



# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**

**PIETERMARITZBURG  
M S U N D U Z I**



# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**



*The City of Choice Second to None*

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## **ANNUAL DRAFT BUDGET OF MSUNDUZI LOCAL MUNICIPALITY KZN225**

### **2012/13 TO 2014/15 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

**Copies of this document can be viewed:**

- In the foyers of all municipal buildings
- All public libraries within the municipality
- At [www.msunduzi.gov.za](http://www.msunduzi.gov.za)

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# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## LIST OF ABBREVIATIONS

<b>DMM</b>	Deputy Municipal Manager
<b>CoGTA</b>	Cooperative Governance and Tradition Affairs
<b>DPLG</b>	Department of Provincial and Local Government
<b>SBU</b>	Strategic Business Unit
<b>WSP</b>	Workplace Skills Plan
<b>LG SETA</b>	Local Government Sector Education and Training Authority
<b>HDI</b>	Historically Disadvantaged Individual
<b>UNISA</b>	University of South Africa
<b>NQF</b>	National Qualification Framework
<b>MOU</b>	Memorandum of Understanding
<b>IDP</b>	Integrated Development Plan
<b>MFMA</b>	Municipal Finance Management Act
<b>AIPF</b>	Associated Institution Pension Fund
<b>SALAPF</b>	South African Local Authorities Pension Fund
<b>MCPF</b>	Municipal Councillors Pension Fund
<b>CLLR</b>	Councillor
<b>AIDS</b>	Acquired Immuno Deficiency Syndrome
<b>SAPS</b>	South African Police Services
<b>NPA</b>	National Prosecuting Authority
<b>PMB</b>	Pietermaritzburg
<b>SCM</b>	Supply Chain Management
<b>HRM</b>	Human Resource Management
<b>SALGA</b>	South African Local Government Association
<b>VIP</b>	Ventilated Improved Pit Latrine
<b>STATSSA</b>	Statistics South Africa
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>MIG</b>	Municipal Infrastructure Grant
<b>WSDP</b>	Water Services Development Plan
<b>SOC</b>	Standard Occupational Category
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>SMMES</b>	Small Medium and Micro Enterprises
<b>CFO</b>	Chief Financial Officer
<b>AG</b>	Auditor General
<b>MEC</b>	Member of Executive Committee
<b>MPAC</b>	Municipal Public Accounts Committee
<b>EXCO</b>	Executive Committee
<b>ICT</b>	Information Communication Technology
<b>PMS</b>	Performance Management
<b>MPRA</b>	Municipal Rates Act
<b>MM</b>	Municipal Manager
<b>Kwanaloga</b>	KwaZulu-Natal Local Governance Association
<b>KPMG</b>	Klynveld Peat Marwick Goerdeler
<b>DBSA</b>	Development Bank South Africa
<b>MIDI</b>	Msunduzi Innovation Development Institute
<b>SAMWU</b>	South African Municipal Workers Union
<b>IMATU</b>	Independent Municipal Allied Trade Union
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>FRP</b>	Financial Recovery Plan
<b>LTFP</b>	Long Term Financial Plan
<b>PIT</b>	Provincial Intervention Team
<b>MANCO</b>	Management Committee
<b>MTREF</b>	Medium Term Revenue and Expenditure Framework

# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**

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# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## ANNUAL BUDGET

### MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Msunduzi Municipality provides Water, Sanitation, Electricity, Refuse Removal, & Housing as part of the Basic Services. It also provides Roads, Stormwater & Drainage together with Local Economic Development and the approval of local building plans to local communities. In the 2009/10 financial year service delivery levels dropped due to low levels of payment for services, poor debtor collection, and so forth which inevitably lead to service standards dropping. This then called for the MEC for CoGTA to place Msunduzi Municipality under Administration in terms of Section 139 (b) of the Constitution.

In 2010/11 financial year, with the expertise of the initial Administrator Mr Johann Mettler and the subsequent Mr Sbusiso Sithole, gradual but consistent changes were seen and service delivery standards and levels increased. Better quality services are now being delivered to communities; our streets are much cleaner, refuse began to be collected systematically, roadside verges are being cut, water standards rose to an extent where tests were completed and information forwarded to DWAF to ascertain if Msunduzi Water should receive the blue drop status. Please refer to the Chapter on the Annual Performance Report for further details.

### Municipal VISION

Whilst we all agreed with our vision as below as it defines our current status in the Kingdom of KwaZulu Natal and inspiring us to strive for our City to be the City of Choice, this is an idea that we are aspired for together with community based structures, Non Governmental organizations, business sector, labour movements, traditional leadership, religious sector, youth and women formations, sport and cultural groups, institutions of higher learning, civic organisations and other interest groups. We strive to maintain and model our City Vision in order to be:

#### Vision 2035

**WE ARE A CITY OF CHOICE SECOND TO NONE!**

#### uMbono ka-2035

**SIYI DOLOBHA LEKHETHELO JIKELELE**

### VISION STATEMENT

Since we understand the mammoth tasks, challenges, potentials and capabilities that are existing in the City to enhance and where possible to turn around the architectural designs, planning and socio-economical limitations that were engineered and imposed through the systems of the previous government on the lives of South African society, this vision attempts to acknowledge our existing institutional and natural treasures, cultural diversity as our heritage and poses as a beacon of hope for all peace loving South Africans.

Our vision statement below must also be read alongside with our long term planning vision which is based on our invitation to all citizens of the City to begin to dream big about what will it takes to be a City of Choice and what our contributions thereof. Our invitation to all role players is to begin to Imagining Pietermaritzburg Beyond 2035 Vision whilst our short term realistic vision below represents our quantum leap towards our long term vision statement.



*The City of Choice Second to None*

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

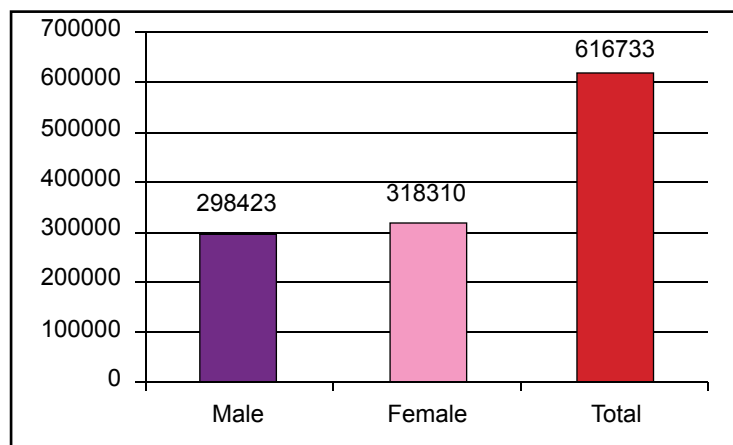
## LOCALITY

With 649sq km in size, Msunduzi municipality commonly known as the “City of Choice” is located along the N3 corridor at a junction from Durban and Pietermaritzburg and an agro-industrial corridor stretching from Pietermaritzburg to Escourt. It is located at the cross section of the N3 and Greytown Road corridor to the north, a tourist route to the Drakensburg and Kokstad Road to the South. It is the second largest city in Kwazulu-Natal, a capital city of the Province, and one of the ninth largest Cities in South Africa that are contributing almost 80% of the country's GDP, and it is the main economic hub within the Umgungundlovu District. Its location has strong influence on regional channels of investment, movement and structuring of the provincial spatial framework for economic development and growth.

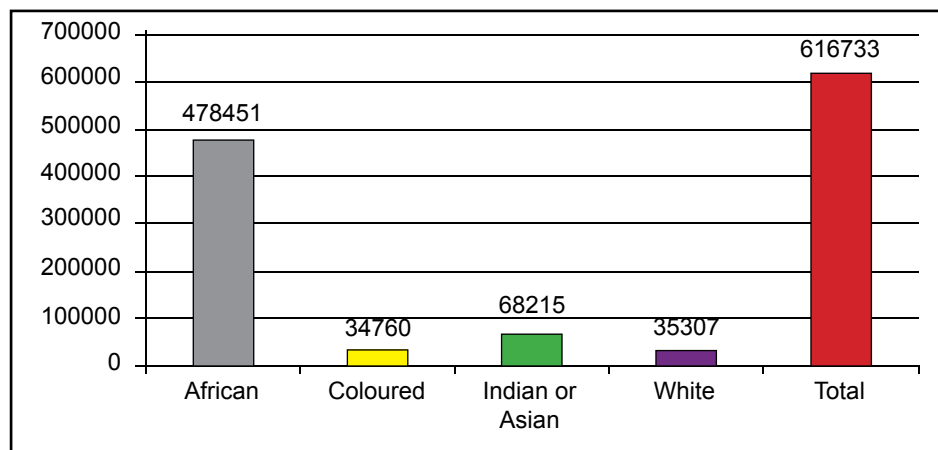
## 2.4. THE POPULATION OF MSUNDUZI: SOURCE STATSSA COMMUNITY SURVEY 2007

Total Population: 616 733

Population by Gender:

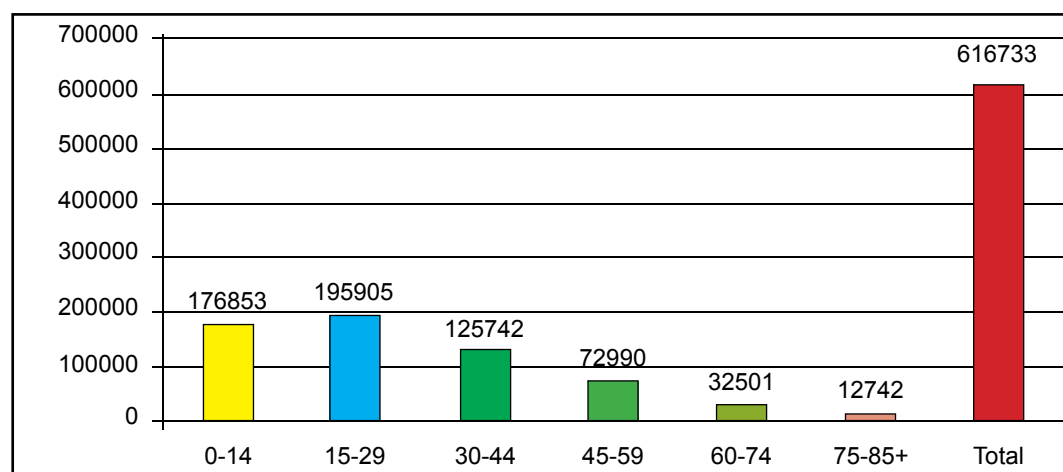


Population by Race:



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Population by Age:



## 2.5. HOUSEHOLD & HOUSEHOLD SERVICES

Total Number of Households	
Community Survey 2007	108227

Water Service level: Community survey 2007

Inside Dwelling	79 813
Inside Yard	33 601
Piped water from access point outside the yard	14 688
Borehole	1 100
Spring	1 126
Dam/pool	265
River/stream	1 555
Water vendor	733
Rain water tank	202
Other	1 308

Toilet Facilities: Community Survey 2007

Flush toilet (with septic tank)	5 875
Dry toilet Facility	13 613
Pit toilet with Ventilation (VIP)	6 307
Pit toilet without Ventilation	22 458
Chemical toilet	2 300
Bucket toilet system	414
None	1 362

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## Electricity Service Level

Electricity	117 051
Gas	2 088
Paraffin	10 209
Wood	4 592
Coal	250
Animal dung	69
Solar	59
Other	71

## COMMENT ON BACKGROUND DATA:

The data provided herein is data used from the Community Survey 2007 conducted by Statistics South Africa. Msunduzi Municipality strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual basis.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## MSUNDUZI MUNICIPALITY - EXECUTIVE COMMITTEE



**City Mayor**  
Chris Ndlela



**Deputy Mayor**  
Thobani Zuma



J. Ngubo



E. Majola



M. Inderjith



M. Chetty



P. Bhengu



B. Lambert



Vacant



Vacant



**Speaker**  
B. Baijoo



**Chief Whip**  
T. Magubane

## MSUNDUZI MUNICIPALITY COUNCILLORS



M. Tarr



S.I. Madonda



T. Matiwane



S.C. Ndawonde



T.P. Ngcobo



P.G. Ngidi



T.D. Ntombela



R.B. Singh



M.S. Sokhela



R. Soobiah



C. Bradley



P.V. Jaca



M. Maphumulo



M.A. Mkhize



V.G.M. Mlete



N. Msimang



P. Sithole



L.J. Winterbach



M.B. Zuma



N. Ahmed



T.R. Zungu



M.H. Mkhize



M.A. Ngcobo



N.J. Zungu



S. Majola



M.B. Mkhize



M. Schalkwyk



J. Singh



D.F. Ryder



R. Ahmed



D. Buthelezi



M.T. Buthelezi



P.N. Dlamini



J.M. Lawrence



F.N. Mbatha



S.A. Mkhize



B.B. Ngcobo



J.M. Ngcobo



L.N. Sikhakhane



M.B. Zuma



T.I. Dlamini



S. Govender



S. Lyne



L.L. Madlala



T.S. Magwaza



F.M. Makhathini



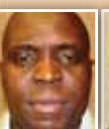
L.C. Ngcobo



D.B. Phungula



P.B. Shoji



T.V. Xulu



D.P. Zondi



K.M. Ngcobo



A.L. Mbanjwa



N.Z. Ndlovu



T.P. Ndlovu



S.C. Gwala



A.B. Dlomo



N. Atwaru



M.D. Ndlovu



G.R. McArthur



B.C. Sokhela

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 1. MAYORAL BUDGET SPEECH

Honourable Speaker, Cllr Baijoo;  
Deputy Mayor, Cllr Zuma  
Colleagues in the Executive Committee  
Fellow Councillors  
All Distinguished Guests present;  
The entire Management led by the Municipal Manager  
Ladies and Gentleman

It is indeed a great honour for me to stand before all of you to deliver the inaugural budget for this term of office. Colleagues, I stand before you to deliver the 2012/2013 budget as required in terms of the MFMA. As I begin my presentation, I want to borrow a few wise words from the Poet, Richard McWilliam from his poem, ***What is a Dream?***

***“What is a dream?***

***What is a dream?***

***A dream is a goal, an inspiration;***

***A dream is where Hopes Live”***

Fellow Councillors and all Distinguished guests, if McWilliam is right in saying that a dream is where hopes lives, then what I am about to present here today is our dream because it is where our hopes will live . Not only that, it is where the hopes of the people of Msunduzi live and will for the next twelve months. This is also not only the hope of the citizens of Msunduzi, it is the hope of our Provincial Government, due to the mere fact that we are the Capital City and it is the hope of all those who travel from all corners of the country to our municipality, whether on a daily or regular basis. And if indeed this is their dream as I have no doubt that you will agree with me, we dare not fail them.

Mr. Speaker today's event marks the end of the beginning and the beginning of the new era. It ends the process that was started by Mr Sithole the last Administrator and the Acting Municipal Manager, Mr Maseko, which culminated in the mid-term budget review. This process was then handed over to the incumbent Municipal Manager, who has assisted me immensely to comply with my legal obligations of tabling the budget, at least 30 days before the start of the new financial year. During the process leading up to today, we met as EXCO, together with Management to look at the draft budget. This was then tabled to the full council for adoption as a draft on the 28<sup>th</sup> of March 2012. Subsequent to that, this was advertised for more than 21 days for inputs and comments from interested stakeholders.

Simultaneously we held public participation meetings with the civil society, all sector departments, NPO's and NGO's as well as the Traditional Leadership. These public participation meetings were not attended to as a matter of compliance, but were done in a manner that would ensure that ***“I budget yethu iphefumulelwe yibo bonke abantu base Msunduzi”***. Before I go any further, I would like to convey my gratitude to all those who participated in this process and want to assure you that all your comments and inputs received our serious consideration, irrespective of whether they feature in our final budget.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

The second phase of the budget preparation saw the Budget preparation committee, led by the Acting CFO, Mr Mtshali, sifting through the inputs and comments on the week beginning the 30th of April 2012. From the 7th to the 9th of May 2012, the EXCO, Chairperson of MPAC, Speaker, Chief Whip, Local Labour Forum together with the Senior Management held a Strategic Planning Workshop at Didima, where inputs, comments and various options were taken into consideration. When we left Didima in the afternoon of the 9th of this month, it was clear to us all that there was still a lot of work to be done. However, without fail, our Management held their Strategic Planning session from the 14th to the 16th of May 2012. Subsequent to this, a one day workshop was held with all Councilors on the 22nd of May 2012, where presentations were made on the proposed final IDP and Final Budget, as well as the proposed budget-related policies. At that workshop, we resolved that Party Whips should scrutinise the budget as presented and if need be, make further presentations to my office. I want to place on record that no political party came back with further submissions after the workshop of the 22nd of May 2012.

The third phase, which is the final and formal phase of the budget approval process started last week with the consideration of the IDP, Budget and Budget related policies by EXCO at its meeting held on the 24th of May 2012. Again at this meeting, there was consensus across political parties represented in the EXCO when it came to resolving to recommend both the IDP and Budget for approval by Council. It is therefore my sincere hope that the spirit that prevailed at the EXCO last week will permeate in this Council meeting as well. I am stating this, with no intention to suppress any dissenting view, but to indicate that we have consulted extensively during the budget preparation process.

It is against this background Mr Speaker that as I stand before all of you today to present this budget, I am indeed presenting the people's budget.

## LEGISLATIVE REQUIREMENTS

Mr Speaker, Section 6(1) of the Municipal Systems Amendment Act states ***“a municipality’s administration is governed by the democratic values and principles embodied in section 195(1) of the Constitution”***. Section 6(2) (a) further requires each municipality ***“to be responsive to the needs of local community and to facilitate a culture of public service and accountability amongst staff”***

Mr Speaker, Section 21 of the MFMA requires the Mayor of a Municipality to: ***“(a) coordinate the process for preparing the annual budget and for reviewing the municipality’s IDP and budget related policies to ensure that the tabled budget and any revisions of the IDP and budget-related policies are mutually consistent and credible”***

Fellow Councillors, I have only mentioned the Constitution, the Systems Amendment Act and the MFMA. It is however a harsh reality that there are more other laws that requires our compliance during the budget preparation process. As I stand here, I want to assure this house that we have done everything possible that we could do during the time available to us to ensure that we comply with all legal requirements.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## TARIFF MODELING AND BUDGET PREPERATION ASSUMPTIONS

Mr Speaker, when a team of Senior Managers, led by the Municipal Manager, went to the National Treasury for the Benchmarking Exercise on the fateful day of the 30<sup>th</sup> of April 2012, the comments from the National Treasury were as follows:

- Our tariffs are not cost reflective;
- Business is subsidized by residential consumption for water;
- Our rates exemption of R150 000 offered to all ratepayers is far too generous and does not make sense compared to other bigger cities .
- Also that in comparison to other municipalities, the R150 000 is extremely high since the current value of an RDP house is approximately R70 000.

With this in mind we then began the process of exploring various options.

### Option 1

The first option was to reduce the threshold from R150 000 to R120 000 with a 7% and 8% increase, the additional revenue derived is reflected in the table below:

Original Budget	Projected Revenue	Additional Revenue (Option 1)
7% at R150 000	R538 819 908	R22 531 041
8% at R150 000	R543 874 093	R22 741 611

### Option 2

Reducing the threshold from R150 000 to R100 000 with a 7% and 8% increase, the additional revenue derived is reflected in the table below:

Original Budget	Projected Revenue	Additional Revenue (Option 2)
7% at R150 000	R538 819 908	R37 581 766
8% at R150 000	R543 874 093	R37 932 997

The Council opted for option 2 in this regard.

### Refuse Tariff modelling

- National Treasury suggested that growth be included within the original budget and indicated that 5% increase is below inflation :
- The Waste Management Section provided input and a 10% growth was suggested.

Original Budget	Projected Revenue	Additional Revenue
7% + 10% growth	R55 973 013	R4 724 020
8% - 10% growth	R56 496 125	R4 768 775

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Water tariff modelling

Mr Speaker, you will recall that when we started the budgeting process, our proposed tariff was 22%. This was informed by the tariff increase imposed on us by the bulk supplier, Umngeni water and the demand for further capital outlay in areas where there is still no supply of portable water. Many of the inputs that we received were not happy with the proposed increase and we did listen. In addition, the comments from National Treasury in this regard were as follows:

- The proposed 22% hike was too high in comparison to other municipalities;
- That the household consumers were subsidizing Business; and that
- There was a need to introduce block tariff for business to close the gap between residential and business; and,
- The Municipal Water department was running at a loss.

Informed by the comments as outlined above, we looked at the two options for water tariff modelling, which was:

### Option 1

Increase the water tariff by 8% and introduce a basic charge of R 15 for residential and R 25 for others.

### Option 2

The second option was to increase the tariff by 15% for residential, 17% for other and introduce a basic charge of R 15 and R 25 for residential and other respectively.

The impact of the two options is illustrated in a table below. Mr. Speaker the EXCO recommended option two and that has informed the preparation of the final budget before you today.

% Increase	Basic Charge	Projected Revenue
8%	R15 residential and R25 other - R8 492 903 additional revenue	R301 718 455
15% - residential 17% - Other	R15 residential and R25 other - R8 492 903 additional revenue	R317 M (Block tariff for commercial)

As we move forward, this tariff modeling will allow us to vary the basic charge in a manner that will assist the municipality to absorb a portion of the Spring-Grove dam construction, without effecting a huge tariff increase in terms of percentages.

In addition, Mr Speaker we are proposing to this Council a blocked tariff increase, on a sliding scale for major water consumers. This is a paradigm shift from the previous static R 11.50 per Kilo litre. The proposed blocked tariff is as follows:

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

	Sliding Scale	17%
Block Tariff	0-30kl	13.46
	31-60kl	15.00
	61-100kl	17.60
	>100kl	13.46

Mr Speaker, our position with this proposal is that we are moving away from a one size fits all situation whilst at the same time, not killing the goose that lays the golden egg, in the form of the commercial and industrial users of water. This presents a perfect balance for our situation.

## BUDGET ASSUMPTIONS

The following assumptions have been used to prepare the proposed final budget,

### Headline inflation forecasts

As part of the process of setting tariff increases and increasing the budget expenditure, National Treasury issued an inflation forecast through MFMA circular No 58 for 2012/13 of 5.4%. This has been well considered and this resulted in an increase in all tariffs except electricity and water to be increased below 10%.

### Revision of rates, tariffs, and other charges

As detailed in paragraph 1 above, when revising tariffs, rates and other charges, inflation forecasts have been considered to ensure that all proposed increases do not exceed 17%.

Further to the above, the labour and other input costs of services have been taken into account to ensure financial sustainability, local economic conditions and the affordability of services and also taken into consideration the municipality's indigent policy.

In this regard, the municipality has tried to keep the proposed rates, tariffs and other charges as low as practically possible.

### Eskom bulk tariff increases

Due to an announcement of Eskom bulk increases by NERSA, the municipality's proposed increases on electricity tariffs is 16% as guided by NERSA. The final approved tariffs will be subject to NERSA. These tariffs will increase above the budget circular guideline increase as this is beyond the Municipality's control as a result of Eskom's bulk purchases increase.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Funding choices and management matters

Tough decisions on the expenditure side will have to be made by giving priority to ensure that service delivery is improved in all aspects as follows:

- Supporting of meaningful local economic development initiatives that foster micro and small business opportunities and job creation;
- Supporting of the day to day operations for provision of service delivery;
- Expediting spending on capital projects that are funded by conditional grants and MIG; and
- Supports meaningful special programs for community groups.

## MFMA Circular No.58 and 59 of 2012

The circulars referred to above have provided guidance on budget preparations on many aspects which on these current budget preparations include amongst other things the inflation forecast for increases as considered. These circulars further provide guidance to municipalities for the preparation of 2012/13 Budgets and Medium Term Revenue and Expenditure Framework. The main guidance provided is on the councils need to ensure that the inputs into 2012/13 budget and MTREF safeguard the financial sustainability of the municipality.

## BUDGET RELATED POLICY REVIEW

Mr Speaker, the MFMA requires the municipality to review budget-related policies on an annual basis at the same time that it is preparing its budget. We have also done as such and would like to quickly take you through the policy changes that we have reviewed:

- Credit Control & Debt Collection Policy:** The changes to the Credit Control and Debt Collection policy encompass stricter credit control measures with respect to prepaid meters. Previously, the Credit Control and Debt Collection policy did not make provision for credit control action in respect of prepaid meters. The policy has been amended to ensure that there are no revenue leakages within this ambit.
- Rates policy:** The changes to the Rates policy are in terms of the Municipal Property Rates Act and accommodates the introduction of a rebate for developers and child headed households as outlined in the tariff register. These categories of owner are defined in the policy.
- Tariff Policy:** The changes to the tariff policy specify the change in terminology of the indigent tariff. The policy has been amended to apply the indigent tariffs as specified in the tariff register whereas previously this was referred to as a lifeline tariff.
- Indigent Policy:** The changes to the Indigent Policy are in terms of National Treasury recommendations. The policy has been amended to apply the indigent tariffs as specified in the tariff register whereas previously this was referred to as a lifeline tariff. The concessions have been amended as per National Treasury recommendations.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## LONG TERM FINANCIAL PLAN

Mr. Speaker, fellow Councillors, ladies and gentleman, we all know where Msunduzi comes from and I don't think there is one individual across the political spectrum, who would want to see a repeat of what we experienced during the Provincial Intervention Team (PIT) as well as the Mettler and Sithole era. All of them did their work, for which we are very much appreciative, but we are duty bound, as a collective, to ensure that this municipality never goes through that experience again. A few words from one great Nigerian Poet, and Writer, Ben Okri, which, in my opinion are relevant to our situation, go as follows:

**“The most important thing about us is our capacity to create, to overcome, to endure, to transform, to love, and to be greater than our suffering”**

To me these words are as if Ben Okri meant them for us. As we emerge from an era that should never come back to revisit us, we are today closing this chapter and gradually but surely, moving towards a city of choice, second to none. We have put in place four pillars, from which our City of Choice will stand from, and these are:

- 1) Professionalism and Depoliticisation of the administration;
- 2) Compliance;
- 3) Revenue enhancement; and
- 4) Effective and efficient Service delivery.

Separate from the IDP and Budget preparation process, the Management has been working with the National Treasury to put together the Long Term Financial Plan (LTFP). Fellow Councillors this is the first outlook into the future where we as this Council are beginning to say what kind of Msunduzi are we envisaging 10-20 years from now. I know that the question that comes to many people's mind is what is the Long Term Financial Plan, what does it incorporate and what does it mean to an ordinary citizen?

In my answer, I think it is prudent to first answer the question of why do we exist as an institution, what is our role, legislatively and otherwise? Firstly we have the Vision, the Mission, Organizational goals and Strategic Objectives. These are all encapsulated in our IDP and we spent a lot of time reviewing them at Didima. From these documents, the answer is very simple, as Msunduzi, we therefore exist to:-

- Plan, monitor and administer financial and Community assets;
- Ensure that resources are used effectively, efficiently and appropriately to improve the quality of life for all people within Msunduzi;
- Represent our Community by providing leadership and stewardship; and
- Ensuring that Municipal services to the Community are provided in a responsible and sustainable manner.

Therefore Mr Speaker From a policy perspective the LTFP is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets.

The purpose of this LTFP is therefore to:-

- Ensure that all long term financial planning is based on a structured and consistent methodology in order to ensure the long term financial sustainability of Msunduzi;
- Identify assets (including human resources) investment requirements and associated funding sources to ensure the future sustainability of Msunduzi;
- Identify revenue enhancement and cost saving strategies in order to improve service delivery at affordable rates and tariffs; and
- Identify new revenue sources as funding for future years.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

The Msunduzi LTFP takes cognisance of the following additional factors:-

- **A collaborative and visionary process.** The LTFP does not just forecast the status quo into the future but considers different possible scenarios and involves all stakeholders, elected officials, line departments, and the public to help identify financial issues, develop consensus strategies, and ensure a successful implementation.
- **A combination of technical analysis and strategising.** Long-term forecasts and analysis are used to identify long-term imbalances and financial strategies are developed to counteract these imbalances or inequities.
- **An anchor of financial sustainability and policy development.** The plan develops big-picture and long-term thinking among elected and appointed Officials and also aims to ensure alignment and credibility of the IDP.
- **Long term in nature.** The plan also covers between five and ten years but some components take a longer view. For example, the plan may include a 20-year forecast of infrastructure needs. In this regard the key is to match this time horizon with the financial strategies of the Municipality.
- **Aligned to the Financial Recovery Plan (FRP).** The LTFP is not intended to replace the FRP but to rather supplement the FRP and the MTREF Budget of the Municipality.

Without dwelling much on the Long Term Financial Plan, since many of you have not been able to interact with the document, I am appealing to this Council to adopt and mandate the EXCO to monitor its implementation and submit progress reports at least on a quarterly basis. I am also appealing to all of you to familiarise yourself with the document as it has a huge potential not only for financial stability but to ensure that as an institution, we are elevated to another level.

Mr Speaker, when I was addressing the MANCO Strategic Planning Session that took place on the 14<sup>th</sup> of May 2012, I told the Management that the character of this municipality going forward will be judged by the manner in which we respond to people's service delivery needs and the quality of our response. In twelve months from now, we want you all to be the judges of whether we have achieved this or not.

## WORDS OF GRATITUDE

Mr Speaker, EXCO members and fellow Councillors, let me take this opportunity to convey a few words of gratitude on your behalf:

- 1) **The Office of The Premier** - First we want to convey our words of gratitude to the Office of the Premier for their tireless efforts and contribution in ensuring that Msunduzi reclaim its position as the Capital of the Province in all respects;
- 2) **KZN COGTA** - We also want to thank the MEC for COGTA in KZN, Ms Dube for her continued support to Msunduzi, despite the withdrawal of Section 139. As I table this budget, we have in our midst three local government experts, all presenting critical skills to this organisation, at no cost to this municipality. In addition, KZN CoGTA has funded a number of capital projects, which are contributing in the restoration of people's confidence in the sphere of local government. We thank COGTA for this;
- 3) **Provincial Treasury** - Assisted with many initiatives including operation *khokha ngesikhathi*, funding for the Pietermaritzburg Airport, development of the risk management register, to name but a few.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- 3) **National Treasury** - Mr. Speaker a six member delegation led by the Municipal Manager went to the National Treasury as part of the bench marking exercise on the 30<sup>th</sup> of April 2012. The feedback that I received from the Municipal Manager, even before the team left Pretoria was, if I may sum it up **“that the National Treasury tore their budget proposal apart and directed that they revisit the whole thing”**. Mr Speaker, I have no doubt in my mind that the expressions from the National Treasury were not personal and were not directed at any individual. Instead they were meant to ensure that my presentation today will be able to stand the test. For that I want to convey a word of gratitude to the National Treasury Team under the leadership of Mr Jan Hattingh. In addition, Mr Speaker, a second team has been silently working with our Management preparing the Long Term Financial Plan. This team has been working under the leadership of Mrs Thalitha Cossa. We also want to convey our gratitude to Thalitha and her team;
- 4) **The Msunduzi Exco and Council** - We want to convey our gratitude to all Cllrs, particularly EXCO members, who participated in the budget preparation process. We thank you for your contributions and now request that you to take the very same budget to all corners of our municipality and sell it to the community.
- 5) **Msunduzi Management** - Mr. Speaker, section 68 of the MFMA states that the Accounting Officer must –
- a) **Assist the Mayor in performing the budgetary functions assigned to the Mayor in terms of Chapters 4&7 of the MFMA; and**
  - b) **Provide the Mayor with the administrative support, resources and information necessary for the performance of those functions.**

Mr Speaker, I want to convey my gratitude to the entire Management, led by the Municipal Manager, for going beyond the requirements of section 68 during the budget preparation process. I am aware that some of them have been spending more time in their offices than they would normally do. If the commitment, unity and selflessness shown by all during the budget preparation, continue beyond the budget approval, I have no doubt that we will be able to implement all projects as set out in our budget and SDBIP. To the entire management thank you very much.

- 6) **Other Participants** - Last but not least, my gratitude goes to all who have taken time off to look at our IDP, Budget and Policy proposal and submitted inputs and comments. To all of you thank you very much, there was no input too small.

## CONCLUSION

Mr Speaker, Chief Albert Luthuli, former President of the ANC, addressed the South African Congress of Democrats on the 1<sup>st</sup> of February 1958. In his speech entitled, Our Vision is a democratic Society stated:

**“A man has really one speech to make. He may clothe it in different words, but in essence it is the same speech. Those of us who are in the freedom struggle in this country have really one gospel. We may possibly shade it in different ways, but it is a gospel of democracy and freedom.**

Ladies and gentleman, it is my considered view that the words of Chief Luthuli, in 1958, remain relevant in 2012. We all have to preach the same gospel. We may shade it differently depending on where you come from and where you stand in the society. At the end of the day, our gospel remains that of democracy and freedom. This democracy and freedom should be translated into uninterrupted effective and efficient delivery of sustainable and affordable services to all our citizens.

Sadly, fellow Councillors, Ladies and Gentleman, Chief Albert Luthuli was served with banning orders soon after this speech.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Honourable Speaker, Deputy Mayor, Fellow Councillors and all present here today, as I move towards conclusion, let me once again borrow from the same poem of Richard McWilliam, "What is a dream?"

***"That is a dream  
Get yourself a dream  
And never, ever let your dream get away"***

Mr Speaker, Fellow Councillors and distinguished guests, we have just presented a dream, and it is my hope that none of us will allow this dream to get away. But that instead, we will turn it into real, measurable and achievable service delivery targets that will benefit the entire Msunduzi populace.

With these Mr Speaker, I so move that the Council:

## **MOVE FOR THE IDP ADOPTION**

**That the Executive Committee resolves to recommend to Council:**

- 6.1. That the IDP for 2012/13 – 2016/17 be adopted.
- 6.2. That the Vision 2035, Vision Statement, Mission Statement, Goals and Values as amended in annexure A be adopted.
- 6.3. That the Municipal Manager be authorised to submit the revised IDP for assessment by COGTA within ten days after approval.
- 6.4. That the comments by the MEC for Co-operative Government and Traditional Affairs on the draft IDP 2012/13 – 2016/17 as annexure B be noted

## **ANNEXURE A**

### **1. THE VISION**

The City of Choice Second to None

### **2. The Vision Statement**

A safe, Vibrant City in which to Live, Learn, Raise a Family, Work, Play and Do Business

### **3. MISSION STATEMENT**

To ensure that the Municipality functions effectively and in a sustainable manner in order to deliver services of excellence to the community.

### **4. ORGANISATIONAL GOALS**

- A healthy citizenry with access to affordable, quality health care.
- A safe city with low crime levels and quality living areas.
- An efficiently managed, financially viable and sustainable, city
- A well governed city underpinned by meaningful public participation
- A vibrant economic centre, attracting investment, supporting business development and creating jobs
- A city where all have access to habitable human settlements – decent houses, clean water and proper sanitation
- An environmentally sustainable and healthy city
- A well planned, spatially integrated city

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 5. STRATEGIC OBJECTIVES AND A 6 POINT PLAN

### 5.1. FINANCIAL VIABILITY AND MANAGEMENT

Plan 1: Build a strong institutional, financial and sustainable base

#### **Strategic Objective:**

- (a) To promote sound financial management and reporting, effective budgeting and revenue enhancement

### 5.2 LOCAL ECONOMIC DEVELOPMENT

Plan 4: Create an environment for economic growth and development to enhance the municipal contribution to job creation and sustainable livelihoods through a Local Economic Development Plan

#### **Strategic Objective:**

- (b) To stimulate economic growth through job creation, promotion of BBBEE, development of SMME's, co-operatives and agri-industry
- (c) To promote sustainable tourism.
- (d) To promote and stimulate business investment, retention and expansion

### 5.3. BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Plan 2: Improve quality living environments through basic access to water, sanitation, electricity, waste management, roads and disaster management

#### **Strategic Objective:**

- (e) To improve access to affordable housing and facilities that promote quality living areas.
- (f) To improve accessibility and maintenance of habitable human settlements and facilities
- (g) To provide a responsible facility for the disposal of waste in a manner that is socially and environmentally acceptable.

### 5.4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Plan 5: Build a cohesive system of governance that translates deepening democracy into a meaningful since to public participation

#### **Strategic Objectives:**

- (h) To develop an efficient, effective and accountable administration
- (i) To promote full participation of all stakeholders in the planning, implementation and decision making of the municipality.
- (j) To improve basic literacy of society with special focus on targeted groups

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 5.5. INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Plan 5: Build a cohesive system of governance that translates deepening democracy into a meaningful sense to public participation

### Strategic Objectives:

- (k) To build a productive, knowledge based organization that will respond adequately to the needs of the community and the city.
- (l) To develop the capacity and safety of our workforce.

## 5.6. ENVIRONMENTAL PLANNING & SOCIAL SERVICES

Plan 3: Provide safe, healthy and secure environment (environmental health and public safety

Plan 6: Ensure integrated, sustainable spatial planning and development (planning, SDF, EMP

### Strategic Objectives:

- (m) To ensure that all communities have access to social Services
- (n) To contribute towards a health, safe and secure environment with special focus on children, youth, women and people with disability
- (o) To promote sports and recreation, and arts and culture
- (p) To promote a long term development vision and harmony in planning

## 6. OUR CITY GUIDING PRINCIPLES

To underpin all development activities:

- Ubuntu : Humanity, I am what I am because of who we are
- Hard Working : Passionate and committed to one's work
- Competence : Having requisite skills, knowledge, behavior and appropriate attitude in executing one's work effectively and efficiently
- Integrity : To maintain and demonstrate good governance and honesty

## ANNEXURE B

### COMMENTS BY THE MEC LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS (COGTA) ON THE DRAFT IDP 2012/13 – 2016/17

#### LOCAL ECONOMIC DEVELOPMENT

- Useful data from which strategic goals and detailed strategies have been compiled, notably promoting inward investment, business retention, and the promotion of key sectors, co-ordinated tourism and support to informal traders.
- In addition, a number of critical intervention projects have been identified for intervention such as Freedom Square and the Airport. A detailed implementation plan has been compiled and is provided in your IDP guiding future economic development and planning in your Municipality. It is noted that the implementation plan is linked to KPA's, objectives and indicators.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT

- A hierarchy of applicable sector plans.
- Details on backlogs are provided to inform investment decisions but is noted that staff vacancies are high in your service sub-units.
- Planning and prioritization has been done but does not inform future budget compilation.

## FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

- IDP acknowledged the concern of a qualified Auditor General (AG) report and your detailed management response thereto is noted.
- Your municipality is urged to keep reporting in future IDPs on progress in addressing the AG's concerns and issues.
- With regard to revenue generation it is noted that there is a strategy in place to address debtors.
- Noted that the municipality has been able to secure a number of grants other than the MIG.

## GOOD GOVERNANCE AND COMMUNITY PARTICIPATION

- From an IGR perspective, it is noted that due recognition is given by your Municipality to the role of the Traditional Leadership.
- It is further noted that a number of Government Departments have become involved in your IDP processes given the sector department details provided.

## SPATIAL DEVELOPMENT FRAMEWORK (SDF)

- It is evident that your SDF is directed by logical spatial strategies, directly integrated within the IDP. I however found the maps contained within your SDF to be illegible. It is evident that the IDP, including the SDF summary, is aimed at the wider Msunduzi community
- The translation of key sections into isiZulu is commended. Furthermore the identification of activity nodes and corridors with direct interventions required are noted.
- The formulation of a clear development framework for the Edendale Corridor as included, is highly commended. I further note that your SDF makes specific mention of the intention to establish an Area Based Management system within your municipality.
- More detailed planning around key resources should be considered. It is unclear as to what localised realities and structuring elements informed the formulation of the SDF as your summary does not include any maps or analysis information.
- I find that the submitted SDF does not provide clear land use management guidelines.
- I recommend that improved linkages between your SDF and the municipality's Capital Investment Framework be established in order to facilitate the implementation of the SDF.
- Furthermore, there is little evidence of planning integration with surrounding municipalities and I recommend that this be more directly addressed in the review of your SDF.

## CONSIDERATIONS FOR WESTERN CORRIDOR (N3) DEVELOPMENT

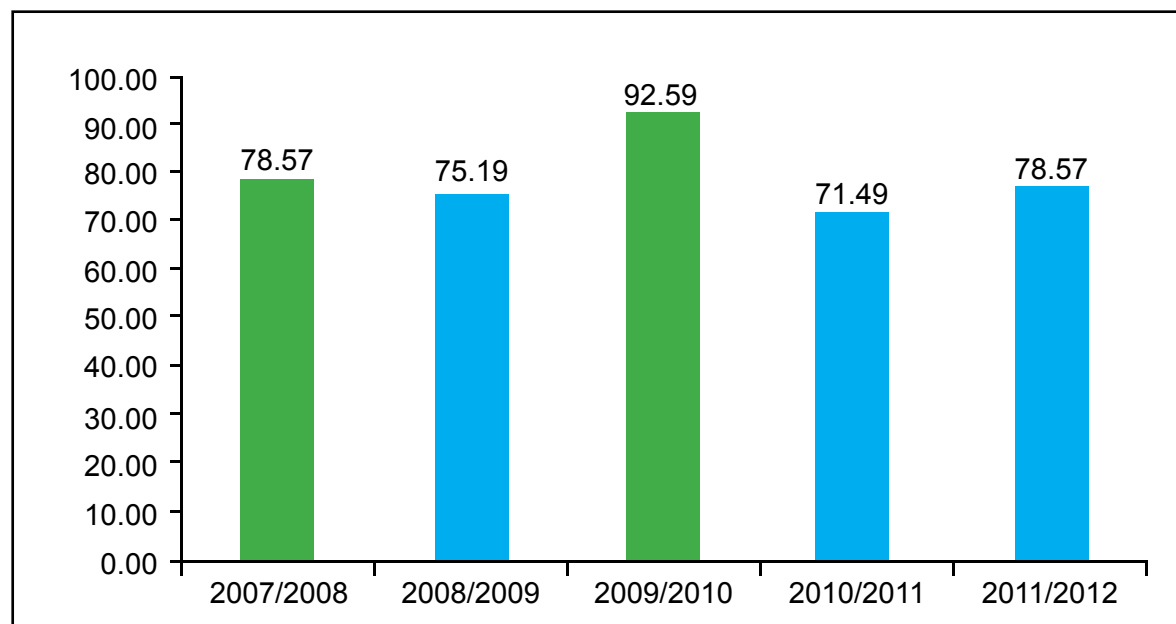
- Please be advised that the Western Corridor Development which is the area from the Ethekezi Metro to Howick (N3) is to be considered in your next IDP.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## CONSIDERATIONS FOR COMMUNITY-BASED PLANNING

- It is recommended that your Community Based Plan (CBP) be replicated in other wards of your municipality. We urge your municipality to clearly incorporate your CBP into the IDP. The next step will now be moving towards implementation of the CBP.

## Msunduzi IDP Credibility Over 5 Year Horizon



## MOVE FOR THE ADOPTION OF THE BUDGET AND RELATED POLICIES

That the Executive Committee resolves to recommend to Council to approve the following:

- Final operating and capital budget as reflected in Summary of Final Operating and Capital Budget Schedules for 2012/2013 of R 3,212,660,000 be approved by the Council.
- Final operating revenue and expenditure budget as reflected in Summary of Budget Financial Performance Schedules for 2012/2013 of R 2,987,790,000 and R 2,982,646,000 respectively be approved by the Council.
- Final Capital expenditure budget of R 230,014,000 be approved by the Council.
- The Budget related policies listed below and attached to the final budget that were reviewed and amended after public consultative meetings be approved by the Council:
  - Register of Tariffs and Charges
  - Budget Policy
  - Virement Policy
  - Credit Control and Debt Collection Policy
  - Rates Policy
  - Indigent Policy
  - Supply Chain Management Policy
  - Tariff Policy

# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**

- 5) The proposed property rates and taxes imposed for the budget year 2012/ 2013 be approved by the Council as follows:
- a) Residential net rate randage of 0.0111 cents in the rand ;
  - b) Other (business) net rate randage of 0.0196 cents in the rand ;
  - c) Public Service Infrastructure net rate randage of 0.0027 cents in the rand ;
  - d) Farms and Agricultural net rate randage of 0.0027 cents in the rand
  - e) Rural communal properties net rate randage of 0.0174 cents in the rand
  - f) Home business and DSF net rate randage of 0.0141 cents in the rand
  - g) Sectional titles and garages net rate randage of 0.0111 cents in the rand
  - h) Mining net rate randage of 0.0196 cents in the rand
- 6) That all other proposed service tariffs and charges be approved as listed in the Register of Tariffs and Charges.

