and electricity invoices for the 3 months immediately preceding respectively the tabled and adopted budgets, must be included as an annexure to the tabled and adopted budgets as part of supporting the municipalities provision for and calculations of payments to bulk suppliers over the 2023/24 MTREF.

### 10.2 Portals for the submission of information

Municipalities must ensure that the documents are submitted to the correct portals/ mailboxes. These portals/ mailboxes are:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin) (GoMuni Upload Portal) – All documents required in terms of legislation, including:

- *m*SCOA Data Strings by approved registered users;
- Budget-related and in-year documents and schedules (A, B and C) by approved registered users; and
- Reconciliation of the valuation roll to the financial system (as per MFMA Circular No. 93).

Budget related documents and schedules must be uploaded by approved registered users using the GoMuni Upload Portal at: [https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin). The GoMuni Upload Portal does not have the same size restrictions encountered with [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za), but requires all documents to:

- Be in PDF format only; and
- Each PDF file must NOT contain multiple document e.g. council resolution and quality certificate within the budget document. Each document type must be identified clearly and uploaded separately.



Municipalities may **only** send electronic versions of the above documents to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za) when experiencing problems with the GoMuni Upload Portal.

[lgdataqueries@treasury.gov.za](mailto:lgdataqueries@treasury.gov.za) – Database related and submission queries and the grant rollover templates.

[lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za) – Any additional information required by National Treasury that is not listed under the GoMuni Upload portal such as the documents meeting the criteria to release Equitable Share and the contact list information.

FMCMM and Audit Action plans – using the web-enabled systems and as articulated in MFMA Circulars No. 113 and 114.

Please do not submit the same document to ALL the platforms listed above as it means that our Database Team must register the same documents three times which slows down the process. **Any document/ queries that are submitted to the incorrect portal/ mailbox will be deleted and not processed.**

## 1.2 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

## 1.3 Communication by municipal entities to National Treasury

Municipal entities should not request meetings directly from National Treasury. National Treasury will only engage the entities through the parent municipalities. This includes all communications apart from the legislative reporting requirements.

## Contact



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**Post** Private Bag X115, Pretoria 0001  
**Phone** 012 315 5009  
**Fax** 012 395 6553  
**Website** <http://www.treasury.gov.za/default.aspx>

**JH Hattingh**  
**Chief Director: Local Government Budget Analysis**  
**09 December 2022**

## Virtual *m*SCOA Training Programme 2023

Month	TOPIC
Jan	<b>Getting a green submission</b> <ul style="list-style-type: none"> <li>• Overview of <i>m</i>SCOA chart structure</li> <li>• Submission deadlines</li> <li>• Uploading to the GoMuni Upload portal</li> <li>• Correction of validation errors</li> <li>• Using GoMuni to verify receipt and credibility of submission</li> </ul>
Feb	<b>Preparing the Budget in <i>m</i>SCOA (1)</b> <ul style="list-style-type: none"> <li>• Preparing the project file (PROR)</li> <li>• Projects Typical Workstreams</li> <li>• Budgeting for disaster/special projects</li> <li>• Infrastructure Management and asset life cycle</li> <li>• The funding matrix               <ul style="list-style-type: none"> <li>◦ Allocation of correct funding sources and alignment to the correct segments</li> <li>◦ Funding capital expenditure</li> </ul> </li> </ul>
March	<b>Preparing the Budget in <i>m</i>SCOA (2)</b> <ul style="list-style-type: none"> <li>• Opening balances &amp; Balance sheet budgeting</li> <li>• Budgeting for cash flow</li> <li>• Budgeting for conditional grants</li> </ul>
April	<b>Common Errors in 2023/24 Tabled Budget Data Strings</b> <i>(to be corrected in adopted budget (ORGB submission))</i> <ul style="list-style-type: none"> <li>• Water Inventory</li> </ul>
May	<b>Common Budgeting Errors</b> <ul style="list-style-type: none"> <li>• Operating Expenditure – Depreciation</li> <li>• Bad debts written off</li> <li>• Impairment loss for consumer debtors</li> <li>• Travel and Subsistence</li> </ul>
June	<b>Last change to get the ORGB right</b> <ul style="list-style-type: none"> <li>• Functional allocation</li> <li>• Use of Regional segment</li> <li>• Alignment of A1 schedules</li> </ul>
July	<b>Common Transacting and Reporting Errors</b> <ul style="list-style-type: none"> <li>• Opening balances</li> <li>• Populating the cash flow</li> <li>• Reporting on conditional grants</li> <li>• Transacting without budget</li> </ul>
Aug	<b>Preparing the pre-audit AFS Data Strings (PAUD)</b>
Sept	<b>Common Transacting and Reporting Errors</b>
Oct	<b>Preparing the AFS Data Strings (AUDA)</b>
Nov	<b>Chart changes for version 6.8</b>
Dec	<b>Preparing for the Adjustment Budget</b>



**ANNEXURE P**  
**MFMA NATIONAL TREASURY**  
**CIRCULAR NO 123**



NATIONAL TREASURY

**MFMA Circular No. 123**

**Municipal Finance Management Act No. 56 of 2003**

## **Municipal Budget Circular for the 2023/24 MTREF**

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## Introduction

This budget circular is a follow-up to MFMA Circular No. 122 that was issued on 09 December 2022. It aims to provide further guidance to municipalities with the preparation of their 2023/24 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously.

The grant allocations as per the 2023 Budget Review and the 2023 Division of Revenue Bill are also key focus areas in this circular. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that is not covered in this circular.

### 1. The South African economy and inflation targets

GDP is expected to grow by 0.9 per cent in real terms in 2023, compared with an estimate of 1.4 per cent at the time of the medium-term budget policy statement (MTBPS), recovering slowly to 1.8 per cent in 2025.

The economic outlook faces a range of risks, including weaker-than-expected global growth, further disruptions to global supply chains and renewed inflationary pressures from the war in Ukraine, continued power cuts and a deterioration in port and rail infrastructure, widespread criminal activity, and any deterioration of the fiscal outlook.

Government is taking urgent measures to reduce load-shedding in the short term and transform the sector through market reforms to achieve long-term energy security. Several reforms are under way to improve the performance of the transport sector, specifically freight rail and to improve the capability of the state.

The following macro-economic forecasts must be considered when preparing the 2023/24 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2021 - 2026**

Fiscal year	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Estimate	Forecast		
CPI Inflation	4.9%	6.9%	5.3%	4.9%	4.7%

Source: Budget Review 2023.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

### 2. Key focus areas for the 2023/24 budget process

#### 2.1 Local government conditional and unconditional grants allocations

Over the 2023 MTEF period, local government allocations will increase by a total of R14.3 billion, made up of R8.1 billion in the local government equitable share and R6.2 billion in direct conditional grants. This takes the total direct allocation to R521.7 billion over the same period. These allocations alleviate some of the financial pressures, particularly in basic services, where the costs of providing services are rising.

The *local government equitable share* and related allocations increases at an annual average rate of 7.8 per cent and municipal conditional grants increase by 3.5 per cent over the 2023 MTEF period.

The *local government equitable share* formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the 2023 MTEF period. It also includes allocations for the operational and maintenance costs associated with the provision of free basic services.

The 2023 Budget has ensured that sufficient provision has been made to ensure that all municipalities are fully subsidised to support indigent households. Following this, R1.35 billion has been left unallocated in the LGES formula for 2023/24 to serve as a precautionary measure should municipal electricity tariffs exceed the 20.7 per cent provided for in the formula (see section 5.7 on why this is above the 18.7 per cent approved by the Energy Regulator). If the actual increase in municipal bulk tariffs exceeds the provision made in the formula, it will be the first call on those unallocated funds. We will consider funding broader cost relief measures for municipalities if funds remain available after that.

The R6.2 billion in direct conditional grants is funded from the Budget Facility for Infrastructure (BFI) and is broken down as follows:

- **R2.2 billion** added to the Urban Settlements Development Grant to fund the implementation of projects in the eThekweni Metropolitan Municipality and the City of Johannesburg;
- **R461 million** added to the Public Transport Network Grant to align funding with the revised implementation plan and cash flow projections for the City of Cape Town's MyCiTi public transport network project; and
- **R3.4 billion** added to the Regional Bulk Infrastructure Grant to fund 3 water projects in Sol Plaatje Local Municipality, Drakenstein Local Municipality and Nelson Mandela Bay Metropolitan Municipality.

### ***Notable changes to the conditional grants system***

#### ***Housing emergency grants***

Changes to conditional grants in the 2023 Budget include the discontinuation of the conditional emergency housing grants for provinces and municipalities. The baselines of these two grants are shifted to the Department of Human Settlements. This will allow the department to respond quickly in the event of an emergency housing need.

#### ***Changes to the INEP conditional grant frameworks***

As part of government's efforts to accelerate access to electricity thereby addressing the energy crisis, Eskom and municipal INEP grants will begin funding alternative energy technologies such as rooftop solar and energy-saving devices. Due process must be followed to access funding for these new technologies. As a result, both Eskom and municipalities will need to conform to the set requirements by submitting business plans by 31 October 2023. These business plans, will need to be approved by the Department of Mineral Resources and Energy (DMRE) before they can be implemented. Priority should be given to new connections, i.e., non-grid technology should be targeted at households that do not have access to electricity.

The annual Division of Revenue Bill was published on 22 February 2023. The Bill specifies the grant allocations and municipalities must reconcile their budgets to the numbers published therein in compiling their 2023/24 MTREF.

*The Division of Revenue Bill, 2023, which includes the annexures outlining allocations to each municipality is available at:*  
<http://www.treasury.gov.za/documents/national%20budget/2023/default.aspx>

## **2.2 Re-enforcing improved intergovernmental relations in the 2023 Division of Revenue Bill, (DoRB)**

In order to strengthen the system of good intergovernmental relations as envisaged in the Chapter 3 of the Constitution and subsequent related legislation, municipalities are reminded of Section 31(3) of DoRA that provides for the facilitation of personal liability for unnecessary litigation. As required by subsection (1)(a) of this clause, read together with section 41(3) of the Constitution, a municipality may only institute litigation against any organ of state, state-owned enterprise, public- and/ or municipal entity after exhausting all dispute resolution mechanisms required and/ or available to the municipality in terms of existing intergovernmental relations processes, policy and/ or any related contract with the municipality, including in terms of the Municipal Finance Management Act, 2003, the Intergovernmental Relations Framework Act, 2005, and/ or the Electricity Regulation Act, 2006 (dispute processes administered by National Energy Regulator of South Africa (NERSA)).