I thank you.  
Ngiyabonga  
Baie dankie

**Presented by Cllr C.J. Ndlela**  
**Mayor: Msunduzi Municipality**  
**May 30, 2012**

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 2. EXECUTIVE SUMMARY

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

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

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the City has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars No. 51, 54, 55, 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Umgeni Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**

Total operating revenue has grown by 13.29 per cent or R350,55 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 25.41 percent (R670,211) and 39.19 per cent (R1,033,592) respectively, equating to a total revenue growth of R1,703,803 over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R2.99 billion and translates into a budgeted surplus of R5.14 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 7.56 per cent in the 2012/13 budget and by 17.45 and 29.78 per cent for each of the respective outer years of the MTREF.

The capital budget of R230 million for 2012/13 is 34.51 per cent less when compared to the 2011/12 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme decreases to R230 million in the 2012/13 financial year, further decreases in 2013/14 to R215 million and in 2014/15 to R180 million. For a substantial increase of the capital budget over the MTREF the municipal council should consider additional borrowings in each of the financial years of the MTREF. The repayment of capital and interest (debt services costs) has substantially increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past three years. Consequently, the capital budget remains relatively flat over the medium-term.



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 3. OPERATING REVENUE FRAMEWORK

For Msunduzi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

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

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

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

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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totaled R2.2 billion or 83.06 per cent. This increases to R2.9 billion, R3.3 billion and R3.7 billion for 2012/13, 2013/14 and 2014/15 respectively. A notable trend is the increase in the total percentage revenue generated from rates and services charges. This growth can be mainly attributed to the increased in the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totaling 19 per cent or R576 million and increases to R622 million by 2013/14. The third largest sources is 'other revenue' which consists of various items such as sale of produce, training recoveries, landing fees, passenger levy, Hulet external charges, rates certificates, etc. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R365 million in the 2012/13 financial year and steadily increases to R413 million by 2013/14, R442 million by 2014/2015. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4: Operating Transfers and Grant Receipts**

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		179,763	203,378	267,375	312,242	312,242	312,242	342,704	366,152	393,959
Local Government Equitable Share		176,117	199,824	267,211	304,835	304,835	304,835	338,903	363,502	391,259
Finance Management		500	750	165	1,441	1,441	1,441	1,500	1,750	1,750
Municipal Systems Improvement		400	400		790	790	790	800	900	950
EPWP Incentive		2,746	2,404					1,501		
Other transfers/grants					5,176	5,176	5,176			
Provincial Government:		2,075	10,548	33,467	13,889	13,889	13,889	22,500	47,573	48,099
Health subsidy			9,161							
Provincial Government:				20,979	13,889	13,889	13,889			
Health subsidy										
Expanded Public Works Grant										
Operating Grant - Property Rates		2,075	1,387							

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Health				12,488				2,537		
Human Settlements								9,000	26,020	25,518
Public Works										
Arts and Culture								10,963	21,553	22,581
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	181,838	213,926	300,842	326,131	326,131	326,131	365,204	413,725	442,058

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

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

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

National Treasury raised certain concerns regarding the 2012/13 Draft Budget:

- Tariffs are not cost reflective
- Residential subsidies business for water
- Rates exemption of R150 000 offered to all ratepayers was too generous
- In comparison to other municipalities, the R150 000 is extremely high since the current value of an RDP house is approximately R70 000

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 3.1. Property Rates

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. The regulations prescribing the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1 came into effect on 1 July 2009, whilst the rate ratio for Public Benefit Organizations came into effect on 1 July 2010. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Taking into account issues raised by the National Treasury, the Msunduzi Municipality took an initiative to reduce the rates exemption from R150 000 to R100 000.

Reducing the exemption from R150 000 to R100 000 with 7% increase resulted to the additional revenue of R37 581908

### Impact of reducing the exemption to Customers

Property Value	Annual Rates		Monthly Rates		Difference	
	2011/2012	2012/13	2011/12	2012/13	Annual	Monthly
R1,500,000	14,040.00	15,540.00	1,170.00	1,295.00	1,500.00	125.00
R850,000	7,280.00	8,325.00	606.67	693.75	1,045.00	87.08
R650,000	5,200.00	6,105.00	433.33	508.75	905.00	75.42
R350,000	2,080.00	2,775.00	173.33	231.25	695.00	57.92
R200,000	520.00	1,110.00	43.33	92.50	590.00	49.17
R150,000	0.00	555.00	0.00	46.25	555.00	46.25

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 7 per cent increase from 1 July 2012 is contained below:

**Table 5: Comparison of proposed rates to levied for the 2012/13 financial year**

<u>Rates</u>				
VOTE	SUB	ITEM	2011/12	2012/13
060	448	8208	Cents in the R	Cents in the R
<b>1. A GENERAL RATE</b> , assessed in terms of the Local Government: Municipal Property Rates Act 6 of 2004			0.0189	0.0202
(a) <u>Vacant Land</u> - no rebate granted (net)			0.0189	0.0202
(b) <u>Unauthorised use</u> plus surcharge			0.0189	0.0243

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Rates

VOTE	SUB	ITEM
060	448	8208

2011/12

2012/13

Cents in  
the R

Cents in  
the R

## **2. REBATES:**

### Residential Property

- (a) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0085

0.0091

0.0104

0.0111

### Other Properties

- (b) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0006

0.0006

0.0183

0.0196

### Agricultural Property

- (c) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0163

0.0175

0.0026

0.0027

### Public Service Infrastructure

- (d) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0163

0.0175

0.0026

0.0027

### Rural Communal Property

- (e) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0028

0.0028

0.0161

0.0174

### Home Business and DSF properties

- (f) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0028

0.0061

0.0161

0.0141

### Sectional Title Garages - Separately Registered

- (g) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0085

0.0091

0.0104

0.0111

### Mining

- (h) A rebate on the valuation of rateable property  
Rate Randage – after rebate (net)

0.0006

0.0006

0.0183

0.0196

All additional rebates are included within the Tariff Register for approval.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 3.2. Sale of Water and Impact of Tariff Increases

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

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

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

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umgeni Water has increased its bulk tariffs with 17.5 per cent from 1 July 2012, which increase contributes to approximately 48 per cent of the City's water input cost.

Umgeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umgeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise R1.6 billion for infrastructure upgrades, hence the significant increase in the bulk cost of water.

The National Treasury visit highlighted the exorbitant 22% increase. In comparison to other municipalities, this increase is substantially higher due to the 11% for the construction of Spring Grove Dam plus 4.5% for ageing infrastructure. Residential is subsidizing businesses, in order to close the gap between residential and business a block tariff was introduced.

A tariff increase of 15 per cent for residential, 17% on all the other categories including the commercial with the introduction of an additional commercial block tariff plus a basic charge of R15 for residential and R25 for other categories from 1 July 2012 for water is proposed. This is based on input cost assumptions of 17.5 per cent increase in the cost of bulk water (Umgeni Water).

Breakdown of 17.5% percent is as follows:

-6.5%	Umgeni tariff increase
-11%	Construction of Spring Grove Dam

The tariff structure of the 2011/12 financial year has been changed to include a basic charge per category as well as a commercial block tariff. The domestic tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R21.67 per kilolitre for consumptions in excess of 60kl per reading cycle. However, the commercial block tariff is designed to lessen the burden on commercial consumers where consumptions are in excess of 100kl. This is done to ensure sustainability within the commercial category.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 3.3. Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 13.5 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 11 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2012/13 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

## 3.4. Sanitation and Impact of Tariff Increases

A tariff increase of 7 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 7per cent for sanitation tariffs.

The following table compares the current and proposed tariffs:



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Table 8: Comparison between current sanitation charges and increases

## Sewerage Tariffs

VOTE	SUB	ITEM
202	469	8439

2011/12  
Excl. Vat

2012/13  
Excl. Vat

Based on the relevant Water Scale

### Sewerage Tariffs

1	Scale 2 – Domestic/House	R 102.00	R 109.13
2	Home Business	R 115.00	R 123.05
3	Scale 3A – Flats/Simplexes per kl	R 5.41	R 5.79
4	Scale 4A – Business/Commercial per kl		
	0 - 400	R 5.53	R 5.92
	401 - 1000	R 5.16	R 5.52
	Greater than 1000	R 4.27	R 4.56
	Subject to a maximum of	R 22,252.32	R 23,809.98
5	Vacant Land	R 102.00	R 109.13
6	Scale 6 – Worship Places	R 194.58	R 208.20
7	Scale 8M – Municipal Departments per kl	R 5.53	R 5.92
8	Indigent Tariff	R 51.00	R 54.57

VOTE	SUB	ITEM
202	469	8346

9	Scale 3c, 4c, 7c – Registered Welfare & Charitable Institutions & certain Sporting Bodies which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council. per kl	R 5.53	R 5.92
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### 1.3.5. Waste Removal and Impact of Tariff Increases

National Treasury suggested that growth be included within the original budget and indicated that 5% increase is below inflation and during the community consultation same view was raised. The Waste Management Section provided input and a 10% growth was suggested.

Original Budget	Projected Revenue	Additional Revenue
7% + 10% growth	R55 973 013	R4 724 620
8% + 10% growth	R56 496 125	R4 768 775

Included in the 2012/13 budget is a 7% plus 10 per cent growth.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

The following table compares current and proposed amounts payable from 1 July 2012:

**Table 9: Comparison between current waste removal fees and increases**

## Refuse Tariffs

VOTE	SUB	ITEM
182	469	8439

2011/12  
Excl. Vat

2012/13  
Excl. Vat

Standard charges for Domestic and Commercial Refuse Removal Based on relevant Electricity Scale

### Refuse Removal Tariffs

1	Domestic			
	Single phase up to 80A	R 65.97	R 70.58	
	Three phase up to 100A	R 65.97	R 70.58	
	Prepayment Meter		R 70.58	
2	Home Business			
	Single phase up to 80A	R 100.00	R 107.00	
	Three phase up to 100A	R 100.00	R 107.00	
	Prepayment Meter		R 107.00	
3	Small Power Users - Business/Commercial			
	Single phase up to 80A	R 188.99	R 202.22	
	Three phase up to 100A	R 188.99	R 202.22	
4	Large Power Users – Business/Commercial			
	Supply taken at 400V	R 188.99	R 202.22	
	Supply taken at 6.6 or 11kV	R 188.99	R 202.22	
5	Flats/Simplexes	R 55.90	R 59.81	
6	Indigent Tariff	R 32.98	R 35.29	

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 4. OPERATING EXPENDITURE FRAMEWORK

The City's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

**Table 10: Summary of operating expenditure by standard classification item**

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)												
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure				
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
<b>Expenditure By Type</b> Employee related costs Remuneration of council-lors Debt impairment Depreciation & asset impairment Finance charges Bulk purchases Other materials Contracted services Transfers and grants Other expenditure Loss on disposal of PPE	2	521,275 15,467	660,087 19,384	634,106 18,418	657,096 20,954	660,205 35,374	660,205 35,374	660,205 35,374	713,415 34,000	770,489 34,017	839,833 35,684	
	3	10,000	250,540	252,225	160,917	328,572	328,572	328,572	250,342	138,982	155,360	
	2	50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	173,800	182,490	
	2	55,028	73,754	70,510	57,747	65,895	65,895	65,895	77,500	75,038	78,715	
		598,699	804,979	994,366	1,243,500	1,253,181	1,253,181	1,253,181	1,382,923	1,553,340	1,772,233	
	8	4,393	1,711						14,154	15,957	16,739	
		10,889	14,690	13,766	16,050	16,050	16,050	16,050	56,948	59,600	62,521	
		–	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971	
	4, 5	560,640	787,546	724,261	1,053,630	284,435	284,435	284,435	284,435	290,863	430,712	450,268
		143	182									
<b>Total Expenditure</b>	<b>1,827,270</b>	<b>2,739,151</b>	<b>2,807,426</b>	<b>3,339,106</b>	<b>2,772,925</b>	<b>2,772,925</b>	<b>2,772,925</b>	<b>2,772,925</b>	<b>2,982,646</b>	<b>3,256,673</b>	<b>3,598,813</b>	

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

The budgeted allocation for employee related costs for the 2012/13 financial year totals R713 million, which equals 23.92 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2012/13 financial year. An annual increase of 8 and 9 per cent has been included in the two outer years of the MTREF respectively. In addition expenditure against overtime was significantly reduced, with provisions of R39 million against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). A 7.0 per cent increase has been factored in councilors remuneration.

The provision of debt impairment was determined based on an annual collection rate of 90 per cent and the Debt Write-off Policy of the City. For the 2012/13 financial year this amount equates to R250 million and for the two outer years it decreases because of new strategies will be put in place to increase the collection levels. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R158 million for the 2012/13 financial and equates to 5.3 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.6 per cent (R78 million) of operating expenditure

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

Other materials comprise materials for maintenance of roads, water, sewerage, landfill site. line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure.

Contracted services had been identified as a cost saving area for the City. As part of the compilation of the 2011/12 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R57 million and previously this cost was reflected under "other expenditure". For the two outer years growth has been limited to 5.3 and 4.9 per cent.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

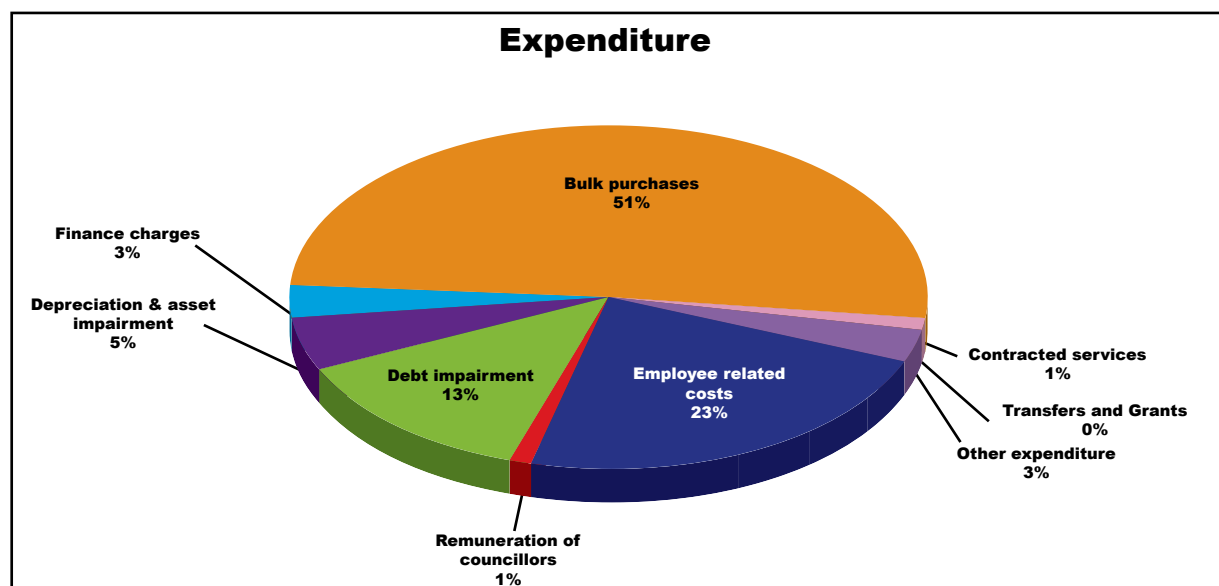


Figure 1 Main operational expenditure categories for the 2012/13 financial year

## 4.1. Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials, contracted services and Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 5. CAPITAL EXPENDITURE

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

### Medium-term capital budget per funding

Transfers and grant receipts												
	Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
<u>Capital Transfers and Grants</u> <b>National Government:</b> Municipal Infrastructure Grant (MIG) Public Transport and Systems Neighbourhood Development Partnership Rural Households Infrastructure Dept of Mineral/Electricity Integrated National Electrification Programme Other capital transfers/grants <b>Provincial Government:</b> Airport Development Project Sport and Recreation <b>District Municipality:</b>			77,648	125,649	73,225	287,122	197,197	197,197	208,599	211,379	176,005	
			75,518	91,339	48,348	123,547	123,547	123,547	153,399	161,817	175,505	
			2,130	7,737	11,663	65,000	65,000	65,000	45,000	43,762		
						4,000	6,650	6,650	700	300	500	
					3,757	2,000	2,000	2,000	4,500	5,500		
						4,000	—	—	5,000			
				26,573	9,457	88,575						
			-	-	11,429	16,000	-	-	21,415	4,000	4,300	
					11,429				19,315	4,000		
				-	-	-	-	-	2,100	-	-	-
Other grant providers:			-	-	-	-	-	-	-	-	-	
Total Capital Transfers and Grants		5	77,648	125,649	84,654	303,122	197,197	197,197	230,014	215,379	180,305	
TOTAL RECEIPTS OF TRANSFERS & GRANTS			259,486	339,575	385,496	629,253	523,328	523,328	595,218	629,104	622,363	

### Annual Budget Tables - Parent Municipality

The following pages present the nine of the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations and the balance of the table missing is a basic service delivery measurement. These tables set out the municipality's 2012/13 budget and MTRF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

A list of some of the capital projects for 2012-13, 2013-14 and 2014-15

Ward	IDP No	Project Description	2012 / 2013 Amount	2013/2014	2014/2015	MATRIX
<b>ROADS, STORMWATER &amp; TRANSPORTATION</b>						
15 / 19	RNMP262	Horse Shoe Access Rd and passages in Imbali Stage 1 & 2	1,700,000	2,000,000	1,500,000	FS & BP - Yes Design - N/A Committed - No
12	RNMP266	Upgrade Moscow Roads	4,000,000	1,500,000	2,000,000	FS & BP - Yes Design - U/Way Committed - No
23	RNMP278	Rehabilitation of Roads in Ashdown	2,500,000	3,000,000	30,000,000	FS & BP - Yes Design - Yes Committed - Yes
21	RNMP271	Upgrading of Machibisa / Dambuza Roads	2,000,000	3,000,000	3,000,000	FS & BP - Yes Design - U/Way Committed - No
5	RNMP253	Upgrade D1128 Road*	3,000,000	10,000,000	10,000,000	FS & BP - Yes Design - Yes Committed - Yes
11	RNMP264	Upgrade Station Road Bridge - EIA & Design Update	100,000	5,000,000	6,000,000	FS & BP - Yes Design - Yes Committed - Yes
29	RNMP280	Upgrade of Haniville Internal Roads	1,500,000	2,000,000	1,200,000	FS & BP - Yes Design - N/A Committed - No
1	RNMP252	Upgrading of Mbucwana Rd	1,800,000	500,000	0	FS & BP - Yes Design - N/A Committed - No
22	RNMP278	Upgrade of Gravel Roads Edendale - Ward 22: Mthethomusha Rd, Natshi Rd, Mfeka Rd, Diphini Rd, Dennisfield Rd, Garries Ext Rd, Thula Rd, Motha Rd, Thusi Rd, Thabizo Rd, Nyala Rd, Laycentre Rd, Hadebe Rd, Eight Rd, Bhula Rd, Mofokeng Rd, Mbali Funeral Rd, Maqinase Rd 1, Maqinase Rd 2 & Ekujabuleni Home Rd	2,300,000	2,000,000	2,000,000	FS & BP - Yes Design - N/A Committed - No
12	RNMP255	Upgrade of Gravel Roads - Edendale: Hlubi Rd, Nkosi Rd, Ntombela Rd, D. Shezi Rd, Ntshingila Rd, Mpungose Rd, Gama Rd & Thandeka Rd	400,000	3,000,000	3,000,000	FS & BP - Yes Design - in 12/13 +J42 Committed - No
16	RNMP270	Upgrading of Gravel Roads - Edendale - Ward 16 - 8.0 km: Senti Rd, Sbhomora Rd, Khawula Rd & Thulani Rd	1,200,000	1,200,000	1,200,000	FS & BP - Yes Design - N/A Committed - No
13	RNMP284	Upgrading of Gravel Roads - Edendale: KwaNyamazane Roads	500,000	2,000,000	2,000,000	FS & BP - Yes Design - in 12/13 Committed - No
11	RNMP237	Upgrading of Gravel/Grav-seal Road - Edendale: Tafuleni Road - 1.2 km	3,500,000	500,000	0	FS & BP - Yes Design - N/A Committed - No

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Ward	IDP No	Project Description	2012 / 2013 Amount	2013/2014	2014/2015	MATRIX
14	RNMP268	Upgrading of Gravel Roads - Willowfontain: Willowfontain Main Rd, Phupha Rd & Khuzwayo Rd	6,500,000	4,000,000	3,000,000	FS & BP - Yes Design - U/Way Committed - No
17	RNMP274	Upgrading of Gravel Road - Greater Edendale - Imbali BB - Phase 2: New road next to Zondi store, Kancane Rd, Sibukosezizwe Rd	1,500,000	1,700,000	1,700,000	FS & BP - Yes Design - N/A Committed - No
20	RNMP276	Upgrading of Gravel Roads - Greater Edendael - 2.0 km: Upgrading of Mbanjwa Rd - Siyamu	3,500,000	600,000	0	FS & BP - Yes Design - Yes Committed - No
35	RNMP293	New footpaths, kerbing and channelling - Sobantu	200,000	200,000	200,000	FS & BP - Yes Design - N/A Committed - No
12		Upgrading of Gravel Roads - Greater Edendale: Shembe Rd, Joe Ngidi Rd, Ndwendwe Rd, Mavimbela Rd, Stebhisi Link, Shandu Rd & Ntombela Rd	664,590	1,500,000	500,000	FS & BP - Yes Design - N/A Committed - No
<b>SUB TOTAL</b>			<b>36,864,590</b>	<b>43,700,000</b>	<b>67,300,000</b>	
* D Roads to be removed in outer years and referred to KZN DoT						
<b>PUBLIC INFRASTRUCTURE/SOCIAL INSTITUTIONS</b>						
35		Hollingwood cemetery	13,500,000	11,500,000	2,000,000	FS & BP - Yes Design - Yes Committed - Yes
35		Mountain Rise Crematorium	2,800,000	3,000,000	1,000,000	FS & BP - Yes Design - N/A Committed - No
Var		Public Ablution Facilities	1,500,000	1,500,000	1,500,000	FS & BP - Yes Design - N/A Committed - No
15		Unit 18 Community Hall	2,500,000	1,500,000	300,000	FS & BP - Yes Design - Yes Committed - No
20		Caluza Sports Facility	5,500,000	1,500,000	0	FS & BP - Yes Design - Yes Committed - No
27		Informal Trade Structures	500,000	300,000	0	FS & BP - Yes Design - Yes Committed - No
<b>OTHER PROJECTS - SUPPORTING ECONOMIC DEVELOPMENT</b>						
33		New England Road (Phase 2) - COG-TA/CNL	3,000,000	0	0	FS & BP - Yes Design - Yes Committed - Yes
32		N3 / Chota Motala Road Interchange - COGTA/CNL	17,000,000	0	0	FS & BP - Yes Design - Yes Committed - Yes
Var (12, 21, 22, 23, 27, 32 etc)		IRPTN - DoT	85,000,000	0	0	FS & BP - Yes Design - Yes Committed - Yes

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Budget Summary

Description R thousands	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
<b>Financial Performance</b>											
Property rates	390,305	440,315	474,615	516,812	528,551	528,551	528,551	610,214	657,426	702,698	
Service charges	894,795	1,159,391	1,452,847	1,669,786	1,690,452	1,690,452	1,690,452	1,927,023	2,157,821	2,441,859	
Investment revenue	10,019	5,454	12,823	15,800	15,800	15,800	15,800	12,100	—	—	
Transfers recognised - operational	181,063	276,022	300,842	326,131	326,131	326,131	326,131	365,204	413,725	442,058	
Other own revenue	355,116	624,988	661,112	810,667	76,311	76,311	76,311	73,250	78,483	84,221	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,831,298</b>	<b>2,506,169</b>	<b>2,902,240</b>	<b>3,339,196</b>	<b>2,637,244</b>	<b>2,637,244</b>	<b>2,637,244</b>	<b>2,987,790</b>	<b>3,307,455</b>	<b>3,670,836</b>	
Employee costs	521,275	660,087	634,106	657,096	660,205	660,205	660,205	713,415	770,489	839,833	
Remuneration of councillors	15,467	19,384	18,418	20,954	35,374	35,374	35,374	34,000	34,017	35,684	
Depreciation & asset impairment	50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	173,800	182,490	
Finance charges	55,028	73,754	70,510	57,747	65,895	65,895	65,895	77,500	75,038	78,715	
Materials and bulk purchases	603,092	806,690	994,366	1,243,500	1,253,181	1,253,181	1,253,181	1,397,078	1,569,297	1,788,972	
Transfers and grants	—	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971	
Other expenditure	581,672	1,052,959	990,252	1,230,597	629,058	629,058	629,058	598,153	629,294	668,149	
<b>Total Expenditure</b>	<b>1,827,270</b>	<b>2,739,151</b>	<b>2,807,426</b>	<b>3,339,106</b>	<b>2,772,925</b>	<b>2,772,925</b>	<b>2,772,925</b>	<b>2,982,646</b>	<b>3,256,673</b>	<b>3,598,813</b>	
<b>Surplus/(Deficit)</b>	<b>4,028</b>	<b>(232,982)</b>	<b>94,814</b>	<b>90</b>	<b>(135,681)</b>	<b>(135,681)</b>	<b>(135,681)</b>	<b>5,144</b>	<b>50,782</b>	<b>72,022</b>	
Transfers recognised - capital	97,771	78,407	84,654	411,313	351,441	351,441	351,441	230,014	215,379	180,305	
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—	—	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>101,798</b>	<b>(154,575)</b>	<b>179,468</b>	<b>411,403</b>	<b>215,760</b>	<b>215,760</b>	<b>215,760</b>	<b>235,158</b>	<b>266,161</b>	<b>252,327</b>	
Share of surplus/(deficit) of associate	—	—	—	—	—	—	—	—	—	—	
<b>Surplus/(Deficit) for the year</b>	<b>101,798</b>	<b>(154,575)</b>	<b>179,468</b>	<b>411,403</b>	<b>215,760</b>	<b>215,760</b>	<b>215,760</b>	<b>235,158</b>	<b>266,161</b>	<b>252,327</b>	

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
<b>R thousands</b>											
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	236,817	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305	
Transfers recognised - capital	86,817	78,407	84,654	303,122	197,197	197,197	197,197	230,014	215,379	180,305	
Public contributions & donations	—	—	—	—	—	—	—	—	—	—	
Borrowing	150,000	97,626	26,495	108,191	102,374	102,374	102,374	—	—	—	
Internally generated funds	—	—	—	—	51,870	51,870	51,870	—	—	—	
<b>Total sources of capital funds</b>	236,817	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305	
<b>Financial position</b>											
Total current assets	519,770	448,389	635,754	1,020,914	940,873	940,873	940,873	1,044,566	1,096,599	1,147,255	
Total non current assets	1,998,381	6,766,605	5,776,108	7,135,925	5,155,648	5,155,648	5,155,648	7,122,168	7,499,643	7,867,126	
Total current liabilities	560,022	573,082	527,439	350,218	333,895	333,895	333,895	604,490	636,528	667,717	
Total non current liabilities	1,253,981	626,760	750,943	541,347	731,759	731,759	731,759	649,894	684,339	717,871	
Community wealth/Equity	704,148	6,015,153	5,133,480	7,265,274	5,030,867	5,030,867	5,030,867	6,912,350	7,275,376	7,628,792	
<b>Cash flows</b>											
Net cash from (used) operating	455,037	278,320	480,683	290,512	401,540	401,540	401,540	243,413	201,182	166,487	
Net cash from (used) investing	(188,279)	(327,794)	(111,149)	(411,313)	(353,305)	(353,305)	(353,305)	(229,484)	(215,804)	(180,720)	
Net cash from (used) financing	50,846	156,475	(22,046)	147,310	136,186	136,186	136,186	19,715	41,752	40,645	
<b>Cash/cash equivalents at the year end</b>	317,604	424,605	772,094	238,509	478,248	478,248	478,248	511,892	539,022	565,434	
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	114,798	139,884	306,046	178,345	480,410	480,410	480,410	573,374	603,763	633,347	
Application of cash and investments	305,185	822,621	711,723	162,007	524,031	524,031	(134,359)	659,646	676,327	711,810	
<b>Balance - surplus (shortfall)</b>	(190,387)	(682,737)	(405,677)	16,338	(43,621)	(43,621)	614,769	(86,272)	(72,564)	(78,463)	

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure			
				Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousands</b>											
<b>Asset management</b>											
Asset register summary (WDV)	875,843	6,761,808	412,589		7,127,367	6,109,971	6,109,971	5,563,121	5,563,121	5,857,966	6,145,007
Depreciation & asset impairment	50,736	123,646	96,000		124,712	124,712	124,712	158,000	158,000	173,800	182,490
Renewal of Existing Assets	76,982	95,810	88,822		152,603	124,493	124,493	124,493	119,912	171,617	180,305
Repairs and Maintenance	71,701	126,447	57,394		99,214	113,409	113,409	89,185	89,185	216,722	228,254
<b>Free services</b>											
Cost of Free Basic Services provided	67,332	39,245	—		11,188	11,188	11,188	—	—	—	—
Revenue cost of free services provided	84,855	71,326	267,211		304,835	304,835	304,835	338,903	338,903	363,502	391,259
<b>Households below minimum service level</b>											
Water:	49	2	—		1	1	1	—	—	—	—
Sanitation/sewerage:	25	—	—		—	—	—	—	—	—	—
Energy:	—	—	—		—	—	—	—	—	—	—
Refuse	40	58	54		54	54	54	74	74	54	34

## Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;
    - No borrowing is anticipated

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Budgeted Financial Performance (revenue and expenditure by standard classification)

### Budgeted Financial Performance (revenue and expenditure by standard classification)

Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousands		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard	Governance and administration		542,520	910,368	1,029,518	984,090	586,060	586,060	668,763	696,148	744,524
	Executive and council		499	465	700	304	236	236	287	302	317
	Budget and treasury office		536,867	891,241	1,006,189	967,451	571,930	571,930	642,450	679,185	725,648
	Corporate services		5,155	18,662	22,629	16,335	13,894	13,894	26,026	16,660	18,559
	Community and public safety		82,010	77,867	31,697	23,639	17,852	17,852	26,289	61,949	63,813
	Community and social services		18,023	5,699	4,659	3,260	3,114	3,114	1,527	1,631	1,741
	Sport and recreation		1,001	901	796	5,137	2,723	2,723	835	892	953
	Public safety		16,086	9,564	9,145	8,007	4,819	4,819	6,631	26,998	28,412
	Housing		38,713	50,924	4,485	6,936	7,180	7,180	14,664	32,327	32,599
	Health		8,187	10,779	12,612	298	17	17	2,632	101	108
	Economic and environmental services		70,713	25,601	34,364	123,052	5,515	5,515	5,721	6,076	6,445
	Planning and development		24,656	10,811	5,441	9,861	3,300	3,300	4,788	5,069	5,354
	Road transport		46,052	14,790	28,923	113,192	2,215	2,215	933	1,008	1,091
	Environmental protection		5	-	-	-	-	-	-	-	-
	Trading services		1,118,015	1,462,672	1,762,600	2,175,745	1,998,095	1,998,095	2,268,708	2,523,932	2,835,660
	Electricity		668,732	945,257	1,069,468	1,336,976	1,354,043	1,354,043	1,557,285	1,737,183	1,952,324
	Water		294,396	307,001	473,549	536,526	358,735	358,735	398,569	452,014	525,167
Waste water management		2	144,855	142,223	177,408	161,521	161,521	174,132	186,478	199,505	
Waste management		154,886	65,559	77,360	124,836	123,796	123,796	138,721	148,257	158,665	
Other	4	18,039	29,662	44,062	32,669	29,722	29,722	18,309	19,350	20,393	
Total Revenue - Standard	2	1,831,298	2,506,169	2,902,241	3,339,196	2,637,244	2,637,244	2,637,244	2,987,790	3,307,454	3,670,835
Expenditure - Standard	Governance and administration		139,906	514,290	562,611	862,870	443,719	443,719	547,848	545,916	588,014
	Executive and council		4,140	-	-	69,787	67,076	67,076	71,094	60,919	64,290
	Budget and treasury office		134,346	448,665	477,872	611,127	166,333	166,333	206,566	181,128	198,244
	Corporate services		1,420	65,625	84,739	181,956	210,310	210,310	270,188	303,868	325,480
	Community and public safety		341,783	419,190	403,145	394,984	357,707	357,707	376,578	418,098	448,181
	Community and social services		57,267	40,432	44,617	44,543	40,134	40,134	38,719	41,996	45,214
Sport and recreation		62,117	85,786	94,720	91,985	72,111	72,111	77,038	83,343	89,540	

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Financial Performance (revenue and expenditure by standard classification)

Description		Ref	2008/9		2009/10		2010/11		Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousands		1	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15				
Public safety			110,893	169,146	173,748	178,176	177,870	177,870	189,163	204,422				
Housing			60,656	69,528	34,718	31,954	24,446	36,554	56,049	57,496				
Health			50,850	54,298	55,342	48,326	43,147	46,598	47,547	51,508				
Economic and environmental services			274,894	217,935	217,368	279,704	153,950	161,452	179,036	191,522				
Planning and development			54,294	45,815	38,536	71,569	62,205	65,668	70,973	76,647				
Road transport			174,105	172,120	178,832	208,135	91,745	95,784	108,062	114,875				
Environmental protection			46,495	—	—	—	—	—	—	—				
Trading services			1,046,357	1,547,821	1,570,409	1,753,639	1,771,448	1,855,665	2,069,053	2,323,969				
Electricity			579,424	991,966	936,543	1,074,907	1,076,520	1,215,590	1,468,518	1,675,954				
Water			271,716	336,009	416,245	526,197	522,995	476,068	424,315	458,146				
Waste water management			3,796	118,086	126,757	79,852	96,312	95,019	101,602	109,220				
Waste management			191,421	101,761	90,864	72,683	75,622	68,988	74,619	80,649				
Other		4	24,330	39,914	53,895	47,911	46,101	41,102	44,571	47,128				
Total Expenditure - Standard		3	1,827,270	2,739,151	2,807,427	3,339,106	2,772,926	2,982,646	3,256,673	3,598,813				
Surplus/(Deficit) for the year			4,028	(232,981)	94,814	90	(135,682)	5,144	50,781	72,021				

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

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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Budgeted Financial Performance (revenue and expenditure by municipal vote)

### Budgeted Financial Performance (revenue and expenditure by municipal vote)

Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousands			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote Vote 1 - Corporate Services 1.1 - Council and Committee Support 1.2 - Enterprise Wide Risk Management & Audit and Compliance 1.3 - Human Resource Management 1.4 - Legislative Compliance 1.5 - Local Economic Development Management 1.6 - Management Information Services 1.7 - Marketing and Public Relations Management Vote 2 - Financial Management Area 2.1 - Budget & Treasury Management 2.2 - Expenditure Management 2.3 - Financial Control and Cash Management 2.4 - Revenue Management 2.5 - Supply Chain Management Vote 3 - Infrastructure Development , Service Delivery and Maintenance Management 3.1 - Electricity Distribution Management 3.2 - Human Settlement Development Management 3.3 - Municipal Infrastructure Planning, Funding, Maintenance, and Development	1	-	15,487	8,268	6,842	452	452	452	2,920	3,075	3,226
	-	475	44	6,334	62	62	-	62			
	-		5		-			-			
	-	13,245	1,075	362	352	352		352	2,763	2,909	3,052
	-	22	729	38	3	3		3	11	12	12
	-	976	5,857	0	0	0		0			
	-	757	14	32	29	29		29	12	12	13
	-	12	544	75	6	6		6	135	142	149
	-	891,528	1,006,712	985,439	572,272	572,272		572,272	643,042	679,814	726,601
		16	0	0	0	0		0	0	0	0
		769	630	366	63	63		63	311	333	356
		1,219	506	20,115	2,615	2,615		2,615	2,619	2,986	3,052
		889,491	1,005,364	964,719	569,358	569,358		569,358	639,825	676,193	722,875
		33	212	238	236	236		236	287	302	317
	-	1,548,538	1,810,911	2,314,053	2,024,771	2,024,771		2,024,771	2,298,991	2,573,443	2,892,998
		945,463	1,068,823	1,336,998	1,354,065	1,354,065		1,354,065	1,557,309	1,737,210	1,954,516
		58,044	3,991	17,806	15,803	15,803		15,803	14,123	31,758	32,002
		13,813	11,374	8,526	10,594	10,594		10,594	9,961	10,848	11,866

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Budgeted Financial Performance (revenue and expenditure by municipal vote)

Detailed Financial Performance (Revenue and Expenditure by Initiative, per Vote)		Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure					
Description	Ref	2008/9	2009/10	2010/11	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands		Audited Outcome	Audited Outcome	Audited Outcome						
3.4 - Roads and Stormwater	2 1		13,808	33,596	111,954	2,923	2,923	6,176	6,880	7,726
3.5 - Waste Management		65,559	81,349	124,836	119,594	119,594	138,744	148,283	159,738	
3.6 - Water Distribution and Sanitation Management		451,852	611,778	713,934	521,792	521,792	572,678	638,466	727,149	
Vote 4 - Sustainable Community Service Delivery Provision		-	50,616	76,349	32,862	39,749	39,749	42,837	51,123	54,012
4.1 - Community Services Provision Management			32,973	36,439	15,812	28,330	28,330	29,047	39,134	41,186
4.2 - Public Safety, Enforcement and Disaster Management			9,652	7,818	8,312	5,044	5,044	5,617	5,970	6,398
4.3 - Regional Community Services Provision Management			7,990	32,093	8,738	6,375	6,375	8,174	6,019	6,428
Total Revenue by Vote		-	2,506,169	2,902,241	3,339,196	2,637,244	2,637,244	2,987,791	3,307,455	3,676,836
Expenditure by Vote		-	16,912	19,009	213,713	184,003	184,003	241,789	246,370	264,467
1.1 - Council and Committee Support			47	131	74,948	65,153	65,153	55,556	57,032	60,329
1.2 - Enterprise Wide Risk Management & Audit and Compliance					4,745	4,256	4,256	4,373	4,683	5,042
1.3 - Human Resource Management			3,595		31,286	25,239	25,239	12,152	12,942	13,811
1.4 - Legislative Compliance			171	934	27,336	30,520	30,520	85,971	92,636	100,544
1.5 - Local Economic Development Management		466	9,019	7,541	9,768	9,768	11,391	12,169	13,061	
1.6 - Management Information Services		12,638		59,674	44,305	44,305	33,482	37,842	40,352	
1.7 - Marketing and Public Relations Management		(6)	8,924	8,182	4,762	4,762	38,864	29,065	31,328	
Vote 2 - Financial Management Area	-	470,475	493,909	657,457	216,384	216,384	243,368	220,326	239,887	
2.1 - Budget & Treasury Management				7,876	5,666	5,666	12,697	13,708	14,934	
2.2 - Expenditure Management		4,328	2,789	11,136	9,604	9,604	9,871	10,628	11,528	
2.3 - Financial Control and Cash Management		(7)	(25)	126,522	27,424	27,424	26,940	29,062	31,012	
2.4 - Revenue Management		449,558	491,145	497,453	133,828	133,828	167,749	137,706	151,541	

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

**Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
2.5 - Supply Chain Management <b>Vote 3 - Infrastructure Development , Service Delivery and Maintenance Management</b> 3.1 - Electricity Distribution Management 3.2 - Human Settlement Development Management 3.3 - Municipal Infrastructure Planning, Funding, Maintenance, and Development 3.4 - Roads and Stormwater 3.5 - Waste Management 3.6 - Water Distribution and Sanitation Management <b>Vote 4 - Sustainable Community Service Delivery Provision</b> 4.1 - Community Services Provision Management 4.2 - Public Safety, Enforcement and Disaster Management 4.3 - Regional Community Services Provision Management			16,596			14,471	39,863	39,863	26,111	29,222	30,872	
		-	<b>1,860,308</b>	<b>1,849,211</b>		<b>2,080,076</b>	<b>1,987,828</b>	<b>1,987,828</b>	<b>2,088,990</b>	<b>2,343,619</b>	<b>2,614,900</b>	
			1,000,229	946,351		1,085,278	1,084,617	1,084,617	1,227,846	1,481,634	1,689,990	
			101,262	9,323		65,437	49,982	49,982	15,366	32,868	32,917	
			37,449	72,167		33,082	63,655	63,655	92,405	101,117	108,676	
			170,311	200,399		222,465	112,320	112,320	161,738	179,773	192,302	
			111,280	165,721		77,942	80,509	80,509	126,784	136,274	146,760	
			439,777	455,249		595,872	596,746	596,746	464,849	411,954	444,255	
		-	<b>391,455</b>	<b>445,299</b>		<b>387,859</b>	<b>384,710</b>	<b>384,710</b>	<b>408,500</b>	<b>446,357</b>	<b>479,559</b>	
			129,478	166,656		132,473	132,646	132,646	156,318	177,804	189,580	
		166,485	169,430		164,984	167,781	167,781	161,474	173,409	187,511		
		95,492	109,213		90,402	84,283	84,283	90,707	95,144	102,468		
<b>Total Expenditure by Vote</b>	<b>2</b>	-	<b>2,739,151</b>	<b>2,807,427</b>	<b>3,339,106</b>	<b>2,772,925</b>	<b>2,772,925</b>	<b>2,772,925</b>	<b>2,982,646</b>	<b>3,256,673</b>	<b>3,598,813</b>	
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	-	<b>(232,981)</b>	<b>94,814</b>	<b>90</b>	<b>(135,681)</b>	<b>(135,681)</b>	<b>(135,681)</b>	<b>5,145</b>	<b>50,782</b>	<b>78,022</b>	

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

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousands</b>	<b>1</b>										
<b><u>Revenue By Source</u></b>											
Property rates	2	371,363	420,030	448,257	488,358	500,096	500,096	500,096	576,402	621,822	665,349
Property rates - penalties & collection charges		18,942	20,285	26,358	28,455	28,455	28,455	28,455	33,812	35,604	37,349
Service charges - electricity revenue	2	584,115	816,263	1,014,589	1,185,517	1,227,850	1,227,850	1,227,850	1,416,917	1,586,948	1,793,251
Service charges - water revenue	2	199,654	213,633	270,107	301,906	285,317	285,317	285,317	317,354	364,957	426,999
Service charges - sanitation revenue	2	64,783	76,207	102,592	113,760	107,432	107,432	107,432	114,000	121,980	131,129
Service charges - refuse revenue	2	46,242	53,287	65,559	68,603	69,853	69,853	69,853	78,752	83,937	90,480
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		17,099	15,571	17,313	18,261	18,261	18,261	18,261	19,534	21,878	24,722
Interest earned - external investments		10,019	5,454	12,823	15,800	15,800	15,800	15,800	12,100		
Interest earned - outstanding debtors		19,812	1,304	47,437	1,019	1,019	1,019	1,019	—		
Dividends received		—	—	—	—	—	—	—			
Fines		11,521	7,084	5,354	6,073	6,073	6,073	6,073	3,475	3,700	3,996
Licences and permits		66	72	89	90	90	90	90	74	78	83
Agency services		4,862	1,435	577	335	335	335	335	382	403	427
Transfers recognised - operational		181,063	276,022	300,842	326,131	326,131	326,131	326,131	365,204	413,725	442,058
Other revenue	2	301,756	599,521	590,343	784,890	50,534	50,534	50,534	49,785	52,423	54,992
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1,831,298</b>	<b>2,506,169</b>	<b>2,902,240</b>	<b>3,339,196</b>	<b>2,637,244</b>	<b>2,637,244</b>	<b>2,637,244</b>	<b>2,987,790</b>	<b>3,307,455</b>	<b>3,670,836</b>
<b><u>Expenditure By Type</u></b>											
Employee related costs	2	521,275	660,087	634,106	657,096	660,205	660,205	660,205	713,415	770,489	839,833
Remuneration of councillors		15,467	19,384	18,418	20,954	35,374	35,374	35,374	34,000	34,017	35,684

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Financial Performance (revenue and expenditure)												
Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Debt impairment		3	10,000	250,540	252,225	160,917	328,572	328,572	328,572	250,342	138,982	155,360
Depreciation & asset impairment		2	50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	173,800	182,490
Finance charges			55,028	73,754	70,510	57,747	65,895	65,895	65,895	77,500	75,038	78,715
Bulk purchases		2	598,699	804,979	994,366	1,243,500	1,253,181	1,253,181	1,253,181	1,382,923	1,553,340	1,772,233
Other materials		8	4,393	1,711						14,154	15,957	16,739
Contracted services			10,889	14,690	13,766	16,050	16,050	16,050	16,050	56,948	59,600	62,521
Transfers and grants			—	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971
Other expenditure		4, 5	560,640	787,546	724,261	1,053,630	284,435	284,435	284,435	290,863	430,712	450,268
Loss on disposal of PPE			143	182								
Total Expenditure			1,827,270	2,739,151	2,807,426	3,339,106	2,772,925	2,772,925	2,772,925	2,982,646	3,256,673	3,598,813
Surplus/(Deficit)			4,028	(232,982)	94,814	90	(135,681)	(135,681)	(135,681)	5,144	50,782	72,022
Transfers recognised - capital			97,771	78,407	84,654	411,313	351,441	351,441	351,441	230,014	215,379	180,305
Contributions recognised - capital		6	—	—	—	—	—	—	—	—	—	—
Contributed assets												
Surplus/(Deficit) after capital transfers & contributions			101,798	(154,575)	179,468	411,403	215,760	215,760	215,760	235,158	266,161	252,327
Taxation												
Surplus/(Deficit) after taxation			101,798	(154,575)	179,468	411,403	215,760	215,760	215,760	235,158	266,161	252,327
Attributable to minorities												
Surplus/(Deficit) attributable to municipality			101,798	(154,575)	179,468	411,403	215,760	215,760	215,760	235,158	266,161	252,327
Share of surplus/ (deficit) of associate		7										
Surplus/(Deficit) for the year			101,798	(154,575)	179,468	411,403	215,760	215,760	215,760	235,158	266,161	252,327

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

1. Total revenue is R2.6 million in 2011/12 and escalates to R2.9 million by 2012/13. This represents a year-on-year increase of 11.33 per cent for the 2012/13 financial year and 25.41 per cent for the 2013/14 financial year.