Section 31 is amended to include a clause that requires that where an organ of state decides to institute judicial proceedings against another organ of state, it must, within 10 working days of its decision, notify the National Treasury, the relevant provincial treasury, the Department of Cooperative Governance and the Auditor-General, of the details of compliance with Chapter 4 of the Intergovernmental Relations Framework Act, 2005, including an explanation of the failure to resolve the dispute.

## **2.3 Conditional grants usage**

Conditional grant funds may only be used for the purposes, and subject to the conditions specified in the framework for each conditional grant. These conditions are binding in terms of sections 11 and 12 of the annual Division of Revenue Act. Any instruction by a municipal, provincial, or national official or politician that is inconsistent with the framework of a conditional grant is invalid. Municipalities are reminded that in terms of section 32 of DoRA, spending of a grant that is inconsistent with DoRA is considered irregular or unauthorised expenditure.

## **3. Pension and medical aid fund defaults**

There has been a growing trend where municipalities are deducting pension and/ or medical aid contributions from officials but are not paying it over to their pension- and/ or medical aid fund. This is inconsistent with the intent and spirit of the MFMA and constitutes an act of financial misconduct in terms of section 171 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 and also a financial offence in terms of section 173 of the MFMA read together with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. Municipal Councils should refer these actions to the Disciplinary Boards for further investigation and should also lay criminal charges against the accounting officer or any other responsible or delegated official who has failed to perform the responsibility outlined in terms of section 65(2)(f) of the MFMA which states that “the accounting officer of a municipality must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments”. Municipal Councils should also consider further measures and actions in terms of the Pension Funds Act, as may be applicable.

## **4. Municipal Standard Chart of Accounts (mSCOA)**

#### 4.1 Version 6.7 of the *m*SCOA Chart Go Live

Version 6.7 of the *m*SCOA chart will go live on 13 March 2023, whereafter tabled budget data strings can be uploaded on the GoMuni portal.

For new *m*SCOA chart changes to be considered for version 6.8 of the chart, a Frequently Asked Questions (FAQ) must be logged by 31 August 2023 on the *m*SCOA FAQ database on GoMuni. FAQ queries can be logged at:

[https://lg.treasury.gov.za/ibi\\_apps/portal/mSCOA\\_FAQ](https://lg.treasury.gov.za/ibi_apps/portal/mSCOA_FAQ)

It is important that the issue logged is described clearly and that sufficient supporting evidence is provided to ensure that all aspects of the issue are considered. After investigating the query logged, the following actions will be taken:

- If the query does not require a chart change, the FAQ will be closed, and feedback will be provided to the logger.
- If the query warrants a chart change, it will be submitted for consideration and approval by the relevant committees within the National Treasury.

Chart changes are communicated in October of each year to allow sufficient time for municipalities and vendors to effect such changes. Chart changes are officially published in the MFMA Budget Circular in December of each year.

#### 4.2 Additional requirements to change municipal financial systems

The cost and risk associated with procuring and implementing a new Enterprise Resource Planning (ERP) financial system necessitate careful consideration and extensive planning to ensure a smooth operational transition. Such a transition takes at least 18 months to conclude and does not come without challenges and disruptions in operations.

The National Treasury will regulate the minimum business processes and system specifications for *m*SCOA by the end of 2024/25. A new transversal tender for the provision of ERP financial systems that complies with these regulations will be put in place once the regulations have been issued. Municipalities should therefore exercise extreme caution when changing their financial systems at this stage to eliminate fruitless and wasteful expenditure by procuring financial systems that might not comply with the said regulations.

Municipalities are reminded to follow the due diligence processes set out in MFMA Budget Circulars No. 93, 98 and *m*SCOA Circulars No 5 and 6 prior to procuring new financial systems to protect them from making incorrect decisions in this regard.

In addition, and **with immediate effect**, municipalities must inform the National and relevant Provincial Treasury of any intention to replace the financial system currently operating at the municipality prior to inviting proposals from system providers. This is a requirement in terms of section 74 of the MFMA. The submission should include:

- A comprehensive motivation with specific reasons for why it is deemed necessary to replace the existing financial system;
- A copy of the service level agreement with minutes of the meetings between the municipality and the current service provider (financial system vendor) during the previous twelve months;
- An assessment to determine which modules of the existing financial system are being utilised by the municipality. Reasons must be provided for modules not in operation. Details and reasons must be provided on the use of third-party systems to provide functionality required in terms of MFMA Circular No. 80;

- An assessment to detail the proficiency of municipal users to utilise the current financial system properly. Reasons must be provided if users are not proficient in the use of the system and the details must be provided on how the system is being operated and transactions are being captured on the system in such cases;
- The date on which the existing financial system was implemented, the procurement and implementation costs and the current operational costs thereof must be disclosed;
- The organisational structure, specifically for the IT department/ function, clearly indicating management capacity and responsibility for operating the financial system;
- A technical assessment should be submitted indicating how the existing ICT infrastructure, server and network comply with the requirements of the current financial system; and
- Copies of all IT strategies, policies and procedural documents including the IT disaster recovery plan must be made available.

The above submissions and all enquiries must be forwarded to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za). A working committee comprising representatives from the National and Provincial Treasuries, the Office of the Auditor-General and other relevant stakeholders will assess the submissions and respond with its findings. These findings must be tabled in Council and a council resolution must be submitted to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za) within 14 working days after the Council meeting has taken place.

It must be emphasized that the combination of both credible data inputs and an effective financial system is fundamental to ensure the quality and timeliness of financial reporting. If the data input into the financial system is incorrect then any management information generated by the system will lack credibility and reliability for decision making. Furthermore, a municipality with poorly designed business processes will not resolve the problem by implementing a new financial system. Processes must firstly be redesigned with the necessary data validation rules if the municipality is to improve its data integrity. This foundation is integral to ensuring that software applications generate credible information and can be used effectively by municipalities.

## **5. The revenue budget**

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending. It is important to note that the municipal equitable share as a policy instrument is meant to subsidise services to the poorest of the poor and not to pay municipal creditors. This bad practice by municipalities will have to be addressed as a matter of urgency. Municipal creditors should be advised that municipalities cannot use funds allocated for basic service provision to pay creditors.

Municipalities must ensure that they render basic services, maintain their assets and a clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to strengthen awareness and participation and to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in increased employment.

Some municipalities are experiencing serious liquidity challenges. Therefore, the new leadership is advised to:



- Decisively address unfunded budgets by reducing non-priority spending and improving revenue management processes to enable collection; and
- Address service delivery failures by ensuring adequate maintenance, upgrading and renewal of existing assets to enable reliable service delivery.

### **5.1 Maximising the revenue generation of the municipal revenue base**

Reference is made to MFMA Circulars No. 93, paragraph 3.1 and No. 98, paragraph 4.1. The emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates.

The purpose of the above mentioned MFMA Circulars is to ensure that the municipalities are using their entire revenue base as the basis for the revenue budget. It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

One of the aims of the reconciliation process is to identify exceptions, i.e. records on the general valuation roll that are not on the billing system and records on the billing system and vice versa. In addition, the reconciliation must identify duplicated records, missing data, and data errors. These exceptions should then be investigated, and remedial action strategies developed for data cleansing and other corrective actions. The Debtors Ageing data should also form part of the reconciliation process so that “debtors” can be tracked and assessed at a property record level and prioritised for verification of rates liability measured against a MPRA property and owner.

To facilitate reconciliation of the separate databases (General Valuation Roll and Billing), a unique property identifier (common primary unique link code) must be created and populated for each rateable property on the general valuation roll system and on the rates billing system. This property identifier must be unique, without duplicates, and must remain constant for the life of the property. The standards adopted by the South African Council for the Property Valuers Profession (SACPVP), namely South African Standard: Municipal Valuations for Property Rating, specifies that the Surveyor General Code SG 21-digit Code, derived, and created from the property description, be applied for all registered full title properties defined in terms of part (a) of the definition of property.

For all other MPRA defined property, Part (a) Sectional Title, Part (b) Registered Rights, Part (c) Land Tenure Rights and Part (d) PSI and, apportioned multiple use property in terms of sections 8(2)(i) and 9(2), an added suffixed 5 digits to the SG 21-digit code must be assigned by the designated municipal valuer, thereby creating a unique 26-digit code. The municipality must ensure that the SG21 digit code and 26-digit coding system is applied in their valuation roll management system and billing system and engage with their designated municipal valuer and systems service providers to implement the unique property identifier.

Further it is important that municipalities who are performing a general valuation (GV) to implement a new valuation roll on 1 July 2023, must also as best practice compare the current consolidated roll to the new valuation roll. This will identify any anomalies and errors of category of property and market values for review and investigation and the option of lodging an objection by the municipality, where applicable. This process should also identify outliers and shifts in market values by category and area so that tariffs on the new roll can be modelled and determined in an equitable manner to avoid rates shocks.



Municipalities should undertake this exercise as a routine practice during the budget process so that supplementary adjustments to the valuation roll are kept up to date. In order to ensure that the most updated information is used for the reconciliations, municipalities are reminded to adhere and comply with Section 23(1)(2) of the MPRA and therefore use the Part A register as the basis for performing the reconciliations going forward.

Furthermore, municipalities are also advised and expected to comply with Section 8(1) of the MPRA in terms of the billing methodology that should to be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used in the reconciliation process.

The list of exceptions derived from this reconciliation will indicate where the municipality may be compromising its revenue generation in respect of property rates or whether the municipality is overstating its revenue budget.

A further test would be to reconcile this information with the Deeds Office registry. In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll/ Part A register to the billing system to the National Treasury on a quarterly basis by no later than the 10<sup>th</sup> working day after the end of the quarter. A detailed action plan must accompany the reconciliation where variances are noted.

The above information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: [https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin). If the municipality experience any challenge uploading the information, a request for an alternative arrangement may be emailed to [linda.kruger@treasury.gov.za](mailto:linda.kruger@treasury.gov.za).

Municipalities are reminded of the need to clearly communicate the GV appeals and objection process to residents to ensure that any disputes are timeously resolved.