## Expenditure to major type

2. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Budgeted Capital Expenditure by vote, standard classification and funding											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Capital expenditure - Vote Multi-year expenditure to be appropriated</u> Vote 1 - Corporate Services Vote 2 - Financial Management Area Vote 3 - Infrastructure Development , Service Delivery and Maintenance Management Vote 4 - Sustainable Community Service Delivery Provision Management	2	– – – –	7,373 4,975 130,572 33,113	3,552 152 91,807 15,638	36,560 – 316,516 58,237	12,824 20 327,136 11,460	12,824 20 327,136 11,460	12,824 20 327,136 11,460	– – 163,117 32,815	– – 205,879 4,000	– – 176,005 4,300
<b>Capital multi-year expenditure sub-total</b>	7	–	176,033	111,149	411,313	351,441	351,441	351,441	195,932	209,879	180,305
<u>Single-year expenditure to be appropriated</u> Vote 1 - Corporate Services Vote 2 - Financial Management Area Vote 3 - Infrastructure Development , Service Delivery and Maintenance Management	2	– – –	– – –	– – –	– – –	– – –	– – –	– – –	5,150 – 15,636	– – 5,500	– – –

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Capital Expenditure by vote, standard classification and funding												
Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 4 - Sustainable Community Service Delivery Provision Management			—	—	—	—	—	—	—	13,296	—	—
	Capital single-year expenditure sub-total		—	—	—	—	—	—	—	34,082	5,500	—
Total Capital Expenditure - Vote			—	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305
<u>Capital Expenditure - Standard</u> Governance and administration Executive and council Budget and treasury office Corporate services Community and public safety Community and social services Sport and recreation Public safety Housing Health Economic and environmental services Planning and development Road transport Environmental protection Trading services Electricity Water Waste water management Waste management Other			6,900	15,401	7,557	19,500	30,473	30,473	30,473	10,300	300	500
			—	41	235		—	—	—	4,150	—	—
			6,900	15,360	7,323	15,000	30,473	30,473	30,473	6,150	300	500
			—	—	—	4,500	—	—	—	—	—	—
			18,381	26,301	612	76,297	13,763	13,763	13,763	26,146	5,500	—
			3,381	4,090	436	65,160	10,017	10,017	10,017	13,500	—	—
			5,000	943	—	—	1,403	1,403	1,403	7,100	—	—
			—	18,103	165	—	—	—	—	—	—	—
			10,000	2,370	11	—	—	—	—	4,500	5,500	—
				794	—	11,137	2,343	2,343	2,343	1,046	—	—
			138,242	34,816	46,382	126,175	115,714	115,714	115,714	78,748	205,579	175,505
			3,650	2,235	—	—	20	20	20	—	—	—
		134,592	32,581	46,382	126,175	115,694	115,694	115,694	78,748	205,579	175,505	
		69,494	95,412	45,413	173,341	191,479	191,479	191,479	95,505	—	—	
		6,000	21,459	16,592	60,361	94,281	94,281	94,281	94,281	—	—	
		9,273	16,850	12,860	106,503	22,958	22,958	22,958	43,169	—	—	
		54,221	53,477	15,491	43,132	43,132	43,132	43,132	41,200	—	—	
			3,626	471	6,477	31,107	31,107	31,107	31,107	2,053	—	
		3,800	4,104	11,184	16,000	12	12	12	12	19,315	4,000	4,300

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Capital Expenditure by vote, standard classification and funding										
Description	Ref	2008/9			2009/10			2010/11		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome
<b>R thousands</b>	<b>1</b>									
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>236,817</b>	<b>176,033</b>	<b>111,149</b>	<b>411,313</b>	<b>351,441</b>	<b>351,441</b>	<b>351,441</b>	<b>230,014</b>	<b>180,305</b>
<b>Funded by:</b>										
National Government		74,217	77,037	73,020	303,122	197,197	197,197	197,197	208,599	176,005
Provincial Government		12,600	1,371	11,429	—	—	—	—	21,415	4,300
District Municipality		—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	205	—	—	—	—	—	—
<b>Transfers recognised - capital</b>	<b>4</b>	<b>86,817</b>	<b>78,407</b>	<b>84,654</b>	<b>303,122</b>	<b>197,197</b>	<b>197,197</b>	<b>197,197</b>	<b>230,014</b>	<b>180,305</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Borrowing</b>	<b>6</b>	<b>150,000</b>	<b>97,626</b>	<b>26,495</b>	<b>108,191</b>	<b>102,374</b>	<b>102,374</b>	<b>102,374</b>	<b>—</b>	<b>—</b>
<b>Internally generated funds</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>51,870</b>	<b>51,870</b>	<b>51,870</b>	<b>—</b>	<b>—</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>236,817</b>	<b>176,033</b>	<b>111,149</b>	<b>411,313</b>	<b>351,441</b>	<b>351,441</b>	<b>351,441</b>	<b>230,014</b>	<b>180,305</b>

## Explanatory notes to Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of expenditure by funding (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Financial Position											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		1,860	1,860	12,219	31,183	31,183	31,183	31,183	61,417	64,672	67,841
Call investment deposits	1	112,867	138,024	293,827	145,000	447,065	447,065	447,065	511,892	539,022	565,434
Consumer debtors	1	320,310	214,803	256,890	763,276	338,479	338,479	338,479	354,739	373,540	391,843
Other debtors		18,936	28,690	13,408	49,391	49,391	49,391	49,391	49,391	49,391	49,391
Current portion of long-term receivables		1,492	1,445	1,487		13,408	13,408	13,408	13,408	13,408	13,408
Inventory	2	64,305	63,567	57,922	32,064	61,347	61,347	61,347	53,720	56,567	59,339
<b>Total current assets</b>		<b>519,770</b>	<b>448,389</b>	<b>635,754</b>	<b>1,020,914</b>	<b>940,873</b>	<b>940,873</b>	<b>940,873</b>	<b>1,044,566</b>	<b>1,096,599</b>	<b>1,147,255</b>
<b>Non current assets</b>											
Long-term receivables		4,686	4,190	8,117	6,397	6,397	6,397	6,397	7,963	8,385	8,796
Investments		71			2,162	2,162	2,162	2,162	66	69	73
Investment property		534,167	534,167	405,306	534,167	405,306	405,306	405,306	405,306	426,787	447,700
Investment in Associate											
Property, plant and equipment	3	1,455,687	6,221,719	5,348,707	6,586,191	4,734,775	4,734,775	4,734,775	6,708,834	7,064,402	7,410,558
Agricultural		—									
Biological		—			543	543	543	543			
Intangible		3,770	6,465	7,283	6,465	6,465	6,465	6,465			
Other non-current assets		—	64	6,695							
<b>Total non current assets</b>		<b>1,998,381</b>	<b>6,766,605</b>	<b>5,776,108</b>	<b>7,135,925</b>	<b>5,155,648</b>	<b>5,155,648</b>	<b>5,155,648</b>	<b>7,122,168</b>	<b>7,499,643</b>	<b>7,867,126</b>
<b>TOTAL ASSETS</b>		<b>2,518,151</b>	<b>7,214,995</b>	<b>6,411,862</b>	<b>8,156,839</b>	<b>6,096,521</b>	<b>6,096,521</b>	<b>6,096,521</b>	<b>8,166,734</b>	<b>8,596,243</b>	<b>9,014,381</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	85,434	47,969	39,691	41,734	39,409	39,409	39,409	70,219	73,941	77,564
Consumer deposits		34,808	35,794		39,034	70,233	70,233	70,233	70,219	73,941	77,564
Trade and other payables	4	439,781	489,319	487,748	269,450	224,253	224,253	224,253	464,051	488,646	512,590
Provisions											
<b>Total current liabilities</b>		<b>560,022</b>	<b>573,082</b>	<b>527,439</b>	<b>350,218</b>	<b>333,895</b>	<b>333,895</b>	<b>333,895</b>	<b>604,490</b>	<b>636,528</b>	<b>667,717</b>

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Financial Position											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands	1										
Non current liabilities											
Borrowing		339,781	570,129	518,942	474,561	658,390	658,390	658,390	647,309	681,617	715,016
Provisions		914,200	56,631	232,001	66,787	73,370	73,370	73,370	2,585	2,722	2,856
Total non current liabilities		1,253,981	626,760	750,943	541,347	731,759	731,759	731,759	649,894	684,339	717,871
TOTAL LIABILITIES		1,814,003	1,199,842	1,278,382	891,565	1,065,654	1,065,654	1,065,654	1,254,384	1,320,866	1,385,589
NET ASSETS	5	704,148	6,015,153	5,133,480	7,265,274	5,030,867	5,030,867	5,030,867	6,912,350	7,275,376	7,628,792
COMMUNITY WEALTH/ EQUITY											
Accumulated Surplus/ (Deficit)		524,590	5,347,527	4,478,379	7,206,166	4,975,755	4,975,755	4,975,755	6,859,092	7,219,296	7,569,964
Reserves	4	179,558	667,626	655,101	59,108	55,112	55,112	55,112	53,258	56,081	58,829
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	704,148	6,015,153	5,133,480	7,265,274	5,030,867	5,030,867	5,030,867	6,912,350	7,275,376	7,628,792

## Explanatory notes to Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Cash Flows											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
	Receipts										
	Ratepayers and other	2,139,578	1,924,973	2,356,073	2,041,948	1,965,722	1,965,722	1,965,722	2,360,144	2,754,748	3,073,418
	Government - operating	375,100	212,139		326,131	326,131	326,131	326,131	365,204	413,725	442,058
	Government - capital				303,122	351,441	351,441	351,441	230,014	215,379	180,305
	Interest	29,831	31,750	51,796	41,822	16,819	16,819	16,819	12,100		
	Dividends										
	Payments										
Suppliers and employees		(2,008,878)	(1,816,788)	(1,855,618)	(2,360,264)	(2,192,678)	(2,192,678)	(2,192,678)	(2,642,049)	(3,107,632)	(3,450,579)
Finance charges		(80,593)	(73,754)	(71,568)	(57,747)	(65,895)	(65,895)	(65,895)	(77,500)	(75,038)	(78,715)
Transfers and Grants	1				(4,500)				(4,500)		
NET CASH FROM/ (USED) OPERATING ACTIVITIES		455,037	278,320	480,683	290,512	401,540	401,540	401,540	243,413	201,182	166,487
CASH FLOWS FROM INVESTING ACTIVITIES											
	Receipts										
	Proceeds on disposal of PPE										
	Decrease (Increase) in non-current debtors										
	Decrease (increase) other non-current receivables	(8,164)	(451)			298	298	298	(1,566)	(422)	(411)
	Decrease (increase) in non-current investments					(2,162)	(2,162)	(2,162)	2,096	(3)	(4)
	Payments										
	Capital assets	(180,115)	(327,343)	(111,149)	(411,313)	(351,441)	(351,441)	(351,441)	(351,441)	(215,379)	(180,305)
NET CASH FROM/ (USED) INVESTING ACTIVITIES		(188,279)	(327,794)	(111,149)	(411,313)	(353,305)	(353,305)	(353,305)	(229,484)	(215,804)	(180,720)

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Budgeted Cash Flows			Current Year 2011/12					2012/13 Medium Term Revenue & Expenditure			
Description	Ref	2008/9	2009/10	2010/11	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands	1										
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/ refinancing		120,000	201,428	(56,885)	181,219	123,361	123,361	123,361			
Increase (decrease) in consumer deposits		12,373	2,461	34,839	5,500	(400)	(400)	(400)	(14)	3,722	3,623
<b>Payments</b>											
Repayment of borrowing		(81,528)	(47,413)		(39,409)	13,225	13,225	13,225	19,729	38,030	37,022
<b>NET CASH FROM/ (USED) FINANCING ACTIVITIES</b>		<b>50,846</b>	<b>156,475</b>	<b>(22,046)</b>	<b>147,310</b>	<b>136,186</b>	<b>136,186</b>	<b>136,186</b>	<b>19,715</b>	<b>41,752</b>	<b>40,645</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>317,604</b>	<b>107,001</b>	<b>347,489</b>	<b>26,509</b>	<b>184,421</b>	<b>184,421</b>	<b>184,421</b>	<b>33,644</b>	<b>27,130</b>	<b>26,412</b>
Cash/cash equivalents at the year begin:	2		317,604	424,605	212,000	293,827	293,827	293,827	478,248	511,892	539,022
Cash/cash equivalents at the year end:	2	<b>317,604</b>	<b>424,605</b>	<b>772,094</b>	<b>238,509</b>	<b>478,248</b>	<b>478,248</b>	<b>478,248</b>	<b>511,892</b>	<b>539,022</b>	<b>565,434</b>

## Explanatory notes to Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 6. OVERVIEW OF THE ANNUAL BUDGET PROCESS

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

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

The primary aim of the Budget Steering Committee is to ensure:

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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 7. BUDGET PROCESS OVERVIEW

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 31 August 2011. Key dates applicable to the process were:

- **August - 1st October 2011** - Conduct a Socio-economic survey or a Backlog Study, to determine the socio-economic data, municipal financial environment, levels of service;
- **September 2011** - Budget office develop MTREF and determine revenue projections and proposed rates and service charges and draft initial allocations to functions and dept's for the next financial year;
- **October 2011** - Conduct a Joint Strategic Planning Workshop for the Management Team and Political Leadership. Making strategic choices on agreed Key Development Priorities to underpin revision of various sector plans;
- **November 2011** - Briefing on the Analysis and determine strategic objectives and priorities for service delivery;
- **January 2012** - Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **25 January 2012** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;
- **February 2012** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2012/13 MTREF is revised accordingly;
- **30 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** - Public consultation;
- **26 April 2012** - Closing date for written comments;
- **2 to 21 May 2012** - finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **23 May 2011** - Tabling of the 2011/12 MTREF before Council for consideration and approval.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 8. IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

This is the third generation or new IDP of the 2012/13 to 2016/17 financial years based on two IDP generations (2001 to 2005 and 2006 to 2011) which would be adopted by Full Council on 30 May 2012. The IDP review process started in July 2011 after the tabling of an integrated IDP and PMS Process Plans and the Budget Time Schedule for the 2012/13 MTREF in August 2011.

The City's IDP is a principal strategic planning tool, which directly guides and informs its planning, budget, management and development actions. This plan is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. This Process Plan signified the end of the second IDP generation into what is referred as third generation IDP, and the applicability included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP,
- 5 year organizational scorecard and
- The review of the performance management and monitoring processes.

The third generation IDP in terms of its compilation and deliverables has emphasis on credible and simplified IDP perched on a business and financial planning process that would lead up to the 2012/13 to 2016/17 MTREFs, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

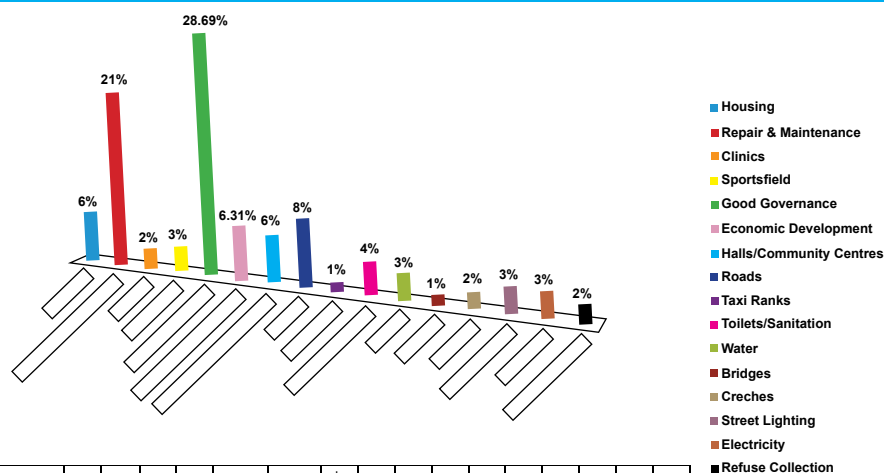
With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

In terms of the baseline as well as backlogs data regarding the basic services, the Stats SA Census report which will be available probably towards the end of this year, will support the municipality a great deal in setting realist service delivery performance targets, reducing the backlogs and meeting the Millennium Development Goals as well as aligning our service delivery agenda with the PGDS and Msunduzi and uMgungundlovu District SDFs.

During the public participation engagements prior to the draft IDP and Budget, the very biggest three monsters as identified by the National Development Plan, i.e. eradication of poverty, unemployment and service delivery, the following graphical representation guides the municipal development priorities and budget allocation:

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## MSUNDUZI WARDS 1 -37 NEEDS ANALYSIS 2012: 1589 REQUESTS



	Housing	Repair & Maintenance	Clinics	Sportsfield	Good Governance	Economic Development	Halls/Community Centres	Roads	Taxi Ranks	Toilets/Sanitation	Water	Bridges	Creches	Street Lighting	Electricity	Refuse Collection
% of Need	6%	21%	2%	3%	28.69%	6.31%	6%	8%	1%	4%	3%	1%	2%	3%	3%	2%

The above analysis does not represent the entirely population of 616 730 of the City of Pietermaritzburg as per the Stats SA 2007 survey. This serves as a reflection of developmental priorities emanating from a survey conducted among 1589 respondents that were interviewed or able to articulate issues during public participation meetings or izimbizo prior the approval of the draft IDP and Budget and after the budget road-shows and these are critical issues affecting communities in various wards. This input supports the prioritization process.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 9. FINANCIAL MODELLING AND KEY PLANNING DRIVERS

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 10. COMMUNITY CONSULTATION

The draft 2012/13 MTREF as tabled before Council on 30 March 2012 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 13 to 29 April 2012. The applicable dates and venues were published in all the local newspapers and on average attendance of 200 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Electricity revenue collected from the monthly Ampere Charge (MCB charge) IN 2012/13 be retained in a ring fenced account and used specifically for electricity infrastructure maintenance and renewal;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases;
- Concerned about the amount owed to the municipality by debtors

Significant changes effected in the final 2012/13 MTREF compared to the draft 2012/13 MTREF that was tabled for community consultation, include:

- from 1 July 2012, was factored into the The final Eskom bulk tariff increase, applicable to municipalities proposed consumer tariffs, applicable from 1 July 2012. This resulted in an increase of 16 per cent;
- The 2012 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations; and

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 11. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

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

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

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

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans Table 21 IDP Strategic Objectives

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

2011/12 Financial Year		2012/13 MTREF	
1.	The provision of quality basic services and infrastructure	1.	Provision of quality basic services and infrastructure
2.	Acceleration of higher and shared economic growth and development	2.	<p>Economic such as transportation, legislation and policy; National Key Performance Indicators (NKPis); Accelerated and Shared Growth Initiative (ASGISA); National 2014 Vision; National Spatial Development Perspective (NSDP) and The National Priority Outcomes.</p> <p>The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:</p> <p>growth and development that leads to sustainable job creation</p>
3.	Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1	Fight poverty and build clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4.	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4.	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5.	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide public transport;
  - Provide city planning services; and
  - Maintaining the infrastructure of the City.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the City;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1. Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective city cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2. Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1. Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2. Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 5.3. Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

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

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

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

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

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 12. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

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

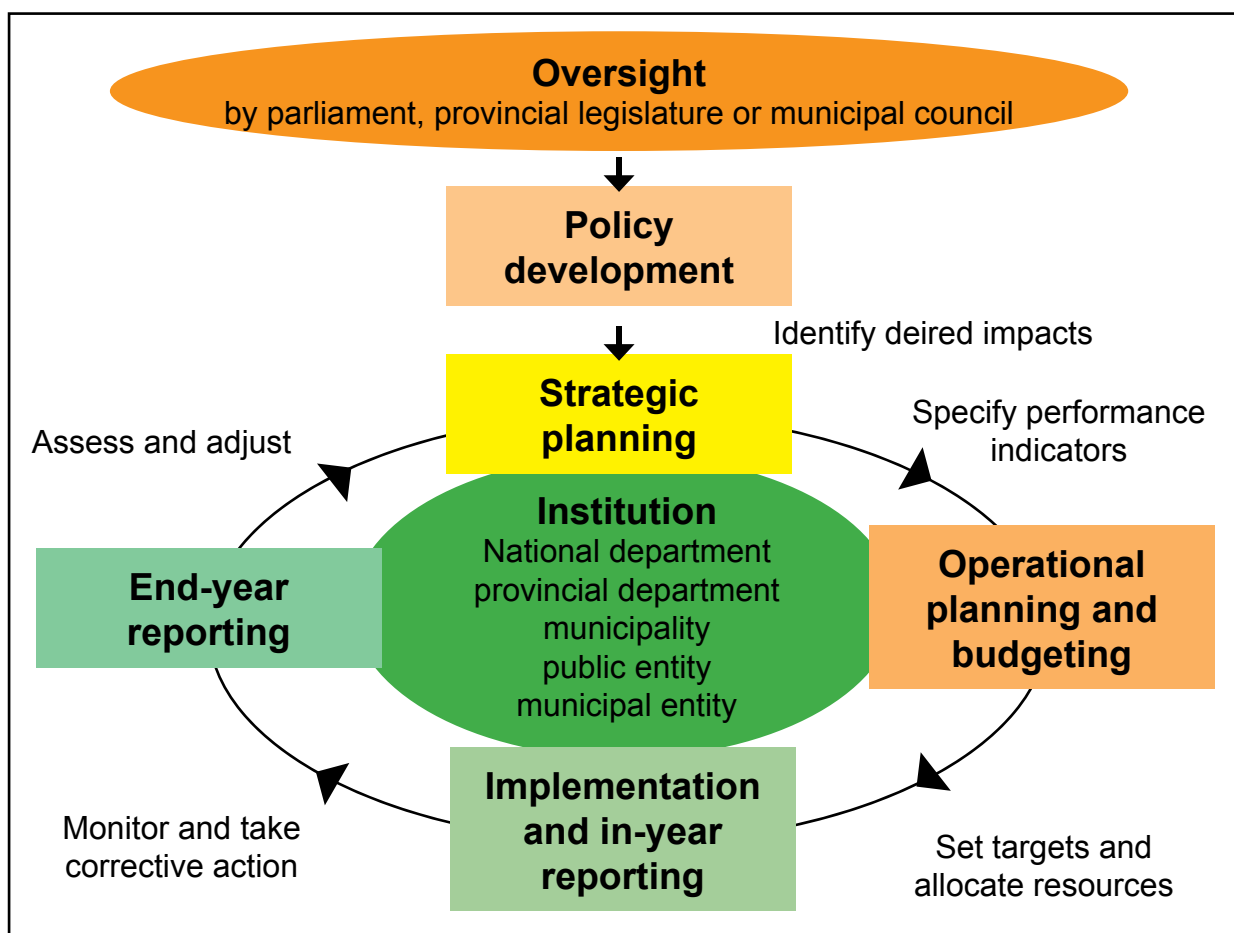


Figure 2: Planning, budgeting and reporting cycle

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

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

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

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

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

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2011/12 financial year 90 000 registered indigents have been provided for in the budget with this figured increasing to 105 000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85l once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

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

## 13.2. Providing clean water and managing waste water

The Msunduzi Municipality is the gazetted Water Services Authority for the entire municipality in terms of the Water Services Act and Umgeni Water is the water services provider. The City's bulk water needs are provided directly by Umgeni Water in the form of purified potable water that conforms to the drinking water requirements of SANS 241.

The Department of Water Affairs conducts an annual performance rating of the Umgeni Water owned DV Harris/Midmar water treatment works Darvill Waste Water Treatment Works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Msunduzi Municipality City was awarded Blue Drop status in 2010/11 and 2011/2012, indicating that the City's drinking water is of exceptional quality. Whilst the Green Drop certification process will only be scored in 2013, the City has further made several interventions to ensure that this excellence award is received for Sanitation.



# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**

However, the following is briefly the main challenges facing the City in this regard:

- The capacity at Darvill waste water treatment works has reached in hydraulic and organic threshold and therefore the need to seriously consider Waste Water Treatment alternatives, which forms part of the IDP Submission.
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system and hence the inclusion in the IDP submission.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced. The initiation of the Waste Water Treatment plan to proactively address capacity requirements. The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.
- Intensive Asset renewal programs are scheduled to start in the next 3 years
- A intensive 5 year Non-Revenue Water program has commenced in order to reduce losses and increase revenue.



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 13. OVERVIEW OF BUDGET ASSUMPTIONS

### 13.1. External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances.

### 13.2. Review of Credit Control and Debt Collection Policy

The review of the Credit Control and Debt Collection policy approved by Council for the 2011/12 financial year has taken into consideration the current debt position. As a result, the revised policy for the 2012/13 year focuses on stricter credit control measures being included.

The policy includes provision for the prepaid meter aspect to facilitate payment apportionment against arrear debt from the purchases of electricity. Further to this, where accounts remained outstanding, the policy now allows for the removal or disconnection of the prepaid meter service.

The 2012/13 Credit Control and Debt Collection policy is also focused on providing more suitable options to assist consumers with settling their arrears on a more affordable basis.

### 13.3. General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 23.92 per cent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC is not concluded with the municipal workers unions yet. Credit rating outlook

**Table 27: Credit rating outlook**

#### Global Rating

Ratings on:

LONG TERM DEBT

SHORT TERM DEBT

03 04	04 05	05 06
BBB+	A -	A
A2	A2	A1 -

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Year	Date	Security Class	Rating Scale	Currency	Rating
June 2002	06/2003	Short Term	National	Rand	A2
		Long Term	National	Rand	BBB+
June 2003	06/2004	Short Term	National	Rand	A2
		Long Term	National	Rand	BBB+
June 2004	06/2005	Short Term	National	Rand	A2
		Long Term	National	Rand	A -
June 2005	05/2006	Short Term	National	Rand	A1-
		Long Term	National	Rand	A
June 2006	03/2007	Short Term	National	Rand	A1-
		Long Term	National	Rand	A
June 2007	04/2008	Short Term	National	Rand	A1-
		Long Term	National	Rand	A
June 2008	04/2009	Short Term	National	Rand	A1-
		Long Term	National	Rand	A
June 2009	04/2010	Short Term	National	Rand	A1-
		Long Term	National	Rand	A
June 2010	04/2010	Short Term	National	Rand	A3
		Long Term	National	Rand	BBB
June 2011	06/2011	Short Term	National	Rand	A3
		Long Term	National	Rand	BBB

## 13.4. Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City has no intention for borrowing in the 2012/13 financial year.

## 13.5. Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 13.6. Growth or decline in tax base of the municipality

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

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

## 13.7. Impact of national, provincial and local policies

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

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

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

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

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 14. OVERVIEW OF BUDGET FUNDING

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

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

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 15. LEGISLATION COMPLIANCE STATUS

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

- 1. In year reporting**  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
- 2. Internship programme**  
The Msunduzi Municipality commits itself to making a valuable contribution towards improving skills among unemployed community members by prioritizing internships to previously disadvantaged groups in the Msunduzi area of jurisdiction. Internships are awarded annually and are funded by the Human Resources Development unit of the Msunduzi Municipality. The Municipality is committed to facilitate these programmes to give students the opportunity to obtain skills and professional experience, thus developing a sense of professional identity. The 2012 internship needs for the Msunduzi Municipality were determined in consultation with the Deputy Municipal Managers, Process Managers and Level 4 Managers of the relevant Business Units.
- 3. Budget and Treasury Office**  
The Budget and Treasury Office has been established in accordance with the MFMA and a restructuring process will take place soon to ensure that it functioning effectively and effeciently.
- 4. Audit Committee**  
An Audit Committee has been established and is fully functional.
- 5. Service Delivery and Implementation Plan**  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2010 directly aligned and informed by the 2011/12 MTREF.
- 6. Annual Report**  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
- 7. MFMA Training**  
The MFMA training module in electronic format is presented at the City's internal centre and training is on-going.
- 8. Policies**  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 16. SUPPORTING DETAIL TO 'BUDGETED FINANCIAL PERFORMANCE'

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
REVENUE ITEMS: <u>Property rates</u> Total Property Rates less Revenue Foregone <b>Net Property Rates</b>	6	472,320	744,542	810,439	881,343	893,082	893,082	893,082	576,402	621,822	665,349
		100,957	324,512	362,182	392,986	392,986	392,986	392,986			
		<b>371,363</b>	<b>420,030</b>	<b>448,257</b>	<b>488,358</b>	<b>500,096</b>	<b>500,096</b>	<b>500,096</b>	<b>576,402</b>	<b>621,822</b>	<b>665,349</b>
<u>Service charges - electricity revenue</u> Total Service charges - electricity revenue less Revenue Foregone <b>Net Service charges - electricity revenue</b>	6	705,595	905,832	1,016,991	1,187,927	1,230,261	1,230,261	1,230,261	1,416,917	1,586,948	1,793,251
		121,480	89,569	2,401	2,410	2,410	2,410	2,410			
		<b>584,115</b>	<b>816,263</b>	<b>1,014,589</b>	<b>1,185,517</b>	<b>1,227,850</b>	<b>1,227,850</b>	<b>1,227,850</b>	<b>1,416,917</b>	<b>1,586,948</b>	<b>1,793,251</b>
<u>Service charges - water revenue</u> Total Service charges - water revenue less Revenue Foregone <b>Net Service charges - water revenue</b>	6	205,241	219,861	343,758	369,434	352,844	352,844	352,844	317,354	364,957	426,999
		5,587	6,228	73,651	67,527	67,527	67,527	67,527			
		<b>199,654</b>	<b>213,633</b>	<b>270,107</b>	<b>301,906</b>	<b>285,317</b>	<b>285,317</b>	<b>285,317</b>	<b>317,354</b>	<b>364,957</b>	<b>426,999</b>
<u>Service charges - sanitation revenue</u> Total Service charges - sanitation revenue less Revenue Foregone <b>Net Service charges - sanitation revenue</b>		71,927	84,784	105,968	119,118	112,791	112,791	112,791	114,000	121,980	131,129
		7,144	8,577	3,376	5,358	5,359	5,359	5,359			
		<b>64,783</b>	<b>76,207</b>	<b>102,592</b>	<b>113,760</b>	<b>107,432</b>	<b>107,432</b>	<b>107,432</b>	<b>114,000</b>	<b>121,980</b>	<b>131,129</b>
<u>Service charges - refuse revenue</u>	6										

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total refuse removal revenue		48,490	56,933	65,577	68,624	69,874	69,874	69,874	78,752	83,937	90,480
Total landfill revenue less Revenue Foregone		– 2,247	3,646	18	21	21	21	21			
Net Service charges - refuse revenue		46,242	53,287	65,559	68,603	69,853	69,853	69,853	78,752	83,937	90,480
Other Revenue by source											
Reconnections									13,149	13,846	14,524
Sale of Produce									11,594	12,208	12,807
Training Levies Recoveries									2,762	2,908	3,051
Landing									1,294	1,363	1,430
Passenger Levy									1,788	1,883	1,975
Building Plans									2,071	2,180	2,287
Hullet External Charges									1,638	1,725	1,809
Rates Certificates									903	951	997
Water Sundry									2,686	2,829	2,967
Other Revenue		301,756	599,521	590,343	784,890	50,534	50,534	50,534	11,901	12,531	13,145
Total 'Other' Revenue	3	301,756	599,521	590,343	784,890	50,534	50,534	50,534	49,785	52,423	54,992
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	356,707	425,521	449,181	462,088	470,852	470,852	470,852	520,376	563,167	613,852
Pension and UIF Contributions		88,140	135,519	85,679	94,494	92,580	92,580	92,580	91,266	97,840	106,646
Medical Aid Contributions				30,717	33,877	33,191	33,191	33,191	32,720	38,394	41,850
Overtime		33,538	50,108	24,922	15,000	22,014	22,014	22,014	19,375	20,925	22,809
Performance Bonus											
Motor Vehicle Allowance		27,076	29,784	24,162	30,826	20,758	20,758	20,758	14,189	11,833	12,898
Cellphone Allowance											
Housing Allowances		4,770	5,171	3,648	3,833	3,833	3,833	3,833	3,972	4,290	4,676

## Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Other benefits and allowances	4								14,747	15,927	17,361
Payments in lieu of leave											
Long service awards		11,044	13,984	15,796	16,976	16,976	16,976	16,976	16,770	18,111	19,741
Post-retirement benefit obligations											
sub-total	5	521,275	660,087	634,106	657,096	660,205	660,205	660,205	713,415	770,489	839,833
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	521,275	660,087	634,106	657,096	660,205	660,205	660,205	713,415	770,489	839,833
Contributions recognised - capital											
List contributions by contract											
		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	173,800	182,490
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	173,800	182,490

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome							
<u>Bulk purchases</u> Electricity Bulk Purchases Water Bulk Purchases Total bulk purchases											
		381,236	568,236	729,325	945,974	945,974	945,974	945,974	1,073,681	1,223,996	1,419,836
		217,463	236,743	265,041	297,526	307,207	307,207	307,207	309,243	329,343	352,397
	1	598,699	804,979	994,366	1,243,500	1,253,181	1,253,181	1,253,181	1,382,923	1,553,340	1,772,233
<u>Transfers and grants</u> Cash transfers and grants Non-cash transfers and grants Total transfers and grants											
		-	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971
		-	-	-	-	-	-	-	-	-	-
	1	-	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971
<u>Contracted services</u> Security Contract External Cashiers External Services											
		10,889	14,690	13,766	16,050	16,050	16,050	16,050	16,497	17,005	17,839
									5,820	6,128	6,429
									34,631	36,467	38,254
<u>Allocations to organs of state:</u> Electricity Water Sanitation Other	1	10,889	14,690	13,766	16,050	16,050	16,050	16,050	56,948	59,600	62,521
<u>Total contracted services</u>		10,889	14,690	13,766	16,050	16,050	16,050	16,050	56,948	59,600	62,521
<u>Other Expenditure By Type</u> Collection costs Contributions to 'other' provisions Consultant fees Audit fees General expenses											
						1,719	1,719	1,719	1,719		
						-	-	-	-		
						4,023	4,023	4,023	4,023	1,113	1,172
						3,785	3,785	3,785	4,018	4,231	1,230
											4,439
	3	334,010	329,293	257,789	770,631	274,909	274,909	274,909	175,866	302,341	317,003

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure			
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Remuneration Of Councilors		18,605	19,384	18,418	20,954						
Bad Debts - Provision		10,000	250,540	252,225	160,917						
Collection Costs		950	2,461	1,664	4,007						
Interest Paid		66,563	73,754	70,510	57,747						
Grants & Subsidies Paid		4,442	4,342								
Impairment Of Inventory		–	–								
Cost Of Income Forgone		–	–								
External Services		54,652	48,804	51,714	39,373						
Distribution Wages		52,152	41,485	48,294							
DownTime Leave/Sickpay		19,265	17,485	23,646							
Operatng Grant Expenditure									26,301	50,223	50,799
Operating Costs - Vukindlela									14,628	15,403	16,158
Local Area Plan/Ext TP									1,000	1,053	1,105
Sobantu/Edendale									7,711	8,119	8,517
Eskom Payments									16,629	15,404	16,159
Hire Charges									22,000	23,177	24,312
Petrol and Lubricants									8,797	9,588	10,547
Distribution Plant Hire									12,800		
PURP											
Total 'Other' Expenditure	1	560,640	787,546	724,261	1,053,630	284,435	284,435	284,435	290,863	430,712	450,268

Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		71,701	126,447	57,394	99,214	113,409	113,409	113,409	89,185	216,722	228,254
Total Repairs and Maintenance Expenditure	9	71,701	126,447	57,394	99,214	113,409	113,409	113,409	89,185	216,722	228,254

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## REGISTER OF TARIFFS AND CHARGES

### FINANCIAL MANAGEMENT

Rates			2011/12	2012/13
VOTE	SUB	ITEM		
060	448	8208		
			Cents in the R	Cents in the R
1. A GENERAL RATE, assessed in terms of the Local Government: Municipal Property Rates Act 6 of 2004			0.019	0.0202
(a)	Vacant Land - no rebate granted (net)		0.019	0.0202
(b)	Unauthorised use plus surcharge		0.019	0.0243
2. REBATES:				
<u>Residential Property</u>				
(a)	A rebate on the valuation of rateable property		0.009	0.0091
	Rate Randage – after rebate (net)		0.010	0.0111
<u>Other Properties</u>				
(b)	A rebate on the valuation of rateable property		0.001	0.0016
	Rate Randage – after rebate (net)		0.018	0.0196
<u>Agricultural Property</u>				
(c)	A rebate on the valuation of rateable property		0.016	0.0175
	Rate Randage – after rebate (net)		0.003	0.0027
<u>Public Service Infrastructure</u>				
(d)	A rebate on the valuation of rateable property		0.016	0.0175
	Rate Randage – after rebate (net)		0.003	0.0027
<u>Rural Communal Property</u>				
(e)	A rebate on the valuation of rateable property		0.003	0.0028
	Rate Randage – after rebate (net)		0.016	0.0174
<u>Home Business and DSF properties</u>				
(f)	A rebate on the valuation of rateable property		0.003	0.0061
	Rate Randage – after rebate (net)		0.016	0.0141
<u>Sectional Title Garages - Separately Registered</u>				
(g)	A rebate on the valuation of rateable property		0.009	0.0091
	Rate Randage – after rebate (net)		0.010	0.0111
<u>Mining</u>				
(h)	A rebate on the valuation of rateable property		0.001	0.0006
	Rate Randage – after rebate (net)		0.018	0.0196
<u>Public Benefit Organisations</u>				
(i)	A rebate on the valuation of rateable property			0.0001
	Statutory Rebate			0.0027
	Additional Rebate			100%

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

	2011/12	2012/13
	Cents in the R	Cents in the R
<u>Impermissible and Free Value based rebates</u>		
(j) No rates shall be levied on the market value of the first R15,000 of residential property, home business and DSF properties A rebate of 100% will be granted on all residential property and home business property from a value of R15,001 to a value of R100,000.		
<u>Aged Persons and Disability Grantees Rebate</u>		
(k) Aged Persons Occupier Owner Applicants:		
Female – 60 years and over		
Male – 63 years and over		
Total monthly income of all occupants and owners from all sources		
Under age 75	R 2,896	R 3,000
Age 75 and over		R 3,040
%'tage Rebate –	33 1/3%	33 1/3%
or		
Total monthly income of all occupants and owners from all sources		
Under age 75	R 2,280	R 2,400
Age 75 and over		R 2,440
%'tage Rebate –	40% max	40% max
<u>Child Headed Households</u>		
(l) Maximum monthly income of all occupants and owners from all sources		R 2,400
%'tage Rebate –		40% max
<u>Listed Buildings</u>		
(m) Rates Rebate after primary rebate on Listed Buildings	40% Max	40% Max
<u>Developers Rebate</u>		
(n) Rates Rebate on VL only subject to Council Conditions		100%
Year 1		66%
Year 2		33%
Year 3		

## 4. General Note

- 1 No rebates on Listed Buildings and Developers properties will be granted to ratepayers where any arrears is outstanding on the property for rates & services. Rebate will only be granted to aged persons and child headed households where arrangements are made for arrears and where all arrangements are being maintained.
- 2 Existing Newly Incorporated Properties have been phased in over three years and no further rebates will be granted in terms of the Municipal Property Rates Act.
- 3 Rural Communal Properties will be phased in over four years and a rebate of 25% will be granted in this financial year.
- 4 No rates will be levied on property owned and occupied by the Msunduzi Municipality.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- 5 Properties that were not previously rated in terms of the Local Authorities Ordinance, that do not qualify in terms of the MPRA or other Council criteria as a place of worship or public benefit organisation, will be rated in terms of their current use category and continue to be phased in according to the MPRA. A phase in rebate of 25% will apply for the current financial year.

VOTE	SUB	ITEM
022	415	8436

2011/12 2012/13  
Excl. Vat Excl. Vat

## Miscellaneous Charges

- 1 Revenue Clearance Certificate Application Fee R 220 R 230

## FINANCIAL MANAGEMENT FINANCIAL CONTROL AND CASH MANAGEMENT

### Municipal Market

VOTE	SUB	ITEM
745	415	8241

### Hiring, Storage and Ripening

- 1 Use of Handling Equipment
- |   |       |       |
|---|-------|-------|
| Hiring of light trolley (small) per day or part thereof | 2.074 | 1.322 |
| Hiring of heavy trolley (large) per day or part thereof | 4.530 | 3.950 |

VOTE	SUB	ITEM
745	415	8112

### Cold Storage of Fresh Produce or Other Articles

- 2.a. Storage tariffs of fresh produce or other articles (excluding bananas) in cold storage rooms per day or part thereof are indicated hereunder provided that the tariff shall not be less than per pallet per day
- |  |       |       |
|--|-------|-------|
|  | 4.313 | 4.572 |
|--|-------|-------|
- 2.b. Packed into containers (other than large bags or pockets), the size of which shall be calculated per cubic centimeter and such calculation shall be based on the outer dimensions of the container.
- |  |       |       |
|--|-------|-------|
| i) Per container not exceeding 10 000 cm <sup>3</sup> (2 kg grape tray, S/L box)   | 0.023 | 0.024 |
| ii) Per container exceeding 10 000 cm <sup>3</sup> but not exceeding 20 000 cm <sup>3</sup> (½ bushel, WB box, double layer, tomato box, lemon box, etc) | 0.045 | 0.048 |

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM	2011/12 Excl. Vat	2012/13 Excl. Vat
745	415	8112		
iii)		Per container exceeding 20 000 cm <sup>3</sup> but not exceeding 30 000 cm <sup>3</sup> (jumble pack, multi-layer, pear box, and economy pack)	0.067	0.071
iv)		Per container exceeding 30 000 cm <sup>3</sup> but not exceeding 40 000 cm <sup>3</sup> (economy pack)	0.090	0.095
v)		Per container exceeding 40 000 cm <sup>3</sup> but not exceeding 50 000 cm <sup>3</sup> (apple carton [counts], thrift pack, banana box)	0.113	0.120
vi)		Per container exceeding 50 000 cm <sup>3</sup> but not exceeding 60 000 cm <sup>3</sup> (large cardboard box, timber crate – lettuce)	0.134	0.142
vii)		Per container exceeding 60 000 cm <sup>3</sup> but not exceeding 70 000 cm <sup>3</sup>	0.156	0.165
viii)		Tariff for containers exceeding 70 000 cm <sup>3</sup> , per 10 000 cm <sup>3</sup>	0.023	0.024
2.c.		Packed into bags or pockets or similar containers:		
		Per bag with net mass not exceeding 7 kg (½ pocket)	0.038	0.040
		Per bag with net mass exceeding 7 kg but not exceeding 15 kg ( Orange, Potato Pocket)	0.075	0.080
		Per bag with net mass exceeding 15 kg but not exceeding 35 kg (Sugar pocket)	0.187	0.198
2.d.		Unpacked bunched fresh produce or other articles:		
		Per five bunches	0.045	0.048
2.e.		Unpacked loose units of fresh produce or other articles:		
		Per watermelon or pumpkin	0.045	0.048
		Per unit of any other fresh produce or other articles.	0.045	0.048
2.f.		Double the tariffs fixed in 2(b), (c), (d) and (e) shall be payable in respect of cold storage of fresh produce or other articles not purchased on the market or sold through the market.		

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM
745	415	8035

2011/12 2012/13  
Excl. Vat Excl. Vat

3 Tariffs for Bananas

3.a. Ripening

Per standard 20 kg banana box

per week

per day

1.636 1.734

0.232 0.246

Per 10 kg banana box

per week

per day

0.815 0.864

0.118 0.125

VOTE	SUB	ITEM
745	415	8036

3.b. Storage

Per banana box per day

0.113 0.120

4 Tariff for Storage

Fresh produce sold and not removed from the market hall by 1 p.m on the day of purchase, shall be subjected to a fee of R0.785 cents per unit per day or part thereof.

0.741 0.785

VOTE	SUB	ITEM
745	415	8022

5 Salesmen's Permits

Salesmen's Permits monthly fee

R 25.780 R 4.390

VOTE	SUB	ITEM
745	454	8304

6 a. Loading Bays – per annum

R 311 R 330

b. Reserved Open Parking Bays for Agents – per annum

R 311 R 330

VOTE	SUB	ITEM
745	415	8506

7 Cage Hire – per month

R 163 R 173

8 Digital Prints – Condemned Produce (Cost to Agent) – per print

R 7 R 8

9 Transaction Charge

0.227 0.240

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## FINANCIAL MANAGEMENT SUPPLY CHAIN MANAGEMENT

### Tender Documents Deposits

VOTE	SUB	ITEM
012	415	8507

2011/12 2012/13  
Excl. Vat Excl. Vat

The tender documentation deposit is charged on pick up of a tender document by a tenderer.

Non-refundable deposit for projects

Contract Values between

R 30 000.00 to R 200 000.00	R 100	R 105
R 200 001.00 to R1 000 000.00	R 120	R 126
R1 000 001.00 to R5 000 000.00	R 300	R 316
R5 000 001.00 and over	R 500	R 527

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT ELECTRICITY DISTRIBUTION MANAGEMENT

### City Electrical Engineers

DESCRIPTION	VOTE	SUB	ITEM
Domestic – Basic Charge	704	412	8401
Domestic – Amp Charge	704	412	8154
Domestic – Energy Charge	704	412	8157

### Scale A: Domestic

1 A.I Single-Phase up to 80A –

Basic Charge per month	R 16.20	R 17.50
Net Ampere Charge per amp per phase p.m.	R 5.994	R 6.953
Energy Charge per kWh (cents)	51.728	60.005

DESCRIPTION	VOTE	SUB	ITEM
Domestic – Basic Charge	704	412	8401
Domestic – Amp Charge	704	412	8154
Domestic – Energy Charge	704	412	8157

2 Scale A.3 Three Phase up to 100A

Basic Charge per month	R 27.00	R 29.16
Net Ampere Charge per amp per phase p.m.	R 4.610	R 5.348
Energy Charge per kWh (cents)	51.728	60.005

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

DESCRIPTION	VOTE	SUB	ITEM
Small Power Users Basic Charge	704	412	8402
Small Power Users Ampere charge	704	412	8376
Small Power Users Energy Charge	704	412	8289

2011/12 2012/13  
Excl. Vat Excl. Vat

## Scale B: Small Power users (Maximum Load 65 kVA)

3	Scale B.1 Single-Phase up to 80A			
	Basic Charge per month		R 43.20	R 46.66
	Net Ampere Charge per amp per phase p.m.		R 13.140	R 15.242
	Energy Charge per kWh (cents)		53.019	61.502
4	Scale B.3 Three-Phase up to 100A			
	Basic Charge per month		R 75.60	R 81.65
	Net Ampere Charge per amp per phase p.m.		R 10.950	R 12.702
	Energy Charge per kWh (cents)		53.019	61.502
	Minimum Charge per amp per phase p.m.		R 10.950	R 12.702

DESCRIPTION	VOTE	SUB	ITEM
Large Power Users Bulk Basic	704	412	8403
Large Power Users Bulk kVa	704	412	8049
Large Power Users Bulk kWh	704	412	8052

## Scale C: Large Power users (Load greater than 65 kVA)

5	Scale C.1 Supply taken at 400V			
	Basic Charge per month		R 324.00	R 349.92
	Demand charge per kVA per month		R 119.378	R 138.479
	Energy charge per kWh (cents)		51.141	59.324

\* The minimum charge per month payable by the consumer under Scale C shall be an amount calculated as aforesaid on the basis of 70% of the highest maximum demand in kVA notified to the City Electrical Engineer by the consumer or 70% of the previous twelve months highest maximum in kVA, whichever is the higher.

VOTE	SUB	ITEM
704	412	8289

## Scale D.1: Block Tariff

This scale may be applied to any consumer at his election as an alternative to any other scale.

6	Energy Charge per kWh		R 2.450	R 2.842
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\* The minimum monthly charge payable by the consumer under this scale shall be an amount calculated as aforesaid based on 50% of the highest monthly meter reading in the last twelve months.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM
704	412	8409

2011/12 2012/13  
Excl. Vat Excl. Vat

## Indigent Benefit - Domestic supply only

Properties valued at R100,000 and below with a 20amp circuit breaker will automatically receive the first 50kWh of electricity free

Domestic households with a total household income within the limit set out in Rates, Section 3. (j), may apply for this benefit, subject to additional qualifying criteria

7 Energy Charge only (cents) 70.855 82.192

## Scale S: Prepayment Meter Tariff

8 Energy Charge only (cents) 87.364 101.342

DESCRIPTION	VOTE	SUB	ITEM
Time of Use: Basic	704	412	8404
Time of Use: Demand kVa	704	412	8405
Time of Use: Access kVa	704	412	8406
Time of Use: kWh	704	412	8407

## Scale T: Time Of Use Tariff

9 Scale T.1 Supply taken at 6.6 or 11 kV

Basic Charge per month	R 1,620.00	R 1,749.60
Demand charge per kVA per month	R 55.790	R 64.716
Access charge per kVA per month.	R 18.240	R 21.158
Based on highest of notified or previous 12 months highest demand.		
Energy charge c/kWh (Periods as per Eskom Megaflex)		
High Demand: (June, July, August)		
Peak	194.378	225.478
Standard	63.572	73.744
Off Peak	42.195	48.946
Low Demand: (Other Months)		
Peak	66.989	77.708
Standard	47.862	55.520
Off Peak	38.778	44.983
Reactive energy charge.		
A charge for all reactive energy which exceed 30% of the real energy (kWh) per half hour period in the peak and standard periods only (c/kvarh)		
	4.864	5.642

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Time periods

Day	Peak	Standard	Off-Peak
Week Day			00:00 - 06:00
		06:00 - 07:00	
	07:00 - 10:00	10:00 - 18:00	
	18:00 - 20:00	20:00 - 22:00	22:00 - 24:00
Saturday			00:00 - 07:00
		07:00 - 12:00	12:00 - 18:00
		18:00 - 20:00	20:00 - 24:00
Sunday			00:00 - 24:00

The table below indicates the treatment of public holidays for the Time of Use tariff			
Date	Day	Actual day of the week	Day treated as
9 August 2012	NATIONAL WOMEN'S DAY	THURSDAY	SATURDAY
24 September 2012	HERITAGE DAY	MONDAY	SUNDAY
16 December 2012	DAY OF RECONCILIATION	SUNDAY	SATURDAY
17 December 2012	PUBLIC HOLIDAY	MONDAY	SATURDAY
25 December 2012	CHRISTMAS DAY	TUESDAY	SUNDAY
26 December 2012	DAY OF GOODWILL	WEDNESDAY	SUNDAY
1 January 2013	NEW YEARS DAY	TUESDAY	SUNDAY
21 March 2013	HUMAN RIGHTS DAY	THURSDAY	SATURDAY
29 March 2013	GOOD FRIDAY	FRIDAY	SUNDAY
1 April 2013	FAMILY DAY	MONDAY	SUNDAY
27 April 2013	FREEDOM DAY	SATURDAY	SATURDAY
1 May 2013	WORKERS DAY	WEDNESDAY	SATURDAY
16 June 2013	YOUTH DAY	SUNDAY	SUNDAY
17 June 2013	PUBLIC HOLIDAY	MONDAY	SATURDAY

VOTE	SUB	ITEM
703	463	8382

2011/12      2012/13  
Excl. Vat      Excl. Vat

## CHARGES FOR PUBLIC LIGHTING SERVICES TO NON-MUNICIPAL CUSTOMERS CHARGES FOR PUBLIC LIGHTING SERVICES TO MUNICIPAL APPLICATIONS

L1	Lights: Whole Night (incl Maintenance)		
	Fixed-R /light/month	R 23.97	R 25.89
	Energy charge per 100 Watt per month if not measured	R 16.665	R 19.331
	Energy charge if measured (cents) per kWh	45.621	52.920
L2	Lights: 24 hour (incl Maintenance)		
	Fixed-R /light/month	R 23.97	R 25.89
	Energy charge per 100 Watt per month if not measured	R 59.927	R 69.515
	Energy charge if measured (cents) per kWh	49.320	57.211

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
L3	Lights: Whole Night High Mast (incl. Maintenance)		
	Fixed-R /light/month	R 479.45	R 517.81
	Energy charge per 100 Watt per month if not measured	R 48.920	R 56.747
	Energy charge if measured (cents) per kWh	45.621	52.920
L4	Lights: 24 Hrs Traffic (Excl. Maintenance)		
	Maintenance charged at actual cost	<b>Actual Cost</b>	<b>Actual Cost</b>
	Energy charge per 100 Watt per month if not measured	R 59.927	R 69.515
	Energy charge if measured (cents) per kWh	49.320	57.211

VOTE	SUB	ITEM
713	873	1000

## New Connection

1	Bylaw 27(12)(a)		
(a)	Normal domestic business premises:		
	(single phase service connection with a maximum capacity of 80A with a credit meter):	R 2,647	R 2,859
	Plus the cost of labour and material		
	(single phase service connection with a maximum capacity of 80A with a prepayment meter):	R 3,242	R 3,501
	Plus the cost of labour and material		
	Plus the cost of providing and laying or mounting the underground cable or overhead wiring, as the case may be, within the consumer's property boundary		
	Plus the cost of providing and laying or mounting the underground cable or overhead wiring, as the case may be, within the consumer's property boundary		
(b)	Surcharge raised for the reinstatement of single phase domestic services that have been removed for tampering (including illegal reconnection of disconnected service):		
	First offence	R 10,800	R 11,664
	Second offence	R 16,200	R 17,496
	Third or subsequent offence	R 27,000	R 29,160
(c)	Surcharge raised for the reinstatement of single phase domestic services that have been removed for tampering (including illegal reconnection of disconnected service):		
	First offence	R 270,000	R 291,600
	Second offence	R 324,000	R 349,920
	Third or subsequent offence	R 540,000	R 583,200
(d)	Tampering with Electricity Meters or Metering Installations: Domestic & Business		
	Disconnection Fee	R 625	R 675
	Back dated consumption (calculated based on estimated tampering period)		

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
(e)	Additional Charges: Illegal Connection and Reconnection		
(i)	Copper Theft		
	Theft of Material	Immediate Arrest	Immediate Arrest
	Buying of stolen material	Immediate Arrest	Immediate Arrest
(ii)	Illegal service connection - Connector	Immediate Arrest	Immediate Arrest
(iii)	Interference with other consumer's equipment	R 1,000	R 1,080
(iv)	Failure to comply with any issued notice	R 200	R 216
(v)	Improper use of Electricity	R 500	R 540
(vi)	Property access to inspect equipment is denied	R 300	R 324
(vii)	Refusing to provide information	R 200	R 216
(viii)	Rendering false information	R 200	R 216
(ix)	Refusal of admittance	R 200	R 216
(x)	Restricted access to meter room	R 200	R 216
(xi)	Resale of electricity without a license or approval	R 200	R 216
(xii)	Selling or supplying electricity without authority	R 500	R 540
(xiii)	Standby Equipment connected to network without authority	R 500	R 540
(f)	Tampering with installed anti-tampering seals	R 2,000	R 2,160
(g)	Use of Electricity supply without a signed consumer agreement with the Municipality	R 500	R 540
(h)	Unkept substation equipment accommodation room	R 500	R 540
(i)	Unkept meter rooms	R 500	R 540
(j)	Unlocked meter rooms	R 500	R 540

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM
713	873	1000

2011/12      2012/13  
Excl. Vat      Excl. Vat

- 2 Bylaw 27 (12)(b)  
In all other cases, the connection charges shall be calculated on the basis of maximum demand required in accordance with the following:

Maximum Demand	Basic Charge (Rands)		Basic Charge if no substation provided (Rands)	
(kVA)	2011/12	2012/13	2011/12	2012/13
0 – 25	3,408	3,681	0	0
26 – 50	6,390	6,901	0	0
51 – 65	8,128	8,778	0	0
66 – 100	12,235	13,214	0	0
101 – 130	15,725	16,983	0	0
131 – 200	23,993	25,913	0	0
201 – 315	60,469	65,307	19,470	21,028
316 – 500	71,414	77,127	42,451	45,847
501 – 800	88,495	95,575	77,580	83,786
801 – 1 000	104,747	113,126	104,747	113,126
More than 1000 kva				101*kva +1620

Added to these charges will be the cost of providing and installing all cables and Council-owned equipment on the consumer's premises.

- 3 Bylaw 27 (13)(a)  
Electrification projects (Low Cost Housing)  
Fee for the installation and connection, for domestic or small power users, of service cable or line, electricity dispenser and, where necessary, power distribution unit:
- (a) For a single phase service up to 20A
- (b) For a single phase service up to 60A

R 183      R 197  
R 1,217      R 1,315

VOTE	SUB	ITEM
704	415	8506

- 1 Fee for attendance at or disconnection of consumer's Installation per meter:

- (a) where due to non-payment of charges or fees or due to failure to make any required deposit or furnish any required security by the consumer in terms of the bylaws or to the breach by the consumer of any of the bylaws or any condition of his agreement

business      R 625      R 675  
domestic      R 625      R 300

Note: This charge is also applicable to water disconnections/restrictions ito 1(a)

- (b) on the consumer's request for a temporary disconnection (11kV supply)      R 832      R 898
- (c) on the consumer's request for a temporary disconnection (low voltage supply)      R 517      R 558
- (d) where a consumer's supply is disconnected at the supply mains      R 1,010      R 1,091
- 2 Fee for attendance in connection with a failure of supply      R 129      R 139

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat						
3	Fee for testing								
(a)	fee for testing and inspection of an installation (other than bona fide shock or fault of a serious nature)								
(i)	Single dwelling unit								
	First visit inspection	R 621	R 671						
	Subsequent visits/inspections	R 309	R 334						
(ii)	Any other installation	Actual Cost	Actual Cost						
(b)	fee for inspection of meter box upon certification by electrical contractor that a meter box is ready for inspection								
(i)	First inspection	No Charge	No Charge						
(ii)	Any subsequent inspection	R 218	R 236						
4	Fee for testing accuracy of meter								
(a)	Single-phase	R 380	R 410						
(b)	Three-phase	R 566	R 611						
(c)	Maximum demand	Actual Cost	Actual Cost						
5	Fee for testing accuracy of tariff mcb								
(a)	Single-phase service	R 334	R 361						
(b)	Three-phase service	R 475	R 513						
	<table><tr><td>VOTE</td><td>SUB</td><td>ITEM</td></tr><tr><td>704</td><td>415</td><td>8506</td></tr></table>	VOTE	SUB	ITEM	704	415	8506	2011/12 Excl. Vat	2012/13 Excl. Vat
VOTE	SUB	ITEM							
704	415	8506							
6	Fee for change of tariff mcb								
(a)	Single-phase service	No Charge	No Charge						
(b)	Three-phase	R 19	R 21						
7	Fee for checking meter reading	R 105	R 113						
	<table><tr><td>VOTE</td><td>SUB</td><td>ITEM</td></tr><tr><td>704</td><td>415</td><td>8010</td></tr></table>	VOTE	SUB	ITEM	704	415	8010		
VOTE	SUB	ITEM							
704	415	8010							
8	Accounting Charge	R 123	R 133						

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT WATER DISTRIBUTION AND SANITATION MANAGEMENT

### Water Tariffs

VOTE	SUB	ITEM
787	460	8595

2011/12  
Excl. Vat

2012/13  
Excl. Vat

### Water Supply Tariffs

1	Scale 2 (1) – Domestic	Basic Charge 0kl to 6kl	R 32.52	R 15.00 R 37.40
	2 (2) – Domestic	7kl to 30kl per kl	R 10.94	R 12.58
	2 (3) – Domestic	31kl to 60kl per kl	R 16.15	R 18.57
	2 (4) _Domestic	61kl and over per kl	R 18.85	R 21.67
	2 (5) _Domestic	Flat rate (unmetered households)		R 60.00
2	Scale 3A – Flats, Simplexes	Basic Charge Unit	R 10.31	R 15.00 R 11.86
3	Scale 3B – Flats (Non-Rateable)	Basic Charge Unit	R 14.19	R 15.00 R 16.32
4	Scale 4A (1) – Commercial	Basic Charge 0 - 30 kl per kl		R 25.00 R 13.46
	4A (2) – Commercial	31kl to 60kl per kl		R 15.00
	4A (3) – Commercial	61kl to 100kl per kl		R 17.60
	4A (4) – Commercial	101kl and over per kl		R 13.46
5	Scale 4B – Commercial (Non-Rateable)	Basic Charge Unit	R 14.19	R 25.00 R 16.60

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
6	Scale 5 – Builders, Construction Sites Basic Charge Unit	R 14.19	R 25.00 R 16.60
7	Scale 6 – Religious Organisations Basic Charge Unit	R 11.25	R 25.00 R 13.17
8	Scale 7 – Registered Welfare & Charitable Institutions & certain Sporting Bodies which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council. Basic Charge Unit	R 11.25	R 25.00 R 13.17
10	Scale 8 – Municipal Departments Unit	R 10.75	R 12.57

## Indigent Benefit - Domestic Water supply only

Properties valued at R100,000 and below will automatically receive the first 6kl of water free

The applicable tariff will be billed from the 7th kl upwards

Domestic households with a total household income within the limit set out in Rates, Section 3. (j), may apply for this benefit, subject to additional qualifying criteria

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT WATER DISTRIBUTION AND SANITATION MANAGEMENT

### Sewerage Tariffs

VOTE	SUB	ITEM
202	469	8439

Based on the relevant Water Scale

### Sewerage Tariffs

1	Scale 2 – Domestic/House	R 102.00	R 109.13
2	Home Business	R 115.00	R 123.05
3	Scale 3A – Flats/Simplexes per kl	R 5.41	R 5.79
4	Scale 4A – Business/Commercial per kl		
	0 - 400	R 5.53	R 5.92
	401 - 1000	R 5.16	R 5.52
	Greater than 1000	R 4.27	R 4.56
	Subject to a maximum of	R 22,252.32	R 23,809.98

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
5	Vacant Land	R 102.00	R 109.13
6	Scale 6 – Worship Places	R 194.58	R 208.20
7	Scale 8M – Municipal Departments per kl	R 5.53	R 5.92
8	Indigent Tariff	R 51.00	R 54.57

VOTE	SUB	ITEM
202	469	8346

9	Scale 3c, 4c, 7c – Registered Welfare & Charitable Institutions & certain Sporting Bodies which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council. per kl	R 5.53	R 5.92
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## **Note: Home Business**

Refers to a property previously rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.

## **INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT WATER DISTRIBUTION AND SANITATION MANAGEMENT**

### Water Services Bylaw Tariffs

VOTE	SUB	ITEM
159	896	0516

## Sewer Connections

In all cases the connection into the Corporate Sewer shall be undertaken by the Executive Manager at the expense of the owner of the premises to be connected or his authorised agent. The Executive Manager shall decide the type and diameter of the pipe to be used for the connection.

Except where otherwise authorised, the work shall be charged at the following tariffs:

1	Connection fees payable in terms of bylaw 23(3)b:		
(a)	100mm pipes	R 2,447	R 2,643
(b)	150mm pipes minimum charge [cost plus 10%]	R 4,479	R 4,837
(c)	200mm pipes minimum charge [cost plus 10%]	R 5,168	R 5,581

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat						
The tariffs payable to this item are subject to the provision that –									
(i)	where it is necessary to include such items as manholes, or other means of access to the connection, special pipes or any other works which may be peculiar to the connection, such additional work shall be to the expense of the owner of the premises to be connected or to his authorized agent, and such additional work shall be charged at full cost plus 10% administration charges, and	Cost Plus 10% Admin. Charge	Cost Plus 10% Admin. Charge						
(ii)	where a connection is required for a property within the central area other than a single residential dwelling, such connection shall be charged at full cost plus 10% administration charges with a minimum charge equal to the relevant tariff set out in this item.	Cost Plus 10% Admin. Charge	Cost Plus 10% Admin. Charge						
2	Miscellaneous Fees The following miscellaneous fees shall be payable to the Council in accordance with the provisions of these bylaws:								
(a)	Clearing of internal drain and sewer blockages during normal working hours.	R 665	R 719						
(b)	Clearing of internal drain and sewer blockages during hours other than normal working hours	R 1,259	R 1,360						
(c)	(i) Clearing of septic tanks within the Council's area of jurisdiction (ii) Clearing of septic tanks outside Council's area of jurisdiction  (Minimum deposit R1000.00)	R 1,354 Cost plus 10%	R 1,463 Cost plus 10%						
(d)	Clearing of conservancy tanks during normal working hours for non-residential property (per load)	R 428	R 462						
(e)	Clearing of conservancy tanks during normal working hours for residential property (per load)	R 214	R 231						
(f)	Clearing of pit latrines	R 214	R 231						
(g)	Clearing of pit latrines monthly tariff	R 33	R 36						
<table><tr><td>VOTE</td><td>SUB</td><td>ITEM</td></tr><tr><td>159</td><td>896</td><td>0516</td></tr></table>				VOTE	SUB	ITEM	159	896	0516
VOTE	SUB	ITEM							
159	896	0516							
3	The charge to be levied by the Council iro. conveyance and treatment of trade effluent discharged into its sewers from manufacturing premises shall be assessed in accordance with the following formula:								
(i)	Cost [c/kl] = 0,637 [Ave COD – 350]	0.590	0.637						
(ii)	The volume of effluent discharged being a fixed percentage of their monthly water consumption, such percentage being mutually agreed upon by the industry concerned and Umgeni Water.								
(iii)	The average COD value used shall be determined from the average of previous six months COD results taken by Umgeni Water.								

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat R 838	2012/13 Excl. Vat R 905						
(iv)	Where an industry's monthly effluent sample is found to exceed the limits set out in the Water Services By-Laws, a charge will be levied for a re-inspection of the premises and re-sampling of the effluent within a two week prescribed period.								
	<table><tr><th>VOTE</th><th>SUB</th><th>ITEM</th></tr><tr><td>159</td><td>896</td><td>0519</td></tr></table>	VOTE	SUB	ITEM	159	896	0519		
VOTE	SUB	ITEM							
159	896	0519							
1	<p>When an owner or a consumer desires the services of the Council for the closing down or turning on of the water from a Council Control valve to a fire supply consequent upon alterations, repairs or otherwise to the system, application shall be made for such service to the Council and the applicant shall pay in advance to the Council a fee of R421 for both the closing down and turning on of water by the Council. Fees payable ito Bylaw 30.</p> <p><u>NOTE</u></p> <p>When it is necessary icw the repairs of any consumer's pipes or fittings that the water should be turned off at the mains, the consumer's plumber shall inform the Engineer who will give him notice of the day and hour that the water will be turned off, and upon the water being turned off, the plumber shall carry out the necessary repairs forthwith and complete same as expeditiously as possible.</p>	R 386	R 421						
2	<p>The Council is empowered summarily to cut off the water supply of any consumer whose account for water is overdue or who has contravened any of these Bylaws, without prejudice to any penalties which may be recoverable under the Bylaws, and the Council may recover the fee provided in Subsection (b) of this Bylaw and any further sum or sums due by the consumer.</p>								
(a)	<p>When the water supply to any consumer has been cut off under this Bylaw, or is turned off at the owner's or consumer's request for the purposes other than repairs by an authorized plumber, a disconnection fee of R719 will be charged when the property is situated inside the Council's area and a disconnecting fee of R719 will be charged when the property is situated outside the area of the Council, which fees will be payable by the owner or consumer, as the case may be, upon demand. Fees payable ito Bylaw 32.</p>	R 660	R 719						
(b)	<p>When the water supply to any consumer has been cut off under this Bylaw, the Council may, at its discretion, on payment in full of the overdue account and the disconnecting fee and a further fee for reconnection of R719 the property is situated within the area of Council or R719 if the property is situated outside the area of the Council, reconnect the supply to such premises.</p> <p>Fees payable ito Bylaw 32</p>	R 660	R 719						
(c)	<p>Water Restriction Washer</p> <table><tr><td>Installation</td><td></td></tr><tr><td>Removal</td><td></td></tr></table>	Installation		Removal		R 228 R 243	R 249 R 265		
Installation									
Removal									
(d)	<p>Surcharge raised for the reinstatement of domestic services that have been removed for tampering (including where a meter has been removed and/or bypassed by an occupier/owner):</p> <table><tr><td>First offence</td><td></td></tr><tr><td>Second offence</td><td></td></tr><tr><td>Third or subsequent offence</td><td></td></tr></table>	First offence		Second offence		Third or subsequent offence		R 10,800 R 16,200 R 27,000	R 11,772 R 17,658 R 29,430
First offence									
Second offence									
Third or subsequent offence									

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat						
(e)	Surcharge raised for the reinstatement of Business services that have been removed for tampering (including where a meter has been removed and/or bypassed by an occupier/owner):								
	First offence	R 270,000	R 294,300						
	Second offence	R 324,000	R 353,160						
	Third or subsequent offence	R 540,000	R 588,600						
(f)	Tampering with Water Meters or Metering Installations: Domestic & Business								
	Disconnection Fee	R 660	R 719.40						
	Back dated consumption (calculated based on estimated tampering period)								
<table><tr><td>VOTE</td><td>SUB</td><td>ITEM</td></tr><tr><td>159</td><td>896</td><td>0519</td></tr></table>				VOTE	SUB	ITEM	159	896	0519
VOTE	SUB	ITEM							
159	896	0519							
3 (a)	Except where other competent arrangements have been agreed upon, the tariff for connection to the water main shall be as follows[fees payable ito Bylaw96]:								
(i)	In Council's area of jurisdiction – Diameter of supply pipe								
	15mm – 200l per day limited supply	R 885	R 965						
	15mm	R 1,931	R 2,104						
	20mm	R 4,419	R 4,817						
	25mm	R 5,679	R 6,190						
	50mm	R 8,708	R 9,492						
	80mm	R 15,771	R 17,190						
	100mm	R 22,216	R 24,215						
	150mm	R 25,245	R 27,517						
(ii)	Outside Council's area of jurisdiction – In all cases – cost of labour and materials plus 10% supervision on total cost	Cost plus 10%	Cost plus 10%						
(iii)	Where an application is made for more than one connection for the same property a discount of 25% be given on the smaller connections, subject to the following –								
	(a) the application be made at the same time.								
	(b) the positions of the connections be adjacent to one another.								
	(c) the applicant be ready for the connections to be done at the same time.	Discount 25%	Discount 25%						
(iv)	<b><u>Removal of Connections</u></b>								
	Moving of connection from one position to another shall be charged at actual cost.								
	Where a meter has been temporarily removed at the request of the owner, the cost of replacing the meter at a later date will be	R 700	R 763						
(v)	<b><u>Removal or By-passing meters</u></b>								
	Where a meter has been removed and/or bypassed by an occupier/owner, a fee shall be charged for the replacement of the meter.	R 1,210	R 1,319						

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
(vi)	Fee for attendance at the applicant's site at time notified by applicant where it is not possible to make the connection due to the applicants pipe-work not being ready for connection.	R 386	R 421
The following shall be the charges for the testing of meters and testing and stamping of taps and fittings in accordance with these Bylaws:			
4 (b)	<b>Testing Meters</b>		
(i)	for testing meters up to 20mm supplied by the Council, R434 provided that where the meter shows an error of more than 3% fast a refund of R434 will be made to the consumer concerned.	R 398	R 434
(ii)	for testing meters from 25mm up to and including 50mm supplied by the Council R550, provided that where the meter shows an error of more than 3% fast a refund of R550 will be made to the consumer concerned.	R 505	R 550
(iii)	for testing meters in excess of 50mm up to and including 150mm supplied by the Council R1004, provided that where the meter shows an error of more than 3% fast a refund of R1004 will be made to the consumer concerned.	R 921	R 1,004
(iv)	for testing meters from 15mm up to and including 50mm, supplied not by the Council R175. No refund will be applicable.	R 160	R 175
(v)	for testing meters in excess of 50mm up to and including 150mm, supplied not by Council R240. No refund will be applicable.	R 220	R 240
(c)	<b>Hydrant/Flow Pressure Tests</b>		
	The charge for a flow pressure test on a hydrant shall be R434 for a test and a further R434 for each and every subsequent test requested.	R 398	R 434

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT WASTE MANAGEMENT

### Refuse Tariffs

VOTE	SUB	ITEM
182	469	8439

Standard charges for Domestic and Commercial Refuse Removal  
Based on relevant Electricity Scale

### Refuse Removal Tariffs

1	Domestic			
		Single phase up to 80A	R 65.97	R 70.58
		Three phase up to 100A	R 65.97	R 70.58
		Prepayment Meter	R 65.97	R 70.58

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
2	Home Business		
	Single phase up to 80A	R 100.00	R 107.00
	Three phase up to 100A	R 100.00	R 107.00
	Prepayment Meter	R 100.00	R 107.00
3	Small Power Users - Business/Commercial		
	Single phase up to 80A	R 188.99	R 202.22
	Three phase up to 100A	R 188.99	R 202.22
4	Large Power Users – Business/Commercial		
	Supply taken at 400V	R 188.99	R 202.22
	Supply taken at 6.6 or 11kV	R 188.99	R 202.22
5	Flats/Simplexes	R 55.90	R 59.81
6	Indigent Tariff	R 32.98	R 35.29
7	Central Business District	R 251.33	R 268.92
	Main cbd bordered by East(Massukwane), Winston/Victoria, Bulwer, Boschoff, Alan Paton, Prince Alfred, Railway, Pine.		
	Greytown Rd form East To Trichy, Balhambra Way from Greytown Road to Newholme Way, Khan Roadfrom Greytown		
	Road to Deccan Road, Mysore Road from Greytown Road to Bangalore Road, Alan Paton up till King Edward Ave.		

## **Note: Home Business**

Refers to a property previously rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.

## **INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT WASTE MANAGEMENT**

### Refuse Removal Tariffs

- 1 Standard charges for Domestic and Commercial Refuse Removal.

Fees payable for the additional removal and clearance of refuse by arrangement from premises other than those applicable in item 1.

VOTE	SUB	ITEM
182	469	8439

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat						
2. (a)	Removal of additional domestic refuse: Excluding Central Business District								
	Normal days per collection –								
	(i) 3 x 85l bins or part thereof	R 21	R 22						
	(ii) 240l wheeled bin or part thereof	R 21	R 22						
(b)	Other than normal removal days, per collection –								
	(i) 3 x 85l bins or part thereof	R 127	R 135						
(c)	Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc). The charge for a 1,75m³ container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.	R 207	R 221						
3. (a)	Removal of additional domestic refuse: Central Business District								
	Normal days per collection –								
	(i) 3 x 85l bins or part thereof	R 21	R 22						
	(ii) 240l wheeled bin or part thereof	R 21	R 22						
(b)	Other than normal removal days, per collection –								
	(i) 3 x 85l bins or part thereof	R 129	R 138						
(c)	Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc).The charge for a 1,75m³ container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.	R 211	R 225						
4. (a)	Removal of trade refuse [Industrial/Commercial]:								
	Normal days, per collection –								
	(i) 3 x 85l bins or part thereof	R 55	R 58						
	(ii) 210l drum or part thereof	R 55	R 58						
	(iii) 240l bin or part thereof	R 55	R 58						
	(iv) Removal of additional refuse as per 3(a)(i)-(iii)	R 55	R 58						
(b)	Other than normal removal days, per collection –								
	(i) 3 x 85l bins or part thereof	R 121	R 130						
	(ii) 210l drum or part thereof	R 121	R 130						
	(iii) 240l bin or part thereof	R 121	R 130						
<table><tr><td>VOTE</td><td>SUB</td><td>ITEM</td></tr><tr><td>183</td><td>469</td><td>8046</td></tr></table>				VOTE	SUB	ITEM	183	469	8046
VOTE	SUB	ITEM							
183	469	8046							
5	Removal of industrial refuse [Industrial/Commercial]:								
(a)	(i) per load or part thereof loaded by the Executive Manager [maximum 15 m³] removed as a once off clearance.	R 2,079	R 2,224						
	(ii) bulk refuse containers [15 m³] hire thereof, including a once off clearance.	R 1,565	R 1,674						
	(iii) bulk refuse containers [maximum 15 m³] hire thereof, including one clearance per week.	R 1,515	R 1,621						
	(iv) second clearance	R 1,049	R 1,122						
	(v) each additional clearance	R 941	R 1,007						

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM	2011/12 Excl. Vat	2012/13 Excl. Vat
182	469	8439		
(b)	small mobile refuse containers [approx. 0,24m³] available in Otto Bin serviced areas only:			
(i)	hire thereof, including one clearance per week.		R 58	R 62
(ii)	second clearance		R 44	R 47
(iii)	each additional clearance		R 40	R 43
(c)	small mobile refuse containers [approx. 1 m³] available in Otto Bin services areas only:			
(i)	hire thereof, including one clearance per week.		R 232	R 248
(ii)	second clearance		R 171	R 183
(iii)	each additional clearance		R 150	R 160
(d)	small mobile refuse containers [approx. 2 m³]:			
(i)	hire thereof as a once off clearance		R 378	R 404
(ii)	hire per week, including one clearance		R 343	R 367
(iii)	second clearance		R 178	R 191
(iv)	each additional clearance		R 156	R 167
(e)	7 m³ refuse skips available in south-west area only:			
(i)	hire thereof, including one clearance per week.		R 758	R 811
(ii)	second clearance		R 531	R 568
(iii)	each additional clearance		R 452	R 484
6	The tariff for the removal of refuse from properties owned by the State & Municipal Departments:			
240l				
(i)	hire thereof, including one clearance per week.		R 58	R 62
(ii)	second clearance		R 44	R 47
(iii)	each additional clearance		R 40	R 43
1 100l				
(i)	hire thereof, including one clearance per week.		R 222	R 238
(ii)	second clearance		R 164	R 175
(iii)	each additional clearance		R 139	R 149
1,75m³				
(i)	hire thereof, including once off clearance		R 361	R 387
(ii)	hire per week, including one clearance per week		R 328	R 351
(iii)	second clearance		R 170	R 182
(iv)	each additional clearance		R 149	R 160
7m³				
(i)	hire thereof, including one clearance per week		R 725	R 776
(ii)	Second clearance		R 513	R 549
(iii)	Each additional clearance		R 433	R 463

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM
183	469	8046

2011/12 Excl. Vat	2012/13 Excl. Vat
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15m<sup>3</sup>

(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 2,079	R 2,224
(ii)	hire thereof, including a once off clearance	R 1,565	R 1,674
(iii)	hire thereof, including once clearance per week	R 1,515	R 1,621
(iv)	second clearance	R 1,063	R 1,137
(v)	each additional clearance	R 941	R 1,007

20m<sup>3</sup>

(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 2,771	R 2,965
(ii)	hire thereof, including a once off clearance	R 2,086	R 2,232
(iii)	hire thereof, including once clearance per week	R 2,020	R 2,162
(iv)	second clearance	R 1,417	R 1,516
(v)	each additional clearance	R 1,255	R 1,343

25m<sup>3</sup>

(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 3,464	R 3,707
(ii)	hire thereof, including a once off clearance	R 2,608	R 2,790
(iii)	hire thereof, including once clearance per week	R 2,525	R 2,702
(iv)	second clearance	R 1,771	R 1,895
(v)	each additional clearance	R 1,569	R 1,679

DESCRIPTION	VOTE	SUB	ITEM
<b>Domestic – Outside Refuse Removal Area</b>	<b>182</b>	<b>469</b>	<b>8439</b>
<b>Commercial – Outside Refuse Removal Area</b>	<b>183</b>	<b>469</b>	<b>8046</b>

7	Removal and clearances from properties outside the refuse removal area:	Applicable Tariff plus 20%	Applicable Tariff plus 20%
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## Services provided by the Executive Manager

8	Dead animals [per carcass] during working hours –		
(a)	(i) dog or cat	R 356	R 381
	(ii) sheep, goat, calf or pig	R 535	R 572
	(iii) ox, cow, bull, horse, mule or donkey	R 1,152	R 1,233
(b)	outside working hours –		
	(i) dog or cat	R 398	R 426
	(ii) sheep, goat, calf or pig	R 1,010	R 1,080
	(iii) ox, cow, bull, horse, mule or donkey	R 2,020	R 2,161

The fees specified in this item shall be payable upon demand or otherwise may be arranged with the Council.

9 Euthanased animals [per carcass]:

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
(a)	Removal of dog and cat carcasses from the premises owned or occupied by registered veterinary practitioners –		
(i)	during normal working hours	R 119	R 127
(ii)	after normal working hours	R 428	R 458
(b)	removal of carcasses other than dogs and cats shall be charged at the fees prescribed in items 4 and 5 as the case may be.		

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT WASTE MANAGEMENT

### Landfill Site Tariffs

VOTE	SUB	ITEM
185	469	8556

1	The tariff for the disposal of refuse at the New England Road Landfill Site –		
(a)	general domestic refuse, inert trade refuse, per 250kg or part thereof	R 34	R 35.64
(b)	mixed refuse (garden, domestic, trade refuse, including builder's rubble) per 250kg or part thereof	R 34	R 35.64
(c)	industrial sludges, subject to agreement and approval by the Landfill Manager per 250kg or part thereof	R 145	R 153.66
(d)	builder's rubble and excavated material per 250kg or part thereof	R 11	R 11.63
(e)	bulk food waste and condemned food per 250kg or part thereof	R 76	R 80.64
(f)	garden refuse, per 250kg or part thereof	R 11	R 11.63
(g)	finely divided excavated material with the maximum stone content of 10% and maximum stone size of 100mm per 250kg or part thereof	R 5	R 5.35
(h)	Sawdust and woodwaste, per 250kg or part thereof	R 51	R 54.29
Provided that no charge shall be payable for the disposal of –			
(i)	garden refuse by bona fide householders where such refuse is conveyed in motor cars, trailers with a nominal capacity not greater than 0,5 tonne and light delivery vehicles with a nominal capacity not greater than 1 tonne and deposited in the garden refuse containers.	Existing concession	Existing concession
(ii)	builder's rubble by bona fide householders and casual builders where such rubble is conveyed in vehicles with a nominal capacity not greater than 1 tonne and deposited in the demarcated area on the Landfill site.	1 Tonne – limit	1 Tonne – limit
(iii)	garden refuse by bona fide householders where such refuse is conveyed in vehicles with a nominal capacity not greater than 1 tonne and deposited in the demarcated area on the Landfill Site	1 Tonne – limit	1 Tonne – limit

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
(iv)	soil, ash and sand which the Landfill Site Manager has agreed in advance is suitable cover material, delivered in trucks of minimum 5 tonne capacity.	No change to existing concession	No change to existing concession
2	Tariff for the voluntary weighing of vehicles (per vehicle)	R 28	R 29.43
3	That parking of a vehicle, trailer or container be not more than 8 hours at the New England Road Site, or on the road reserve adjacent to the site For each 8 hour period (per unit)	R 307	R 325.92
4	Building Rubble: deposit payable when submitting a building plan for approval and refundable upon proof of disposal on the landfill site.	R 1,034	R 1,095.83
5	Illegal Dumping: a collection and disposal fee per 1,75m <sup>3</sup> container load for refuse or rubble dumped on a road verge in front of or next to a property.	R 1,020	R 1,081.72
6	Florescent Tubes – complete tubes to be deposited in specialized containers located in the recycling area. Per 250 kgs or part thereof	R 67	R 70.54

## ECONOMIC DEVELOPMENT SERVICES TOWN PLANNING

### Town Planning Applications

VOTE	SUB	ITEM
548	415	8550

#### 1. Town Planning General

(a)	Burning Town Planning Scheme to CD		R 175
(b)	Copy of Town Planning Scheme		R 350
(c)	Copy of clauses, per page		R 5
(d)	Zoning Certificate		R 50
(e)	Home activity (metered Tax)		R 200
(f)	Home activity (crèche for 12 and below)		R 850
(g)	Objection Fee		R 250

#### 2. Fees payable in terms of the Planning and Development Act, (Act No. 6 of 2008) within or outside the scheme

(a)	Application for relaxation of building lines in terms of the scheme		R 960.36
(b)	Add new area to scheme		R 1,700
(c)	Under 0.5 hectare	R 1,176	R 2,100
(d)	0.5 ha and over, but less than 1 ha	R 1,176	R 2,100
	Plus R277 per 1000 m <sup>2</sup> or part thereof in excess of 0.5 ha	R 238	R 277
(e)	1 hectare and over but less than 5 hectares	R 2,495	R 4,000
(f)	5 hectares and over but less than 10 hectares	R 3,185	R 6,000
(g)	10 hectares and over	R 3,185	R 8,000
	Plus R554 for every ha or part thereof, in excess of 10 ha	R 475	R 554

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

	2011/12 Excl. Vat	2012/13 Excl. Vat
3. Fees payable in terms of Council Consent		
(a) Tuck Shop		R 850
(b) Social halls, institutions, dwellings, houses, places of public worship, places of instruction, agricultural buildings, taverns, bed and breakfast (B&B), Boarding House, Home Business or any other building or use not specified in paragraph 3. (c)		R 1,500
(c) Places of public entertainment, residential buildings, parking garages, taxi business, public garages, petrol filling stations, light industrial, industrial and noxious industrial buildings, shops, business premises, professional offices and special buildings not covered by paragraph 3. (b)		R 1,900
(d) Crèche (per number of children)		
12 - 20		R 1,500
21 - 30		R 2,000
31 and more		R 3,000
(e) Medium density housing (Basic)		R 1,500
Plus R500 per every fourth unit and above in PMB Scheme and also for every sixth and above in Ashburton Scheme		R 500
4. Development outside a scheme area as per the Planning and Development Act, (Act No. 6 of 2008)		
(a) Tuckshop		R 850
(b) Social halls, institutions, dwellings, houses, places of public worship, places of instruction, agricultural buildings, taverns, home business or any other building or use not specified in paragraph 4. (c)		R 1,500
(c) Places of public entertainment, residential buildings, parking garages, taxi business, public garages, petrol filling stations, light industrial, industrial and noxious industrial buildings, shops, business premises, professional offices and special buildings not covered by paragraph 4. (b)		R 1,900
(d) Medium density housing (Basic)		R 1,500
Plus R500 per unit		R 500
(e) Crèche (per number of children)		
12 - 20		R 1,500
21 - 30		R 2,000
31 and more		R 3,000
(f) Title Deeds		
Alterations, suspension and Removal of restrictive Title Conditions		R 2,100
5. Closure of Roads/Open Spaces in terms of the Planning and Development Act, (Act No. 6 of 2008)		
(a) Closure of Roads/Open Space		R 2,100
(b) Amend phasing or cancellation of layout		
Phasing of approved layouts		R 2,100
Cancellation or phasing of layouts		R 2,100
(c) Application for a subdivision (Rem = A Subdivision)		
Basic fee		R 2,100
Additional fee for each subdivision		As per land survey tariff
Amendment of existing subdivision		As per land survey tariff

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
	Consolidation		As per land survey tariff
(d)	Fines/Penalties		
	Section 89 civil penalties ito PDA		As per court order
	Fines as per Section 78 & 89 of the PDA		As per court order
	Additional penalties in accordance with Section 76		As per court order
	Appeal fee in term of Sec 62 of the Systems Act - per appeal lodge		R 9,063

## **Note:**

The approved tariffs in respect of Geographic Information Systems are also applicable to Town Planning.