Revenue Collection – No operation can be sustainable if it does not collect its revenue. A municipality is no different. There is a misconception that a municipality may not interrupt or restrict the supply of water services of a defaulting consumer. The National Treasury confirms that neither the Water Services Act, 1997 (Act No. 108 of 1997) or any other legislation prevents a municipality from cutting the supply of water to a defaulting consumer unless the consumer is an indigent in which case the water services to that household must be restricted to the national free basic water limit of 6 kilolitre water monthly (or 50 kilowatt hours in the case of free basic electricity monthly). This was confirmed by the Constitutional Court in the matter of Mazibuko and Others v City of Johannesburg and Others (CCT 39/09) [2009] ZACC 28; 2010 (3) BCLR 239 (CC); 2010 (4) SA 1 (CC) (8 October 2009).

Municipalities are urged to use the restriction/ interruption of supply of both water and electricity services as a collection tool. Effective from the tabling and adoption of the 2023/24 MTREF, municipalities' By-laws and policies must facilitate this and clearly stipulate the order in which any partial payment of the consolidated municipal bill (including property rates) will be applied as well as the process before the supply of water and electricity services will be cut. The National Treasury recommended that any partial payment firstly be applied to property rates, wastewater, waste management, water and lastly to electricity. When interrupting or restricting the supply of water it is important that such is undertaken together with the municipal engineer(s) to ensure a continued minimum supply of waste-water.

Municipalities should develop a Wheeling Framework to allow for the transmission of energy across their networks. These wheeling frameworks provide an opportunity for municipalities to generate revenue from their distribution networks. Provincial Treasuries or National Treasury can be approached for support to develop these frameworks.

## 5.2 Funding Depreciation

The information shared in Circular 115 regarding the funding of the depreciation refers. It is important to note that depreciation represents the cost of using assets in service delivery and forms part of the total cost of providing the municipal service. Accordingly, it should be included in the setting of cost reflective tariffs to recover the full cost of rendering the service, failing which the depreciation will not be cash backed on Table A7 and will remain a journal entry with no value as mentioned in MFMA Circular No. 115.

## 5.3 Tariff-setting – the impact of loadshedding

Loadshedding not only affects the electricity service but also some municipalities' ability to pump water, thereby negatively impacting the stability of water supplies and the related functioning of the wastewater reticulation network. The loadshedding crisis has been declared a state of disaster and will require tough budgeting choices for municipalities to make sure that basic municipal services are sustained. The regulations published in the Government Gazette No. 48152 on 27 February 2023 in terms of the Disaster Management Act, 2002 (Act 57 of 2002) require municipalities to "ensure continuous operation of water infrastructure and other specified essential infrastructure, including by installing alternative energy sources or other measures to provide an uninterrupted power supply." Municipalities are also required to "mobilise available resources" and "provide funds for this purpose, subject to affordability." As an immediate interim solution back-up electricity to pump water should be prioritised while being mindful of its affordability within the municipality's available funding sources and other critical priorities. The municipality need to adequately plan and prioritise funding in its 2023/24 MTREF for this purpose, including:

- When planning to pump water/ maintain the wastewater service by way of any alternative solution(s), it is important that the municipality properly plan and budget for the associated capital and operational costs to operate and maintain the solution(s) over the 2023/24 MTREF and longer-term;
- Any additional cost the municipality already incurred in this regard during the period of elevated loadshedding since December 2022 should be projected to continue in 2023/24 i.e. diesel to operate a generator;
- Although a state of emergency has been declared to deal with the continual loadshedding challenges in the country, it is likely that loadshedding will continue during the 2023/24 municipal financial year. It is proposed that municipalities factor in the impact of loadshedding on their electricity revenue projections, taking into account current experience in terms of loadshedding practices by Eskom;
- The additional costs of prolonged loadshedding should be considered;
- Municipalities are always asked to try to balance full cost recovery on services with affordability for their residents. In practice, this means that where the full increase in the cost of a service is not passed on to consumers, municipalities must offset the increased costs through savings identified elsewhere in their operations. Therefore, **reducing/ limiting overall expenditure** is a key part of budgeting for the response to loadshedding. The municipality should stick to its core mandate and functions and carefully review overall expenditure to manage the net effect. Measures should include aggressively cutting costs, frills, and vanity projects, dealing with bloated administrations and structures possibly duplicated across Municipal Manager and Mayoral offices, and applying for exemptions from the annual salary increases if these are not affordable;
- While municipalities are urged to maximise efficiency in their operations, tariff setting efforts should consider the need to make additional provision for repairs and maintenance associated with infrastructure breakdowns during loadshedding;
- **Reducing/ limiting overall expenditure** – the municipality should stick to its core mandate and functions – it is necessary to carefully look at the overall expenditure side to manage the net effect, including aggressively cutting costs, fancy, frills, vanity

projects, deal with bloated admin- and structures possibly duplicated across Municipal Manager and Mayoral offices, and apply for exemptions from the annual salary increases; and

- The cost should be considered and included when setting the tariffs of the service(s) to which it relates.

Municipalities should also budget for reduced bulk purchases and sales to municipal customers based on the same loadshedding assumptions cited above.

Municipalities should carefully monitor their Eskom accounts for any penalties that result from increased demand immediately after a period of loadshedding is ended. Eskom has indicated that they will reverse any penalties for exceeding notified maximum demand that results from the implementation of loadshedding. This should be factored into the tariff calculation to ensure that consumers are not overcharged.

Lastly, it is important to note that a municipality may only introduce a load-shedding levy or surcharge with the approval of the Minister of Finance and in terms of the legislated processes set-out in the MFMA and Municipal Fiscal Powers and Functions Act, 2007.

#### 5.4 Setting cost-reflective tariffs

Reference is made to MFMA Circular No. 98, paragraph 4.2. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (Financial and Fiscal Commission (FFC), 2011). Credible budgets are critical for local government to fulfil its mandate and ensure financial sustainability.

A credible expenditure budget reflects the costs necessary to provide a service efficiently and effectively, namely:

- A budget adequate to deliver a service of the necessary quality on a sustainable basis; and
- A budget that delivers services at the lowest possible cost.

The National Treasury issued a tariff setting tool and guide as part of MFMA Budget Circular No. 98 (refer item 4.2) on 6 December 2019 and since 2019, has encouraged municipalities to utilise the tool. **With effect, from the 2023/24 MTREF, all municipalities (except metropolitan cities and district municipalities that do not provide any services) as part of both the tabled and adopted MTREF submissions must submit the completed National Treasury tariff tool (in excel format)** illustrating that the revenue component of the budget is credible and funded and that the municipality's tariffs are cost reflective. If the municipality's initial calculation results in high increases to facilitate cost-reflectiveness, it is recommended that such are phased in over 3 to 5 years. The municipality's strategy in this regard should be included as part of the budget narratives.

This tool will assist in setting tariffs that are cost-reflective and enable a municipality to recover costs to fulfil its mandate. Going forward it is also imperative that every municipality fully embrace the Municipal Standard Chart of Accounts (*mSCOA*): costing component. Considering, *mSCOA* implementation is entering its sixth year of implementation, all municipalities must fully embrace and report also utilising the costing segment correctly. The National Treasury Municipal Costing Guide is available on the link below on the National Treasury website.

<http://mfma.treasury.gov.za/Guidelines/Documents/Forms/AllItems.aspx?RootFolder=%2fGuidelines%2fDocuments%2fMunicipal%20Costing%20Guide&FolderCTID=0x0120004720FD2D0551AE409361D6CB3E122A08>.

### 5.5 Tariffs – achieving a balance between cost-reflectiveness and affordability

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other consumers while ensuring the financial sustainability of the municipality.

When setting tariffs, it is therefore critical to understand the economic environment specific to the municipality and consideration should include at least –

- *The socio-economic profile undertaken for the municipality* available on the National Treasury GoMuni portal – municipalities are encouraged to annually update their own socio-economic profile using the template model available on GoMuni;
- *The most recent average monthly household income in the municipality* as per Statistics South Africa (Stats SA) available on [Statistics South Africa | Improving Lives Through Data Ecosystems \(statssa.gov.za\)](http://Statistics South Africa | Improving Lives Through Data Ecosystems (statssa.gov.za));
- *The average property value in the municipality* per its most recent approved general valuation roll and/ or supplementary general valuation roll;
- *The number of indigent households in the municipality*, including any variation in the number of indigent households included in the Equitable Share: free basic services component for the municipality vs the municipality's own indigency level discretion; and
- *The economic drivers and activities specific to the municipal area<sup>1</sup>; etc.*

The municipality's tariff-setting or other committee tasked with this role must understand and deliberately reflect on this context during the tariff-setting process. Considering the average monthly household income, the median affordable municipal bill would ideally not exceed proportionally approximately 10 to 15 per cent the average monthly household income. This median affordable bill, in combination with the median average property value should inform the basis to determine any rebates to households with income below the median. Furthermore, municipalities contemplating to increase free basic electricity allocations as an indigent relief measure, should do so only after careful consideration of the long-term financial impact that such a decision might have.

It is also important when setting particularly water and electricity tariffs that municipalities are encouraged to set two-tier tariffs, that include a basic availability charge to recover the fixed (direct and indirect) cost associated with the service in conjunction with consumption-based tariff bands. For example, in a drought, such tariffs will facilitate the ability to pay for infrastructure and maintenance, treating chemicals and salaries, etc. while parallel facilitating water restriction based on inclining tariffs as consumption increase. Furthermore, it is important to link the municipality's water tariffs to dam levels, also approved as part of the budget process. For example, if the dam levels drop to 60 per cent the first tier of restriction tariffs should become applicable in terms of the municipality's approved tariff policy.

It is also noted that NERSA approves seasonal tariffs for Eskom but not necessarily for the municipality. It is important that the municipality clearly factors this in its tariff application to NERSA, illustrating the cash flow crunch if the municipality is not similarly allowed a seasonal tariff to recover the higher Eskom bulk cost during winter months.

Lastly, municipalities are cautioned against setting tariffs that include operating inefficiencies. This could lead to tariffs falling into the unaffordable range.

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<sup>1</sup> The spatialised tax data is now available through National Treasury for all municipalities that provides an up to date information on economic activity within a municipal boundary.

The Consumer Price Index (CPI) inflation is forecasted to be within the 3 to 6 per cent target band; therefore, municipalities are required to **justify all increases in excess of the projected inflation target for 2023/24** in their budget narratives and pay careful attention to tariff increases across all consumer groups. In addition, municipalities should include a detailed account of their revenue growth assumptions for the different service charges in the budget narrative.

Additional loadshedding considerations when calculating anticipated revenue collection rates include:

- Consumption patterns amongst pre-paid users who work more sparingly with electricity units. This can have a lagging effect on revenue estimations i.e. although units are paid for up front, it is not necessarily used in high-demand periods; and
- A decline in average consumption patterns for post-paid customers.