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT HOUSING AND HUMAN SETTLEMENT DEVELOPMENT MANAGEMENT

### Copies and Subdivision of Land Tariffs

VOTE	SUB	ITEM
101	415	8515

1 (i)	Search Fee (Excluding Locality Sketches & Site Plans)	R 16	R 16.84
(ii)	Copies of documents (per copy)		
	(aa) A4	R 2	R 2.63
	(bb) A3	R 2	R 3.07
	(cc) A1	R 48	R 50.39
	(dd) A0	R 69	R 72.85
(iii)	Dyeline prints, ordinary paper only		
	(ee) A2	R 40	R 42.41
	(ff) A1	R 48	R 50.39
	(gg) A0	R 81	R 85.33
2	Subdivisions and Consolidation of Land:		
	Application and Approval in terms of the KZN Planning and Development Act No. 6 of 2008		
a	Up to 10 pieces of land:		
	Basic fee	R 426	R 447.82
	Plus, per subdivision + Remainder	R 199	R 209.31
b	Over 10 pieces of land:		
	Basic fee	R 1,185	R 1,243.91
	Plus, per subdivision + Remainder	R 100	R 104.66

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
	Provided that in respect of subdivisions for Government-subsidised Townships for low-income Housing Projects		
	Basic fee	R 187	R 196.09
	Plus, per subdivision + Remainder	R 19	R 19.90
c	Additional trips to site to inspect compliance with conditions imposed, over and above initial trips, based on radial distance from City Hall:		
	Radius up to 5km	R 107	R 112.64
	Radius up to 10km	R 173	R 181.50
	Radius up to 15km	R 233	R 245.11
	Radius up to 20km	R 280	R 294.14
	Radius up to 25km	R 380	R 398.79
	Radius over 25km	R 433	R 454.43
d	Consolidations		
	Basic fee	R 216	R 226.80
	Plus, per component	R 54	R 56.70
3	Certification of Copies of Documents		
	Basic Fee	R 73	R 76.84
4	Processing of D F A Applications		
	Basic Fee	R 3,240	R 3,402.00
5	Preparation of Service Agreements		
	Basic Fee	R 3,240	R 3,402.00
6	Applications for relaxation of municipal omnibus servitudes		
	Basic Fee	R 216	R 226.80
7	Applications for Removal of Title Deed Restrictions		
	Basic Fee	R 648	R 680.40

## **Note:**

- a. The approved tariffs in respect of Geographic Information Systems are as reflected in item 2. (ii) – Supply of Digital Data, and are similarly applicable.
- b. **Advertisement of Applications for road closures and PDA applications where necessary**  
Advertisement costs shall be borne by the applicant. Upon confirmation of the application being complete and the 14 day acknowledgement period having lapsed, the Development Services Unit shall, within a period of fourteen (14) working days, supply the applicant with a text of the notice to be advertised in the two official languages of the region, which the applicant shall place in the Local Newspaper at their cost, and serve copies thereof on affected property owners as directed by the Manager: Development Services.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT HOUSING AND HUMAN SETTLEMENT DEVELOPMENT MANAGEMENT

### Valuations

#### Miscellaneous Charges

VOTE	SUB	ITEM
242	460	8586

2011/12  
Excl. Vat

2012/13  
Excl. Vat

1 Valuation CD R 500 R 550

VOTE	SUB	ITEM
242	415	8583

2 Valuation Certificate R 28 R 30

3 Deed search fee R 28 R 30

VOTE	SUB	ITEM
060	885	208

4 Request Section 53 of the Municipal Properties Rates Act for reasons for the decision of the Municipal Valuer in respect of objections R 63 R 70

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT HOUSING ADMINISTRATION BUSINESS UNIT

### Market Rents at Housing Schemes

#### Vote Numbers per Scheme

DESCRIPTION	VOTE	SUB	ITEM
Eastwood No.1 (Econo)	568	454	8253
Eastwood No. 1 (Sub-E)	571	454	8253
Glenwood	586	454	8253
The Grange No. 1	589	454	8253
Northdale No. 8 (Sub-E)	607	454	8253
Northdale No. 10 (Sub-E)	610	454	8253
Northdale 7 (Econo)	625	454	8253
Northdale 9 (Econo)	628	454	8253
Northdale 12	631	454	8253
Riverbend No. 1	634	454	8253
Woodlands No. 3	670	454	8253
Woodlands No. 4	673	454	8253
Woodlands No. 8	682	454	8253
Sobantu - Housing	695	454	8253
Properties Outside Schemes	246	454	8094
Properties Outside Schemes	246	454	8097

Rents for the above areas will be calculated at the prevailing market rental for a similar property in the relevant area at the time the property is allocated.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT HOUSING ADMINISTRATION BUSINESS UNIT

### Market Rents at Council Flats

#### Market Related Rentals for Council and State Funded Houses

The rental for tenants of State-funded and Council-funded housing escalates at a rate of 15% per annum as per Council Resolution, until "break even" market rentals are reached, in terms of National Housing Legislation.

DESCRIPTION	VOTE	SUB	ITEM
Willow Gardens Flats	649	454	8253
Willow Gardens Flats	652	454	8253
Willow Gardens Flats	655	454	8253
Willow Gardens Flats	658	454	8253

2011/12  
Excl. Vat

2012/13  
Excl. Vat

#### Willow Gardens

Batchelor Flat rental	R 1,041	R 1,041
1 Bedroom Flat rental	R 1,304	R 1,304
2 Bedroom Flat rental	R 1,551	R 1,551
3 Bedroom Flat rental	R 1,725	R 1,725

DESCRIPTION	VOTE	SUB	ITEM
Rudling Rd. Flats	637	454	8253

#### Erica and Nerina Flats

2 Bedroom Flat rental	R 2,203	R 2,203
3 Bedroom Flat rental	R 2,570	R 2,570

#### Gross minimum income to afford accommodation at market related rentals are as follows:-

not more than 20% of income

#### Willow Gardens – per month

Batchelor Flat	R 5,204	R 5,204
1 Bedroom Flat	R 6,520	R 6,520
2 Bedroom Flat	R 7,757	R 7,757
3 Bedroom Flat	R 8,626	R 8,626

#### Erica and Nerina Flats – per month

2 Bedroom Flat	R 11,013	R 11,013
3 Bedroom Flat	R 12,848	R 12,848

#### Notes:

- Offers of accommodation are made to applicants only where the required rental does not constitute more than 20% of the applicant's gross income in terms of Council Resolution and based on national legislation.
- The gross minimum income to qualify to be registered on Council's waiting list is R3500.00 which is in accordance with the Housing Act of 1997.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT HOUSING AND HUMAN SETTLEMENT DEVELOPMENT MANAGEMENT

### Building Survey Tariffs

The following amended tariffs are for the Msunduzi Municipality excluding Less Formal Townships and any other area declared by the Msunduzi Municipality

VOTE	SUB	ITEM
547	415	8043

2011/12 Excl. Vat	2012/13 Excl. Vat
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1.	Building plans submission fees		
(a)	Preliminary building plans submitted for scrutiny and comment, 25% of the normal plan approval fee as detailed below.		
(b)	Plans for new buildings or additions to buildings submitted		
i)	For the first 20m <sup>2</sup>	R 320	R 337
ii)	Each additional 10m <sup>2</sup> exceeding 20 m <sup>2</sup> up to and including 5000 m <sup>2</sup>	R 80	R 84
iii)	For each additional 10m <sup>2</sup> over 5000 m <sup>2</sup> up to and including 15000 m <sup>2</sup>	R 33	R 35
iv)	For each additional 10m <sup>2</sup> over 15 000 m <sup>2</sup>	R 23	R 24
v)	Minimum charge	R 320	R 337
(c)	Minor Building Work	R 166	R 175
(d)	Approval-in-Principle (non-refundable)	25% of Building Plan Fee	25% of Building Plan Fee
(e)	Alterations ½% of estimated cost (0,005 x estimated cost) - minimum charge	R 320	R 337
(f)	Swimming Pools - minimum charge	R 166	R 175
(g)	Drainage - minimum charge only	R 320	R 337
(h)	Petrol, Diesel & Gas Installations - minimum charge only	R 320	R 337
(i)	Temporary Buildings & Structures For every 50m <sup>2</sup> (or part thereof)	R 134	R 141
(j)	Pre-Cast Concrete Boundary Fences Precast concrete boundary walls not adjacent to a road boundary and not exceeding 1,8 metres in height shall be exempt from the need for the submission of sketch plans or the payment of a fee	Exempt	Exempt
	Precast concrete boundary walls not adjacent to a road boundary but exceeding 1,8 metres in height shall require the submission of an application with sketch plan and the payment of fee of	R 166	R 175
	Precast concrete boundary walls adjacent to a road and not exceeding 1,5 metres in height shall be exempt from the need for the submission of plans or the payment of a fee	Exempt	Exempt

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
	Precast concrete boundary walls adjacent to a road and which exceed 1,5 metres in height shall be subject to the submission of application forms, building plans and payment of a fee calculated at half a percent of the value of the fence with a minimum fee of	R 87	R 92
(k)	Application fee for processing of Demolition applications	R 146	R 154
(l)	Application fee for the substitution of a plan during the approval process	R 134	R 141

VOTE	SUB	ITEM
547	415	8247

2	Hoarding		
	Deposit - Per frontage of 10m (or part thereof)	R 3,095	R 3,262
	Rental - Per frontage of 10m (or part thereof) per week	R 146	R 154

VOTE	SUB	ITEM
547	415	8178

3.	Tariff for the purposes of Bylaw 209 (encroachments)		
(a)	Balconies		
i)	For any balcony which is not used for living or business purposes, the charge shall be R95 per 10m <sup>2</sup> or part thereof per year	R 90	R 95
ii)	For any balcony which is not more than 75% enclosed and attached to business premises but not used for business purposes, the charge shall be R176 per 10m <sup>2</sup> or part thereof per year.	R 167	R 176
iii)	For any balcony used for the purpose of a licensed business the charge shall be R455 per 10m <sup>2</sup> or part thereof per year	R 432	R 455
(b)	Verandahs		
i)	For any verandah per year	R 90	R 95
ii)	Where any structure is both a verandah and a balcony within the meaning of these bylaws the owner shall in respect of such structure pay the charges in terms of these bylaws for a verandah and a balcony.		
(c)	Other Projections		
i)	Posts or columns at street level	R 90	R 95
ii)	Bay windows per 0,1m <sup>2</sup> of such projection on plan	R 90	R 95
iii)	Pavement lights or openings per 0,5m <sup>2</sup> or part thereof	R 90	R 95
iv)	Showcases per 0,1m <sup>2</sup> on plan	R 90	R 95
v)	Sunblinds each	R 90	R 95
vi)	Cellars under pavements per 0,5m <sup>2</sup>	R 90	R 95
vii)	Any other projection	R 90	R 95

VOTE	SUB	ITEM
547	415	8506

4	Building plans		
(a)	Search fees	R 17	R 18
(b)	Copies of documents (per copy)		



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
i)	A4	R 3	R 3
ii)	A3	R 3	R 3
(c)	Copies of building plans (per copy)		
i)	A4	R 11	R 12
ii)	A3	R 21	R 22
iii)	A2	R 40	R 42
iv)	A1	R 48	R 51
v)	AO	R 69	R 73
vi)	Copied to floppy disk	R 21	R 22
vii)	Copied to CD	R 40	R 42
viii)	To search for and prepare a record for disclosure, for each hour or part thereof excluding the first half hour.	R 24	R 25

## PLAN SUBMISSION FEES FOR LESS FORMAL TOWNSHIPS AND ANY OTHER AREA DECLARED BY THE MSUNDUZI MUNICIPALITY

VOTE	SUB	ITEM
547	415	8043

1	Building Plans		
(a)	Preliminary plans submitted for scrutiny and comment	R 67	R 71
(b)	20 m <sup>2</sup> - 30 m <sup>2</sup>	R 67	R 71
(c)	30 m <sup>2</sup> - 40 m <sup>2</sup>	R 87	R 92
(d)	40 m <sup>2</sup> - 50 m <sup>2</sup>	R 102	R 108
(e)	50 m <sup>2</sup> - 60 m <sup>2</sup>	R 120	R 126
(f)	60 m <sup>2</sup> - 70 m <sup>2</sup>	R 166	R 175
(g)	70 m <sup>2</sup> - 80 m <sup>2</sup>	R 226	R 238
(h)	for the alteration of any building which does not increase the floor area thereof	R 67	R 71
(i)	application fee for the erection of a minor building work as defined in the National Building Regulations	R 67	R 71
(j)	permission for the erection of temporary buildings may be granted upon payment of a charge of R71 for each 50 m <sup>2</sup> or part thereof. Such permission shall be valid for twelve months, but may be renewed for further periods of twelve months upon payment of charges at the same rate.	R 67	R 71
2	Precast concrete boundary walls		
(a)	precast concrete boundary walls not adjacent to a road boundary but exceeding 1,8 metres in height shall require the submission of an application with sketch plan but exempt from the payment of a fee	Exempt	Exempt

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
(b)	precast concrete boundary walls adjacent to a road boundary and not exceeding 1,5 metres in height shall be exempt from the need for the sub-mission of sketch plans or the payment of a fee.	Exempt	Exempt
(c)	precast concrete boundary walls adjacent to a road and which exceed 1,5 metres in height shall be subject to the submission of application forms, building plans and payment of a fee calculated at half a per cent of the value of the fence with a minimum fee of	R 67	R 71
3	Building plan search fee	R 17	R 18

## INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT HOUSING AND HUMAN SETTLEMENT DEVELOPMENT MANAGEMENT Advertising Signage Tariffs

VOTE	SUB	ITEM
546	415	8478

### A. Application Fees and Deposits for a License/Permit for Outdoor Advertising

Every person who applies to Council for its approval or permission shall on making application pay to the Council the charge determined therefore and no application shall be considered until such charge has been paid;

The charges are set out below:

- 1 A non-refundable application fee must be tendered with each application.  
Application fees per sign shall be levied for sign types A (Billboards), B (Ground Signs), C (Wall Signs), D (Roof Signs), and E (Verandah, Balcony, Canopy and Under-Awning Signs) as follows:  
NB! Application fees for billboards and ground signs will be per sign face.

#### Area of Sign

##### Non Illuminated

Application fee per sign for sign area up to 2m <sup>2</sup>	R 89	R 94
Application fee per sign for sign area over 2m <sup>2</sup> up to 4m <sup>2</sup>	R 114	R 120
Application fee per sign for sign area over 4m <sup>2</sup> up to 6m <sup>2</sup>	R 160	R 169
Application fee per sign for sign area over 6m <sup>2</sup> up to 12m <sup>2</sup>	R 226	R 238
Application fee per sign for sign area over 12m <sup>2</sup> up to 36m <sup>2</sup>	R 719	R 758
Application fee per sign for sign area over 36m <sup>2</sup>	R 1,398	R 1,473

#### Area of Sign

##### Illuminated

Application fee per sign for sign area up to 2m <sup>2</sup>	R 100	R 105
Application fee per sign for sign area over 2m <sup>2</sup> up to 4m <sup>2</sup>	R 126	R 133
Application fee per sign for sign area over 4m <sup>2</sup> up to 6m <sup>2</sup>	R 188	R 198
Application fee per sign for sign area over 6m <sup>2</sup> up to 12m <sup>2</sup>	R 312	R 329
Application fee per sign for sign area over 12m <sup>2</sup> up to 36m <sup>2</sup>	R 866	R 913
Application fee per sign for sign area over 36m <sup>2</sup>	R 1,676	R 1,767

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
2	Any minor amendment to an application, considered by the duly authorized official of Council to be a minor amendment, may be submitted at a reduced application fee of R94 each	R 89	R 94
3	An application fee must be tendered with each application for advertisements for sign types F (Posters, Banners and Flags excluding Election Advertisements) as follows:		
3.1	Per 25 posters or part thereof	R 360	R 379
3.2	Per 50 posters or part thereof	R 573	R 604
3.3	Per 100 posters or part thereof for events taking place within the Msunduzi Municipal area	R 1,132	R 1,193
3.4	Per 100 posters or part thereof for events not taking place within the Msunduzi Municipal area	R 2,795	R 2,946
Upon removal of all these posters (point 3 above) by the applicant to the satisfaction of the Council, 50% of the application fee will be refunded.			
4	Banners – R 199 per week or part thereof per banner plus any costs incurred by the Council in the erection thereof. (Charitable and non-profit organizations will be exempt from the above tariff, but must still tender an application.)		
4.1	Advertising on Comrades Gantry (per week)	R 933	R 983
5	A non-refundable application fee or part thereof must be tendered with the annual application for Estate Agents Boards. Per annum		
5.1	1 to 5 Agents	R 866	R 913
5.2	6 to 10 Agents	R 1,676	R 1,767
5.3	11 to 20 Agents	R 3,394	R 3,577
5.4	21 to 30 Agents	R 5,059	R 5,332
5.5	31 to 50 Agents	R 6,655	R 7,015
5.6	51 Plus Agents	R 8,519	R 8,979
6	A non-refundable application fee must be tendered with the annual application for Portable Boards or any other collapsible structure – per annum	R 453	R 477
7	A non-refundable application fee must be tendered with each application for Aerial Advertisements; adequate public liability insurance for the duration of display will also need to be furnished to Council's satisfaction – per annum	R 453	R 477
8	Transit Advertising: A non-refundable application fee Including a weekly rental as follows; must be tendered with each application for transit vehicles. A certified copy of the current vehicle registration certificate must accompany each application:		
8.1	Annual Application Fee – per annum	R 719	R 758
8.2	Per Trailer per Site – per week	R 133	R 140
9	An encroachment fee per m <sup>2</sup> per annum or part thereof to be paid for each sign type that encroaches over Council property.		

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
10	Headline Poster: A non-refundable application fee or part thereof based on the total circulation must be tendered with the annual application fee:		
	0 to 10 000 Copies	R 2,798	R 2,949
	10 000 to 20 000 Copies	R 5,591	R 5,893
	20 000 to 30 000 Copies	R 8,386	R 8,839
	Over 30 000 Copies	R 11,180	R 11,784
	Annual deposit required with each application	R 1,331	R 1,402

**Note:** The duration of the approval for all advertising signs shall be at Council's discretion.

## B. Rentals for Individual Outdoor Advertising Signs on Council Property

Rental shall be charged in respect of all individual outdoor advertising signage on Council property in terms of the current Policy and Bylaws on Outdoor Advertising Signs, excluding any bulk signage erected as part of an approved project for a particular type of signage at various locations in the City.

The minimum being as follows:

		<u>Monthly Rental per Face</u>	<u>Monthly Rental per Face</u>
1	<b>Size</b>		
	up to 3 m <sup>2</sup>	R 134	R 141
	over 3 m <sup>2</sup> and up to 6 m <sup>2</sup>	R 266	R 280
	over 6 m <sup>2</sup> and up to 10 m <sup>2</sup>	R 532	R 561
	over 10 m <sup>2</sup> and up to 16 m <sup>2</sup>	R 666	R 702
	over 16 m <sup>2</sup>	R 1,331	R 1,402
2	The Local Authority reserves the right to adopt a tariff higher than the above in the terms of a negotiated rental with an applicant.		

## Billboard, Building Wrap Sign, Electronic Advertising

1	A non refundable application fee must tendered with each application for a billboard, building wrap sign or electronic sign irrespective of whether the sign is erected on private or council property.	R 1,037	R 1,093
2	A rental rate per m <sup>2</sup> or part thereof be charged monthly for a billboard/wrap sign	R 119	R 125
3	A rental rate per m <sup>2</sup> /month for electronic advertising signs irrespective of whether the sign is erected on private or council property	R 440	R 463
4	All Billboards and electronic advertising signs are subject to a five year lease period with an option of a further extended renewal period of five years.		
5	Building Wrap Signs are subject to a one year lease period with an option of a further extended renewal period of one year.		

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT COMMUNITY SAFETY AND SECURITY

### Licensing

VOTE	SUB	ITEM
515	418	8193

2011/12  
Excl. Vat

2012/13  
Excl. Vat

1 Bails & Fines  
(Admission of Guilt)

(a) Dogs:

Failure to license  
Failure to control

R 112 R 118  
R 112 R 118

VOTE	SUB	ITEM
515	439	8151

2 Fees

(a) Dog Licenses

First two dogs - each  
Any dog in excess of two

R 10 R 11  
R 54 R 57

VOTE	SUB	ITEM
515	439	8553

(b) Trade Licenses Application Fee

Business conducted from fixed premises  
Item 1 & 2 License

R 373 R 373

Informal Trade License Application Fee  
Item 3 License

R 34 R 34

Informal Trade

(i) Telephone Operator

R 71 R 75

(ii) Hair Dressers

R 30 R 31

(iii) General Traders

R 18 R 19

Duplicate License Fee

R 23 R 24

Impoundment of Goods

R 59 R 63

Release of goods fee

R 30 R 31

VOTE	SUB	ITEM
515	439	8151

3 Tariff of Charges:

(a) General By-Laws

Dog Control

Seizure of Dog

R 38 R 40

Conveyance to Pound

R 76 R 80

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM	2011/12 Excl. Vat	2012/13 Excl. Vat
515	415	8512		

4	Bandstand		R 76	R 80
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## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT REGIONAL COMMUNITY SERVICES PROVISION

### Pietermaritzburg Airport

VOTE	SUB	ITEM
508	415	8394

#### 1 Passenger levy fee

departing passengers on all scheduled flights	R 50	R 60
departing passengers on all non-schedule/charter flights	R 30	R 36
departing passengers on general aviation flights	R 20	R 24
check-in passenger levy on all schedule flights	R 3	R 4

VOTE	SUB	ITEM
508	415	8295

#### 2 Domestic Landings: Fixed Wing Aircraft

Maximum certified mass in kg of aircraft up to and including

0 - 500	R 33	R 40
501 - 1000	R 49	R 59
1001 - 1500	R 63	R 75
1501 - 2000	R 83	R 100
2001 - 2500	R 89	R 107
2501 - 3000	R 103	R 123
3001 - 4000	R 144	R 172
4001 - 5000	R 183	R 220
5001 - 6000	R 223	R 268
6001 - 7000	R 265	R 318
7001 - 8000	R 303	R 364
8001 - 9000	R 343	R 411
9001 - 10000	R 391	R 469
10001 - 12000	R 443	R 531
12001 - 14000	R 501	R 601
14001 - 16000	R 559	R 671
16001 - 18000	R 617	R 741
18001 - 20000	R 675	R 810
20001 - 22000	R 734	R 880

#### 3 Parking Fee: Fixed Wing Aircraft

Maximum certified mass in kg of aircraft up to and including

0 - 2000	R 21	R 26
2001 - 3000	R 44	R 52
3001 - 4000	R 62	R 74
4001 - 5000	R 85	R 102

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
	5001 - 10000	R 125	R 150
	10001 - 15000	R 165	R 198
	15001 - 20000	R 208	R 249
	20001 - 25000	R 248	R 298
4	<b>Domestic Landings: Helicopters</b>		
	Maximum certified mass in kg of aircraft up to and including		
	0 - 500	R 7	R 8
	501 - 1000	R 10	R 12
	1001 - 1500	R 13	R 15
	1501 - 2000	R 15	R 18
	2001 - 2500	R 18	R 22
	2501 - 3000	R 21	R 25
	3001 - 4000	R 29	R 34
	4001 - 5000	R 37	R 44
	5001 - 6000	R 45	R 54
	6001 - 7000	R 53	R 64
	7001 - 8000	R 61	R 73
	8001 - 9000	R 69	R 82
	9001 - 10000	R 77	R 92
	10001 - 12000	R 89	R 106
	12001 - 14000	R 100	R 120
	14001 - 16000	R 112	R 134
	16001 - 18000	R 123	R 148
	18001 - 20000	R 135	R 162
5	<b>Parking Fee: Helicopter</b>		
	Maximum certified mass in kg of aircraft up to and including		
	0 - 2000	R 4	R 5
	2001 - 3000	R 9	R 11
	3001 - 4000	R 12	R 15
	4001 - 5000	R 17	R 21
	5001 - 10000	R 25	R 30
	10001 - 15000	R 33	R 40
	15001 - 20000	R 42	R 50
	20001 - 25000	R 50	R 60
6	<b>Landing Fee: Experimental Aircraft</b>		
	Aircraft certified mass unlimited		
	0 - Unlimited	R 50	R 60

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## MISCELLANEOUS CHARGES

VOTE	SUB	ITEM
508	415	8395

2011/12  
Excl. Vat

2012/13  
Excl. Vat

7

### Access Control Permits

Personal permanent access permit	R 50	R 54
Penalty for 1st lost/stolen permit	R 50	R 54
Penalty for 2nd lost/stolen permit	R 100	R 107
Adhoc personal access permit	R 25	R 27
Penalty for 1st lost/stolen permit	R 25	R 27
Penalty for 2nd lost/stolen permit	R 50	R 54
Permanent vehicle access permit	R 30	R 32
Penalty for 1st lost/stolen permit	R 30	R 32
Penalty for 2nd lost/stolen permit	R 60	R 64
Adhoc vehicle permit	R 10	R 11
Penalty for 1st lost/stolen permit	R 10	R 11
Penalty for 2nd lost/stolen permit	R 20	R 21

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT REGIONAL COMMUNITY SERVICES PROVISION

### Municipal Halls

Scale A

DESCRIPTION	VOTE	SUB	ITEM
Ashdown Hall	243	454	8417
Unit "S" Hall	243	454	8422
Imbali	243	454	8425
Unit "J"	243	454	8420
Unit "N"	243	454	8426
Plessislaer	243	454	8419
Georgetown	243	454	8423

### 1. PRIVATE FUNCTIONS

1.1	Profit-making functions, banquets, theatre and the like,		
	Charge per 12 hours	R 1,200	R 1,200
	Additional time per hour	R 250	R 250
	Deposit	R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays	R 140	R 140
1.2	Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council.		
	Charge per 12 hours	R 800	R 800
	Additional time per hour	R 150	R 150
	Deposit	R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays	R 140	R 140
1.3	Weddings, receptions, parties, choir performances and the like,		
	Charge per 12 hours	R 1,100	R 1,100
	Additional time per hour	R 250	R 250
	Deposit	R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays	R 140	R 140

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
<b>2. COMMUNITY ACTIVITIES</b>			
2.1.1	Institutional activities of political, educational, cultural or sporting bodies recognized by the Council.		
	Charge per hour: Monday to Thursday	R 200	R 200
	Deposit	R 1,000	R 1,000
2.1.2	Religious Activities (Church Services): Charge per hour		
	Monday to Thursday	R 200	R 200
	Deposit	R 1,000	R 1,000
	Sundays - minimum 3hrs Hire		
2.2	Activities of the Community Awareness Project and of groups, clubs etc., affiliated with the Project or sponsored by it.		
	Per uninterrupted period not exceeding 3 hours: Monday to Thursday	R 300	R 300
	Deposit	R 1,000	R 1,000
2.3	Rehearsals:		
	Rehearsals per hour: Monday to Thursday	R 180	R 180
	Deposit	R 1,000	R 1,000
2.4	Pre-Schools		
	Per uninterrupted period not exceeding 6 hours	R 400	R 100
	Deposit	R 1,000	R 1,000
2.5	Overtime charges per hour on weekends & public holidays	R 140	R 140

## Scale B

VOTE	SUB	ITEM
243	454	8574

Truro  
Main Hall

## 1. PRIVATE FUNCTIONS

1.1	Profit-making functions, banquets, theatre and the like,		
	Charge per 12 hours	R 2,800	R 2,800
	Additional time per hour	R 250	R 250
	Deposit	R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays	R 140	R 140
1.2	Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council.		
	Charge per 12 hours	R 2,300	R 2,300
	Additional time per hour	R 200	R 200
	Deposit	R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays	R 140	R 140

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
1.3	Weddings, receptions, parties, choir performances and the like, Charge per 12 hours (Hall+Sec 1) Additional time per hour Deposit Overtime charges per hour on weekends & public holidays	R 2,800 R 250 R 2,000 R 140	R 2,800 R 250 R 2,000 R 140
<b>2. COMMUNITY ACTIVITIES</b>			
2.1.1	Institutional activities of political, educational, cultural or sporting bodies recognized by the Council. Charge per hour: Monday to Thursday Deposit	R 300 R 1,000	R 300 R 1,000
2.1.2	Religious Activities (Church Services): Charge per hour Monday to Thursday Deposit Sundays - minimum 3hrs Hire	R 300 R 1,000	R 300 R 1,000
2.2	Activities of the Community Awareness Project and of groups, clubs etc., affiliated with the Project or sponsored by it. Per uninterrupted period not exceeding 3 hours: Monday to Thursday Deposit	R 300 R 1,000	R 300 R 1,000
2.3	Rehearsals: Rehearsals per hour: Monday to Thursday Deposit	R 250 R 1,000	R 250 R 1,000
2.4	Overtime charges per hour on weekends & public holidays	R 140	R 140

Scale C

DESCRIPTION	VOTE	SUB	ITEM
Bombay Road Hall Plus Annex. 1 & 2	243	454	8352
AF Wood Hall & Annex.	243	454	8031
Grange Hall plus Annex.	243	454	8610

Bombay Road Hall plus Annexure I or Annexure II  
AF Wood Hall and Annexe  
Grange Hall plus Annexe

## 1. PRIVATE FUNCTIONS

1.1	Profit-making functions, banquets, theatre and the like, Charge per 12 hours (Hall+Annex1) Additional time per hour Deposit Overtime charges per hour on weekends & public holidays	R 2,200 R 250 R 2,000 R 140	R 2,200 R 250 R 2,000 R 140
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# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
1.2	Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council.		
	Charge per 12 hours (Hall+Annex1)	R 1,800	R 1,800
	Additional time per hour	R 150	R 150
	Deposit	R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays	R 140	R 140
1.3	Weddings, receptions, parties, choir performances and the like,		
	Charge per 12 hours (Hall+Annex1)	R 2,000	R 2,000
	Additional time per hour	R 250	R 250
	Deposit	R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays	R 140	R 140
<b>2. COMMUNITY ACTIVITIES</b>			
2.1.1	Institutional activities of political, educational, cultural or sporting bodies recognized by the Council.		
	Charge per hour: Monday to Thursday	R 200	R 200
	Deposit	R 1,000	R 1,000
2.1.2	Religious Activities (Church Services): Charge per hour		
	Monday to Thursday	R 200	R 200
	Deposit	R 1,000	R 1,000
	Sundays - minimum 3hrs Hire		
2.2	Activities of the Community Awareness Project and of groups, clubs etc., affiliated with the Project or sponsored by it.		
	Per uninterrupted period not exceeding 3 hours: Monday to Thursday	R 300	R 300
	Deposit	R 1,000	R 1,000
2.3	Rehearsals:		
	Rehearsals per hour: Monday to Thursday	R 180	R 180
	Deposit	R 1,000	R 1,000
2.4	Pre-Schools		
	Per uninterrupted period not exceeding 6 hours	R 400	R 100
	Deposit	R 1,000	R 1,000
2.5	Overtime charges per hour on weekends & public holidays	R 140	R 140

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Scale D

DESCRIPTION	VOTE	SUB	ITEM	2011/12 Excl. Vat	2012/13 Excl. Vat
Truro Center – Secondary Hall II	243	454	8574		
Bombay Road Hall	243	454	8352		
Eastwood Theater	243	454	8163		
Eastwood Hall	243	454	8163		
AF Wood Hall	243	454	8031		
Woodlands Hall	243	454	8613		
Grange Hall	243	454	8610		
Sobantu	243	454	8415		

## 1. PRIVATE FUNCTIONS

1.1	Profit-making functions, banquets, theatre and the like,				
	Charge per 12 hours			R 1,600	R 1,600
	Additional time per hour			R 250	R 250
	Deposit			R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays			R 140	R 140
1.2	Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council.				
	Charge per 12 hours			R 1,200	R 1,200
	Additional time per hour			R 150	R 150
	Deposit			R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays			R 140	R 140
1.3	Weddings, receptions, parties, choir performances and the like,				
	Charge per 12 hours			R 1,500	R 1,500
	Additional time per hour			R 250	R 250
	Deposit			R 2,000	R 2,000
	Overtime charges per hour on weekends & public holidays			R 140	R 140

## 2. COMMUNITY ACTIVITIES

2.1.1	Institutional activities of political, educational, cultural or sporting bodies recognized by the Council.				
	Charge per hour: Monday to Thursday			R 200	R 200
	Deposit			R 1,000	R 1,000
2.1.2	Religious Activities (Church Services): Charge per hour				
	Monday to Thursday			R 200	R 200
	Deposit			R 1,000	R 1,000
2.2	Activities of the Community Awareness Project and of groups, clubs etc., affiliated with the Project or sponsored by it.				
	Per uninterrupted period not exceeding 3 hours: Monday to Thursday			R 300	R 300
	Deposit			R 1,000	R 1,000
	Sundays - minimum 3hrs Hire				

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
2.3	Rehearsals:		
	Rehearsals per hour: Monday to Thursday	R 180	R 180
	Deposit	R 1,000	R 1,000
2.4	Pre-Schools		
	Per uninterrupted period not exceeding 6 hours	R 400	R 100
	Deposit	R 1,000	R 1,000
2.5	Overtime charges per hour on weekends & public holidays	R 140	R 140

## Scale E

DESCRIPTION	VOTE	SUB	ITEM
Truro Center – Secondary Hall I	243	454	8574
Truro Social Center I	243	454	8574
Truro Social Center II	243	454	8574
Bombay Rd - Annexe I or II	243	454	8352
Eastwood Social Center	243	454	8163
AF Wood Annexe	243	454	8031
Grange Annexe	243	454	8610
Glenwood Hall	243	454	8163

## 1. PRIVATE FUNCTIONS

1.1	Profit-making functions, banquets, theatre and the like,		
	Charge per 12 hours	R 1,000	R 1,000
	Additional time per hour	R 250	R 250
	Deposit	R 1,800	R 1,800
	Overtime charges per hour on weekends & public holidays	R 140	R 140
1.2	Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council.		
	Charge per 12 hours	R 900	R 900
	Additional time per hour	R 150	R 150
	Deposit	R 1,800	R 1,800
	Overtime charges per hour on weekends & public holidays	R 140	R 140
1.3	Weddings, receptions, parties, choir performances and the like,		
	Charge per 12 hours	R 1,000	R 1,000
	Additional time per hour	R 250	R 250
	Deposit	R 1,800	R 1,800
	Overtime charges per hour on weekends & public holidays	R 140	R 140

## 2. COMMUNITY ACTIVITIES

2.1.1	Institutional activities of political, educational, cultural or sporting bodies recognized by the Council.		
	Charge per hour: Monday to Thursday	R 200	R 200
	Deposit	R 1,000	R 1,000

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
2.1.2	Religious Activities (Church Services): Charge per hour Monday to Thursday Deposit	R 200 R 1,000	R 200 R 1,000
2.2	Activities of the Community Awareness Project and of groups, clubs etc., affiliated with the Project or sponsored by it. Per uninterrupted period not exceeding 3 hours: Monday to Thursday Deposit Sundays - minimum 3hrs Hire	R 300 R 1,000	R 300 R 1,000
2.3	Rehearsals: Rehearsals per hour: Monday to Thursday Deposit	R 180 R 1,000	R 180 R 1,000
2.4	Pre-Schools Per uninterrupted period not exceeding 6 hours Deposit	R 400 R 1,000	R 100 R 1,000
2.5	Overtime charges per hour on weekends & public holidays	R 140	R 140

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT REGIONAL COMMUNITY SERVICES PROVISION

### Winston Churchill Theatre

VOTE	SUB	ITEM
234	454	8614

Full Theatre		
Per day	R 2,500	R 2,500
Rehearsals (per hour): Monday to Thursday	R 300	R 300
Lascalles Room – Per Performance	R 1,500	R 1,500
Lascalles Room – Rehearsal (per hour): Monday to Thursday	R 200	R 200
Deposit	R 2,500	R 2,500
Deposits for Live Shows at the Winston Churchill Theatre	R 3,300	R 3,300
Overtime labour charges per hour on weekends & public holidays	R 140	R 140

\*\* Confirmation of Hire subject to obtaining a permit from the Environmental Health Division of the Msunduzi Municipality.

### MISCELLANEOUS CHARGES

1	Excessive cleaning after functions (per hour)	R 300	R 300
2	Cooking facilities (Including gas, pot, spoons)	R 350	R 350
3	Extra time after midnight	Double hourly rate	Double hourly rate
4	SAMRO Performing Rights – per function	R 25	R 50

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

2011/12  
Excl. Vat

2012/13  
Excl. Vat

## GENERAL COMMENTS

For tariff rates on Community based activities/functions on weekends and public holidays, refer to section 1.2 on the tariff schedule.

Daily pre-school hire is restricted to Annexe and Secondary Halls.

### SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT REGIONAL COMMUNITY SERVICES PROVISION

#### Cemetery

VOTE	SUB	ITEM
392	415	8055

#### Mountain Rise Cemetery

#### Cemetery and Crematoria Tariffs

#### **A. Cemetery Tariffs for Residents**

1	Private Graves	Reserved Site (including maintenance levy)	R 3,500	R 3,600
		Unreserved Site – Adult (including maintenance levy)	R 3,000	R 3,000
		Child under 12 years of age (including maintenance levy)	R 1,580	R 1,580
		Child under 1 year or stillborn (including maintenance levy)	R 1,010	R 1,010
		Ashes	R 131	R 140
2	Public Grave	Second Internment –		
		Adult	R 523	R 550
		Child	R 238	R 250
		Adult	R 743	R 750
		Child under 12 years of age	R 315	R 350
3	Miscellaneous	Child under 1 year or stillborn	R 154	R 160
		Exhumation of body	R 1,500	R 1,580
		Permit to erect memorial per grave site	R 297	R 300
		Permit to erect kerbs only –		
		(No inscription) per grave site	R 143	R 150

The charge for the burial of newly born child and mother in the same coffin shall be the same as for a single adult.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

	2011/12 Excl. Vat	2012/13 Excl. Vat
Permit to add inscription	R 143	R 150
Transfer of Grave Site	R 143	R 150
Rental of Storage Material Bins (payable annually in advance) per annum	R 113	R 115
Overtime labour charge additional to normal burial fees for funeral commenced or concluded after 16H00 per funeral, per hour or part thereof	R 154	R 160
Lengthening or widening of Graves	R 416	R 440
Overtime labour charge in addition to the normal burial fee, for burials		
On Saturday	R 211	R 220
On Sundays an public holidays per burial	R 280	R 300
Late arrival of body for burial (for each quarter of an hour or part thereof)	R 137	R 150

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT REGIONAL COMMUNITY SERVICES PROVISION

### Crematoria

#### B. Crematorium Tariffs for Residents

VOTE	SUB	ITEM
394	415	8133

1	Cremation Fees:		
	Person over 12 years of age	R 1,200	R 1,200
	Child 12 years of age and under	R 267	R 300
	Person certified as indigent	R 267	R 280
	Overtime labour charge additional to normal Cremation fees for cremations on Saturdays	R 211	R 220
	Cremation fees for cremations on Sundays and public holidays per cremation	R 280	R 295

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM
394	415	8532

2011/12 Excl. Vat	2012/13 Excl. Vat
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## 2 Space for Tablet at Memorial Wall

### **Note:**

Space for tablet may not be purchased except for immediate use, and shall be allocated in sequence upon application to the Registrar. The tablets shall be of white marble 30mm thick and of such a length and breadth as to fit into a recess 22.5 mm wide by 175 mm high.

The finished face of the tablet shall be recessed 6mm from the face of the brick surround.

Space for inscribed tablet  
Each subsequent inscription thereon

R 327	R 345
R 131	R 140

VOTE	SUB	ITEM
394	415	8506

## 3 Niche is columbarium and deposit therein of ashes

### **Note:**

Niches may not be purchased except for the immediate deposit of ashes and shall be allocated in sequence upon application to the Registrar.

The niche must be sealed by a white marble tablet 25 mm thick and of such a length and breadth as to fit an opening 260 mm wide by 195 mm high.

The finished face of the tablet shall be recessed 6 mm from the face of the brick surround.

Purchase of Niche  
Each subsequent deposit of ashes in the same niche

R 915	R 950
R 244	R 250

## 4 Safekeeping of ashes for a period exceeding 14 days from day of cremation, per week or part thereof

R 95	R 100
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### **Note:**

If the ashes are removed or scattered in the Garden of Remembrance by a representative of the deceased within 14 days of the cremation, this charge will not be made.

## 5 Purchase of grave 60 cm x 38 cm and interment of urn or casket containing ashes Each subsequent deposit of ashes in the same grave

R 166	R 175
R 108	R 115

### **Note:**

Graves may not be purchased except for immediate use and shall be allocated in sequence upon application to the Registrar.

## 6 Late arrival of body at Crematorium (For each quarter or part thereof)

R 125	R 130
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## 7 Permit to erect memorial

R 101	R 105
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## 8 Use of Chapel

R 0.00	R 0.00
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### C. Tariffs for Non-Residents

The scale of charges for non-residents shall be double the scale of residents, except in respect of charges for additional or overtime labour.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM	2011/12 Excl. Vat	2012/13 Excl. Vat
392	415	8055		

## Azalea Cemetery Fee

1	Grave Sites – Residents		
	Family Grave	R 125	R 130
	Single Grave	R 95	R 100
	Child's Grave (12yrs and younger)	R 89	R 95
	Grave for stillborn Child	R 77	R 80
	Exhumation	R 1,069	R 1,125
	Reburial	R 108	R 115
	Enlargement of Grave	R 89	R 100
	Sundays and Public Holidays	R 280	R 300
2	Grave Sites – Non-Residents		
	Family Grave	R 250	R 260
	Single Grave	R 190	R 200
	Child's Grave (12yrs and younger)	R 178	R 187
	Grave for stillborn Child	R 154	R 160
	Exhumation	R 1,069	R 1,125
	Reburial	R 216	R 230
	Enlargement of Grave	R 560	R 590

Once the Azalea Cemetery is closed, the Mountain Rise Cemetery will be effective as a one tariff structure for cemeteries.

## **SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT COMMUNITY SERVICE DELIVERY: PROVISION AND MANAGEMENT**

### Production and Display

VOTE	SUB	ITEM
398	415	8458

1	Loan and Hire of Plants and other Decorative Features		
	Non profit organizations will be afforded the loan of palms for the decoration of functions that are to the benefit of the community and the upliftment of the City.		
	Profit making organizations – Hire of Palms per unit per function	R 71	R 75
	For functions that are to the benefit of the community and the upliftment of the City.		
	Damages incurred to plants and decorative features while on loan/hire are for the account of the organization.		
2	City Hall – Main Hall		
	Wings of Stage	R 630	R 665
	Full Stage	R 6,332	R 6,675
	Reception Point	R 630	R 660
	Organ Steps	R 1,259	R 1,325

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
	Base of Stage	R 1,580	R 1,665
	Foliage Division	R 1,580	R 1,665
	Palms around the Hall	R 1,111	R 1,170
3	City Hall – Other Decorations		
	Water Feature (5m diam)	R 5,702	R 6,000
	Fountain (1-1.5m diam)	R 790	R 830
	Two meter diameter Decoration	R 630	R 665
4	Sale of Plants		
	4.1 Trees, Shrubs and Ground cover		
	Nursery Bag Size 1 (3l)		
	Wholesale	R 11	R 15
	Retail	R 16	R 20
	Nursery Bag (5l)		
	Wholesale	R 32	R 35
	Retail	R 49	R 50
	Nursery Bag Size 4 (8l)		
	Wholesale	R 43	R 50
	Retail	R 71	R 75
	Nursery Bag Size 6 (20l)		
	Wholesale	R 65	R 70
	Retail	R 125	R 130
	Nursery Bag (50l)		
	Wholesale	R 238	R 240
	Retail	R 475	R 500
	Nursery Bag (100l)		
	Wholesale	R 315	R 320
	Retail	R 630	R 650
	4.2 Seedlings		
	Per Seedling		
	Wholesale	R 3	R 5
	Retail	R 4	R 5
	4.3 Cuttings		
	Depending on size and species, contract grown in trays of 80 or loose:		
	Wholesale	R 4	R 5
	Retail	R 6	R 10

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
5	Hire of Park Facilities Alexandra Park , Camps Drift and Percy Mayor Rockery Functions: Weddings, Wedding receptions, end of the year parties – Hirers have exclusive use of an area of the park for a set duration (per day or part thereof) Use per 15 amp Plug Point	R 1,580  R 59	R 1,665  R 60
6	Hire of Demo Gardens (Alexandra Park) Functions: Weddings, Wedding receptions, end of the year parties etc. (per day or part thereof) Use for photo sessions (per day or part thereof)	R 1,580  R 71	R 1,665  R 75

The Executive Manager and Manager: Parks, Sport and Recreation be granted delegated authority to waive charges in respect of item 1,5 and 6 for institutional activities of political, educational, cultural or sporting bodies recognized by the Council.

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT COMMUNITY SERVICE DELIVERY: PROVISION AND MANAGEMENT

### Swimming Pool Tariffs

#### Summer

DESCRIPTION	VOTE	SUB	ITEM
Buchanan St. Pool	437	442	8400
Berg St. Pool	434	442	8400
Pilditch Pool	435	442	8400
Olympic Pool	436	442	8400
Alexandra Pool	432	442	8400
Eastwood Pool	438	442	8400
Sobantu Pool	443	442	8400

#### Winter

DESCRIPTION	VOTE	SUB	ITEM
Buchanan St. Pool	437	442	8400

1	Daily Adults			
	Summer		R 8	R 8
	Winter		R 11	R 11
	Junior (U-16 and Scholars)			
	Summer		R 5	R 5
	Winter		R 8	R 8
	Scholars accompanied by teacher in official groups			
	Summer		R 2	R 2
	Winter		R 4	R 4

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
	Minimum Charge		
	Summer	R 15	R 15
	Winter	R 22	R 22
2	Monthly Adults		
	Summer	R 70	R 70
	Winter	R 81	R 81
	Junior (U-16 and Scholars)		
	Summer	R 49	R 49
	Winter	R 59	R 59
	Season Tickets Adults		
	Summer	R 259	R 259
	Winter	R 259	R 259
	Juniors		
	Summer	R 140	R 140
	Winter	R 157	R 157
3	The Executive Manager and Manager: Parks, Sports & Recreation be granted delegated authority to waive the above charges in special circumstances for schools or organized groups such as street children, orphanages, municipal development programs etc. that make use of the facilities.		
4	Social Welfare Pensioners will be admitted free of charge.	No Charge	No Charge
5	Use of the pool by professional swimming coach: To instruct competitive swimmers: Per hour or part thereof	R 130	R 130
6	Hire of Pool for summer Galas per morning or afternoon session per evening session	R 335 R 459	R 335 R 459
7	Hire of pool for bona fide swimming Club Nights Summer Mondays to Fridays only Per half hour or part thereof	R 54	R 54
	Hire of Buchanan pool (Winter) Per half hour or part thereof	R 59	R 59

(Provided that in respect of the tariffs under item 6, there shall be a minimum charge payable at the rate prescribed for hire for a half hour, or part thereof, for every night a pool is hired, irrespective of whether any use is made of such pool by the hirer that night. In respect of items 5 & 7 the use of pools must be after public bathing times.)

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat						
8	Use of electronic timing system at Alexandra Pool: Per morning or afternoon session Per evening session	R 216 R 313	R 216 R 313						
9	Admission tickets other than monthly and season tickets shall be valid only in respect of the particular pool at which they were bought.								
	<table><tr><td><b>VOTE</b></td><td><b>SUB</b></td><td><b>ITEM</b></td></tr><tr><td><b>440</b></td><td><b>415</b></td><td><b>8506</b></td></tr></table>	<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>440</b>	<b>415</b>	<b>8506</b>		
<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>							
<b>440</b>	<b>415</b>	<b>8506</b>							
10	Super tube per hour (exclusive use)	R 275	R 275						
	Casual Rides per half hour (exclusively used by groups)	R 140	R 140						
	Casual Rides per half hour (per person)	R 16	R 16						
11	The DMM Community Services and Manager Sports and Recreation reserves the right to allow free use of swimming pools by the public on specified days or hours of the day.								

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT COMMUNITY SERVICE DELIVERY: PROVISION AND MANAGEMENT

### Sport and Recreation Facilities

VOTE	SUB	ITEM
431	415	8487

### Sport and Recreation Facilities

1	Fleamarkets: Per day or part thereof		
	Maritzburg Oval Arts and Crafts Market Site (Alexandra Park)	R 1,485	R 1,565
	Upmarket Site (Next to Kershaw Park Tennis Courts)	R 1,247	R 1,252
	Public Open spaces or sport facility sites	R 416	R 438
	Electricity per 15 amp plug per day	R 59	R 64
2	Fee for the hire of grounds excluding floodlight, material and special preparation and cleaning:		
	Oval per day or part thereof	R 772	R 814
	Training session – three hours	R 71	R 76
	Fee for the hire of Harry Gwala Stadium		
	Excluding floodlights, material, marking and special preparation and cleaning		
	Per day or part thereof	R 5,400	R 5,405
	Refundable Deposit	R 5,400	R 5,405
	Use of functions room		
	Per day or part thereof	R 2,160	R 2,165

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
	Use of field for training purposes		
	Per hour	R 270	R 275
	Northdale/Imbali Stadium/s		
	Between 07:00-12:00	R 356	R 361
	Between 18:00-24:00	R 321	R 326
	All other soccer/rugby/grass hockey/polocrosse and cricket fields		
	Between 07:00-12:00	R 83	R 88
	Between 12:00-18:00	R 83	R 88
	Between 18:00-24:00	R 83	R 88
	Full Day	R 143	R 150
	Seasonal Lease by associations, clubs, federations per season	R 653	R 1,000
	Astro Hockey Field		
	Between 07:00-12:00	R 270	R 275
	Between 12:00-17:00	R 270	R 275
	Between 17:00-24:00	R 270	R 275
	Wadley Stadium		
	Between 07:00-12:00		R 275
	Between 12:00-17:00		R 275
	Tennis/netball/volleyball/combi court		
	with lights per hour	R 27	R 32
	without lights per hour	R 22	R 27
	Squash Courts per hour	R 22	R 27
3	All Sport Halls		
	For use by schools or sport associations per hour	R 49	R 54
	Non sport associations per six hours or part thereof	R 333	R 338
	Deposit (Refundable)	R 315	R 325
4	Floodlight fees per hour		
	Oval – Level 1	R 356	R 361
	- Level 2	R 564	R 569
	- Level 3	R 832	R 837
	Harry Gwala	R 1,350	R 1,355
	Northdale Stadium	R 326	R 331
	Protea Center – Ground Number 1	R 95	R 100
	Protea Center – Ground Number 2	R 71	R 76
	Dales Park Soccer	R 71	R 76
	Dales Park Rugby	R 71	R 76
	Dare Osborne	R 71	R 76

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat						
	Qokololo	R 83	R 76						
	Ashdown	R 71	R 76						
	Sobantu	R 71	R 76						
	Wadley Stadium	R 71	R 76						
	AB Jackson Hockey Field	R 432	R 437						
	All other fields with Lights	R 71	R 76						
5	Three phase power – all facilities	R 1,620	R 1,625						
6	Equipment Hire Charge								
	Refundable Deposit	R 324	R 500						
	Daily Hire Charge	R 71	R 76						
<table><tr><td><b>VOTE</b></td><td><b>SUB</b></td><td><b>ITEM</b></td></tr><tr><td><b>400</b></td><td><b>415</b></td><td><b>8050</b></td></tr></table>				<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>400</b>	<b>415</b>	<b>8050</b>
<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>							
<b>400</b>	<b>415</b>	<b>8050</b>							
7	Hire of Bisley Valley and Ferncliffe Nature Reserves Resource Centres								
	Per Day or part thereof	R 397	R 419						
	Refundable Deposit	R 267	R 282						
8	The DMM Community Services and Manager Sports and Recreation be granted delegated authority to waive the above charges in special circumstances for schools or organized groups such as street children, orphanages etc. that makes use of the facilities								

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT REGIONAL COMMUNITY SERVICES PROVISION

### Municipal Libraries

DESCRIPTION	VOTE	SUB	ITEM
The Msunduzi Municipal Library	513	415	8506

1	Over due materials		
(a)	Fines for overdue books, audio-visual material and other media (Excluding videos and DVD's)		
	<u>Adults</u>		
	10 days grace		
	per book or item per week for 8 weeks	R 2.00	R 1.00
	maximum fine per book or item	R 16.00	R 5.00
	maximum fine per adult member	R 50.00	R 50.00
	<u>Children &amp; Young Adults</u>		
	10 days grace		
	per book or item per week for 5 weeks	R 1.00	R 1.00
	maximum fine per book or item	R 5.00	R 5.00
	maximum fine per juvenile or young adult member	R 30.00	R 50.00

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
(b)	Fines for overdue videos and DVD's		
	<u>Adults, children and young adults</u>		
	No grace period		
	per item per day for 8 days	R 2.00	R 1.00
	maximum fine per item	R 16.00	R 5.00
2	Damaged Books		
	Torn pages – per page	R 4.00	R 4.00
	Torn or lost book barcode – per barcode	R 12.00	R 12.00
	Torn book pockets	R 6.00	R 6.00
	Damage to book spine	R 8.00	R 8.00
	Damage to book – to be assessed on return to librarian		
3	Lost Books		
	Original purchase price		
4	Membership Fees		
	Membership	R 0.00	R 0.00
	Replacement barcode	R 15.00	R 10.00
	Replacement pockets - each	R 12.00	R 3.00
5	Photocopy Charges		
	For every photocopy of an A4 size page or part thereof	R 0.50	R 0.50
	For every photocopy of an A3 size page or part thereof	R 1.00	R 1.00
<b>Note:</b> These photocopy charges apply to the Library only. The photocopy charges reflected elsewhere in this document apply to the business units specified.			
6	Laser Printing		
	Colour	R 10.00	R 10.00
	Black & White	R 2.00	R 2.00
7	Hire Charges (bookings only within library hours)		
	Non-Government Organisations (NGO's)	R 0.00	R 0.00
	per hour or part thereof		
	Auditorium	R 90.00	R 100.00
	Boardroom	R 90.00	R 100.00

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT COMMUNITY SAFETY AND SECURITY

### Fire and Rescue Services

VOTE	SUB	ITEM	2011/12 Incl. Vat	2012/13 Incl. Vat
302	415	8506		

Except as is specifically otherwise provided, these tariffs determine the fees payable by a Controlling Authority, Governing Body or any other person in terms of Section 10 (1) of the Fire Brigade Services Act 99 of 1987 on whose behalf the Fire and Rescue Services of the Msunduzi Council is applied outside or inside the area of jurisdiction of the Council:

- (a) For the attendance of services
- (b) For the use of the services and any equipment, or
- (c) For any material consumed

Any person who feels aggrieved by an assessment of the charges raised may within 14 days after receipt of that assessment object in writing against that assessment as such, or the amount thereof, to the Municipal Manager of the Msunduzi Council, whereby the Council may confirm, alter or revoke the assessment.

#### Tariff of Charges for Services Rendered at Fire and Special Service Incidents

1	For Services Rendered at Incidents Classified as Fire and Rescue: per hour or part thereof		
1.1	Structural	R 1,358	R 1,431
1.2	Transport	R 1,018	R 1,140
1.3	Fire – Vegetation, Grass, Bush, Rubbish or Plantation	R 883	R 930
1.4	Fire – Hazmat	R 1,358	R 1,431
1.5	Fire – Other	R 845	R 890
1.6	Special Service – Transport	R 677	R 714
1.7	Special Service – Structural	R 677	R 714
1.8	Special Service – Hazmat	R 1,358	R 1,431
1.9	Special Service – Water	R 677	R 714
1.10	Special Service – Other	R 677	R 714
1.11	Out of Area		
	<b>Applicable rate as per incident plus 50% of applicable category plus charge</b>		
1.12	For consumables used at any incident <b>Cost of consumables used plus 15%</b>		
2	Tariff of Charges in respect of the attendance & employment of Special Appliances and Plant to Fire & Rescue incidents		
	For the attendance and employment (per hour or part thereof) of a:		
2.1	High Rise Fire fighting Appliance	R 677	R 714
2.2	Water Foam Carrier	R 677	R 714
2.3	Foam Tanker and / or Foam Service Vehicle	R 677	R 714
2.4	Mobile Lighting Unit	R 677	R 714

#### 3 Tariff of Charges in respect of the employment of Outside Agencies at any incident

For costs incurred as a result of the employment of an outside agency in:

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Incl. Vat	2012/13 Incl. Vat
3.1	the mitigation of any incident <b>Cost incurred plus 15% of applicable charge</b>		
4	Tariff of Charges in respect of Fire Prevention Services		
4.1	For the attendance of staff at stage/theatre performances standby duty and the like, per staff memeber		
	First Hour	R 135	R 143
	Per Hour thereafter	R 72	R 76
4.2	For scheduled inspections, consultations, inspections of safety exits & appliances in public buildings		
	First Hour	R 135	R 143
	Per Hour thereafter	R 67	R 70
4.3	For the monitoring of direct alarm links – per alarm p.m.	R 102	R 108
4.4	For a certified copy of a fire report - per copy	R 135	R 143
4.5	For issuing a certificate of Registration - per certificate	R 32	R 34
4.6	For issuing a certificate of Competence – per certificate	R 339	R 357
4.7	For a copy of a Fire Investigation Report - per copy	R 504	R 531
4.8	For the monitoring of non-emergency telephone lines (after hours complaints etc) – per line per annum	R 21,189	R 22,333
5	Tariff of Charges in respect of Professional Fire Fighting and Rescue Training Course		
	(Per Candidate excluding course materials, accommodation etc.)		
5.1	Fire Fighter One	R 7,197	R 7,586
5.2	Fire Fighter Two	R 2,394	R 2,523
5.3	Hazmat 1st Responder (Awareness)	R 1,116	R 1,176
5.4	Hazmat 2nd Responder (Operations)	R 3,198	R 3,371
5.5	Fire Officer One	R 2,989	R 3,150
5.6	Handling of Chlorine Emergencies	R 475	R 501
5.7	Elementary Breathing Apparatus	R 475	R 501
5.8	Aerial Appliance (HPP)	R 959	R 1,010
5.9	Vehicle Rescue & Extrication	R 1,599	R 1,685
5.10	Elementary Fire fighting, Fire prevention (Disaster Management)	R 157	R 165
5.11	Pump Operator/Driver – Basic Course	R 959	R 1,012
5.12	Pump Operator/Driver – IFSAC Course	R 1,920	R 2,023
5.13	Re-Issue of Certificates - per certificate	R 78	R 83
6	Tariff of Charges for the Certification for Fire Fighting 1 & 2 (Challenging) at 10% of Course Fee (Per Candidate)		
6.1	Fire Fighter One	R 718	R 756
6.2	Fire Fighter Two	R 238	R 250
6.3	Hazmat (Awareness)	R 110	R 116
6.4	Hazmat (Operations)	R 318	R 336
6.5	Fire Officer One	R 318	R 336
6.6	Instructor One	R 318	R 336

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Incl. Vat	2012/13 Incl. Vat
7	Tariff of Charges for the Use of Training Staff and Facilities		
7.1	For the use of Lecture rooms and facilities for the purposes of seminars and symposia per lecture room per day	R 504	R 531
7.2	For the attendance of training personnel on training courses out of the area of jurisdiction. per lecture per day	R 339	R 357
7.3	For the attendance of training personnel at accreditation for emergency service courses/challenges held in terms of regulations framed under IFSAC – (International Fire Services Accreditation Committee) per module per candidate	R 168	R 177
7.4	Re-Issue of Certificates <b>Cost plus 15% of applicable IFSAC tariff</b>		
8	Tariff of Charges in respect of Hose Charges		
8.1	Testing, scrubbing and drying of hose per length	R 132	R 139
8.2	Testing, scrubbing and drying of Hazmat contaminated hose - per length <b>plus cost of any consumables used in decontamination plus 15% of cost of consumables</b>	R 265	R 279
8.3	Seizing of Couplings to hose – per coupling	R 132	R 139
8.4	Repairing of Hose – per length <b>plus materials at cost plus 15%</b>	R 132	R 139
9	Tariff of Charges in respect of the attendance & employment of Special Appliances and Plant to standby at sports & special events For attendance and employment (per hour or part thereof)		
9.1	High Rise fire fighting appliance	R 350	R 369
9.2	Water Carrier	R 175	R 184
9.3	Mobile lighting unit	R 175	R 184
9.4	Major pumper	R 350	R 369
9.5	Light pumper	R 175	R 184
10	Tariff of Charges in respect of Various Miscellaneous Services and Hire Charges per hour or part thereof in respect of 10.1 – 10.4		
10.1	Hire of Portable Pump and related equipment	R 252	R 265
10.2	Hire of Extension Ladder	R 252	R 265
10.3	Gaining Access/Lock-Outs	R 252	R 265
10.4	Miscellaneous Service – per service	R 252	R 265
10.5	In addition to the above applicable charge, mileages for out of area call- outs are as follows - per km		
	Heavy duty vehicles	R 6	R 7
	Light duty vehicles	R 4	R 4

**All tariffs reflected above are inclusive of VAT**

## 11 General Comments:

- 11.1 Any Fire, Rescue or other emergency incident involving property or activities of the Msunduzi Municipality shall not attract charges.
- 11.2 Any incident of a humanitarian nature or request for assistance of a humanitarian nature shall not attract charges.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- 11.3 Services performed in the assistance of Community projects or departmental public relations exercises and displays shall not attract charges.
- 11.4 The applicable attendance rate charge shall be calculated from the time that the first arriving appliance is in attendance at an incident until the last departing appliance leaves the scene at the conclusion of the incident, due allowances being made for breakdown or mishap or time occupied by relief personnel.
- 11.5 When the time used to calculate the applicable attendance rate charge is less than 30 minutes no charge shall be raised.
- 11.6 Explanation of Terminology:
- i) **Hazmat** stands for Hazardous Material and refers to incidents that involve materials and chemicals that **require an extraordinary response and the use of specialist equipment in order to resolve the incident.**
  - ii) **Out of Area** means a response to any physical location that is outside of the recognised area of jurisdiction of the Msunduzi Municipality.
  - iii) **Structural** means any building regardless of construction type or occupancy.
  - iv) **Transport** means mechanical transportation of any means.
- 11.7 Whenever the Chief Fire Officer deems it necessary in the interests of public safety and in order to preserve life and property and as often as he thinks fit, arrangements shall be made for an inspection and/or attendance service to be provided in respect of premises used as public buildings or sports and recreational events.
- 11.8 The following persons shall be jointly and severally liable to the Council for the charges payable in terms of this section:
- 11.8.1 The owner/s of all property damaged or destroyed or under threat of damage or destruction by fire, accident or other mishap in respect of which the service is rendered or the materials are supplied.
  - 11.8.2 The person or owner or the owner's spouse, child, employee or agent whose wrongful act or omission was the direct cause of the circumstances which make the rendering of the service necessary in the opinion of the Chief Fire Officer or any other officer acting with his authority.
  - 11.8.3 The person responsible or whose alarm system was responsible for the summoning of the service where, in the opinion of the Chief Fire Officer, such summoning was unwarranted, or was no reasonable justification thereof.

## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT COMMUNITY SAFETY AND SECURITY

### Traffic and Security

		2011/12 Excl. Vat	2012/13 Excl. Vat						
1	The Removal of Light Motor Vehicles from Public Roads and Public Spaces	Contracted Out	Contracted Out						
	<table><tr><td>VOTE</td><td>SUB</td><td>ITEM</td></tr><tr><td>327</td><td>415</td><td>8274</td></tr></table>	VOTE	SUB	ITEM	327	415	8274		
VOTE	SUB	ITEM							
327	415	8274							
2	Release of Impounded Vehicles	R 500	R 550						
3	Impounding Fees per day	R 50	R 60						

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

VOTE	SUB	ITEM	2011/12 Excl. Vat	2012/13 Excl. Vat
327	415	8506		

4	Escort Fee (per officer per hour)		R 300	R 320
5	Traffic Officer for By-Law 23A (Council Resolution)		No Charge	No Charge
6	Service of Summons:			
	Personal		R 40	R 40
	Non-Personal		R 30	R 30
7	Events (per officer per hour)		R 130	R 140

VOTE	SUB	ITEM
327	415	8535

8	Taxi Stand Permits		R 190	R 200
9	Permit Application		R 60	R 65
10	Late Applications for the Renewal of Taxi Stand Permits		R 60	R 65

VOTE	SUB	ITEM
327	415	8535

11	Junior Traffic Centre		R 200	R 250
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## SUSTAINABLE COMMUNITY SERVICE DELIVERY PROVISION MANAGEMENT HEALTH AND SOCIAL SERVICES

### Health

VOTE	SUB	ITEM
347	418	8232

1	Food Inspection			
	For Voluntary surrender of foodstuffs for destruction		R 81	R 85

VOTE	SUB	ITEM
347	418	8233

2	Animal & Bee keeping permits (per permit)		R 37	R 39
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VOTE	SUB	ITEM
347	418	8234

3	Fines			
	For contravention of health legislation		Refer to the Master file at Room 336 of the Health Department	

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Tariffs relating to Dairymen and Milk Dealers

VOTE	SUB	ITEM
347	418	8236

2011/12 Excl. Vat	2012/13 Excl. Vat
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- 4 Fees payable in respect of certificates of registration:
- (a) application for a certificate of registration R 354 R 373
- (b) annual renewal thereof R 173 R 182

VOTE	SUB	ITEM
347	418	8237

- 5 Fees payable for the testing of milk samples:
- (a) during consideration of an application for a certificate of registration R 77 R 300
- (b) upon request R 77 R 300
- (c) fee payable for water sampling R 200

VOTE	SUB	ITEM
347	418	8239

- 6 Clearing of Vacant Land
- Cost of clearing plus any applic. fee Cost of clearing plus any applic. fee

## CORPORATE SERVICES AND PLANNING INFORMATION MANAGEMENT

### Geographical Information Systems

VOTE	SUB	ITEM
101	415	8515

- 1 Plotting of Digital Data:
- |                   | Market Average<br>Line/Vector        | Market Average<br>Line/Vector        |
|-------------------|--------------------------------------|--------------------------------------|
| <u>Paper Size</u> |                                      |                                      |
| A4                | R 25                                 | R 26                                 |
| A3                | R 30                                 | R 32                                 |
| A2                | R 40                                 | R 42                                 |
| A1                | R 50                                 | R 53                                 |
| A0                | R 65                                 | R 69                                 |
| <u>Paper Size</u> |                                      |                                      |
|                   | <u>Vector Fill/</u><br><u>Raster</u> | <u>Vector Fill/</u><br><u>Raster</u> |
| A4                | R 30                                 | R 32                                 |
| A3                | R 40                                 | R 42                                 |
| A2                | R 65                                 | R 69                                 |
| A1                | R 120                                | R 126                                |
| A0                | R 230                                | R 242                                |

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
2	Supply of Digital Data:		
(i)	Digital Orthophotos		
	per 1:10 000 Cut into 8 blocks of the original	R 25	R 26
	per 1:5 000 sheets	R 100	R 105
	per 1:10 000	R 200	R 211
(ii)	Other digital data (zipped file)		
	Minimum Search fee	R 52	R 55
	Per half hour thereafter	R 26	R 28
	Complete data set	R 1,050	R 1,107
(iii)	Cost of Digital Medium (CD)	R 5	R 5

## CORPORATE SERVICES AND PLANNING

### City Hall

VOTE	SUB	ITEM
504	415	8238

### City Hall and Musical Instruments

1	Main Hall		
	Hire of Main Hall (inclusive of fire protection)	R 2,700	R 2,846
	After Midnight per hour or part thereof	R 432	R 456
	Per hour of Preparations/Rehearsals	R 183	R 193
	Deposit Refundable - damage/breakage etc. and overtime for caretakers and cleaners	R 2,535	R 4,135
2	Hire of Musical Instruments		
	Grand Piano (August Forster) Per performance	R 367	R 387
	Per hour of Rehearsals	R 56	R 60
	Grand Piano (Steinway) Per Performance	R 611	R 644
	Per Hour of Rehearsals	R 56	R 60
	Organ per Performance	R 611	R 644
	Per Hour of Rehearsals	R 56	R 60

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## MISCELLANEOUS CHARGES ALL DEPARTMENTS

		2011/12 Excl. Vat	2012/13 Excl. Vat
1	Duplicate Statement Fee		
	First two statements per request	No Charge	No Charge
	More than two statements per request per statement	R 1.50	R 1.50
2	For every photocopy of an A4 size page or part thereof	R 2.00	R 2.00
	For every photocopy of an A3 size page or part thereof	R 3.00	R 3.00
3	Laminations - A4 size page or part thereof	R 2.00	R 2.00
	<b>PLUS</b> prevailing Cost of the Lamination Sheet/s		
	Laminations - A3 size page or part thereof	R 3.00	R 3.00
	<b>PLUS</b> prevailing Cost of the Lamination Sheet/s		
4	Fax Charges – A4 size page or part thereof	R 2.00	R 2.00
	<b>PLUS</b> costs relating to the transmission of the facsimile		
5	To search for and prepare a record for disclosure, for each hour, or part of an hour, excluding the first half hour, reasonably required for such search and preparation.	R 70	R 74
	<b>PLUS</b> Administration Fee	R 20	R 21
	(Excluding applications made in terms of the Promotion of Access to Information Act, No. 2 of 2000)		
6	Consumer's Dishonored Cheques - Penalty	Charged at the prevailing bank fee	Charged at the prevailing bank fee
	<b>PLUS</b> Administration Fee	R 18.00	R 19
7	Commission Charged in respect of Easy Pay cheque payments which have dishonored, will be payable by the consumer plus R19 administration fee.	Commission Charged plus R18 Admin. Fee	Commission Charged plus R19 Admin. Fee

## PROMOTION OF ACCESS TO INFORMATION ACT

Applications made in terms of the Promotion of Access to Information Act, No. 2 of 2000

### Schedule of Charges

Public and private bodies registered under the Value-Added Tax Act, No. 89 of 1994, as vendors may add value-added tax to all fees prescribed in this section.

### Fees in Respect of Guide

1	The fee for a copy of the guide as contemplated in regulation 2(3)(b) and 3(4)9c) for every photocopy of an A4-size page or part thereof is	R 0.60	R 0.60
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### Fees in Respect of Public Bodies

1.	The fee for a copy of the manual as contemplated in regulation 5(c) for every photocopy of an A4-size page or part thereof is	R 0.60	R 0.60
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# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

		2011/12 Excl. Vat	2012/13 Excl. Vat
2.	The fees for reproduction referred to in regulation 7(1) are as follows:		
(a)	For every photocopy of an A4-size page or part thereof	R 0.60	R 0.60
(b)	For every printed copy of an A4-size page or part thereof held on a computer or in electronic or machine-readable form	R 0.40	R 0.40
(c)	For a copy in a computer-readable form on-		
	(i) stiffy disc	R 5	R 5
	(ii) compact disc	R 40	R 40
(d)	(i) For a transcription of visual images, for an A4-size page or part thereof	R 22	R 22
	(ii) For a copy of visual images	R 60	R 60
(e)	(i) For a transcription of an audio record, for an A4-sizepage or part thereof	R 12	R 12
	(ii) For a copy of an audio record	R 17	R 17
3.	The request fee payable by every requester, other than a personal requester, referred to in regulation 7(2)is	R 35	R 35
4.	The access fees payable by a requester referred to in regulation 7(3) are as follows:		
(1)	(a) For every photocopy of an A4-size page or part thereof	R 0.60	R 0.60
	(b) For every printed copy of an A4-sizepage or part thereof held on a computer or Electronic or machine –readable form	R 0.40	R 0.40
	(c) For a copy in a computer-readable form on-		
	(i) stiffy disc	R 5	R 5
	(ii) compact disc	R 40	R 40
	(d) (i) For a transcription of visual images, for an A4-size page or part thereof	R 22	R 22
	(ii) For a copy of visual images	R 60	R 60
	(e) (i) For a transcription of an audio record, for an A4-size page or part thereof	R 12	R 12
	(ii) For a copy of an audio record	R 17	R 17
	(f) To search for and prepare the record for disclosure, for each hour or part of an hour, excluding the first hour, reasonably required for such search and preparation	R 15	R 15
(2)	For purposes of section 22(2) of the Act, the following applies:		
	(a) Six hours as the hours to be exceeded before a deposit is payable; and		
	(b) one third of the access fee is payable as a deposit by the requester.		
(3)	The actual postage is payable when a copy of a record must be posted to a requester.		

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## BUDGET RELATED POLICIES

### RATES POLICY

#### DEFINITIONS:

1. In this document and in addition to the definitions in the act, and unless the context indicates otherwise -

“agricultural property” means property used for agricultural purposes ie production of crops, livestock or generally recognized agricultural activities with those buildings which are generally considered necessary for agricultural activities, as defined in the Act;

“category” –

- (a) in relation to property, means a category of properties determined in terms of section 8 of the Act; and
- (b) in relation to owners of properties, means a category of owners determined in terms of section 15(2) of the Act;

“child headed household” – means a household where both parents are deceased and where all occupants of the property are children of the deceased and are all under the legal age to contract for services and are considered as minors in law by the state;

“developer” means an owner who purchases raw land and installs the necessary infrastructure for development of the land for residential, industrial or commercial purposes.

“dwelling, shops, flats” ( DSF) – means any property where a commercial component exists together with a block of residential units provided that two thirds or more of the floor area is used for residential purposes

“effective date”-

- (a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act; or
- (b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act;

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

“home business” – means a property previous rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.

“land reform beneficiary”, in relation to a property, means a person who-

- (a) acquired the property through-
  - (i) the Provision of Land and Assistance Act, 1993 (Act NO.126 of 1993); or
  - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)
- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act• No. 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

“Mining”, means property used for mining purposes or purposes incidental to mining operations.

“Minister” means the Cabinet member responsible for local government;

“Multiple purposes” means a property used for more than one purpose.

municipal property” means property of which the Municipality is the owner but excludes registered leases and for the purposes of rating those properties occupied by persons other than the municipality;

“newly rateable property” means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding-

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

“occupier” means any person who occupies any property or part thereof, without regard to the title under which he/she occupies the property.

“other property”, means all properties that are not included in the rates property categories in respect of section 16 a to g of the Msunduzi municipality rates policy

“owner”-

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
  - (i) A trustee, in the case of a property in a trust excluding state trust land;
  - (ii) an executor or administrator, in the case of a property in a deceased estate;
  - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
  - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
  - (v) a curator, in the case of a property in the estate of a person under curatorship;
  - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
  - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
  - (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

“permitted use”, in relation to a property, means the limited purposes for which the property may be used in terms of –

- (a) any restrictions imposed by-
  - (i) a condition of title;
  - (ii) a provision of a town planning or land use scheme; or
  - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions; “person” includes an organ of state;

“places of worship”, means a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship,

“property” means-

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

“protected area”– means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management; Protected Areas Act, 2003.

“public benefit organization property” means any property owned by a public benefit organization and used for any specified public benefit activity listed in part 1 of the ninth Schedule to the Income Tax Act excluding Item 3 and 5 being land and housing, places of worship already where rebates, reductions and exemptions have already been considered under impermissible rates. Ratios published by the minister for items 1, 2 and 4 of the schedule must not exceed those published by the minister from time to time.

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

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) any other publicly controlled infrastructure as may be prescribed; or
- (i) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (h);

“residential property” means a property included in the valuation roll as residential



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“rural communal property” means agricultural or township property where there is a single cadastral holding developed predominantly for residential purposes and/or traditional rural homesteads, and which may also have a variety of non-residential structures which collectively constitute the minority in terms of measured building area, including property belonging to the Ingonyama Trust Board and property belonging to a land reform beneficiary, where the dominant use is residential rather than commercial agricultural;

“SMME” means Small, Medium and Micro Enterprises

“the Act” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004).

“unauthorized use” – means any property used for any purpose other than its permitted zoned use or that has not been granted special consent by the municipality in terms of its Town Planning Scheme; and that has any unauthorized structures on the property that are not part of the approved plan; that cannot therefore be placed into any of the existing current permitted use categories approved by Council in the Rates Policy.

“vacant land” means any undeveloped property as listed in the valuation roll

## ADOPTION AND CONTENTS OF RATES POLICY

2. The Municipality shall adopt a rates policy in terms of which all rateable properties within its area of jurisdiction are rated.
3. The rates policy shall take effect on the effective date of the first valuation roll prepared by the Municipality under the Act, and shall accompany the Municipality’s budget for the financial year concerned when the budget is tabled in terms of section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

## COMMUNITY PARTICIPATION

4. Before the Municipality adopts or amends its rates policy it shall follow a process of community participation in accordance with Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and section 4 and 5 of the Act.”

## LEVYING OF RATES

5. The Municipality shall levy rates on all rateable property within its area, provided that it may, by resolution, grant exemptions from, rebates on or reductions in, rates levied in terms of this policy or in terms of a national framework prescribed under the Act.
6. In levying rates on property the Municipality is not obliged to levy rates on properties of which it is the owner, or public service infrastructure, or on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices.

## DIFFERENTIAL RATES

7. The Municipality may, by resolution, and in terms of criteria set out in this policy, levy different rates for different categories of rateable property, which may include categories determined according to the use of the property, the permitted use of the property or the geographical area in which the property is situated.

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## IMPERMISSIBLE DIFFERENTIATION

8. The Municipality may not levy -

- (a) Different rates on residential properties, except as provided for in sections 11(2) [ uniform fixed amount for rates], 21 [phasing in of rates] and 89 [use of existing valuation roll/supplementary roll] of the Act;
- (b) a rate on a category of non-residential properties that exceeds a prescribed ratio• to the rate on residential properties determined in terms of section 11 (1 )(a) [on the market value of the property] of the Act: Provided that different ratios may be set in respect of different categories of non-residential properties.
- (c) rates which unreasonably discriminate between categories of non-residential properties;
- (d) additional rates except as provided for in section 22 [special rating areas] of the Act.

## PROPERTIES USED FOR MULTIPLE PURPOSES

9. A property used for multiple purposes and where there is not a separate rating category shall, for rates purposes, be assigned to a category determined by the Municipality for the primary use of the property.

## LEVYING OF PROPERTY RATES ON SECTIONAL TITLE SCHEMES

10(1) A rate on property which is subject to a sectional title scheme shall be levied on the individual sectional title units in the scheme and not on the property as a whole.

(2) This will be applicable only after the first valuation roll of the Municipality has been prepared in terms of the Act. In the interim, the body corporate remains liable for payment of rates on sectional title schemes. Once the valuation roll has been prepared, the body corporate will only be liable for payment of rates in those cases where it is the owner of any specific sectional title unit.

## AMOUNT DUE FOR RATES

11(1) The rate levied by the Municipality shall be an amount in the Rand on the market value of the property.

- (2) Furthermore, in the interest of accelerating the provision of basic services to communities, and enhancing the international competitiveness of the South African economy and mobilization of foreign investments and job creation, the Municipality may consider exempting from rating all components of public service infrastructure as defined in the Act.
- (3) The Municipality acknowledges that the Minister may from time to time increase the monetary threshold referred to in section 21, to reflect inflation.

## PERIOD FOR WHICH RATES MAY BE LEVIED

12(1) The Municipality shall levy rates for one financial year at a time. At the end of each financial year the rate levied for that financial year shall lapse.

(2) The Municipality shall, annually, at the time of its budget, set the amount in the Rand for rates.

(3) The levying of rates shall form part of the Municipality's annual budget process as set out in Chapter 4 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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## COMMENCEMENT OF RATES

13. Rates levied by the Municipality shall become due and payable as from the start of the financial year.

## PROMULGATION OF RESOLUTIONS LEVYING RATES

- 14(1) A rate levied by the Municipality shall be adopted by resolution supported by a majority of the members of the Council.
- (2) The Municipality shall publish the resolution in the Provincial Gazette.
- (3) The Municipal Manager shall, without delay, conspicuously display the resolution for a period of at least 30 days at the Municipality's head office and satellite offices and libraries and, if applicable, on a website available to it.
- (4) In addition, the Municipal Manager shall, without delay, advertise in the media a notice stating that a resolution levying a rate on property has been passed by the Council and that the resolution is available for inspection at the Municipality's head office and satellite offices and libraries during office hours and on the Municipality's website, if applicable.

## EXEMPTIONS. REDUCTIONS AND REBATES

- 15(1) The Municipality shall not grant relief in respect of the payment of rates other than by way of exemption, rebate or reduction, nor shall it grant such relief to the owner of a property on an individual basis.
- (2) The Municipal Manager shall annually table in the Council of the Municipality a list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year together with a statement reflecting the income foregone by the Municipality by way of exemptions, rebates, reductions, exclusions and the phasing-in discount granted in terms of section 21 of the Act.
- (3) The Council shall identify, and provide reasons for, exemptions, rebates and reductions when the annual budget is tabled in terms of section 16(2) of the Local Government: Municipal Finance Management Act, 2003.

## CATEGORIES OF PROPERTIES

16. The Council may, by resolution, grant exemptions, reductions and rebates on the following categories of properties -
- (a) residential property;
  - (b) home business;
  - (c) vacant land;
  - (d) agricultural property;
  - (e) public service infrastructure;
  - (f) rural communal property;
  - (g) impermissible rates property;
  - (h) mining;
  - (i) sectional title garages (separately registered)
  - (j) unauthorized use property;
  - (k) DSF properties
  - (l) public benefit organisation property;
  - (m) other property

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## CONSTITUTIONALLY IMPERMISSIBLE RATES

17. The Municipality acknowledges that it may not levy rates on property in a way that would materially and unreasonably prejudice national economic policies, economic activities across its boundary or the national mobility of goods, services, capital or labour as provided for in section 229(2)(a) of the Constitution.

## OTHER IMPERMISSIBLE RATES

- 18(1) The Municipality shall not levy a rate on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes.
- (2) In respect of subsection (1), the exclusion from rates shall lapse if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such reserve, park, or botanical garden, is withdrawn in terms of the applicable Act.
- (3) The Municipality may levy a rate on those portions of a protected area and/or national botanical garden that are developed or used for business, commercial, agricultural or residential purposes.
- (4) In order to determine whether the exclusion from rates lapses in respect of the properties mentioned in subsection (1), the Municipality shall refer to the register to be provided by the Department of Environmental Affairs entitled "Register of Protected Area", containing a list of all protected areas, the name of the Municipality where the protected area is located, cadastral boundaries, the kind of protected area in each case, the date of declaration and withdrawal. The register will be updated annually and forwarded to Municipalities.
- 19(1) The Municipality shall not levy a rate on a property registered in the name of and used primarily as a place of public worship by a religious organisation, including an official residence registered in the name of that organisation which is occupied by an office-bearer of that organisation who officiates at services at that place of public worship.
- (2) In respect of the exclusion from rates on a property registered in the name of, and used primarily as a place of public worship by, a religious organisation, the Municipality regards the religious organisation as a non-profit making entity regarding the use of the property. Therefore, any deviation from this principle shall automatically disqualify the religious organisation from enjoying the benefits conferred by the Act.
- (3) The principle stated in subsection (2) shall also apply where a property in the ownership of one religious organisation is used by another religious organisation. In that case, if any money changes hands between the two religious organisations, such money should be limited to settlements of municipal financial obligations such as payments for user service charges, e.g., on water, electricity, refuse removal and the like.
- (4) In the case of a property owned by a non-religious entity or organisation, but made available to a religious organisation for use as a place of public worship, such non-religious entity or organisation shall be liable for payment of rates on such property.
- (5) Where a religious organisation enjoys the benefit afforded by the Act and the property is disposed of by the religious organisation owning it, the benefit shall lapse and rates on such property shall become payable.
- (6) Similarly, where the property is no longer used primarily as a place of public worship or, in the case of an official residence registered in the name of that organisation, where such residence is no longer used as a residence by the office-bearer who officiates at services at that place of worship, the exclusion from rates in respect of those properties shall lapse.



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20. The Municipality shall not levy a rate on mineral rights within the meaning of paragraph (b) of the definition of “property” in section 1.
21. The Municipality shall not levy a rate on a property belonging to a land reform beneficiary or his or heirs, provided that this exclusion shall lapse ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds.
22. In respect of properties assigned in the valuation roll to a category determined by the municipality for residential purposes, the rates levied shall be calculated on the market value of the property less an amount of R 15 000.
23. The Municipality shall not levy a rate on the first 30% of the market value of public service infrastructure.

## PRIMARY REBATES PER CATEGORY OF PROPERTY

- 24(1). The Municipality may by resolution grant a rebate on the rate payable on the following categories of rateable properties -
  - (a) residential property;
  - (b) home businesses;
  - (c) agricultural property;
  - (d) public service infrastructure;
  - (e) rural communal property;
  - (f) D S F property
  - (g) mining;
  - (h) sectional title garages (separately registered)
  - (i) public benefit organization property;
  - (j) other property
- (2) The Municipality shall in each financial year determine the amount of the rebate to be granted to each of the categories specified in subsection (1).

## OTHER REBATES PER CATEGORY OF OWNER

25. The Municipality may grant a rebate on a property owned and occupied by the Msunduzi Municipality.
26. The Municipality may grant a rebate on a property whose owner is a recipient of an old age pension or disability grant, provided that the owner of such property applies annually, on the prescribed form which must be received by closing date and satisfies the criteria for such rebate as may be determined by the Municipality.
27. The Municipality may grant a rebate to a minor(s) who owns property or are the sole heirs of property that is; child headed households, provided that these owner(s) of such property apply annually, on the prescribed form which must be received by closing date and satisfies the criteria for such rebate as may be determined by the Municipality.
28. The Municipality may grant a rebate on a rateable property which has been listed under the Municipality’s Town Planning Scheme: Provided that the owner of such property applies annually, on the prescribed form which must be received by closing date, and satisfies the criteria, for such rebate, as determined by the Municipality.

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29. The Municipality may grant a rebate to developers who own and are in the process of developing property, provided that the owner of such property makes application in the prescribed format and satisfies the criteria for such rebate as may be determined by the Municipality.
30. A rebate granted on the rate payable on any property referred to in sections 26 to 29, inclusive, is conditional upon there being no outstanding rates or service charges owing and payable on such property except to an owner who is in receipt of an old age pension, disability grant or child headed household, provided that an arrangement in terms of the credit control policy for any arrears is in place and is being maintained.
31. No rebate will be granted to any developer as envisaged in Section 29 above, who has previously received a business concession or development incentive from Council for the development.

## COMPULSORY PHASING-IN OF CERTAIN RATES

- 30(1) A rate on newly rateable property shall be phased in over a period of three financial years.
- (2) A rate on property referred to in section 20 shall be phased in over a period of three years after the exclusion period referred to in that section.
- (3) A rate levied on newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities shall be phased in over a period of four financial years.
- (4) In respect of the rates referred to in subsections (1) and (2), the phasing in discount shall be applied as follows:
- (a) First year: at least 75% of the rate for that year otherwise applicable to that property;
  - (b) Second year: at least 50% of the rate for that year otherwise applicable to that property;
  - (c) Third year: at least 25% of the rate for that year otherwise applicable to that property.
- (5) In respect of properties referred to in subsection (3), the Municipality shall not levy a rate on such properties during the first year. Thereafter, the phasing-in discount shall be applied as follows:
- (a) Second year: at least 75% of the rate for that year otherwise applicable to the property;
  - (b) Third year: at least 50% of the rate for that year otherwise applicable to that property;
  - (c) Fourth year: at least 25% of the rate for that year otherwise applicable to that property.
- (6) A rate levied on properties referred to in subsections (1) to (3) shall not be higher than the rate levied on similar property or category of properties in the Municipality.
- (7) The Municipality may apply to the Minister to extend the phasing-in period referred to in subsections (1) to (3), but such extended period, together with the initial period, shall not exceed six financial years.

## ADDITIONAL RATES FOR SPECIAL RATING AREAS

- 31(1) The Municipal Council may by resolution define an area within the Municipality as a special rating area and in so doing may levy an additional rate on the property so defined for the purposes of raising funds for improving or upgrading that area.
- (2) Before acting in terms of (1) above, the Municipality shall consult the affected community on the proposed boundaries of the area, the proposed improvement or upgrading of the area and obtain the consent of the affected community who will be liable for paying the additional rate.



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- (3) Upon resolving to establish a special rating area, the Municipal Council shall indicate the boundaries of the area and indicate how such area is to be improved or upgraded.
- (4) Furthermore, the Municipality shall establish separate accounting and other record- keeping systems regarding the revenue generated by the additional rate and the improvement and upgrading of the area.
- (5) Where the Municipal Council has established ward committees, it may establish a sub- committee of the ward committee of the affected area consisting of persons representing the community to act as a consultative and advisory forum for the Municipality .

## **LIABILITY FOR RATES**

### **PROPERTY RATES PAYABLE BY OWNERS**

32(1) A rate levied on a property shall be paid by the owner of that property.

- (2) Where a property is owned jointly the owners shall be jointly and severally liable for the payment of the rates on such property.
- (3) In respect of agricultural property that is owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the Subdivision of Agricultural Land Act, 1970 (Act No. 70 of 1970), the Municipality shall hold owners jointly and severally liable for all rates levied in respect of the property concerned
- (4) (a) Council buildings and land let to individual tenants, involving separately registered subdivisions, shall be shown separately in the valuation roll and shall be valued at market value.  
(b) In respect of a Council building where multiple tenancies occur, the entire building shall be valued at market value, based on a pro rata portion of the market value, calculated by lettable area.

### **PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES**

- 33(1). A rate levied by the Municipality on a sectional title unit is payable by the owner of the unit and not by the body corporate controlling the sectional title scheme; provided that this will be applicable only after the first valuation roll of the Municipality has been prepared in terms of the Act.
- (2) Where a sectional title scheme is in the course of development, the undeveloped portion of the property shall be valued and separately rated and the rates on such undeveloped portion shall be paid by the body corporate.
- (3) The common property in a sectional title scheme shall not be valued or rated.

## **METHOD AND TIME OF PAYMENT**

34(1) The Municipality shall recover rates on a monthly basis.

- (2) Rates shall be paid in each month on or before a date determined by the Municipality.
- (3) (a) The final date for the payment of rates, as determined by the Municipality in terms of subsection (2) above, shall not be affected by reason of any objection in terms of section 52, or an appeal in terms of section 55, of the Act.  
(b) If the result of any objection or appeal is that the valuation is -

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- (i) unchanged, the Municipality may collect any penalty that may have accrued to it in terms of section 37(1);
- (ii) adjusted downwards, the Municipality shall only collect such penalty on the rates due on such reduced valuation and any over-payment that may have been made shall be refunded;
- (iii) adjusted upwards, the Municipality shall, in addition to collecting such penalty on the rates due on the valuation before the objection or appeal, also collect such penalty charges on the additional amount of rates due in consequence of such upward adjustment, which remains unpaid after the date specified for payment thereof in a notice served by the Municipal Manager, or his authorized representative, on the person liable for the payment of the rates.