As part of its debtor management strategy municipalities should clearly communicate the impact of loadshedding on municipal tariff setting, including through education campaigns. Consumers will expect a decrease in their electricity bills as consumption drops due to loadshedding. Not understanding the impact of tariff structures (fixed and demand-driven components) can create distrust and reduce willingness to pay municipal accounts.

## 5.6 Municipal Debt Relief

An optimally designed debt solution for Eskom can leverage the structural reform of the electricity sector that is needed both on the Eskom side and the municipal side, however, the municipal debt owed to Eskom pose a material risk to any Eskom debt relief package. In parallel the challenge of defaulting municipalities cannot be separated from a consumer culture to not pay for services.

Municipal Debt Relief that is **conditional and application based**, has therefore been sanctioned. The relief is aimed to correct the underlying behaviour and operational practices in defaulting municipalities and Eskom while in parallel, progressively introducing a smart metering solution to change consumer behaviour by instilling a culture of payment for services consumed. The proposal consists of 4 elements:

- i. **Eskom will write-off all debt municipalities owe** as on 31 March 2023 (excluding the March 2023 current account). This will be done over three national financial years and require as a critical qualification that municipalities monthly honour their current (monthly consumption) Eskom and water accounts going forward and maintain a minimum average quarterly collection, etc;
- ii. Secondly, **new mechanisms are explored to resolve non-payment** – this to include a dispute ombud mechanism and re-assigning the license of persistent defaulters;
- iii. Thirdly, Eskom will continue to **implement a regime of installation of pre-paid meters** in Eskom supplied areas to improve Eskom collection. Municipalities are additionally encouraged to adopt a similar operating regime; and
- iv. Lastly, the National Treasury will continue to implement municipal revenue enhancement initiatives, including a transversal tender for a smart pre-paid meter solution to change to a forward looking culture of payment of the consolidated municipal bill.

More details on the application process and related conditions for municipalities will soon be outlined and published through a separate MFMA Circular.

## 5.7 Bulk Account Payments and Concessions

Since 2018/19, intense work was undertaken to resolve systemic and structural issues pertaining to the electricity function in municipalities. Core to this work was addressing the

escalating Eskom debt that threatened the sustainability of Eskom as well as that of municipalities.

During the process, Eskom agreed to provide relieve in certain areas. Municipalities are reminded of the following concessions that remain in place:

- The interest rate charged on overdue municipal bulk accounts were reduced from prime plus 5 per cent to prime plus 2.5 per cent;
- Payment terms were extended from 15 days to 30 days for municipal bulk accounts; and
- Eskom allocation of municipality payments to capital first and then to interest.

These concessions align to the MFMA and are meant to curb municipal growing debt levels by allowing a more conducive payment regime than what was previously employed. In addition, municipalities are urged to budget for and ring-fence their payment of bulk services. Bulk current account payments must be honoured religiously to avoid stringent application of the bulk suppliers' credit control policy.

Municipalities are also urged to enforce a culture of payment for services through their normal credit control processes. In this regard it should be noted that municipalities are only compensated for free basic services based on an indigent user component calculation through the equitable share. As such, a municipality's allocation of free basic services to all of the municipality's consumers is not funded in the equitable share. Every municipality, during the budget process, must consider the affordability to the municipality when allocating free basic services above the national norm and to consumers other than indigent consumers. **If a municipality has any arrears on any of its bulk supplier's accounts, it must limit its provision of free basic services to registered indigent consumers only.**

## 5.8 Critical Notice Affecting STS Meters

As highlighted in previous MFMA Circular No. 115 (dated 04 March 2022) municipalities are once again alerted that there is still a pending business risk to the prepayment metering industry that requires urgency of action. The token identifiers (TID) used to identify each credit token will run out of available numbers in November 2024, at which point all STS meters will stop accepting credit tokens.

The remedy is to visit each meter and enter a special set of key change tokens in order to reset the meter memory. Municipalities are advised that the National Treasury, through the Office of the Chief Procurement Officer (OCPO), will soon facilitate a transversal contract for the provision of auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters that align to minimum and critical technical specifications for local government. In this respect the development of the transversal contract for smart prepaid meters as per NRS 049 (per latest approved version) is at an advanced stage and should be issued shortly by National Treasury.

If your municipality or municipality entity is currently in the process of procuring for a solution or is planning to, you are cautioned:

- Against proceeding prior to the OCPO having issued and awarded the transversal contract for the provision of inter alia auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters Terms of Reference (ToR); and
- That, with immediate effect, you must inform and obtain the National Treasury's input prior to proceeding with any current procurement or proposed procurement for this purpose or any related solution or similar. This is to prevent unnecessary and wasteful expenditure on such solutions. Any request for National Treasury's input on the current or planned procurement of any related solution or similar or component thereof, must be



directed to the National Treasury for the attention of the Local Government Budget Analysis Unit (Mr. Sadesh Ramjathan) at [Sadesh.Ramjathan@treasury.gov.za](mailto:Sadesh.Ramjathan@treasury.gov.za).

In this regard, municipalities will have two options to choose from:

- Firstly, to pursue the route of auditing, re-calibrating and re-configuring services for standard transfer specification compliant prepayment meters; and/ or
- Secondly, to replace the old meter with a new smart prepaid meter.

For both options, the municipality will have to budget accordingly as no additional funding will be available through the national fiscus.

Your assistance in proactively ensuring that the municipality and/ or its entities are not adversely affected by these processes will be appreciated.

### **5.9 Completeness and credibility of revenue related information in the Budget**

The MBRR regulates the minimum level of information required from municipalities when compiling, implementing, monitoring, and evaluating the municipality's financial management situation. Failure to include the minimum required information hampers the municipal council, the public and stakeholders' ability to make informed decisions and engage on the matter. It also limits research, studies, and benchmarking undertaken for local, provincial, and national purposes.

The National Treasury would like to take this opportunity to caution municipalities that the MBRR prescribe the minimum level of information municipalities must include as part of their legal reporting obligations.

Going forward the Treasuries will place increased attention and focus on the adequacy of municipalities' submissions. The National Treasury regards this non-compliance to include the minimum level of information as serious and if persistent will consider applying the available legal sanctions, including recourse in terms of section 216(2) of the Constitution. In this context, National Treasury will particularly focus on the completeness of asset management related information as well as the statistical information required in the A, B and C schedules during the 2023/24 MTREF.

### **5.10 Eskom Bulk Tariff increases**

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In January 2023, NERSA approved tariff increases of 18.7 per cent in 2023/24 and 12.7 per cent increase in 2024/25. For purposes of calculating the free basic energy subsidy in the local government equitable share formula, the National Treasury has added 2 per cent to these increases. This is in anticipation of higher increases than those published in January, for municipalities, due to the difference in the financial years of Eskom customers and municipalities meaning that Eskom only has nine months to collect the allowable revenue from municipalities. R1.1 billion is added to the free basic energy subcomponent of the free basic services component of the local government equitable share formula to fund these higher tariff increases. To this end, the free basic electricity subsidy in the local government equitable share is calculated based on a 20.7 per cent tariff increase in 2023/24 and a 14.7 per cent increase in 2024/25. In the absence of an approved tariff increase in the outer year of the MTEF period, the formula assumes an increase of 17.7 per cent in 2025/26. This is the average of the estimated increases for the first two years of the MTEF period.

### 5.11 Updated Municipal Borrowing Policy Framework

Cabinet approved the Update to the Policy Framework for Municipal Borrowing and Financial Emergencies on the 17<sup>th</sup> of August, 2022. The purpose of the update was to re-examine the original Policy Framework, along with the legislation (i.e. Municipal Finance Management Act – MFMA) that was adopted to implement it, considering the experience with municipal borrowing that has accumulated since 2000.

The following key reforms have been introduced through the Update to the Policy Framework for Municipal Borrowing:

- The Policy Framework for Municipal Borrowing has been updated to introduce the necessary reforms that will expand the scope of responsible municipal borrowing and create an environment that attracts more players (e.g. insurers, pension funds, institutional investors and fund managers, and international Development Finance Institutions) in the municipal debt market space. The original core principles underlying municipal borrowing are maintained (i.e. creditworthy municipalities should borrow prudently to finance capital investment, and that there will be no bail-outs by the provincial or national government);
- The updated policy framework clarifies the role of Development Finance Institutions (DFIs), as it was not clearly articulated in the original policy. DFIs are required to pursue clear and agreed developmental goals, as outlined in the policy. The objective of this approach is to ensure that a DFI lending does not crowd out the private sector. Public-sector lenders, both domestic and foreign, should be guided by a social and developmental investment approach in which demonstrable social outcomes are considered alongside potential financial returns;
- The updated policy framework permits and clarifies innovative infrastructure financing mechanisms (such as pooled financing mechanisms, project finance, tax increment financing, revenue bonds, and pledging of conditional grants) that municipalities can use to leverage municipal borrowing. Municipalities are encouraged to explore these alternatives, and innovative infrastructure financing mechanisms permitted subject to the requirements contained in the Municipal Finance Management Act (MFMA); and
- The participation of both private and public sector market participants in the development of a liquid secondary market for municipal debt securities is also encouraged. The policy proposes options that can be explored to support the development and growth of an efficient and liquid market for municipal debt obligations.

The Updated Municipal Borrowing Policy Framework can be accessed at the MFMA website at the following link <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>.

### 5.12 Tariff Policies

Municipalities must comply with the provisions of Section 74 of the Municipal Systems Act (MSA) which requires that a municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation. Municipalities should also ensure that the tariff policies adhere to all the principles outlined in section 74(2) of the MSA. A municipality's tariff policies must also take into consideration variable factors such as water shortages and electricity feedback excess into the municipal system from new generation capacity. Municipalities are urged to develop wheeling and Small-Scale Embedded Generation (SSEG) frameworks to guide the



development of associated tariffs. Municipalities must adopt by-laws to give effect to the implementation and enforcement of their tariff policies.

### **5.13 Non-Revenue Electricity and Non-Revenue Water/ Revenue Losses**

Water Service Authority municipalities and electricity licensed municipalities are urged to align both their non-revenue water and non-revenue electricity indicators and their set targets in the 2023/24 SDBIPs with identifiable infrastructure or operational projects and/ or programmes. Municipalities should track improvements on the baseline information included in the SDBIPs by indicating the volume of water losses (i.e., kilolitres/ mega-litres) and the amount of electricity losses (KwH or MWs) for the previous year. This approach will help to determine the progress of municipalities in curbing losses, which impact on municipal revenues, in both non-revenue water and non-revenue electricity.