## ACCOUNTS TO BE FURNISHED

35(1) The Municipality shall furnish each person liable for payment of a rate with a written account which shall contain the following information –

- (a) the amount due for rates payable;
  - (b) the date on or before which the amount is payable;
  - (c) how the amount was calculated;
  - (d) the market value of the property;
  - (e) if the property is subject to any compulsory phasing-in discount in terms of section 21 of the Act, the amount of the discount;
  - (f) if the property is subject to any additional rate in terms of section 22 of the Act, the amount due for additional rates.
- (2) Any person liable for the payment of a rate in respect of rateable property shall notify the municipality of any address within the Republic to which notices in respect of such property shall be sent.
- (3) Any notice which the municipality is required to give in terms of section 35(1) shall be deemed to have been properly given -
- (a) if it has been sent by pre-paid post -
    - (i) to an address notified in terms of subsection (2);
    - (ii) if subparagraph (i) does not apply and the property is not vacant land, to the address of the property shown in the valuation roll; or
    - (iii) to an address which appears to be the residential or business address of the person liable for the payment of the rate, according to the records of the municipality, which method of posting shall be utilized if subparagraphs (i) and (ii) do not apply or if any notice posted in terms of the said subparagraphs has been returned as undelivered;
  - (b) if it has in fact come to the notice of the person to whom it is required to be given;
  - (c) if paragraphs (a) and (b) do not apply, by affixing on the notice board of the municipality for a period of at least thirty days, a schedule containing the name of the person who is liable for the payment of the rate as shown in the valuation roll and the particulars required by section 28(1) of the Act;
- (4) Where a property in respect of which a rate is payable, is owned by more than one person and either or both of whom are liable for the payment of a rate on such property, the notices required to be given in terms of this section shall be deemed to have been properly given if posted or delivered to the address of one of such persons; provided that such persons may agree amongst themselves to which address such notices shall be posted or delivered and may notify the municipality accordingly, in the manner provided for in subsection (3).

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- (5) (a) Any person who is liable for payment of a rate but who has not received an account shall not be absolved from paying the amount owing by due date and any amount outstanding after such date shall attract penalty charges as provided for in section 37(1);
- (b) If any person who is liable for payment of a rate does not receive an account, such person shall obtain a copy of such account from the offices of the Municipality, before the due date for payment of the account.
- (c) if any person who is liable for the payment of a rate shall notify the Municipality of any change of address including any e-mail address or other contact details;
- (d) A change of address referred to in (c) above shall take effect on receipt thereof by the Municipality;
- (c) If any person who is liable for the payment of a rate does not receive an account as a result of such person's failure to notify the municipality of a change of address, such person shall nevertheless pay the amount owing by the due date.

## RECOVERY OF OVERDUE RATES

- 36(1) The Municipality shall take appropriate steps against the owner of a property where the rates payable on such property are in arrears and shall have the power to sue for and recover all rates which are due and payable to the Municipality
- (2) Where the rates payable on a property are overdue, a notice stating that such rates are overdue shall be addressed to the owner of the property in the manner provided for in 35(3) calling upon the owner to pay such outstanding rates and the penalties accrued or accruing thereon.
  - (3) Where a property in respect of which the rates are overdue or in arrears, and the property is owned by more than one person, the notice provided for in subsection (2), shall be served in the manner provided for in section 35(4).
  - (4) Should the outstanding rates and any penalties on a property not be paid, or should a satisfactory arrangement not be made with the Municipality by the owner for the payment of such outstanding rates and penalties, and in the event that there is no response from the owner, services to the property shall be terminated.
  - (5) At any time after the last working day of the second month succeeding the month in which there falls the final date for the payment of rates, the Municipality may cause to be published in one or more newspapers circulating in the area of jurisdiction of the Municipality, a notice stating that, if the arrears of rates in respect of the financial year specified in the notice together with all penalties in respect thereof up to the date of payment, are not paid within six months of the date of the publication of the notice, application will be made to a court of competent jurisdiction for an order for the sale by public auction of the properties in respect of which such rates and penalties are in arrear and for the payment out of the proceeds thereof of all arrear rates together with penalties and costs in respect thereof.
  - (6) If, after the publication of a notice in terms of subsection (5), such rates and penalties are not paid within the period stated therein, the Municipality shall make application to a court of competent jurisdiction showing the amount of rates and penalties then in arrear and that all notices have been given and requesting the court to order any such rateable property or so much thereof as may be sufficient to satisfy the amounts outstanding in terms of rates and penalties, to be sold by public auction and the proceeds thereof to be paid in to court, and to direct payment to the Municipality of all rates and penalties accrued in respect of the date of such sale together with the costs of obtaining the said order and all expenses of such sale.
  - (7) Any amounts due for municipal service fees, property rates and other municipal taxes, levies and duties recovered as a result of the sale of a property by public auction in terms of an order granted by a court of competent jurisdiction, are a charge upon the property so sold and enjoy a preference over any mortgage bond registered against such property.

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- (8) If before the sale of any rateable property in terms of an order made under subsection (6) there is produced to the Deputy Sheriff or other person charged with the sale thereof, a certificate by the Municipality that all amounts owing in terms of outstanding and arrear rates and penalty charges have been paid, the said property shall be withdrawn from the sale.
- (9) Notwithstanding that all outstanding and arrear rates penalty charges may have been paid before the said sale, the Municipality shall not be liable to any person for any loss or damage suffered by such person by reason of the sale of any such property in respect of which no such certificate has been produced to the said Deputy Sheriff or other person.

## **PENALTIES AND COLLECTION CHARGES**

- 37(1) In respect of any rates remaining unpaid after the final date for their payment there shall be added for each month during which the default continues, interest at a rate to be determined by the Minister which rate shall be published in the Municipality's tariff of charges.
- (2) In addition to any rates and penalties in respect of any property, collection charges shall accrue as follows:
  - (a) As from the last working day referred to in section 36(5), an amount representing ten per cent (10%) of the capital amount of the rates then in arrear;
  - (b) On the grant of a court order in terms of section 36(6), a further amount representing ten per cent (10%) of the capital amount of the rates then in arrear.
- (3) The said charges shall be payable to the Municipality and the said amounts or such of them as may be applicable may be recovered by it in any proceedings for the recovery of rates.
- (3) Nothing herein contained shall prevent the Municipality from taking proceedings for the recovery of any rates, penalties or charges by way of action or other competent procedure in any court of competent jurisdiction.

## **RESTRAINT ON THE TRANSFER OF PROPERTY AND REVENUE CLEARANCE CERTIFICATES**

- 38(1) Section 118 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) ("the Systems Act") provides as follows:

"118(1)A registrar of deeds may not register the transfer of property except on production of a prescribed certificate –

- (a) issued by the municipality or municipalities in which that property is situated; and
  - (b) which certifies that all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

A prescribed certificate issued by a municipality in terms of subsection (1) is valid for a period of 120 days from the date it has been issued.
- (2) In the case of the transfer of property by a trustee of an insolvent estate, the provisions of this section are subject to section 89 of the Insolvency Act, 1936 (Act No. 24 of 1936).
  - (3) An amount due for municipal services, surcharges on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.



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(4) Subsection (1) does not apply to –

- (a) a transfer from the national government, a provincial government or a municipality of a residential property which was financed with funds or loans made available by the national government, a provincial government or a municipality; and
- (b) the vesting of ownership as a result of a conversion of land tenure rights into ownership in terms of Chapter 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991);

Provided that nothing in this subsection precludes the subsequent collection by a municipality of any amounts owed to it in respect of such a property at the time of such transfer or conversion.

- (5) Subsection (3) does not apply to any amount referred to in that subsection that became due before a transfer of a residential property or a conversion of land tenure rights into ownership contemplated in subsection (4) took place.”
- (6) The provisions of section 118 of the Systems Act shall be strictly adhered to at all times.
- (7) Only applications completed in full on the prescribed form, received from a bona fide conveyancer, State Department or Municipal Department and accompanied by the prescribed fee as recorded in the tariff register will be processed.
- (8) In accordance with section 118 (i) of the Systems Act, where the amount due on a property exceeds two years and a clearance certificate is issued, the conveyancer shall notify the purchaser of the property in writing that he/she will be liable for the outstanding account(s) on transfer. A copy of the notification must be sent to the municipality on transfer.
- (9) Section 118(i) shall not apply where the owner of the property has signed a waiver of this section for the purposes of payments arrangements in terms of the Msunduzi Credit Control Policy and the full arrears relating to the property shall be paid.
- (10) Where the monthly consumption of services to a property has been averaged for a period of more than 60 days, the owner, in consultation with the Municipality, shall make arrangements for the reading of the meter in respect of the relevant services in order that the requirements of section 118 of the Systems Act are complied with.
- (11) Where a conveyancer is able to demonstrate that exceptional circumstances exist, the Chief Financial Officer may accept a letter of undertaking, or a guarantee, for the payment of the amounts required under subsection (4), provided that the full amounts contemplated in that subsection are paid on the date of registration of transfer of the property.

## DATE OF VALUATION

- 39(1) For the purposes of a general valuation, the Municipality shall, by resolution, determine a date that may not be more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.
- (2) The general valuation roll shall reflect the market value of properties determined in accordance with market conditions, which applied as at the date of valuation.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## APPENDIX 1 INCOME TAX ACT. NO. 58 OF 1962 NINTH SCHEDULE PUBLIC BENEFIT ACTIVITIES

### PART 1

#### WELFARE AND HUMANITARIAN

- (1) (a) The care or counselling of, or the provision of education programmes relating to, abandoned, abused, neglected, orphaned or homeless children.
- (b) The care or counseling of poor and needy persons where more than 90% of those persons to whom the care or counseling are provided are over the age of 60.
- (c) The care or counseling of, or the provision of education programmes relating to physically or mentally abused and traumatized persons.
- (d) The provision of disaster relief.
- (e) The rescue or dare of persons in distress.
- (f) The provision of poverty relief.
- (g) Rehabilitative care or counseling or education of prisoners, former prisoners and convicted offenders and persons awaiting trial,
- (h) The rehabilitation, care or counseling of persons addicted to a dependence-forming substance or the provision of preventative and education programmes regarding addiction to dependence-forming substances.
- (i) Conflict resolution, the promotion of reconciliation, mutual respect and tolerance between the various peoples of South Africa.
- (j) The promotion or advocacy of human rights and democracy.
- (k) The protection of the safety of the general public.
- (l) The promotion or protection of family stability.
- (m) The provision of legal services for poor and needy persons.
- (n) The provision of facilities for the protection and care of children under school-going age of poor and needy parents.
- (o) The promotion or protection of the rights and interests of, and the care of, asylum seekers and refugees.
- (p) Community development for poor and needy persons and anti-poverty initiatives, including-
- (i) the promotion of community-based projects relating to self-help, empowerment capacity building, skills development or anti-poverty;
- (ii) the provision of training, support or assistance to community-based projects contemplated in item (i); or
- (iii) the provision of training, support or assistance to emerging micro enterprises to improve capacity to start and manage businesses, which may include the granting of loans on such conditions as may be prescribed by the Minister by way of regulation.

#### HEALTH CARE

- (2) (a) The provision of health care services to poor and needy persons.
- (b) The care or counseling of terminally ill persons or persons with a severe physical or mental disability, and the counseling of their families in this regard.
- (c) The prevention of HIV infection, the provision of preventative and education programmes relating to HIV/AIDS.
- (d) The care, counseling or treatment of persons afflicted with HIV/AIDS, including the care or counseling of their families and dependants in this regard.
- (e) The provision of blood transfusion, organ donor or similar services.
- (f) The provision of primary health care education, sex education or family planning.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## LAND AND HOUSING

- (3) (a) The development, construction, upgrading, conversion or procurement of housing units for the benefit of poor and needy persons.
- (b) The development, servicing, upgrading or procurement of stands, or the provision of building materials, for purposes of the activities contemplated in subparagraph (a).
- (c) The provision of residential care for retired persons, where more than 90% of the persons to whom the residential care is provided are over the age of 60 and regular meals and nursing services are provided by the organisation carrying on such activity.
- (d) Building and equipping of community centres, clinics, sport facilities or crèches or other facilities of a similar nature for the benefit of the poor and needy.
- (e) The promotion, facilitation and support of access to land and use of land, housing and infrastructural development for promoting official land reform programmes.
- (f) Granting of loans for purposes of subparagraph (a) or (b) subject to such conditions as may be prescribed by the Minister by way of regulation.
- (g) The protection, enforcement or improvement of the rights of poor and needy tenants, labour tenants or occupiers, to use or occupy land or housing.

## EDUCATION AND DEVELOPMENT

- (4) (a) The provision of education by a “school” as defined in the South African Schools Act, 1996 (Act No. 84 of 1996).
- (b) The provision of “higher education” by a “higher education institution” as defined in the Higher Education Act, 1997 (Act No. 101 of 1997).
- (c) “Adult basic education and training” as defined in the Adult Basic Education and Training Act, 2000 (Act No. 52 of 2000), including literacy and numeracy education.
- (d) “Further education and training” provided by a “public further education and training institution” as defined in the Further Education and Training Act, 1998 (Act No. 98 of 1998).
- (e) Training for unemployed persons with the purpose of enabling them to obtain employment.
- (f) The training or education of persons with a severe physical or mental disability.
- (g) The provision of bridging courses to enable educationally disadvantaged persons to enter a higher education institution as envisaged by subparagraph (b).
- (h) The provision of educare or early childhood development services for pre-school children.
- (i) Training of persons employed in the national, provincial and local spheres of government, for purposes of capacity building in those spheres of government.
- (j) The provision of school buildings or equipment for public schools and educational institutions engaged in public benefit activities contemplated in subparagraphs (a) to (h).
- (k) Career guidance and counseling services provided to persons for purposes of attending any school or higher education institution as envisaged in subparagraphs (a) to (b).
- (l) The provision of hostel accommodation to students of a public benefit organization contemplated in section 30 or an institution, board or body contemplated in section 10(1)(cA)(i), carrying on activities envisaged in subparagraphs (a) to (h).
- (m) Programmes addressing needs in education provision, learning, teaching, training, curriculum support, governance, whole school development, safety and security at schools, pre-schools or educational institutions as envisaged in subparagraphs (a) to (h).
- (n) Educational enrichment, academic support, supplementary tuition or outreach programmes for the poor and needy.
- (o) The provision of scholarships, bursaries and awards for study, research and teaching on such conditions as may be prescribed by the Minister by way of regulation in the Gazette.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## RELIGION, BELIEF OR PHILOSOPHY

- (5) (a) The promotion or practice of religion which encompasses acts of worship, witness, teaching and community service based on a belief in a deity.
- (b) The promotion and/or practice of a belief.
- (c) The promotion of, or engaging in, philosophical activities.

## CULTURAL

- (6) (a) the advancement, promotion or preservation of the arts, culture or customs.
- (b) the promotion, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries.
- (c) The provision of youth leadership or development programmes.

## CONSERVATION, ENVIRONMENT AND ANIMAL WELFARE

- (7) (a) Engaging in the conservation, rehabilitation or protection of the natural environment, including flora, fauna or the biosphere.
- (b) The care of animals, including the rehabilitation, or prevention of the ill treatment of animals.
- (c) The promotion of, and education and training programmes relating to, environmental awareness, greening, clean-up or sustainable development projects.
- (d) The establishment and management of a Tran frontier area, involving two or more countries, which –
  - (i) is or will fall under a unified or coordinated system of management without compromising national sovereignty; and
  - (ii) has been established with the explicit purpose of supporting the conservation of biological diversity, job creation, free movement of animals and tourists across the international boundaries within the peace park, and the building of peace and understanding between the nations concerned.

## RESEARCH AND CONSUMER RIGHTS

- (8) (a) Research including agricultural, economic, educational, industrial, medical, political, social, scientific and technological research.
- (b) The protection and promotion of consumer rights and the improvement and control and quality with regard to products or services.

## SPORT

- (9) The administration, development, coordination or promotion of sport or recreation in which the participants take part on a non-professional basis as a pastime.

## PROVIDING OF FUNDS, ASSETS OR OTHER RESOURCES

- (10) The provision of-
  - (a) funds, assets, services or other resources by way of donation;
  - (b) assets or other resources by way of sale for a consideration not exceeding the direct cost to the organisation providing the assets or resources;
  - (c) funds by way of loan at no charge; or

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- (d) assets by way of lease for an annual consideration not exceeding the direct cost to the organisation providing the asset divided by the total useful life of the asset, to any-
  - (i) any public benefit organisation which has been approved in terms of section 30;
  - (ii) any institution, board or body contemplated in section 10(1)(cA)(i), which conducts one or more public benefit activities in this part (other than this paragraph);
  - (iii) any association of persons carrying on one or more public benefit activity contemplated in this part (other than this paragraph), in the Republic; or
  - (iv) any department of state or administration in the national or provincial or local sphere of government of the Republic, contemplated in section 10((1)(a) or (b).

## GENERAL

- 11. (a) The provision of support services to, or promotion of the common interests of public benefit organisations contemplated in section 30 or institutions, boards or bodies contemplated in section 10(1)(cA)(i), which conduct one or more public benefit activities contemplated in this part.
- (b) The hosting of any international event approved by the Minister for purposes of these regulations, having regard to-
  - (j) the foreign participation in that event; and
  - (ii) the economic impact that event may have on the country as a whole.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## BUDGET POLICY

### 1. INTRODUCTION

In terms of the Municipal Finance Management Act, No.56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16)(1), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in attempt to realize 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 conceptualization and the operationalisation of the budget must be located within the national government's policy framework.

### 2. 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,
- The responsibilities of the 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 Msunduzi Municipality's IDP review and budget processes.
- To ensure effective budget monitoring.
- To ensure compliance with the MFMA Budget and Reporting Regulations.

### 3. LEGISLATIVE FRAMEWORK

The policy should comply with budget guidelines, Municipal Finance Management Act, 2003 and other applicable legislation issued by National Treasury.

### 4. BUDGETING PRINCIPLES

- 4.1 The municipality shall not budget for a deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels.
- 4.2 Expenses 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.
- 4.3 Msunduzi Municipality shall prepare three-year budget (medium term revenue and expenditure framework (MTREF) and that be reviewed annually and approved by Council.
- 4.4 The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.
- 4.5 Except in so far as capital projects represent a contractual commitment to the municipality extending over more than one financial year, the annual capital budget shall be prepared from a zero base.
- 4.6 The capital budget component of the annual or adjustments budget shall only be approved by the council if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed capital expenses.
- 4.7 Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets, and any other ordinary operational expenses associated with any item on such capital budget. In addition, the council shall consider the likely impact of such operation expenses – net of any revenues expected to be generated by such item – on future property rates and service tariffs.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- 4.8 The council shall establish an Capital Replacement Reserve for the purpose of financing capital projects and the acquisition of capital assets and or the replacement of assets. Such reserve shall be established from the following sources of revenue:
- unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
  - further amounts appropriated as contributions in each annual or adjustments budget.
- 4.9 Each annual and adjustments budget shall reflect a realistic excess, of current revenues over expenses.
- 4.10 Any un-appropriated surplus from previous financial years, even if fully cash- backed, shall not be used to balance any annual or adjustments budget, but shall be appropriated, as far as it is not required to finance the payment of operating creditors or for other operational purposes, to the municipality's Capital Replacement Reserve.
- 4.11 An impending operating deficit shall be made good in an adjustments budget, but if an operating deficit arises at the end of a financial year, notwithstanding the precautionary measures adopted by the council, such deficit shall immediately be made good in the annual or adjustments budget for the ensuing financial year, and shall not be offset against any un-appropriated surplus carried forward from preceding financial years.
- 4.12 The municipality shall establish and maintain a provision for accrued leave entitlements equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- 4.13 The municipality shall establish and maintain a provision for bad debts in accordance with its rates and tariffs policies, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- 4.14 All expenses, excluding depreciation expenses, shall be cash-funded. All redemptions of external loans shall be paid from the municipality bank account and must have sufficient provision be in the calculation of tariffs to recover such expenses.
- 4.15 Finance charges payable by the municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed assets in the municipality. However, where it is the council's policy to raise external loans only for the financing of fixed assets in specified council services, finance charges shall be charged to or apportioned only between the departments or votes relating to such services. When external funds are raised for Capital Assets then the principals in terms of GRAP 5-Borrowing cost must be adhered to.
- 4.16 Depreciation and finance charges together shall not exceed 20% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.
- 4.17 The allocation of interest earned on the municipality's investments shall be budgeted for in terms of the banking and investment policy.
- 4.18 The municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. At least 7% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.
- 4.19 In the preparation of the draft operating budget component of the annual budget, the allowable budgetary increment shall relate to the total amount provided for each budget vote, and the head of the department, service or function concerned shall have the right to allocate the total budgeted amount to the line-items within such vote, except in so far as the line-item provisions relate to matters determined by the chief financial officer in terms of the municipality's approved policies and contractual and statutory commitments (for example, depreciation charges, finance charges, insurance costs).
- 4.20 Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 35% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councillors shall be excluded from this limit.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- 4.21 The head of the department, service or function to which each budget vote relates shall justify the allocation of the aggregate budget for such vote to the various line-items within the vote to the portfolio committee responsible for the department, service or function concerned. In motivating the allocations made to and within the vote, the head of department, service or function concerned shall provide the relevant portfolio committee with appropriate quarterly performance indicators and service delivery targets pertaining to the budget. Such indicators and targets shall be prepared with the approval of the municipal manager and the mayor.
- 4.22 In preparing its revenue budget, the municipality shall strive to maintain the aggregate revenues from property rates at not less than 2% the aggregate revenues budgeted for.
- 4.23 When considering the draft annual budget, the council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households in the municipal area. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts. Because households have no mechanism for passing on such increases to other parties, but must fully absorb the increases concerned, the council shall ensure that the average additional impact of such increases is not more than the relevant increase in the consumer price index.

## 5. BUDGET MANAGEMENT AND OVERSIGHT

Section 71 of the Municipal Finance Management Act reads, inter alia, as follows:

“The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality, the relevant provincial and national treasury a statement in the prescribed format on the state of the municipality’s budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) *Actual revenue, per revenue source;*
- (b) *Actual borrowings;*
- (c) *Actual expenditure, per vote;*
- (d) *Actual capital expenditure, per vote;*
- (e) *The amount of any allocations received;*
- (f) *Actual expenditure on those allocations, excluding expenditure on*
  - i. *its share of the local government equitable share; and*
  - ii *allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and*
- (g) *When necessary, an explanation of*
  - i. *any material variances from the municipality’s projected revenue by source, and from the municipality’s expenditure projections per vote; any material variances from the service delivery and budget implementation plan; and*
  - ii. *any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality’s approved budget.”*

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

The Finance Services Department will facilitate the section 71 in-year reporting process as follows:

1. Financial month end reports will be available on the 10th working day of the month
2. Reports detailing the following information will be circulated to the Senior Management Team and Heads of Departments:
  - Actual Operating Revenue / Expenditure for the month compared to the budget for the month per category
  - Actual Operating Revenue / Expenditure for the year to date compared to the budget for the year to date
  - Actual Operating Revenue / Expenditure for the year to date compared to the budget for the full year
  - Capital Budget Expenditure for the month compared to the budget for the month
  - Capital Budget Expenditure for the year to date compared to the budget for the year to date
  - Capital Budget Expenditure for the year to date compared to the budget for the full year
  - Grant allocations received as well as expenditure against those grants for the year to date
  - Details of unspent grant funding
  - Other relevant statistics

## 6. BUDGET PREPARATION PROCESS

### 6.1 Formulation of the budget

- (a) The mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.
- (b) The Accounting Officer with the assistance of the Chief Financial Officer and the IDP team shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for ensuing financial year.
- (c) The mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the budget year).
- (d) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as 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 as well as the guidelines set by National Treasury.
- (e) The mayor shall convene a strategic workshop in September/ October with the Finance Committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality. The mayor shall table the IDP priorities with the draft budget to Council.
- (f) The mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection and indigents etc).
- (g) The Chief Financial Officer, senior managers and other stakeholders undertake the technical preparation of the budget.
- (h) The budget must be in the prescribed format, and must be divided into capital and operating budget in accordance with international best practice, as may be prescribed.
- (i) The budget must reflect the realistically anticipated revenue for the budget year from each revenue source.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- (j) The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.
- (k) The expenses reflected in the budget must be divided into items.

## 6.2 Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public, stakeholder organizations, to make representation at the council hearings and submit comments in response to the draft budget.

After considering these views, the council must give the mayor the opportunity to respond on the submissions received and if necessary, revise the budget and table amendments for consideration by the council.

The accounting officer must immediately submit the tabled budget in both printed and electronic formats to National Treasury and Provincial Treasury.

## 6.3 Approval of annual budget

- (a) Council must at least 30 days (31 May) before the start of the budget year consider approval of the annual budget.
- (b) The council resolution, must contain budget policies and performance measures be adopted.
- (c) An annual budget tabled to Council must be approved together with adoption of resolutions as may be necessary:
  - (i) imposing any municipal tax for the budget year;
  - (ii) setting any municipal tariffs for the budget year;
  - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
  - (iv) approving any changes to the municipality's integrated development plan; and
  - (v) approving any changes to the municipality's budget-related policies.
  - (vi) the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councilors, the accounting officer, the chief financial officer, and other senior managers;
  - (vii) 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 organizations such as Non-Governmental Organisations, welfare institutions
- (d) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

## 6.4 Publication of the budget

- (a) Within 5 days after the draft annual budget has been tabled, the Deputy Municipal Manager: Corporate Service must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury.
- (b) The Chief Financial Officer must within 5 days submit the approved budget in both printed and electronic formats to the National, the Provincial Treasury as well as post it on the municipal website.

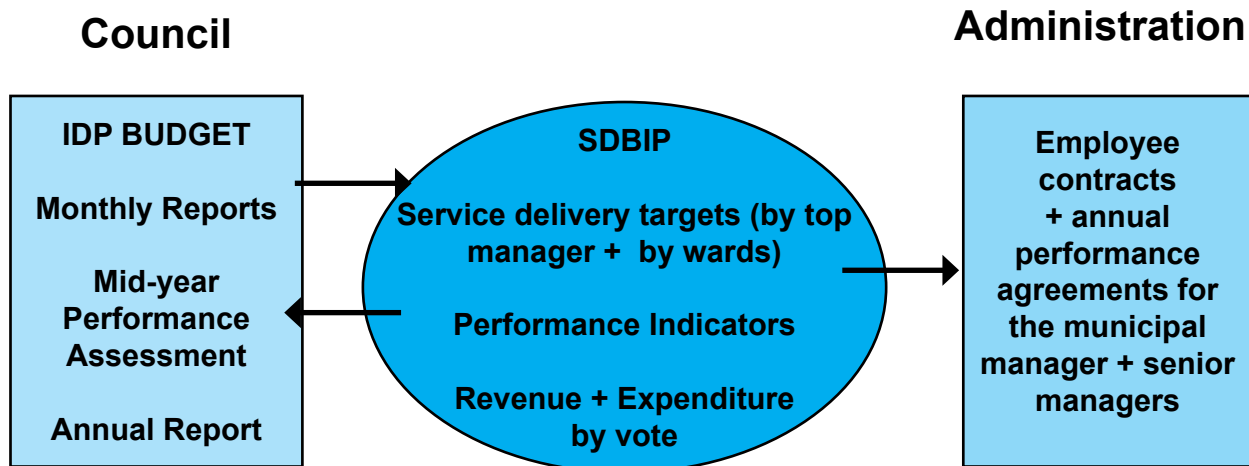
## 6.5 Service Delivery and Budget Implementation Plan (SDBIP)

The SDBIP which gives effect to the Integrated Development Plan (IDP) and the municipality's budget as one aligned process in conjunction with the performance agreements of senior managers.

The SDBIP serves as a 'contract' between the administration, council and community expressing the goals and objectives set by council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget. The SDBIP can be summarized visually as follows:

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## What is an SDBIP?



- (a) The mayor must approve the Services 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:
- Monthly projections of revenue to be collected for each source
  - Monthly projections of expenditure (operating and capital) and revenue for each vote
  - Quarterly projections of service delivery targets and performance indicators for each vote
  - Ward information for expenditure and service delivery
  - Detailed capital works plan broken down by ward over three years.

### 7. CAPITAL BUDGET

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

- (a) Expenditure of a project shall be included in the capital budgets if it meets the asset definition i.e if it results in asset being acquired or created and has a useful life in excess of one year.
- (b) A municipality may spend money on a capital project only if the funds for the project has been appropriated in the capital budget.
- (c) 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.
- (d) Before approving a capital project, the Council must consider:
- the projected cost of the project over all ensuing financial years until the project becomes operational,
  - future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- (e) Before approving the capital, 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, and
  - iii. maintenance of fixed assets, and
  - iv. any other ordinary operational expenses associated with any item on such capital budget.
- (f) Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.
- (g) The capital expenditure shall be funded from the following sources:

## 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 can be reasonably assumed as being secured;
- The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

## 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;
- Interest earned on investments of Conditional Grant Funding shall be capitalized if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can be allocated directly to the revenue accounts.
- Grant funding does not need to be cash backed but cash should be secured before spending can take place.

## 8. OPERATING BUDGET

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
  - i. provision for bad debts in accordance with its rates and tariffs policies
  - ii. loss of obsolescence and deterioration of stock in accordance with its stores management policy will be carried in the operating budget in year that losses occurred
  - iii. depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
  - iv. At least 7% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance.
- (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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- (e) The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.
- (f) The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 35% of the aggregate operating budget.
- (g) The remuneration of political office bearers and other councillors shall be excluded from this limit.

## 9. 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 and
  - ii. borrowed funds in respect of the capital budget only.

## 10. 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.
- (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) Application for roll- over of funds shall be forwarded to the budget office by the 15<sup>th</sup> of April each year to be included in next year's budget for adoption by Council in May.
- (e) Adjustments to the rolled over budget shall be done during the 1<sup>st</sup> budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- (f) No unspent operating budget shall be rolled over to the next budget year
- (g) Conditional Government Grants unspent cannot be rolled over until such time it has approved by National Treasury in writing.

## 11. ADJUSTMENT BUDGET

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

- (a) The Deputy Municipal Manager: Financial Services shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the mayor on the revision of the IDP and the budget-related policies where these are indicated.
- (b) Council may revise its annual budget by means of an adjustments budget once a year before the 28<sup>th</sup> February of each year.
- (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 Mayor.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- (f) Only the Mayor shall table an adjustments budget. The adjustments budget can be done for the following-
- to adjust funding rolled over from the previous financial year as well as to include additional funding that has become available from external sources,
  - to take into account recommendations from the mid-year budget and performance report tabled to Council in January that affect the annual budget
- (g) An adjustments budget must contain all of the following:
- an explanation of how the adjustments affect the approved annual budget;
  - appropriate motivations for material adjustments; and
  - an explanation of the impact of any increased spending on the current and future annual budgets.
- (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 adjustment budget.

## 12. BUDGET IMPLEMENTATION

### 12.1 Monitoring

- (a) The accounting officer with the assistance of the Deputy Municipal Manager: Financial Services and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
- funds are spent in accordance with the budget;
  - expenses are reduced if expected revenues are less than projected; and
  - revenues and expenses are properly monitored.
- (b) The Accounting officer with the assistance of the Deputy Municipal Manager: Financial Services must prepare any adjustments budget when such budget is necessary and submit it to the 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

The chief financial officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the business units shall furnish the chief financial officer with all explanations required for deviations from the budget. The chief financial officer shall submit these monthly reports together with a high level report from the finance business to the mayor, finance committee and executive committee in accordance with the prescriptions of the Municipal Finance Management Act.

#### 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 mayor 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.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

(b) 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.

(c) 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 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.

## 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 Accounting officer must then submit a report on such assessment to the Mayor by 25 January each year and to Council and National Treasury by 31 January each year.

(c) The Accounting officer may in such report make recommendations after considering the recommendation of the Deputy Municipal Manager: Financial Services 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. Unforeseeable and unavoidable expenditure is incurred and approved by the Mayor

The MFMA Budget and Reporting Regulations prescribes the process to be followed for the approval of unforeseeable and unavoidable expenditure.

Unforeseen and unavoidable expenditure are expenditure that

-Could not have been foreseen at the time the annual budget of the municipality was passed

-The delay that will be caused by a pending adjustments budget may:

1. Result in significant financial loss for the municipality
2. Cause a disruption or suspension or serious threat to the continuation of services
3. Lead to loss of life or serious injury or significant damage to property
4. Obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

Any department becoming aware of the need to incur unforeseen or unavoidable expenditure must immediately approach the Chief Financial Officer with the full details on the unforeseen expenditure, providing information on the consequences of not incurring the expenditure as well as an indication of the expected cost (both for the current year as well as any recurring cost resulting from the event).

The Chief Financial Officer will determine whether the cost cannot be dealt with through a process of shifting of funds within the relevant votes. If sufficient funds are available for shifting within the vote, the shifting of funds process will be followed. If not, the matter will be reported to the Municipal Manager for consideration as unforeseen and unavoidable expenditure.

Once the Municipal Manager has granted approval, the relevant Head of Department will be authorised to submit a report to the Mayor requesting approval. If approval is granted, the PROMIS financial system will be adjusted to allow the department to process the financial transaction.

The abovementioned process will be dealt with as highest priority to ensure that administrative delays do not exacerbate the situation.

An adjustments budget will be submitted to the next Council meeting. The preferred process would be to shift funds between votes to avoid any negative impact on the total cash position of council.

## **14. Approval of un-authorised expenditure when the Mayor tables the annual report**

The MFMA defines Unauthorised, irregular or fruitless and wasteful expenditure as follows:

“Unauthorised expenditure”, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes-

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

Any unauthorised expenditure as defined above, must be disclosed in the Annual Financial Statements by the Chief Financial Officer.

The Finance Committee must consider the unauthorised expenditure as disclosed immediately after the Annual Report has been tabled in Council. As part of their investigation, the following requirements for recovering of cost must be considered:

### **Section 32 of the MFMA:**

*32. (1) Without limiting liability in terms of the common law or other legislation-*

- (a) a political office-bearer of a municipality is liable for unauthorised expenditure if that office-bearer knowingly or after having been advised by the accounting officer of the municipality that  
The expenditure is likely to result in unauthorised expenditure, instructed an official of the municipality to incur the expenditure;*

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- (b) the accounting officer is liable for unauthorised expenditure deliberately or negligently incurred by the accounting officer, subject to subsection (3);
  - (c) any political office-bearer or official of a municipality who deliberately or negligently committed, made or authorised an irregular expenditure, is liable for that expenditure; or
  - (d) any political office-bearer or official of a municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.
- (2) A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure-
- (a) in the case of unauthorised expenditure, is-
    - (i) authorised in an adjustments budget; or
    - (ii) certified by the municipal council, after investigation by a council committee recoverable and written off by the council; and in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.
- (3) If the accounting officer becomes aware that the council, the Mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided that the accounting officer has informed the council, the mayor or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.

## 15. RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER (ASSUMING REQUIRED DELEGATIONS BY ACCOUNTING OFFICER IN PLACE)

- 15.1 Without derogating in any way from the legal responsibilities of the municipal manager as accounting officer, the chief financial officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking and investments policy), and shall be accountable to the municipal manager in regard to the performance of these functions.
- 15.2 The municipal manager shall ensure that all heads of departments provide the inputs required by the chief financial officer into these budget processes.
- 15.3 The chief financial officer shall draft the budget timetable for the ensuing financial year for the mayor's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the mayor, finance committee, executive committee and council.

# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**

- 15.4 Except where the chief financial officer, with the consent of the mayor and municipal manager, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on:
- depreciation charges
  - repairs and maintenance expenses
  - interest payable on external borrowings
  - other operating expenses.
- 15.5 In preparing the operating budget, the chief financial officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the chief financial officer shall properly and adequately reflect the organisational structure of the municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury.
- 15.6 The chief financial officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to insurance (premiums), and the contributions to the provisions for bad debts and obsolescence of stocks.
- 15.7 The chief financial officer shall further, with the approval of the mayor and the municipal manager, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.
- 15.8 The chief financial officer shall, with the approval of the mayor and the municipal manager, and having regard to the municipality's current financial performance determine the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.
- 15.9 The chief financial officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately furnish the chief financial officer with all explanations required for deviations from the budget. The chief financial officer shall submit these monthly reports to the mayor, finance committee and executive committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.
- 15.10 The chief financial officer shall provide technical and administrative support to the mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budgets.
- 15.11 The chief financial officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the mayor on the revision of the IDP and the budget-related policies where these are indicated.
- 15.12 The chief financial officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.



# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- 15.13 The chief financial officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote, and shall not be charged out as an overhead.
- 15.14 The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.
- 15.15 The chief financial officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

## ANNEXURE A: LEGAL REQUIREMENTS

### Section 15 of Municipal Finance Management Act: Appropriation of funds for expenditure

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

### Section 16 Annual budgets

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

The Mayor must table the annual budget at least ninety days before the start of such financial year.

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

### Section 17 Contents of annual budgets and supporting documents

The budget must be in the prescribed format, and must be divided into a capital and an operating budget.

The budget must reflect the realistically expected revenues by major source for the budget year concerned.

The expenses reflected in the budget must be divided into votes.

The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.

The budget must be accompanied by all the following documents:

draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;

draft resolutions (where applicable) amending the IDP and the budget-related policies;

measurable performance objectives for each budget vote, taking into account the municipality's IDP;

the projected cash flows for the financial year by revenue sources and expenditure votes;

any proposed amendments to the IDP;

any proposed amendments to the budget-related policies;

the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the municipal manager, the chief financial officer, and other senior managers;

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 NGOs, welfare institutions and so on;

particulars of the municipality's investments; and

various information in regard to municipal entities under the shared or sole control of the municipality.

### Section 18 Funding of expenditures

The budget may be financed only from:

realistically expected revenues, based on current and previous collection levels;

cash-backed funds available from previous surpluses where such funds are not required for other purposes; and  
borrowed funds in respect of the capital budget only.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Section 19 Capital projects

A municipality may spend money on a capital project only if the money for the project (including the cost of any required feasibility studies) has been appropriated in the capital budget.

The total cost of the project must also be approved by the Council.

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.

Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

## Section 20 Matters to be prescribed

The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the municipality must use in compiling its budget.

The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms is used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

## Section 21 Budget preparation process

The Mayor of the municipality must:

Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.

At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget.

When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act. Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.

Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.

Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.

Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

## Section 22 Publication of annual budgets

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.

The Municipal Manager must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

## Section 23 Consultations on tabled budgets

After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made submissions on the budget.

After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

## **Section 24 Approval of annual budgets**

The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.

The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

## **Section 25 Failure to approve budget before start of budget year**

This Section sets out the process which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

## **Section 26 Consequences of failure to approve budget before start of budget year**

The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

## **Section 27 Non-compliance with provisions of this chapter**

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

## **Section 28 Municipal adjustments budgets**

A municipality may revise its annual budget by means of an adjustments budget.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.

A municipality may in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.

A municipality may authorise the utilisation of projected savings on any vote towards spending under another vote.

Municipalities may also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.

An adjustments budget must contain all of the following:

- an explanation of how the adjustments affect the approved annual budget;
- appropriate motivations for material adjustments; and an explanation of the impact of any increased spending on the current and future annual budgets.

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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## Section 29 Unforeseen and unavoidable expenditure

In regard to unforeseen and unavoidable expenses, the following apply:

- the Mayor may authorise such expenses in an emergency or other exceptional circumstances;
- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and
- the adjustments budget must be passed within sixty days after the expenses were incurred.

## Section 30 Unspent funds

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 the expenses referred to above in Section 16.

## Section 31 Shifting of funds between multi-year appropriations

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- the increase is not more than 20% of that financial year's allocation;
- the increase is funded in the next financial year's appropriations;
- the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- the Mayor gives prior written approval for such increased appropriation; and
- all the above documentation is provided to the Auditor-General.

## Section 32 Unauthorised, irregular or fruitless and wasteful expenditure

Unauthorised expenses may be authorised in an adjustments budget.

## Section 33 Contracts having future budgetary implications

Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:

The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarising the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.

The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.

The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.

The Council adopts a resolution determining that the municipality will secure a significant capital investment or derive a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

## Section 42 Price increases of bulk resources for provision of municipal services

National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:

The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

At least forty days prior to the above submission the National Treasury and organised local government must be invited to submit written comments on the proposed increase.

The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

## **Section 43 Applicability of tax and tariff capping on municipalities**

If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:

A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.

A determination promulgated after 15 March shall not take effect before 1 July of the following year.

A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

## **Section 53 Budget processes and related matters**

The Mayor of the municipality must:

Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.

Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.

Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.

Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.

The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

## **Section 68 Budget preparation**

The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

## **Section 69 Budget implementation**

The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:

funds are spent in accordance with the budget;

expenses are reduced if expected revenues are less than projected; and

revenues and expenses are properly monitored.

The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

## **Section 70 Impending shortfalls, overspending and overdrafts**

The Municipal Manager 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.

## **Section 71 Monthly budget statements**

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial 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.

This report must reflect the following:

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

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

## **Section 54 Budgetary control and early identification of financial problems**

On receipt of the report from the Municipal Manager, the Mayor must:

- consider the report;
- check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
- issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
- identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
- submit to the 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.

If the municipality faces any serious financial problems, the Mayor must:

- promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
- alert the MEC for Local Government and the Council of the municipality to the problems concerned.

The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

Section 55 Report to provincial executive if conditions for provincial intervention exist

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## **Section 72 Mid-year budget and performance assessment**

The Municipal Manager 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, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan. In terms of Section 54(1)(f) the Mayor must promptly submit this assessment report to the Council of the municipality.

## **Section 73 Reports on failure to adopt or implement budget-related and other policies**

The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

## **Section 75 Information to be placed on websites of municipalities**

The Municipal Manager must place on the municipality's official website (inter alia) the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the annual report;
- all performance agreements;
- all service delivery agreements;
- all long-term borrowing contracts;
- all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

## **Section 80 Establishment (of municipal budget and treasury office)**

Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

## **Section 81 Role of chief financial officer**

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia, assist the Municipal Manager in preparing and implementing the budget; perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;

account to the Municipal Manager for the performance of all the foregoing responsibilities.

## **Section 83 Competency levels of professional financial officials**

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## VIREMENT POLICY

### 1. BACKGROUND AND PURPOSE

- 1.1 Virement is the process of transferring funds from one line item of a budget to another. The term is derived from a French word meaning a commercial transfer.
- 1.2 The MFMA and the Municipal Budget and Reporting Regulations seek to move the municipality away from the traditional approach of appropriating/approving budgets by line item. The aim is to give the heads of municipal departments and programmes greater flexibility in managing their budgets. To further facilitate this, the municipality must put in place a virement policy, which should provide clear guidance to managers of when they may shift funds between items, projects, programmes and votes.
- 1.3 Each year, the Municipality produces an annual budget which must be approved by Council. In practice, as the year progresses, circumstances may change so that certain estimates are under-budgeted and others over-budgeted due to unforeseen expenditure ( for example, due to the occurrence of disasters), savings and reduced revenue projected. As a result, it becomes necessary to transfer funds between votes and line items. It is not practical to refer all transfers between line items within a specific vote to the Council, and as the Local Government: Municipal Finance Management Act (“MFMA”) is largely silent as to such transfers, it is necessary to establish a policy which governs the administrative transfer between line items.
- 1.4 The purpose of this policy is therefore to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials.

### 2. APPLICATION OF POLICY

- 2.1 This policy applies only to transfers between line items within votes of the Municipality’s operating budget.
- 2.2 Section 28(2) (d) read together with section 69 of the MFMA provides that “An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote.” Transfers between votes may therefore be authorised only by the Council of the Municipality.
- 2.3 Section 1 of the MFMA defines a “vote” as:
  - (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

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- 2.4 The term “vote” is used to divide the budget into segments and the council then approves the budget according to these votes via resolution. The definition requires votes to be at the departmental or functional level. The reason for this is that municipalities are organized around departments, which in most instances tend to be linked to specific functions. Senior managers often head such departments/functions, which makes it easier for the “vote” of a department to be used to facilitate greater accountability for service delivery and budget implementation over the performance of senior managers, in accordance with their annual performance agreements.
- 2.5 For effective accountability, senior managers form part of top management and report directly to the municipal manager (section 77 of the MFMA). Any expenditure incurred that is not in accordance with a vote (or exceeds the amount for a vote) is classified as unauthorised expenditure, which sets off corrective and disciplinary mechanisms against the accounting officer. Any movement of funds between “votes” or alteration of service delivery targets or performance indicators therefore requires an adjustment budget and a further council resolution. That is, a council resolution is required to deviate from the original council resolution that approved the budget. Keeping the “vote” at a high level allows senior managers to move expenditure and revenue as necessary within a “vote” without an adjustments budget provided the overall revenue, expenditure and performance objectives for that “vote” are not negatively affected. As per MFMA Circular 12, issued 31 January 2005.
- 2.6 The shifting of funds between votes will be allowed within the delegated parameters of officials:

Any request to shift funds within votes (be it for capital or operating expenditure), must be done using the prescribed form. The following process of information verification must be completed before the request is submitted for approval:

1. Verification that the request will not lead to the shifting of funds that are not within the limits of the delegated powers as indicated above.
2. Provision of background information as to why the shifting of funds are required.
3. Provision of specific information in respect of the shifting of funds.