## **6. Burial of Councillors**

Salaries, allowances and benefits for political office-bearers and members is managed through Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils notice issued by the Minister of Cooperative Governance and Traditional Affairs.

Section 167 of the MFMA provides that a municipality may remunerate its Councillors within the framework of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), setting the upper limits of the salaries, allowances and benefits for those political office-bearers and members. Any benefit which is not included in the above-mentioned notice constitutes irregular expenditure and recovery thereof from the Councillor concerned is mandatory.

Municipalities may also refer to relevant Councillor Pension Scheme or personal funeral policies in existence for any funeral benefits relating to such Councillor.

## **7. Funding choices and management issues**

Municipalities are under pressure to generate and collect revenue for service delivered. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2023/24 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;
- Ensuring value for money through the procurement process;
- The affordability of providing free basic services to all households;
- Not taking on unfunded mandates;
- Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water;
- Automate business services where possible to increase efficiencies and lower customer costs;
- Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
- Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA, read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

### **7.1 Employee related costs**

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2023/24 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 and 01 July 2024 an increase based on the projected average CPI percentages for 2023 (5.4 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023) and 2024 (4.8 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023). The forecasts of the Reserve Bank, in terms of the January 2023 and January 2024, shall be used to determine the projected average CPI. Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once-a-year manual salary disbursement, to root out ghost employees.

According to the 2021 State of Local Government Finance Report, there are about 165 municipalities that are in financial distress. These municipalities need to ensure that they seek an early exemption from this dispensation of this salary agreement. Municipalities should also avoid paying out leave in cash while having major financial challenges.

### **7.2 Remuneration of Councillors**

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from councilor(s) concerned.

## **8. Conditional Grant Transfers to Municipalities**

### **8.1 Criteria for the release of the Equitable Share**

The equitable share release criteria for 2023/24 were set out in MFMA Circular No. 122. To assist with managing this process, a guiding checklist has been developed (attached hereto as Annexure A) which municipalities can follow throughout the course of the year to ensure that the required documents are timeously uploaded to the GoMuni platform in line with the prescribed deadlines.

Going forward, municipalities will be required to submit the completed checklist as part of the quarterly performance reporting process for quarter 1 of the municipal financial year. According to section 52(d) of the MFMA, the mayor of a municipality must within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of affairs of the municipality. The report must then be submitted to National

and Provincial Treasury within 5 days of being tabled in council as per section 32 of the MBRR. The report for quarter 1 of 2023/24 must therefore be submitted to council by the end of October 2023 and submitted to National and Provincial Treasury by no later than 5 November 2023. By including the completed checklist in this report, municipalities confirm their adherence to the equitable share release criteria, including that all supplementary information (as defined in the checklist) was successfully uploaded to the GoMuni platform.

Please note that most of the information required for the release of the equitable share, is already uploaded/ submitted by municipalities as part of existing reporting requirements throughout the year. There are however a few items (clearly marked in the checklist) that does not have a dedicated storage location (for example, payments of employee benefits) on GoMuni. A dedicated Equitable Share Verification Folder will be created on GoMuni for this purpose.

## 8.2 Criteria for the rollover of conditional grant funds

In terms of Section 21 of the Division of Revenue Act, 2022 (Act No.5 of 2022) (DoRA) in conjunction with the Division of Revenue Amendment Act, 2022 (Act No. 15 of 2022) (DoRAA), the Act requires that any conditional allocation or a portion thereof that is not spent at the end of the 2022/23 financial year reverts to the National Revenue Fund (NRF), unless the rollover of the allocation is approved in terms of subsection (2). Furthermore, the receiving officer, provincial treasury and national transferring officer is required to prove to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of section 21(2) of the 2022 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 21(2) of the 2022 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated, spent and the balance per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):
  - a) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or
  - b) Proof of project tender and tender submissions published and closed before 31 March or with the appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the financial year of the project;
  - c) Incorporation of the Appropriation Statement;
  - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2024 (attach cash flow projection for the applicable grant).
4. A progress report (also in percentages) on the status of each project's implementation that includes an attached **legible implementation plan**);
5. The value of the committed project funding and the conditional allocation from the funding source;
6. Reasons why the grants were not fully spent during the year on the original allocation per the DoRA;
7. Rollover of rollovers will not be considered. Municipalities must therefore not include previous year's unspent conditional grants as rollover request;
8. An indication of the time period within which the funds are to be spent if the rollover is approved; and

9. Proof that the Municipal Manager and Chief Financial Officer are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy; this also includes acting appointments because of suspensions of either MM or CFO that are more than 12 months.

**If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2023, the application will be declined.**

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non- performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2022 DoRA, **including the Municipal Manager and Chief Financial Officer signing-off on the information** sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements to National Treasury by 31 August 2023;
3. Accurate disclosure of grant performance in the 2022/23 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. Despite the fact that local government is required to comply with to different norms and standards prescribed by different legislations, municipalities are expected to fully comply with the provisions of DoRA that relate to rollover processes and disclose conditional grant performance in the 2022/23 pre-audited Annual Financial Statements (i.e Cash coverage and unspent conditional grants in the Statement of Financial Position) in order to verify grant expenditure; and
5. Cash available reflected in the Statement of Financial Position and Cash Flow Statements and the bank (net position including short term investments) as at 30 June 2023 is equivalent to the unspent amount at the end of the financial year. If the amount that is requested for rollover **is not entirely cash-backed**, such a rollover will not be approved. National Treasury will also not approve portions of rollover requests.

It should be noted that under no circumstances will the National Treasury consider requests to rollover:

1. The entire 2022/23 allocation to the municipality, in cases whereby the rollover request is more than 50 per cent of the total allocation, National Treasury will approve the rollover amount up to 50 per cent of the 2022/23 allocation;
2. Rollover request of the same grant for the third consecutive time. In a case where a municipality is applying for rollover as a result of additional funding, the application will be given a careful consideration;
3. Funding for projects procured through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636) – Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the rollover application is linked to invoices that were issued before or on 31 May 2023.

### **8.3 Unspent conditional grant funds for 2022/23**

The process to ensure the return of unspent conditional grants for the 2022/23 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

Step 1: Municipalities must submit their June 2023 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconciles;

Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2023. The unspent grant values must be determined based on the guidance that was provided in *mSCOA* Circular No. 13 in as far as VAT, retention and interest is concerned; and

Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2020 DoRA that the unspent funds are committed to identifiable projects, the rollover application pack must be submitted to National Treasury by no later than 31 August 2023.

***National Treasury will not consider any rollover requests that are incomplete or received after this deadline.***

Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 20 October 2023;

Step 5: National Treasury will communicate the unspent conditional grants amount by 08 November 2023. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 17 November 2023; and

Step 6: Any unspent conditional grant funds that should have but has not been repaid to the National Revenue Fund by 17 November 2023, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 06 December 2023 equitable share allocation.

*All other issues pertaining to Appropriation Statement and reporting on approved rollovers are addressed in the Annexure to MFMA Circular No. 86.*

## **9. The Municipal Budget and Reporting Regulations**

### **9.1 Alignment of Municipal Budget and Reporting Regulations (MBRR) Schedules**

The revised Regulated MBRR Schedules (A1, B, C, D, E and F), as aligned to the *mSCOA* chart and GRAP are published on the National Treasury web page and can be accessed using the following link.

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Documents/Forms/AllItems.aspx?RootFolder=%2fRegulationsandGazettes%2fMunicipal%20Budget%20and%20Reporting%20Regulations%2fDocuments%2f2023%2d24&FolderCTID=0x0120001860D4A2BD7AD042BF8427FC3BB59F67>

The alignment of the A1 Schedules required substantial changes to the reporting formats used for budgeting and reporting purposes which required the creation of new A1 Schedule codes to ensure that the data strings populate the new reporting formats. The relevant changes were also made in the reporting formats relating to versions 6.1 to 6.7 of the *mSCOA* chart to ensure that the historical data are populating when reports are drawn from GoMuni.

To ensure that ERP systems generate the A1 Schedule aligned to version 6.7 of the *mSCOA* chart, municipalities and system vendors should refer to the linkages provided on GoMuni. The following reports on GoMuni should be used for this purpose:

- List *m*SCOA account linkages to A1 Schedule based on 6.7 under menu option *m*SCOA Reporting; and
- List *m*SCOA A1 schedule codes WIP (i.e. new A1 Schedule codes) under menu option *m*SCOA Administration.

Both reports can be located under: [https://lg.treasury.gov.za/ibi\\_apps/portal/Local\\_Government\\_Database](https://lg.treasury.gov.za/ibi_apps/portal/Local_Government_Database)

The new format for the non-financial data strings A1D and A1F is available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Documents/Forms/AllItems.aspx?RootFolder=%2fRegulationsandGazettes%2fMunicipal%20Budget%20and%20Reporting%20Regulations%2fDocuments%2f2023%2d24&FolderCTID=0x0120001860D4A2BD7AD042BF8427FC3BB59F67>

The A1D is the data string which populates information which we do not extract from the TABB while the A1F populates the budget information which we do not extract from the ORGB. Municipalities should ensure that they use the new format when submitting the non-financial data strings.

## 10. Submitting budget documentation and A1 schedules for 2023/24 MTREF

The MFMA and its Regulations require the submission of *m*SCOA data strings for budgets, in-year reporting, and annual financial statements in a specific format and by a required timeframe. The credibility and accuracy of the *m*SCOA data strings must be verified by municipalities prior to submission to the GoMuni Upload portal. Since the financial system must be locked at the end of the month in order to generate a *m*SCOA data string, municipalities may not open closed periods to correct errors. Errors must be corrected in the next open period. Providers of municipal financial systems must ensure that the necessary internal controls are built into the system to prevent the opening of closed periods on the financial system and the bypassing of such controls. This also applies to the correction of information in closed periods for 3<sup>rd</sup> party systems that should be integrating with the main financial system in terms of the requirements of the *m*SCOA Regulations.

From 1 July 2023, Municipal Managers and Chief Financial Officers will be required to sign off on the financial and non-financial data strings submitted to the GoMuni Upload portal when they submit their data strings. The schedules prescribed in terms of the Municipal Budget and Reporting Regulations (MBRR) populated from the *m*SCOA data strings on National Treasury's Local Government and Reporting System (LGDRS) must also be signed off monthly. These sign-offs are for audit purposes and serves as a confirmation by the municipality that the data strings submitted are accurate. Details on the submission of the signed-off figures will be communicated in due course.

**In terms of Section 171 of the MFMA, financial misconduct by municipal officials includes the provision of incorrect or misleading information in any document which must be submitted to the National Treasury.**

From 1 July 2023, the GoMuni Upload portal for the monthly in-year data strings will be closed at 16h00 on the 10<sup>th</sup> working day of each month. All publications by the National and Provincial Treasuries are now solely sourced from the *m*SCOA data strings submitted by



municipalities and several stakeholders including Statistics South Africa (STATSSA), Auditor General South Africa (AGSA), the Reserve Bank, and NERSA are in the process of streamlining some of their reporting to the information contained on the National Treasury Local Government Database and Reporting System (LGDRS). The resubmission of data strings after the legislated timeframes is not only illegal but also causing challenges in data sets used by various stakeholders for analysis and reporting purposes. **No data string submissions will therefore be accepted by the National Treasury after the 10<sup>th</sup> working day of the respective month.**

## Contact



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**Post** Private Bag X115, Pretoria 0001  
**Phone** 012 315 5009  
**Fax** 012 395 6553  
**Website** <http://www.treasury.gov.za/default.aspx>

**JH Hattingh**  
**Chief Director: Local Government Budget Analysis**  
**03 March 2023**

## ANNEXURE A: Equitable Share Verification Checklist:

### General Requirements

Criteria	Verification Requirement	Yes/No
<b>2023/24 Adopted Budget</b>	Council resolution, adopted <i>m</i> SCOA budget data strings (ORGB), PDF version of adopted MTREF budget uploaded to GoMuni Upload portal immediately after approval.	
<ul style="list-style-type: none"><li>Is the municipality's completed tariff tool (National Treasury format) included as part of its budget submission (MFMA Budget Circular No. 98 (refer item 4.2).</li></ul>	The completed National Treasury EXCEL tariff tool uploaded to GoMuni with the adopted budget by start of budget year i.e. <b>1 July 2023</b> .	
<ul style="list-style-type: none"><li>Are allocations made for bulk suppliers current account payments?</li></ul>	Allocations reflected in <i>m</i> SCOA budget data strings (ORGB) and budget schedules/ document.	
<b><i>If unfunded budget position–</i></b>	-	
<ul style="list-style-type: none"><li>Is a Budget Funding Plan (BFP) adopted with the budget?</li></ul>	Copy of the adopted Budget Funding Plan uploaded to GoMuni with the adopted budget by start of budget year i.e. <b>1 July 2023</b> . PDF version of BFP/progress report uploaded to GoMuni Upload portal by start of budget year i.e. <b>1 July 2023</b> . Is the BFP credible and show how the municipality intends moving progressively out of this position into a funded state? In the case of the latest progress report being submitted, is it aligned to the rescue phase of the new approach to Municipal Financial Recovery Service (MFRS)?	
<ul style="list-style-type: none"><li>Council resolution reflecting commitment to address unfunded position.</li></ul>	PDF copy of resolution uploaded to GoMuni Upload portal by start of budget year i.e. <b>1 July 2023</b> .	
<b><i>m</i>SCOA</b>		
<ul style="list-style-type: none"><li>Submission of Data Strings</li></ul>	Successful submission of all financial and non-financial <i>m</i> SCOA data strings to the GoMuni Upload portal Timeous submission of all financial and non-financial <i>m</i> SCOA data strings to the GoMuni Upload portal Data strings submitted are credible as per the analysis done by NT/PTs Data strings are generated directly from the main municipal financial system The regulated MBRR Schedules are generated directly from the core municipal financial system Successful submission of all financial and non-financial <i>m</i> SCOA data strings to the GoMuni Upload portal	
<ul style="list-style-type: none"><li>Submission of documents</li></ul>	Municipal documents required in terms of legislation and MFMA Circulars have been submitted timeously and in the required format to the GoMuni Upload portal.	
<ul style="list-style-type: none"><li>Financial System Changes</li></ul>	Municipality has followed the processes in Circulars No. 93, 98, 123 and <i>m</i> SCOA Circulars No 5 and 6 to change their financial system.	
<b>UIF &amp; W</b>		
<ul style="list-style-type: none"><li>UIF&amp;W Register</li></ul>	Documents need to be uploaded to NTs eMonitoring Webpage	
<ul style="list-style-type: none"><li>MPAC recommendation on UIF&amp;W</li></ul>		
<ul style="list-style-type: none"><li>Council Resolution on UIF&amp;W</li></ul>		
<ul style="list-style-type: none"><li>UIF&amp;W Reduction Strategy</li></ul>		
<b>Disciplinary Board</b>		
<ul style="list-style-type: none"><li>Does the municipality have a functional disciplinary board?</li></ul>	Proof of establishment (or efforts to establish DC Board) uploaded to NTs eMonitoring Webpage NTs eMonitoring Website.	
<b>Competency Regulations</b>		
<ul style="list-style-type: none"><li>Has the minimum municipal competency regulations reporting requirements been adhered to?</li></ul>	In line with the Competency Regulations, consolidated reporting information must be uploaded to GoMuni by <b>30 January 2023</b> and <b>30 July 2023</b> .	
<b>Audit Process</b>		
<ul style="list-style-type: none"><li>Opinion Received</li></ul>	Did the municipality receive an adverse or disclaimed audit opinion or had outstanding audits for two consecutive financial years?	
<ul style="list-style-type: none"><li>Adverse or disclaimed audit opinion</li></ul>	Council resolution signed by each member of the Council was uploaded to NT's eMonitoring Webpage within 1 month after conclusion of the audit process reflecting council's commitment to address the opinion.	
<ul style="list-style-type: none"><li>Is a council approved audit action plan in place?</li></ul>	Audit action plan, together with council resolution, to be uploaded to NT's eMonitoring Webpage within 60 days from audit report issuance.	
<b>Interventions (where applicable)</b>		
<ul style="list-style-type: none"><li>In the event of a discretionary or mandatory intervention in terms of section 139 of the Constitution, is a Financial Recovery Plan (FRP) in place?</li></ul>	The FRP and monthly progress reports submitted in terms of sections 145 and 146 of the MFMA must be uploaded to GoMuni Upload portal for each month since the inception of the FRP.	



## Quarterly Requirements

Criteria	Verification Requirement	Quarter 3 (Jan – March)	Quarter 4 (April – June)	Quarter 1 (July – Sept)	Quarter 2 (Oct – Dec)
<b>Bulk Supplier Payments</b>					
<ul style="list-style-type: none"> <li>Were current account payments to bulk suppliers (Eskom and Water Boards) timeously made?</li> </ul>	PT/NT to verify status according to MFMA S41 Report. No action required from municipality if account in good standing.	-	-	-	-
<ul style="list-style-type: none"> <li><u>If current account in arrears, are payment agreements in place?</u></li> </ul>	Copy of payment agreement or evidence of discussions are uploaded to on GoMuni Upload portal.				
<b>Staff benefit Deductions</b>					
<ul style="list-style-type: none"> <li>Were a) SARS, b) pension and c) other staff benefits timeously paid over to the relevant funds/institutions?</li> </ul>	Proof of payment for each category, for each month of the quarter uploaded to on GoMuni Upload portal.				
<b>Reconciliation of Valuation Roll</b>					
<ul style="list-style-type: none"> <li>Has the valuation role been reconciled to the financial system?</li> </ul>	In line with MFMA Circulars No. 93, 98 and 107, proof of the verification for each quarter should be uploaded on GoMuni Upload portal.				

# **ANNEXURE S**

## **PROJECT PLANS**

Task/Departmental Performance Budget																			
Unit/Initiative	E2 Performance Number	Programme	Project/Item Description	Allocation Code	Funding Source	MCA				Performance				General Office Allocation	Current Budget	Current Budget by Quarter			
						Project Start Date	Project End Date	Start Date	End Date	Responsibility	Timeline Date	Timeline Date	Timeline Date			Timeline Date	Quarter 1	Quarter 2	Quarter 3
02		Performance Management	Operational and Technical Performance System	000-000		01 July 2023	31 June 2023	N/A	N/A	02 Expenses	N/A	02 Expenses	3 Years	N/A	N/A	N/A	N/A	N/A	N/A
		000-000				01 July 2023	Project Start Date	Project End Date	Project End Date	02 Expenses	N/A	02 Expenses							
		000-000	Annual Performance Plan	000-000		Project Start Date	Project Start Date	Project End Date	Project End Date	02 Expenses	N/A	02 Expenses							

[illegible][illegible][illegible][illegible]

Operational																		
Total Departmental Assessment Budget					2020		Assessment					Contracted Staff/Rate per quarter						
Role Description	ICT Number	Programme	Project / Other Description	Budgeted Cost	Existing Staff	Project Start Date	Project end date	Start Date (Active/Rel)	End date	Responsibility	Start Date (Operational)	ICTM / Other Responsibility	Contracted Staff	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Specific Objectives
Support/extension of Information Systems	116000010	HR Services Department	Relighting Purge	1000000	Check Funding	01 November 2021	Call/Basis	adding Module	01 October 2021	Design WYA	WYA	WYA	2 years					Maintenance and Upgrade Relighting project

Incineration of Transport Assets (Incineration)	11600000	Fire Services Fuel	Fire Fighting Vehicles (Incineration)	11600000	Own Funding	01 April 2023	Continuous	existing service	01 March 2023	Own cost only	N/A	10 years			Yes	Maintenance of Firefighting Vehicles (Incineration)
Uniforms and Protective Clothing	12000000	PPF	PPF & Uniforms	12000000	Own Funding	01 June 2023	May 2023	New Service	01 May 2023	01 May 2023	01 May 2023	3 years	10 years	10 years		Supply of uniform and Protective Clothing
Hydrant pumps	10000000	Hydrant supplies	01 and 4 hour hydrant pumps	10000000	Own Funding	01 June 2023	May 2023	New Service	01 May 2023	01 May 2023	01 May 2023	3 years	10 years	10 years		Hydrant supplies (as extended for hydrants)
Operating water building	10000000	Water building	Water building	10000000	Own Funding	01 September 2023	March 2023	existing service	01 March 2023	01 March 2023	01 March 2023	2 years				Operating water building
Controlled services	11000000	Controlled services	Controlled services	11000000	Own Funding	01 April 2023	01 March 2023	existing service	01 March 2023	01 March 2023	01 March 2023	2 years				Controlled services and ground services

#### Capital

Total Departmental Procurement Budget					Funding Source	BSP		Procurement				Contract Start date per quarter				Specific Objectives		
Role Description	SP reference number	Programme	Project / Item Description	Budgeted Cost		Project Start Date	Project end date	Start Date (Anticipated)	End date	Requisition #	Requisition Date (Anticipated)	ICM Official Requisition #	Contract Start Date	Quarter 1	Quarter 2		Quarter 3	Quarter 4
Production Change	7100000001	New Fire Station	New Fire Station	4 000 000	Own Funding	Completed	April 2023	Revised (Anticipated)	01 April 2023	01 October 2023			March 2023					Building of a permanent region for the station
Production Change	7100000002	New Fire Station	New Fire Station	3 000 000	Department Local Government (Water Services)	01 July 2023	April 2023	Revised (Anticipated)	01 April 2023	01 October 2023			March 2023					Building of a permanent region for the station
Firefighting Vehicle (Purchase)	7100000003	New Vehicle	Firefighting Vehicle	181 000	Department Local Government (Water Services)	01 July 2023	April 2023	01 May 2023	01 April 2023	01 May 2023	01 May 2023		Quarter 1 2023/2024					Capacitating of emergency fleet and sufficient operational response
Firefighting Vehicle (Purchase)	7200000001	Material Equipment	Material Equipment and protective clothing provision	140 000	Own Funding	01 July 2023	June 2023	01 May 2023	01 April 2023	01 May 2023	01 May 2023		Quarter 1 2023/2024					Capacitating and enhancing of material resources (material resources)
Firefighting Vehicle (Purchase)	7200000002	Specialist Material Equipment	Specialist Material Equipment and protective clothing provision	300 000	Department Local Government (Water Services)	01 July 2023	April 2023	01 May 2023	01 April 2023	01 May 2023	01 May 2023		Quarter 1 2023/2024					Capacitating and enhancing of material resources (material resources)
Landfill Site PPE		Construction of a Regional Waste Management Facility including Professional Fees	Construction of a Regional Waste Management Facility including Professional Fees	9 140 000 000 000	Own Funding	01 July 2023	01 June 2023	Completed	Completed	1 000	N/A	N/A	Over Contract 01 March 2023 - 31 December 2023	01 March 2023	01 April 2023	01 May 2023	01 June 2023	Operational domestic waste will be disposed of in waste

#### Disaster Management

Total Departmental Procurement Budget					Funding Source	BSP		Procurement				Contract Start date per quarter				Specific Objectives		
Role Description	BSP reference number	Programme	Project / Item Description	Budgeted Cost		Project Start Date	Project end date	Start Date (Anticipated)	End date	Requisition #	Requisition Date (Anticipated)	ICM Official Requisition #	Contract Start Date	Quarter 1	Quarter 2		Quarter 3	Quarter 4
Disaster Management does not have any projects for the current financial year.																		

#### Municipal Health & Environmental Services

Total Departmental Procurement Budget					Funding Source	BSP		Procurement				Contract Number	Contract Start date per quarter				Specific Objectives
Role Description	WIS number	Programme	Project / Item Description	Budgeted Cost		Project Start Date	Project end date	Start Date (Anticipated)	End date	Requisition #	Requisition Date (Anticipated)		ICM Official Requisition #	Quarter 1	Quarter 2	Quarter 3	

Air Quality Data	04/07/2020		Air Quality Data	-	TD To be funded	NA				2	Scholarship
Executive Policy	04/07/2020		GDPA Check Box	02/05/20	Own Revenue	NA				2	Scholarship
Air Quality Sample	04/07/2020		Air Quality Sample	17/05/20	Own Revenue	1,800,000				2	Scholarship
Check the Funding	04/07/2020		GDPA Check Box	29/05/20	Own Revenue	NA				2	Scholarship
Masterplan	04/07/2020		Masterplan	02/05/20	Own Revenue	NA				2	Scholarship
Sampling and Topography	02/05/2020		Sampling	1,470,000.00	Own Revenue	01-Jan-20	Sampling Service 31/03/20	01-Jan-20	30-Jun-20	2	Completion
Professional Masterplan	02/05/2020		Registration of SHP	80,000.00	Own Revenue	01-Jan-20	Registration of SHP	01-Jan-20	30-Jun-20	2	Completion

1 year	33,000.00	33,000.00	33,000.00	33,000.00	ACMPT objectives
1 year	-	-	33,000.00	-	ACMPT objectives
1 year	17,330.00	17,330.00	17,330.00	17,330.00	ACMPT objectives
1 year	-	-	21,000.00	-	ACMPT objectives
1 year	-	10,000.00	10,000.00	-	ACMPT objectives

Waste Management Service											
Total Departmental Procurement Budget					Bidding Scheme		Procurement		Procurement		Overall Objectives
Service Description	IT Reference Number	Programme	Project / Item Description	Budgeted Cost	Project Start Date	Project End Date	Start Date (Submission)	End Date	Responsible	Responsible	
Waste and Litter (14/000001)		Schools Recycling & Composting Programme	Waste Information School Project	4,000,000	01-Jan-20	31-Dec-20	01-Jan-20	31-Dec-20	A. Bunker	A. Bunker	
Waste and Litter (14/000001)		Waste Information School Project	Waste Information School Project	4,000,000	01-Jan-20	31-Dec-20	01-Jan-20	31-Dec-20	A. Bunker	A. Bunker	

## 2021/2022 Waste Services

Total Departmental Procurement Budget											
Programme	Project / Item Description	Responsible	Bidding Scheme	Bidding Scheme		Procurement		Responsible	Responsible	Responsible	Overall Objectives
				Project Start Date	Project End Date	Start Date	End Date				
Roads	Consulting and Design Services	Rate Issue	PONC	01-April-2022	31-March-2024	01-April-2022		G. Road	G. Road	G. Road	
	Supply and delivery of waste to landfill for a period of three years	Rate Issue	PONC			01-September-2022		G. Road	G. Road	G. Road	
	Supply and delivery of waste to landfill for a period of three years	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of security services - George Street and surrounding	Rate Issue	PONC			01-June-2023		G. Road	G. Road	G. Road	
	Rural Road Asset Management with asset within the council for a period of three years	Rate Issue	PONC			01-January-2023		G. Road	G. Road	G. Road	
Construction	Supply of fencing material	Rate Issue	PONC	01-April-2022	31-March-2024	01-April-2022		G. Road	G. Road	G. Road	
	Supply of fencing material	Rate Issue	PONC			01-April-2022		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-April-2022		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of gateposts	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
Mechanical	Supply of motor vehicle repairs	Rate Issue	PONC	01-April-2022	31-March-2024	01-April-2022		G. Road	G. Road	G. Road	
	Supply and delivery of lubricating oil	Rate Issue	PONC			01-November-2022		G. Road	G. Road	G. Road	
	Supply of New Tyres	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of New Tyres	Rate Issue	PONC			01-January-2023		G. Road	G. Road	G. Road	
	Supply of New Tyres	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
Mechanical	Supply of motor vehicle repairs	Rate Issue	PONC	01-April-2022	31-March-2024	01-May-2023		G. Road	G. Road	G. Road	
	Supply and delivery of lubricating oil	Rate Issue	PONC			01-November-2022		G. Road	G. Road	G. Road	
	Supply of New Tyres	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	
	Supply of New Tyres	Rate Issue	PONC			01-January-2023		G. Road	G. Road	G. Road	
	Supply of New Tyres	Rate Issue	PONC			01-May-2023		G. Road	G. Road	G. Road	

## DONATIONS POLICY

### 1. PURPOSE OF THE FUND

The fund's purpose is to donate to deserving beneficiaries who would otherwise not qualify for grants in terms of Council's grant-in-aid policy.

### 2. DEFINITIONS

- 2.1 "close family member" means any spouse, partner, son, daughter, mother, father of a councillor and/or employee.
- 2.2 "donation" means any monetary contribution or benefit in kind to an Applicant(s) or received.
- 2.3 "government institution" means any local, provincial or national sphere of government.
- 2.4 "in the employ of the state" means any person who is in the employ of the state (a municipal, provincial or national government employee); ~~or if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the employ of the state; or who is an advisor or consultant contracted with a municipality or municipal entity;~~

### SCOPE

The policy applies to the Executive Mayor's, Executive Deputy Mayors' and the Speaker's donation funds.

### 3. FUND GUIDELINES

The fund may be used for:

- 3.1 Socioeconomic development programmes which aim to bring about sustained improvement in the well-being of the individual, groups, community, and society at large
- 3.2 causes that will promote the profile of the Municipality;
- 3.3 emergency/disaster situations ~~where the Municipality has no other provision to cater for the event;~~
- 3.4 assisting the development and implementation of a local project, scheme or initiative;
- 3.5 payment directly to any individual only on such condition as the Executive Mayor will approve;
- 3.6 travelling, accommodation or subsistence of individuals or teams participating in events such as recreation, sports or cultural activities ~~only when the Executive Mayor is satisfied that it is a real need as a result of being disadvantaged;~~
- 3.7 the promotion of tourism and/or destination marketing;

- 3.8 ~~any other event not covered above and in the discretion of the Executive Mayor.~~

#### 4. **PROHIBITED USES**

- 4.1 The Fund may not be used for any purpose that benefits a political party or for fund-raising of a political nature.
- 4.2 No funding appropriation to any person employed in the service of the state and their close family member(s), where such funding personally/ directly benefits the aforementioned persons
- 4.3 No appropriation to directly benefit a government institution.
- 4.4 Appropriations may not benefit any Councillor ~~or a close family member of any Councillor (define).~~
- 4.5 Any donation from the Fund shall not result in repeat commitments (twelve months cooling off period) nor may any expectation be created that funding will automatically be made available for future events.
- 4.6 Donations may not be used in conjunction with other funding ~~or donations~~ by the Municipality, without the concurrence from the municipal manager

#### 5. **PROCESS FOR RELEASE OF FUNDS**

- 5.1 Applications for donations from the Fund must be lodged with the Executive Mayor.
- 5.2 All applications must be in writing.
- 5.3 Upon receipt of an application, the Applicant must be requested to complete a declaration form.
- 5.4 The Chief of Staff must assess a request and determine whether it meets the requirements of this policy and submit recommendations to the Executive Mayor
- 5.5 The Executive Mayor considers the application and assessment by the Chief of Staff and determines the quantum of the donation.
- 5.6 The Executive Mayor may impose conditions in respect of any donation made from the Fund.
- 5.7 The Executive Mayor's decision is conveyed to the Chief of Staff for execution.
- 5.8 The Chief of Staff must ensure that effective, efficient and transparent financial management and internal control systems are implemented to guard against fraud, theft and financial mismanagement that may occur when grants are awarded.



- 5.9 The application process must be finalised within fourteen (14) days of date of receipt, subject to all information being provided to process the application.
- 5.10 A written agreement must be entered into with the recipient of the donation to ensure that the funds are used for the purpose intended.

## 6. **REPORTING REQUIREMENTS**

The Executive Mayor must report to Council on a quarterly basis (section 52 Report) on the status of the Fund including donations received, amounts withdrawn and the details grants to beneficiaries.

## 7. **DONATIONS TO THE FUND**

- 7.1 It is appreciated that a fund that is dependent on donations will always have limited money.
- 7.2 As guardian of the Fund, the Executive Mayor may drive campaigns and initiate programme to raise money for the Fund, including to –
  - 7.2.1 solicit donations from any member of the public, businesses or organisations;
  - 7.2.2 actively canvass for donations;
  - 7.2.3 organise cultural, sports, entertainment events to raise money;
  - 7.2.4 organise competitions to raise money;
  - 7.2.5 provide for funds to be appropriate from the municipality's annual budget to the Fund.
- 7.3 If a donor specifies conditions in respect of any donation, the donated amount may only be utilised in terms of those conditions.
- 7.4 The Executive Mayor may refuse any donation where the conditions attached are unacceptable.

## 8. **DONATION LIMITS**

The Executive Mayor may determine the maximum limit of any donation from time to time.

**BACK TO AGENDA**



<b>Western Cape: Garden Route District Municipality(DC4) - Draft Schedule of Service Delivery Standards</b>	
<b>Description</b>	<b>Service Level</b>
<b>Standard</b>	
<b>Solid Waste Removal</b>	
Premise based removal (Residential Frequency)	<p>This function resides with B - Municipalities. Refuse are being removed at least once a week. The Garden Route District Municipality is mainly responsible for bulk services delivery.</p> <p>To this extent, the municipality is steadily moving towards the construction phase of a regional landfill site. Construction of this site will begin during May 2023.</p>
Premise based removal (Business Frequency)	
Bulk Removal (Frequency)	
Removal Bags provided(Yes/No)	
Garden refuse removal Included (Yes/No)	
Street Cleaning Frequency in CBD	
Street Cleaning Frequency in areas excluding CBD	
How soon are public areas cleaned after events (24hours/48hours/longer)	
Clearing of illegal dumping (24hours/48hours/longer)	
Recycling or environmentally friendly practices(Yes/No)	
Licenced landfill site(Yes/No)	
<b>Water Service</b>	
Water Quality rating (Blue/Green/Brown/N0 drop)	<p>As part Council's vision, the Garden Route District Municipality identified the registration of the municipality as a Water Services Authority as a key priority for the medium term.</p>
Is free water available to all? (All/only to the indigent consumers)	
Frequency of meter reading? (per month, per year)	
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	
<b><i>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</i></b>	
One service connection affected (number of hours)	
Up to 5 service connection affected (number of hours)	
Up to 20 service connection affected (number of hours)	
Feeder pipe larger than 800mm (number of hours)	
What is the average minimum water flow in your municipality?	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	
How long does it take to replace faulty water meters? (days)	
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	
<b>Electricity Service</b>	
What is your electricity availability percentage on average per month?	<p>This function resides mainly with B-municipalities. Garden Route DM is responsible for the delivery of services on a bulk scale. The municipality will explore various energy generating solutions in the next five years.</p>
Do your municipality have a ripple control in place that is operational? (Yes/No)	
How much do you estimate is the cost saving in utilizing the ripple control system?	

<b>Western Cape: Garden Route District Municipality(DC4) - Draft Schedule of Service Delivery Standards</b>	
<b>Description</b>	<b>Service Level</b>
<p>What is the frequency of meters being read? (per month, per year)</p> <p>Are estimated consumption calculated at consumption over (two month's/three month's/longer period)</p> <p>On average for how long does the municipality use estimates before reverting back to actual readings? (months)</p> <p>Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)</p> <p>Are accounts normally calculated on actual readings? (Yes/no)</p> <p>Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)</p> <p>How long does it take to replace faulty meters? (days)</p> <p>Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)</p> <p>How effective is the action plan in curbing line losses? (Good/Bad)</p> <p>How soon does the municipality provide a quotation to a customer upon a written request? (days)</p> <p>How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)</p> <p>How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)</p> <p>How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)</p>	
<b>Sewerage Service</b>	
<p>Are your purification system effective enough to put water back in to the system after purification?</p> <p>To what extend do you subsidize your indigent consumers?</p> <p><b>How long does it take to restore sewerage breakages on average</b></p> <p>Severe overflow? (hours)</p> <p>Sewer blocked pipes: Large pipes? (Hours)</p> <p>Sewer blocked pipes: Small pipes? (Hours)</p> <p>Spillage clean-up? (hours)</p> <p>Replacement of manhole covers? (Hours)</p>	<p>This function resides mainly with B-municipalities. Garden Route DM is responsible for the delivery of services on a bulk scale.</p>
<b>Road Infrastructure Services</b>	<p>This function resides with B-municipalities, Garden Route DM perform the roads function as an agent on behalf of Department of Public Transport and Works.</p>
Time taken to repair a single pothole on a major road? (Hours)	
Time taken to repair a single pothole on a minor road? (Hours)	
Time taken to repair a road following an open trench service crossing? (Hours)	

<b>Western Cape: Garden Route District Municipality(DC4) - Draft Schedule of Service Delivery Standards</b>	
<b>Description</b>	<b>Service Level</b>
Time taken to repair walkways? (Hours)	
<b>Property valuations</b>	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	This function resides with B-municipalities.
Do you have any special rating properties? (Yes/No)	
<b>Financial Management</b>	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsources? (Yes/No)	Partially. Reduction Plan for Use of Consultants are in place. Have seen significant reduction since 2017/18.
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	Yes.
How long does it take for an Tax/Invoice to be paid from the date it has been received?	14-30 days once received by creditor section and all supporting documentation has been provided to the creditor section
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	Yes, every HOD must submit the procurement plans for the operating and capital projects before the start of the new financial year to SCM
<b>Administration</b>	
Reaction time on enquiries and requests?	2 working days
Time to respond to a verbal customer enquiry or request? (working days)	2 working days
Time to respond to a written customer enquiry or request? (working days)	20 working days
Time to resolve a customer enquiry or request? (working days)	20 working days
What percentage of calls are not answered? (5%,10% or more)	All service calls are answered , emergency calls drop rate approximately 5%
How long does it take to respond to voice mails? (hours)	N/a
Does the municipality have control over locked enquiries? (Yes/No)	No
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does in take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Ad hoc meetings scheduled as soon as any issues arise
<b>Community safety and licensing services</b>	
How long does it take to register a vehicle? (minutes)	The Fire Services reaction time to respond to calls from the time of receipt of a call at the station is required to be under 4 minutes. The travel time to a call is determined by the distance from the responding station and the type of vehicle that is used to respond to the call. The travel time can
How long does it take to renew a vehicle license? (minutes)	
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	

<b>Western Cape: Garden Route District Municipality(DC4) - Draft Schedule of Service Delivery Standards</b>	
<b>Description</b>	<b>Service Level</b>
<p>How long does it take to de-register a vehicle? (minutes)</p> <p>How long does it take to renew a drivers license? (minutes)</p> <p>What is the average reaction time of the fire service to an incident? (minutes)</p> <p>What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)</p> <p>What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)</p> <p>What is the average reaction time of the fire service to an incident in the urban/rural area? (minutes)</p>	<p>range from under 10 minutes in the urban area of George, Ladismith and Riversdale and from 10 minutes to 2 hours in the rural areas.</p>
	<p>45 minutes for areas within a 50 km radius from stations in Ladismith, Riversdale and George. All other areas response times between 60 minutes and 120 minutes.</p>
<p><b>Economic development</b></p> <p>How many economic development projects does the municipality drive?</p>	<p>Garden Route DM co-ordinates and facilitates the process of district-wide economic development for the Garden Route District in continuous collaboration with local municipalities. The South Cape Economic Partnership is a key partner to this process in relation to partnership establishment and facilitation.</p> <p>Of the key initiatives include:</p> <ul style="list-style-type: none"> <li>• Growth and Development Strategy is one of the key focus areas for 2023/2024.</li> <li>• Hosting of key economic sector workshops to execute Garden Route Investment Conference resolutions.</li> <li>• Partnering with the Garden Route Film Office as member and funder to ensure the holistic development of the regional creative (Film and Media) industry.</li> <li>• Tourism Marketing and Development for the Garden Route and Klein Karoo as the preferred tourist destination. District Tourism Strategy was approved in March 2019.</li> <li>• Export Development programme as well as logistic support programme (incubation) for small businesses. Have an MOU with SEDA in place to address the shortcomings of businesses as per feedback in the Export Development Report.</li> <li>• South Cape Economic Partnership contribution</li> <li>• Financial contributions towards marketing material, platforms and events for a regional tourism presence.</li> </ul>
<p>How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?</p>	<p>Garden Route DM is the co-ordinator and facilitator of economic development for the district.</p>

<b>Western Cape: Garden Route District Municipality(DC4) - Draft Schedule of Service Delivery Standards</b>	
<b>Description</b>	<b>Service Level</b>
What percentage of the projects have created sustainable job security?	Garden Route DM is the co-ordinator and facilitator of economic development for the district.
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	During the build-up towards the Garden Route Investment Conference, local municipalities were encouraged and guided in terms of gearing themselves to become investment ready and investment friendly concerning incentives, municipal business processes, etc. This exercise included a readiness checklist as a tool for municipalities to assess themselves and improve where required. It further advised municipalities to put Standard Operating Procedures in place in terms of investment application process. Also have an MOU with Dept of Agriculture in place for the establishment of black emerging farmers on vacant Agriculture land. Other strategic game change initiatives i.e. SEZ regional establishment process; ACSA MOU with regards to the development of the George Airport as an economic catalyst.
<b>Other Service delivery and communication</b>	
Is a information package handed to the new customer? (Yes/No)	Garden Route DM is not directly responsible for basic services delivery.
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes. The community services department implemented various community education programmes in terms of municipal health.
Are customers treated in a professional and humanly manner? (Yes/No)	Yes. The municipal values and Batho Pele principles form the basis of day - to - day staff operations.

**BACK TO AGENDA**