The following information must be provided:

Specific Questions to be answered for all budget re-allocations

1. Was the budget which is now being reduced over budgeted for?
2. If not, how is it now possible to reduce the budget?
3. If yes, why?
4. How will this re-allocation impact on the budget for the next financial year?

Specific Questions to be answered for capital budget re-allocations

1. Will the project where funds are transferred from still be implemented?
2. If not, why not?
3. If yes, when and how will it be funded?
4. Was the ward councillor informed of the budget adjustment?

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 3. The Approval Process

If the shifting of funds is authorised, the approval process listed below should take place

- 3.1. Budget transfers within the same vote shall be recommended by the Deputy Municipal Manager and approved by the Deputy Municipal Manager: Financial Services or such other senior delegated official in the Budget and Treasury Department provided that the request will not have a negative impact on the SDBIP outcomes.
- 3.2. The Municipal Manager shall prescribe a form on which all proposals for transfers of funds under this policy shall be made, which form shall include, but not be limited to, provisions for the following:
  - 3.2.1 the name of the department concerned;
  - 3.2.2 descriptions of the line items from and to which the transfer is to be made;
  - 3.2.3 the amount of the proposed transfer;
  - 3.2.4 the cause of the saving in the line item from which the transfer is to be made;
  - 3.2.5 the justification for the transfer;
  - 3.2.6 an description of any consequences that such transfer may have for the Integrated Development Plan or the Service Delivery and Budget Implementation Plan.
- 3.3. No budget or virement shall be made to or from salaries except with the prior approval of the Deputy Municipal Manager: Financial Services in consultation with the Deputy Municipal Manager: Corporate Services.
- 3.4. In cases of emergency situations virements shall be submitted by the accounting officer to the Mayor for authorization and be reported by the Mayor to Council at its next meeting.
- 3.5. Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of council.
- 3.6. Deputy Municipal Managers may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance, etc.) within a vote which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same vote, with the approval of the Deputy Municipal Manager: Financial Services or such senior delegated official in the Budget & Treasury Department.
- 3.7. The request will be forwarded to the Executive Manager, Municipal Manager and Finance Committee (as applicable) for co-approval in terms of the delegated powers.
- 3.8. Approved requests will be processed on the financial system.
- 3.9. Only once funds have been shifted, will departments be able to process financial transactions.

Savings is an amount appropriated for capital expenditure may not be used to defray operational expenditure. Virements between votes shall be included in the adjustment budget. This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy. Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the council through an adjustments budget.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## 4. AUTHORISATION OF VIREMENTS

A transfer of funds from one line item to another under this policy may, subject to the provisions of this policy, be authorised as follows:

- 4.1 If the amount does not exceed R100,000 the transfer may be authorised by the Chief Financial Officer of the Municipality or the Municipal Manager of the Municipality after consultation with the Chief Financial Officer;
- 4.2 If the amount exceeds R100,000 but does not exceed R199,000 the transfer may be authorised by the Municipal Manager after consultation with the Chief Financial Officer;
- 4.3 If the amount exceeds R199,000 but does not exceed R200,000 the transfer may be authorised by the Mayor of the Municipality on the recommendation of the Municipal Manager.
- 4.4 Notwithstanding the provisions of 4.1, a transfer of funds between cost or functional centres within a particular vote may not be authorised by the Chief Financial Officer but may only be authorised by:
  - 4.4.1 the Municipal Manager, if the amount does not exceed the amount of R200,000
  - 4.4.2 the Mayor, if the cost exceeds the amount of R200,000 but does not exceed R200,000

## 5. LIMITATIONS ON AMOUNT OF VIREMENT

- 5.1 Notwithstanding the provisions of section 3:
  - 5.1.1 The total amount transferred from and to line items within a particular vote in any financial year may not exceeding 10% (the amount available after actual and committed expenditure is accounted for) of the amount allocated to that vote;
  - 5.1.2 The total amount transferred from and to line items in the entire budget in any financial year may not exceed 20% (amount) of the total operating budget for that year;
  - 5.1.3 The amount of any one transfer of funds between line items may not exceed the sum of R200,000
- 5.2 A transfer which exceeds, or which would result in the exceeding of, any of the limits referred to in 4.1 above may, however, be performed if the Council by resolution approves thereof.

## 6. VIREMENT PERMITTED ONLY IF SAVINGS ARE PROJECTED

A transfer of funds from one line item to another may take place only if savings within the first-mentioned line item are projected, and such transfer may, subject in any event to the provisions of this policy, not exceed the amount of such projected savings.

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## 7. FURTHER RESTRICTIONS ON VIREMENT

- 7.1 A transfer of funds between line items shall not be permitted under this policy if the effect thereof would be to:
- 7.1.1 contravene any policy of the Municipality; or
  - 7.1.2 alter the approved outcomes or outputs of an Integrated Development Plan; or
  - 7.1.3 result in any adjustment to the Service Delivery and Budget Implementation Plan.
- 7.2 No transfer of funds shall be permitted if same were to result in any change to the staff establishment of the Municipality, except if the Municipal Manager approves of such change.
- 7.3 If any line item has been specifically ring-fenced, no transfer of funds may be made under this policy to or from such line item.
- 7.4 Transfers of funds may not be made under this policy between or from capital items or projects .
- 7.5 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.
- 7.6 By definition, transfers may not be made under this policy from a line item administered by one department to a line item administered by another.
- 7.7 In accordance with Section 30 of the MFMA, no transfer of funds may be made from a line item of a budget for a particular year to a line item of a budget for a subsequent year.
- 7.8 The transfer of funds in any year in accordance with this policy shall not give rise to any expectations of a similar transfer occurring in a subsequent year.
- 7.9 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Municipality, or the avoidance by the Municipality of any obligation imposed upon it by contract or any other cause.
- 7.10 The approval of any transfer shall not per se constitute expenditure authority, and all expenditure resulting from approved transfers must, to the extent that same is applicable, be carried out in accordance with the Municipality's Supply Chain Management Policy.

## 8. GENERAL

- 8.1 The Municipal Manager shall be responsible for the implementation and administration of this Policy.
- 8.2 This Policy shall come into effect on 1 July 2012.

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

## CREDIT CONTROL & DEBT COLLECTION POLICY

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## PREAMBLE

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

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

- AND WHEREAS Section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-
- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

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

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

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

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

## DEFINITIONS

- 1.1 In this policy, unless the context indicates otherwise, the word or expression has the following meaning:
- 1.2 "**Accounting Officer**" The Municipal Manager appointed in terms of Section 82(1)(a) or (b) of the Municipal Structures Act, 1998 (Act No. 117 of 1998);
- 1.3 "**Account Holder**" includes a customer/consumer and refers to any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;
- 1.4 "**Actual consumption**" means the measured consumption of a consumer of a municipal service during a specified period;
- 1.5 "**Arrangements**" means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to.

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- 1.6. **“Arrears”** means any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date;
- 1.7. **“Average consumption”** means the deemed consumption of a customer of a municipal service during a specific period, which consumption is calculated by adding the recorded monthly average consumption and the current actual consumption and dividing the total by 2;
- 1.8. **“Bank guarantee”** refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor (“the consumer”) fails to pay;
- 1.9. **“Calculated amounts”** refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer **or**, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business;
- 1.10. **“Chief Financial Officer”** refers to the person so designated in terms of Section 75(2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) or any person duly authorised to act on behalf of such person and shall have the same meaning as Strategic Executive Manager: Finance;
- 1.11. **“Consolidated account”** refers to one combined account for all municipal services, housing rents and installments, rates and basic charges payable, and “consolidated bill” has a corresponding meaning;
- 1.12 **“C.D.U.”** shall mean a central distribution unit that distributes electricity from a central point to households;
- 1.13. **“Consumption”** means the ordinary use of municipal services, including water, sanitation, refuse removal, and electricity services for all categories of consumers;
- 1.14. **“Conventional electricity and water meters”** means electricity and/or water meters, as the case may be, which are used to determine the supply of electricity and water and which are normally read on a monthly or other fixed interval basis;
- 1.15 **“Council”** refers to The Msunduzi Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy;
- 1.16 **“Councillor”** refers to any member of a municipal council;
- 1.17 **“Credit Control”** refers to all functions relating to the collection of monies owed by customers and users of municipal services.
- 1.18 **“Defaulter”** refers to any customer who owes the Council arrear monies in respect of rates and / or service charges;
- 1.19 **“Deposit”** refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property are required;

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- 1.20 **“Final date”** in the absence of any express agreement in relation thereto between the Council and the customer, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid;
- 1.21 **“Final Demand”** means a notice sent to an account holder calling for settlement of any municipal debt that has not been paid by due date and where legal action may be taken after giving due consideration to the notice period specified in the notice.
- 1.22 **“Equipment”** refers to any building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;
- 1.23 **“Estimated consumption”** arises when no actual reading can be taken and is equivalent to the existing average consumption;
- 1.24 **“Existing customers”** refers to the customers who have already entered into an agreement for the supply of municipal services;
- 1.25 **“Financial year”** refers to the period starting from 1 July in a year to 30 June the next year;
- 1.26 **“Implementing Authority”** means the Municipal Manager or his nominee, acting in terms of Section 100 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000);
- 1.27 **“Interest”** is a charge levied and calculated at a rate determined by law from time to time on all arrear amounts owing;
- 1.28 **“Market value”**, in relation to a property, means the value of the property determined in accordance with section 46 of the Act;
- 1.29 **“MCB”** means Mini Circuit Breaker
- 1.30 **“Meter audits”** refers to an investigation to verify the correctness of the consumption and supply of electricity and water;
- (a) 1.30 **“Municipality”** when referred to as:
- (b) a corporate body, means a municipality as described in Section 2 of the Municipal Systems Act, 2000 (Act No. 32 of 2000);
- (c) a geographic area means a municipal area determined in terms of the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998).
- 1.31 **“Municipal Manager”** means the person appointed as Municipal Manager in terms of Section 82 of the Local Government Municipal Structures Act, 1998, (Act No. 117 of 1998) and includes any person acting in that position or to whom authority has been delegated;
- 1.32 **“Municipal services”** refers to any services provided by the municipality or any authorised and contracted service provider, available or applied for, or provision made for any service, for which it is entitled to charge a fee or formulate a tariff, payable by a customer or user, thereof;
- 1.33 **“Normal office hours”** means 08h00 to 16h00 on week days;
- 1.34 **“Official”** refers to an employee of The Msunduzi Municipality



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1.35 **“Occupier”** means any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property;

1.36 **“Owner”** means

- (a) In relation to property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) In relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) In relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
  - (i) In relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
    - (ii) A trustee in the case of a property in a trust excluding state trust land;
    - (iii) An executor or administrator, in the case of a property in a deceased estate;
    - (iv) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
    - (v) A judicial manager, in the case of a property in the estate of a person under judicial management;
    - (vi) A curator, in the case of a property in the estate of a person under curatorship;
    - (vii) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
    - (viii) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (a) A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- (b) 1.37 **“Property”** means-
- (c) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (d) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against a property;

A land tenure right registered in the name of a person or granted to a person in terms of legislation; or  
Public service infrastructure;

1.38 **“Rates”** means a municipal rate on property envisaged in section 229 (1)(a) of the Constitution;

1.39 **“Service agreement”** refers to a written agreement for the consumption of electricity and/or water and other services as determined from time to time including a consolidated account.

1.40 **“Terminated account”** refers to:

- (a) the final account for services after the customer has left the premises, whether or not the customer has given notice to terminate the supply of service; OR
- (b) the final account for services if the customer has contravened the service provisions of this policy and attendant municipal bylaws;

1.41 **“Variable flow-restricting device”** refers to a device that is coupled to the water connection that allows the water supply to be restricted or closed;

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- 1.42 **“Visitation fee”** refers to the fee charged for attendance and/or disconnection/reconnection of an electricity/ water supply when the supply is been disconnected/reconnected due to non-payment and/or tampering, or where access to disconnect/restrict has not been gained, which fee shall be determined from time to time by the Council;
- 1.43 **“Garnishee order/emoluments order”** refers to a court order for the deduction of an amount of money from the salary or other income of a customer.
- 1.44 **“Municipal Pay-Point”** shall mean all Municipal Cash Offices and third party vendors who are authorized to collect monies on behalf of Council”.

## 2. INTRODUCTION

The Municipality cannot develop the local economy and provide acceptable services to its residents unless it receives payment, in full, of all bills raised for the services that it provides.

The Municipality must develop, maintain and implement a credit control and debt collection policy that is consistent and complies with the relevant legislation.

With regard to payments expected from registered indigents and Council tariffs, this policy is to be read in conjunction with The Msunduzi Municipality Indigent Policy and The Msunduzi Municipality Tariff Policy.

## 3. OBJECTIVES

The objectives of the Credit Control and Debt Collection Policy are:

3.1 To define a framework within which the municipality can develop an effective procedure to bill and collect its revenues;

3.2 To ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (Act No. 32 of 2000), and other applicable legislation;

3.3 To maintain and implement a credit control and debt collection policy, which is consistent and complies with Section 97 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

To ensure that the municipality develops credit control procedures and mechanisms that are considered to be consistent, fair and effective to all its consumers.

## 4 UNDERLYING PRINCIPLES OF THIS POLICY

4.1 The administrative integrity of the municipality must be maintained at all times. The Executive Committee must follow supervisory authority in terms of the Systems Act: Section 99(a)(i).

4.2 This policy shall take effect and be enforceable from the date of publication of the Credit Control By-Laws.

4.3 The collection process must be cost-effective and enforcement of payment for services rendered must be prompt, consistent and effective.

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- 4.4 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections and/or restrictions, penalties, loss of rights and criminal prosecutions.

## 5. ROLES AND RESPONSIBILITIES OF THE MUNICIPAL MANAGER

- 5.1 In terms of Section 100 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Municipal Manager is responsible for implementing the credit control and debt collection policy and accordingly shall be, inter alia, responsible for the following:
- 5.1.1 install and maintain an appropriate accounting system.
  - 5.1.2 bill customers.
  - 5.1.3. demand payment on due dates.
  - 5.1.4. raise penalties and interest for defaulters.
  - 5.1.5 appropriate payments received.
  - 5.1.6. collect outstanding debt.
  - 5.1.7. provide different/alternate payment methods.
  - 5.1.8 determine credit control and debt collection measures.
  - 5.1.9 determine all relevant work procedures for, inter alia, public relations, arrangements, disconnection/reconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
  - 5.1.10 instructs attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders, etc.).
  - 5.1.11 appoint staff to execute Council's policy and by-laws.
  - 5.1.12 determine internal control procedures.
  - 5.1.13 monitor contracts with service providers in connection with credit control and debt collection.
  - 5.1.14 The Municipal Manager may delegate these responsibilities to the Chief Financial Officer. However, this delegation does not absolve the Municipal Manager from being held accountable for implementing this policy.
  - 5.1.15 The Municipal Manager is to report monthly to the Executive Committee, and quarterly to the Council, on the actions taken in terms of this policy, and on the payment levels for the periods concerned.
  - 5.1.16 Although the Municipal Manager is held accountable for implementing this policy, it is the responsibility of all officials of the municipality to promote and support this credit control and debt collection policy.

## 6 ROLES AND RESPONSIBILITIES OF THE COUNCIL

- 6.1 To, together with the Chief Financial Officer, set an annual improvement target for debt collection, in line with acceptable accounting ratios and the ability and performance of any appointed external service providers.
- 6.2 To approve a reporting framework for credit control and debt collection.
- 6.3 To consider and approve by-laws to give effect to the Council's policy.
- 6.4 To approve funds for the training of staff in connection with credit control and debt collection.
- 6.5 In terms of Section 99 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Executive Committee, is to monitor and supervise the application of this policy, and is to report to Council on the extent and success of the municipality's credit control actions.

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## 7 DUTIES AND FUNCTIONS OF COUNCILLORS

- 7.1 To adhere to and convey Council policies to residents and ratepayers.
- 7.2 To adhere to the Code of Conduct for Councillors.
- 7.3 The ward committees will act in terms of roles and functions as approved by Council.
- 7.4 The ward committees are encouraged to actively promote this policy, and to ensure, at the same time, that the municipality's customer service is of a standard acceptable to the community.

## 8 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

**By accessing services provided by the Municipality, customers have a duty, inter alia:**

- 8.1 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality on or before the due date for payment.
- 8.2 To observe the mechanisms and processes of the municipality in exercising their rights.
- 8.3 To allow municipal officials access to their property to execute municipal functions.
- 8.4 To comply with the by-laws and other legislation of the municipality.
- 8.5 To refrain from tampering with municipal services and property.

## 9 AREA OF APPLICATION

- 9.1 This policy shall apply and be enforceable throughout the entire area of jurisdiction of The Msunduzi Municipality and other areas of supply and in signing an agreement, the customer acknowledges that should he fall into arrears, the Municipality may implement such credit control measures as it deems necessary.
- 9.2 The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this policy. The Council will, on application of this policy, avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

## 10 APPLICATION FOR SERVICES AND SERVICE AGREEMENTS

- 10.1 Before being provided with electricity, water and/or other services, and prior to taking occupation of premises, only the owner shall enter into a service agreement for the provision of such services; that is, no tenant will be permitted to enter into any service agreement in his/her name, provided that, in the event that the owner is not resident within the municipal area, he may sign a power of attorney which permits some other person to act on his behalf for the purposes of entering into a service agreement.
- 10.2 The Municipality will require, in cases where the ownership of a property resides in a trust, body corporate, close corporation or any other entity or legal person, full details of the person responsible for paying such account on behalf of that legal person or entity together with the applicable identity and registration documentation.



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- 10.3 A new Service Agreement will only be entered into in respect of a property, once all outstanding accounts owed in respect of the property are settled in full.
- 10.4 Where the owner or consumer has failed to enter into an agreement for the provision of services; the owner/consumer responsible for the payment of rates on the property will be billed for the consumption of all municipal service charges applicable to the property.
- 10.5 Application forms are available at the municipal offices and the application process must occur at least ten (10) working days prior to taking occupation of the premises. This will ensure that services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken. Once the application has been approved, a service agreement will be entered into and services will commence.
- 10.6 The Municipality will render the first account after the first meter reading cycle following the date of signing the service agreement or as soon as is administratively possible.
- 10.7 Consumers who illegally consume services without a valid service agreement will be subject to disconnection and/or removal of the service and may be prosecuted.
- 10.8 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to agree to abide by the provisions of the Municipalities credit control policy and Bylaws.
- 10.9 The owner of the property shall be jointly and severally liable with the consumer in respect of all amounts due for the municipal services provided to the property.
- 10.10 On the death of a partner married in terms of the applicable marriage legislation of South Africa, the surviving spouse may have the account transferred together with the outstanding debt into their name by completing a service agreement and a deposit will not be requested.  
Upon the death of a parent, the above will not apply to the siblings. Siblings will be required to complete a service agreement with written consent from the executor of the estate and the necessary deposit will need to be paid.
- 10.11 The owner must declare ownership of and/or interest in any property within the jurisdiction of the municipality. The Process Manager: Income reserves the right to consider all debt in respect of all properties declared for full payment before such new service is approved, in terms of Section 102 of the Systems Act. Council reserves the right to supply services to owners/occupiers residing on properties with illegal structures or uses.

## 11 DEPOSITS AND GUARANTEES

- 11.1 Any customer, including the registered owners of the property, is to pay a deposit on application for the provision of municipal services before the municipality renders any service to the property. Deposits are payable when new customers sign service agreements and when existing customers move to a new supply address. All deposits shall be paid at least 10 (ten) days prior to occupation of the property or prior to the date on which the services are required, if not required on date of occupation. Failure to comply with this clause may result in a delay in the connection of services and the Council shall not be liable for any loss or prejudice suffered by a customer as a result thereof.
- 11.2 Subject to the provisions of clauses 11.3, 11.4 and 11.5 hereunder, the calculation for deposits shall be determined by consideration of the following:

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- 11.2.1 An amount equal to two months consumption based on three months average consumption of services;
- 11.2.2 An amount equal to two months of rates;
- 11.2.3 Deposit on rental as reflected in the lease agreement between the Municipality and the lessee;
- 11.2.4 Any other relevant charges and risk criteria
- 11.2.5 As reflected in the approved Tariff Policy
- 11.3 The Chief Financial Officer may re-assess customer deposits for all domestic, commercial and industrial customers three months after the initial deposit date and may, as a result of this reassessment, require an additional deposit from the customer.
- 11.4 The Chief Financial Officer may review and increase deposits annually and, in the case of a customer's service being disconnected or restricted as a result of non-payment on three occasions within a six month period or tampering, may notwithstanding the provisions of clause 11.3 above, increase or impose a deposit. Should the deposit be increased as a result of this review the customer must make payment of the increased amount in line with the instruction from the Chief Financial Officer. When the increase results from the services being disconnected or restricted as a result of any payment/non-payment or tampering, the Chief Financial Officer may demand immediate payment of the increased amount of the deposit.
- 11.5 The outcome of the review contemplated in clause 11.4 shall be communicated to the customer in the event of any variation in the deposit arrangements being required.
- 11.6 No interest will accumulate or be paid on any deposits upon termination of the service. Only the original deposit amount will be refunded, subject to ensuring that arrears on any accounts attached to the property are settled.

## 12 ACCESS TO PROPERTY TO READ METERS

- 12.1 If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible, the municipality shall estimate the consumption of the service concerned and thereafter bill the consumer for the monetary value of such estimated consumption.
- 12.2 In the event that the Council continues to be unsuccessful in obtaining access to the property or meter for a period of 3 months and, therefore, is unable to obtain an accurate meter reading, the Chief Financial Officer or his authorised representative may disconnect the supply via the Central Distribution Unit (CDU).
- 12.3 The municipality will leave notices at properties when a meter reading could not be obtained. It is the obligation of the owner to ensure that a reading is available for billing purposes and in cases like these owners must within 48 hours make arrangements with the Municipality to obtain meter readings.
- 12.4 Readings provided by consumers are subject to the following:
- Readings will be permitted provided the municipality obtains any final reading should the consumer move to another supply address.
  - Consumers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.
  - The Municipality is entitled to make suitable adjustments to the readings should a consumer fail to ensure that a final reading is obtained.
  - An audit reading during the normal reading cycles must be obtained at least once every 6 months. If a special audit reading becomes necessary this will be done at the cost of the consumer.



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- The consumer may supply voluntary readings subject to compliance with this policy and By-laws. The Chief Financial Officer may, however, cancel this option if the consumer fails to render readings on two or more consecutive occasions.

## 13 ACCOUNTS, BILLING AND PAYMENT

- 13.1 The Council shall produce and post/dispatch one consolidated monthly bill to consumers for services supplied or available (inter alia, electricity, water, refuse and sewerage charges) and for rates levied on property within the municipal area unless, for whatever reason, the rates account has not been consolidated with the services account in which case separate monthly accounts will be posted.
- 13.2 The account/invoice will, inter alia, reflect all requirements specified in the Municipal Property Rates Act and the following details:
- Account Holder
  - Account number;
  - Postal address;
  - Residence/Erf details to which the services have been supplied;
  - The consumption or estimated consumption for each metered service within a specified period;
  - The applicable tariff;
  - The monthly amount due for property rates and the total annual amount due;
  - The valuation of the property;
  - The amount due on any other service charges;
  - The total amount due and payable;
  - The amount in arrears;
  - The final date for payment
  - The method of payment, name and location of any municipal offices and authorised agents where payments may be made, and
  - A notification that failure to settle the total amount due by final date will result in termination or restriction of services.
- 13.3 The Municipality shall furnish the consolidated account to the consumer address, in South Africa, as specified by each consumer in the services agreement. However, non-receipt of an account does not negate the responsibility of the customer to pay the amount owing by final date nor prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the most recent account, before the final date.
- 13.4 The account holder shall notify the Municipality in writing of any change of address, including an e-mail address, and contact details. Notwithstanding the fact that a consumer has not received an account as a result of his failing to notify the Council of his change of address or due to delays on the part of external service providers, the account holder is nevertheless liable for payment of such account.
- 13.5 Accounts must be paid in full on or before the final date as indicated on the account. Failure to comply with this section shall result in credit control measures being instituted against the consumer. Interest on arrears will accrue after final date if the account remains unpaid irrespective of the reason for non-payment.
- 13.6 Payments for accounts must be received at a Municipal Pay-Point by close of business on or before the final date. In the case of any electronic payments the money must be received in the municipal bank account no later than the close of business on the final date. In the case of monies paid to agents, the money must be deposited with the agent prior to the close of business on final date and proof thereof may be required to validate any claims.

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- 13.7 The following methods of payment and payment points can be used:
- Municipal pay points
  - Cash, Visa and Mastercard payments (as available) can be made at the municipality's cash offices, any South African Post Office and their agencies, First National Bank and Easypay Outlets e.g. Pick & Pay, Checkers, etc.
  - Cheque payments will only be accepted at the municipality's head office; that is, no 3rd party agencies can accept cheques;
  - Electronic banking payments directly into the municipality's account;
  - Post;
  - The Municipality reserves the right to discontinue accepting cheque payments if cheque payments were dishonoured.

## 14 PROPERTY RATES

- 14.1 In terms of the Council's Rates Policy and in accordance with the approved rates tariff, property rates will be raised on a monthly basis.
- 14.2 All property rates not paid by final date will, in addition to any procedures as prescribed be subject to credit control and debt collection procedures as stipulated in this policy.

## 15 INTEREST ON ARREARS AND OTHER PENALTY CHARGES

- 15.1 Interest shall be charged on all arrear capital amounts for a full month, irrespective of when payment is made.
- 15.3 The Chief Financial Officer will be entitled to raise the following charges in addition to the interest charge contemplated in clause 15.1:
- In the case of arrear rates, a collection charge equal to 10% will be raised on all arrear rates installments, after the last working day of the first month succeeding the final date for payment of the twelfth monthly installment.
  - charges for disconnection or reconnection of electrical services
  - Charges for restriction or removal of water services
  - charges for reconnection or reinstatement of water services
  - charges for notices of default and other correspondence
  - penalty charges for illegal reconnections
  - penalty charges for dishonoured cheques

## 16 AGREEMENTS AND ARRANGEMENTS FOR PAYMENT OF ARREAR ACCOUNTS

- 16.1 The Chief Financial Officer is authorised to enter into agreements with account holders in arrears with their accounts and to grant account holders extensions of time for settlement of the amounts due to Council.
- 16.2 Where an account holder in arrears, is a business or commercial concern, a **minimum of 50% of the total overdue amount and the current amount due**, as an initial payment, shall be paid, and the balance of the account shall be paid in equal installments over a maximum period of six months. Upon written application by an account holder the maximum repayment period may be extended and the deposit reviewed at the discretion of the Consolidated Billing Manager subject to the supply of the previous years audited financial statements, six months bank statements, valid tax clearance certificate and any other documentation deemed relevant.

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Any future monthly current accounts shall be paid on or before the final dates for the month in question. In respect of business or commercial account holder who are in arrears, **interest will be raised in terms of this by law and the MFMA section 64 (2)(g).**

- 16.3 Where a customer in arrears is a domestic consumer, **10% of the total overdue balance and the current amount due**, as an initial payment, and the balance of the account shall be paid in equal installments over a maximum period of twelve months.  
Upon written application by an account holder the repayment period may be extended to a maximum of sixty months and a percentage lower than the above 10% may be permitted at the discretion of the Consolidated Billing Manager, subject to the supply of three months bank statements and any other documentation deemed relevant.
- Applications received from indigents with extensive debt must include the documentation referred to below and adhere to the criteria set below:
  - Evidence of government grant
  - Evidence of a child grant
  - Affidavit from family/person declaring assistance
  - Conversion to the Indigent tariff
  - Property may be subject to an audit
- Inspection to determine correct Mini Circuit Breaker (MCB)
- Any future monthly accounts shall be paid on or before final the date. In respect of domestic consumers who are in arrears, **interest will be raised in terms of this by law and the MFMA section 64 (2)(g).**
- Any application with a repayment period greater than sixty months will be referred to the Chief Financial Officer or his delegated authority for approval.**
- 16.4 Where the municipality has for any reason been unable to bill the account holder and a debt accrues in excess of the normal average account, a further extension of time, in addition to the 12 month period mentioned in 16.3 above, may be granted by the Chief Financial Officer, which shall not exceed the maximum period equivalent to the period over which the incorrect charge was applied.
- 16.5 Should an account holder breach the arrangement in any way, the balance of the arrear account, together with the balance of interest outstanding on the account, shall immediately become due and payable to the municipality.
- 16.6 An account holder who fails to comply with any credit arrangement **shall not be permitted to enter into any further arrangement or extension of time** for payment and shall have the services terminated, however an account holder who brings the credit arrangement up to date by an immediate payment shall have the services reconnected as soon as is practically possible and the arrangement reinstated only on the first offence.
- 16.7 An account holder who fails to comply with any arrangement of debt shall have the electricity credit meter or prepaid meter removed, the water service restricted and the service agreement terminated. The deposit on any outstanding amounts will be allocated against any arrear debt.
- 16.8 Only debtors with positive proof of identity or an authorised agent with a Power of Attorney shall be permitted to enter into an Acknowledgment of Debt agreement with the Council.
- 16.9 Where a debtor is a close corporation, trust, or a company, the person who signs an acknowledgment of debt on behalf of such close corporation, trust or company, shall produce written proof that he is authorised to sign such acknowledgment on behalf of all members and/or directors of the close corporation, trust, or the company.

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- 16.10 Section 28 of the Municipal Property Rates Act will be enforced to recover arrear rates from tenants and occupiers.
- 16.11 Any account holder who makes an arrangement in terms of 16.2 or 16.3 shall ensure that the owner completes a waiver in terms of section 118 (i) of the Systems Act (Act 32 of 2000).

## 17 ALLOCATION OF PAYMENTS AND PART-PAYMENTS

- 17.1 Receipt of the total outstanding monies will be allocated to the credit of the account in full.
- If a debtor pays only part of any amount due, the Chief Financial Officer shall allocate such payment in the following order:
  - to any unpaid property rates;
  - to any unpaid interest raised on the account;
  - to any other sundry debtors (miscellaneous);
  - to housing rents and installments;
  - to any unpaid refuse collection charges;
  - to any unpaid sewerage charges;
  - to any unpaid water charges;
  - to any other unpaid charges and
  - to any other unpaid electricity charges
- 17.2 A customer shall not be entitled to allocate any payment made to any portion of the total debt due to the Council.

## DISHONoured AND OTHER UNACCEPTABLE CHEQUES

- 18.1 Refusal by banks to honour payments by cheque is regarded as non-payment, upon which the relevant debtor is subject to credit control measures.
- 18.2 The municipality shall, at the earliest opportunity, be entitled to disconnect or restrict, as the case may be, the electricity and/or water supply of a customer who has offered a cheque as payment for municipal services if such cheque or debit order is returned or dishonoured by the financial institution.
- 18.3 A consumer tendering a cheque referred to in Clause 18.2 shall be liable for all administration charges and bank fees incurred as a result of such transaction.
- 18.4 Dishonoured cheques are to be kept on file and copies thereof will only be issued to account holders on request if the account, including legal costs, if any, is paid up to date after the reversal of the dishonoured payment.
- 18.5 A consumer who has tendered three dishonoured cheques in any 12 month period will not be allowed to make further payments by cheque. A bank guaranteed cheque may be accepted by the Chief Financial Officer.

## 19 QUERIES IN RESPECT OF ACCOUNTS

- 19.1 The municipality's service centers can be contacted for all account queries.
- 19.2 Any query in respect of the amount due and payable on the consolidated bill must be lodged in writing, at the municipality.

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- 19.3 A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment on his account. In the event of an account holder providing reasonable grounds as a basis for a query on any item or items on the monthly municipal account, no action shall be taken against the account holder provided the accountholder has paid, by due date, an amount equal to the monthly average of the three most recent undisputed accounts in respect of the service in dispute, as well as all undisputed balances on such account.

## 20 DISCONNECTIONS/RESTRICTIONS OF SERVICES

- 20.1 The Council is obliged to issue any final request notices or other reminders to customers whose accounts are in arrears, prior to disconnection in terms of the Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000) in so far as possible.
- 20.2 The consolidated account, if in arrears for 30 days or more, shall reflect a warning message.
- 20.3 In the event that full payment of the consolidated account, including any accumulated arrears, is not received on or before due date, the electricity supply and thereafter the water supply shall be disconnected/restricted, unless a formal acknowledgement of debt has been signed by the customer and the necessary arrangement for an extension of payment has been approved by the Chief Financial Officer.
- 20.4 Even though a customer may have concluded satisfactory credit arrangements, the Council is not obliged to effect a reconnection of services on the day that payment is received or the agreement has been signed but shall do so as soon as possible after such arrangement have been approved by the Chief Financial Officer.
- 20.5 Where a customer's services are disconnected/reconnected, the customer shall be charged a visitation fee, as determined by the council from time to time, which shall be paid prior to services being reconnected.
- 20.6 Where a customer or owner's account is in arrears and no credit arrangement for the settlement of any outstanding debt has been entered into, and, whether the services to the property have been disconnected / restricted or not, the Council may, regardless of whether the service agreement is terminated or not, implement the procedures for debt collection as set out in Section 23 of this policy, if such action is deemed by the Chief Financial Officer to be in the best interests of the Council.
- 20.7 Should the termination of services, in respect of an arrear account result in the endangerment of the life of any person, the Chief Financial Officer may appropriately restrict rather than terminate the services in question.

## 21 RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

- 21.1 Services which have been terminated or restricted shall be reconnected or reinstated by the municipality only when all the following conditions have been met:
- (a) the arrear account has been paid in full, including the interest raised on such account; or an acceptable arrangement has been entered into with the municipality for the payment of the arrear account, including the interest raised on such account; or a query, as contemplated in Section 19, has been resolved and arrangements for payment as approved by the Chief Financial Officer have been concluded;
  - (b) a revised service agreement has been entered into or an existing one reinstated with the municipality, as contemplated in Section 10 of this policy; and

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(c) a cash deposit, as determined by the Chief Financial Officer in terms of Section 11, has been paid to the municipality.

**21.2 Where consumers using prepaid meters have arrear amounts in respect of other rates and/or services rendered by the municipality the Council may allocate a proportionate amount as determined by the Chief Financial Officer, of any future prepaid purchases to arrear amounts until such time as the arrears have been brought up to date.**

## **22 PERIOD FOR RECONNECTION OR REINSTATEMENT**

**22.1** The municipality shall endeavour to reconnect or reinstate terminated or restricted services within 3 (three) working days after the date on which the conditions set out in Section 21 of this policy have been met, unless unable to do so because of circumstances beyond the control of the municipality.

## **23 PROCEDURE FOR DEBT COLLECTION AND WRITE OFF**

Where consumer accounts are in arrears, the Chief Financial Officer is authorised to institute any remedy available in law for the purposes of recovering such debt.

**23.1** The Chief Financial Officer may issue a final demand for all amounts in arrears.

**23.2** The Chief Financial Officer may withhold payment to suppliers whose accounts are in arrears in terms of the Supply Chain Management policy.

**23.3** The Accounting Officer may direct the Chief Building Inspector to withhold/ reject the approval of building plans relating to improvements on properties if there are arrears on that property.

**23.4** Arrear rates may be recovered from tenants/occupiers and or agents as set out in sections 28 of the Municipal Property Rates Act no 6 of 2004.

**23.5** Where consumers using prepaid meters have arrear amounts in respect of other rates and/or services rendered by the municipality the Council may remove the prepaid metered supply and a new application for a prepaid supply will be required. Council reserves the right to refuse a prepaid supply in instances of habitual arrears.

**23.6** Council will have sole discretion in approving any write offs of debt.

**23.7** The Chief Financial Officer shall as soon as possible after 30 June each year, or more regularly if requested by Council to do so, present to the Council a report indicating the amount of the arrears that have been written off during the financial year, together with the reasons for the write off.

**23.8** The Executive Committee may recommend the approval of publishing the names of account holders, persons or entities with high debt value.

## **24 RECOVERY OF OVERDUE RATES**

**24.1** The Municipality shall take appropriate steps against the owner of a property where the rates payable on such property are in arrears and shall have the power to sue for and recover all rates which are due and payable to the Municipality



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- 24.2 Where the rates payable on a property are overdue, a notice stating that such rates are overdue shall be addressed to the owner of the property in the manner provided for in terms of Section 35 of the Msunduzi Municipality's Rates Policy calling upon the owner to pay such outstanding rates and the penalties accrued or accruing thereon.
- 24.3 Where a property in respect of which the rates are overdue or in arrears, and the property is owned by more than one person, the notice provided for in subsection 2 above, shall be served in the manner provided for in Section 35(4) of the Msunduzi Municipality's Rates Policy.
- 24.4 Should the outstanding rates and any penalties on a property not be paid, or should a satisfactory arrangement not be made with the Municipality by the owner for the payment of such outstanding rates and penalties, and in the event that there is no response from the owner, services to the property shall be terminated.
- 24.5 At any time after the last working day of the second month succeeding the month in which there falls the final date for the payment of rates, the Municipality may cause to be published in one or more newspapers circulating in the area of jurisdiction of the Municipality, a notice stating that, if the arrears of rates in respect of the financial year specified in the notice together with all penalties in respect thereof up to the date of payment, are not paid within six months of the date of the publication of the notice, application will be made to a court of competent jurisdiction for an order for the sale by public auction of the properties in respect of which such rates and penalties are in arrear and for the payment out of the proceeds thereof of all arrear rates together with penalties and costs in respect thereof.
- 24.6 If, after the publication of a notice in terms of subsection 5 above, such rates and penalties are not paid within the period stated therein, the Municipality shall make application to a court of competent jurisdiction showing the amount of rates and penalties then in arrear and that all notices have been given and requesting the court to order any such rateable property or so much thereof as may be sufficient to satisfy the amounts outstanding in terms of rates and penalties, to be sold by public auction and the proceeds thereof to be paid in to court, and to direct payment to the Municipality of all rates and penalties accrued in respect of the date of such sale together with the costs of obtaining the said order and all expenses of such sale.
- 24.7 Any amounts due for municipal service fees, property rates and other municipal taxes, levies and duties recovered as a result of the sale of a property by public auction in terms of an order granted by a court of competent jurisdiction, are a charge upon the property so sold and enjoy a preference over any mortgage bond registered against such property.
- 24.8 If before the sale of any rateable property in terms of an order made under subsection 6 above there is produced to the Deputy Sheriff or other person charged with the sale thereof, a certificate by the Municipality that all amounts owing in terms of outstanding and arrear rates and penalty charges have been paid, the said property shall be withdrawn from the sale.
- 24.9 Notwithstanding that all outstanding and arrear rates penalty charges may have been paid before the said sale, the Municipality shall not be liable to any person for any loss or damage suffered by such person by reason of the sale of any such property in respect of which no such certificate has been produced to the said Deputy Sheriff or other person.

## 25 ILLEGAL TAMPERING WITH AND/OR THEFT OF SERVICES

The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities. Furthermore,



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- 25.1 Water and electricity metering and connection equipment remain the property of the municipality and anyone involved in instances of tampering, damaging or theft thereof will be liable for criminal prosecution.
- 25.2 With regard to electricity services, if tampering of any nature or theft of such services is identified, the electricity supply to the property may be discontinued by the removal of the meter and the cable and the water supply may be restricted and/or discontinued.
- 25.3 If the restricted water supply is tampered with or any variable flow-restricting device removed, the water supply will be discontinued, the service connection removed and the customer's service agreement with the Council will be cancelled. The customer's deposit shall be offset against any amounts owed to the Council.
- 25.4 Once Council becomes aware that any terminated or restricted service has been irregularly reconnected or reinstated, the necessary action to remedy the situation, which could include the Municipal Manager reporting such action to the South African Police Service, will be implemented.
- 25.5 All outstanding amounts, including all metered consumption since the date of the illegal reconnection, or the estimated consumption if a reliable meter reading is not possible, shall be paid in full together with the required deposit, before any reconnection/reinstatement and new services agreements are considered. However, the receipt of payment will not necessarily impact on nor prejudice any legal or criminal proceedings against the customer.
- 25.6 Cost related charges, as reflected in the applicable Register of Tariffs and Charges will be imposed where illegal use of water and electricity is detected.
- 25.7 An amount equal to an average of three months normal consumption in the case of water or electricity will be levied on the account in the interim for the unmetered period and is payable before the service is reinstated.
- 25.8 If Council is of the reasonable opinion or is in possession of prima facie evidence indicating alleged tampering/illegal use, the Council may publish the names of the account holders, persons or entities responsible for such activity.

## 26 PROPERTY SERVICES AUDIT

When the services supplied by Council to a property are subjected to an audit the following rules should be applied subject to confirmation and supply of relevant written documentation from the relevant technical department:

- 26.1 If the MCB size on the property meter differs from the MCB size raised on the consolidated bill then the following applies:
- The difference in AMPS to be raised, backdated 36 months or from the date of application (maximum 36 months)
  - If the electricity consumption indicates that usage is far less than the actual MCB on the property then the AMP back charge should be reversed and the consumer be required to re-apply for an MCB change to the original MCB size required. Where the usage indicates a correlation to the incorrect MCB then the back charge should be limited to 12 months because the correct internal administration/technical procedures were not complied with. Where necessary, a load demand test will be performed by a registered private electrician at the consumers cost, to confirm the existing demand.
  - If a subsequent request for an increase in MCB is done after the above all back charges will be reinstated.



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- 26.2 If an actual meter reading is raised on the consolidated bill and is greater or less than the reading held on the billing system, the required consumption must be adjusted and the consumer, if required, be given an extended repayment period equal to the period of the back charge. (Refer also to 16.4)
- 26.3 Faulty or stopped meters will be replaced at Councils cost. Actual readings will be recorded over a three month period on the new meter and the average of this three month period will be used to determine a charge based on a maximum period of 36 months. Any consumption charges raised during this period will be offset against the revised charge.
- 26.4 Back charges of 36 months will be raised in respect of meters that have been tampered with for the following reasons:
- Broken seals in order to tamper with the bridge screw
  - Bridge wire illegally connected
  - Illegal bypassing of meter and of MCB
  - Direct connection to main supply including CDU
  - Direct connection to another consumer
  - Meter tampered with or MCB rating has been scratched off
  - Any other illegal activity not covered above
- 26.5 If a consumer is conducting a home business on a domestic property where daily rates are charged for accommodation or the property is no longer used for domestic purposes and used solely for business purposes then business tariffs must be applied for services. A letter of consent from the Town Planning Section or proof of rezoning for business purposes must be produced by the account holder upon application for services. If domestic tariffs have been applied in error and the account holder can produce a letter of consent or proof of rezoning then business tariffs will be applied from the beginning of the Councils financial year in which the error is detected. If no letter of consent or proof of rezoning can be produced then business tariffs must be applied for a maximum of 36 months or from date of application for services.

## 27 WATER LEAKS

Where a water leak has occurred on a property the relevant by-laws will be applied.

## 28 UNOCCUPIED PREMISES

- 28.1 When a consumer terminates a services agreement and no new service agreement is entered into with the municipality, the property shall be deemed to be unoccupied.
- 28.2 Whenever water and/or electricity consumption is recorded at a property that is deemed to be unoccupied, an account will be raised and forwarded to the owner of the property for payment.
- 28.3 Notwithstanding the above, the municipality shall have the power to invoke the relevant provisions of section 24.

## 29 MUNICIPAL STAFF AND COUNCILLORS

- 29.1 Any member of staff/ Councillor of the Municipality may not be in arrears with the Municipality for rates and/or service charges for a period longer than three months. The Municipality may deduct any outstanding amounts from the salary of such member of staff after this period, in accordance with the Municipal Systems Act, 2000 (Act No. 32 of 2000).

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- 29.2 If the employee/ councillor provides reasonable grounds as a basis for a query on the account, no action shall be taken against such employee/councillor provided that the employee/councillor has paid, by due date, an amount equal to the monthly average of the most recent undisputed accounts in respect of the service in dispute as well as any undisputed balances on such account.

## **30 REPORTING AND PERFORMANCE MANAGEMENT**

- 30.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Committee as supervisory authority in terms of Section 99 of the Municipal Systems Act, 2000 (Act No.32 of 2000), read with section 100(c).

If, in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent to the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will immediately move for a revision of the budget according to realistically realisable income levels.

The Executive Committee shall, at intervals of 3 months, report to Council as contemplated in Section 99(c) of the Municipal Systems Act.

## **31 COMMUNICATION OF POLICY TO ACCOUNT HOLDERS**

- 31.1 The municipality will annually, at its own cost, publish a notice of the Credit Control and Debt Collection Policy in the local media. A copy of the policy will be posted on the municipality's website and hardcopies will be displayed at all municipal offices and service centers.

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

## **32 BY-LAWS TO BE ADOPTED**

- 32.1 By-laws shall be adopted to give effect to the Council's credit control and debt collection policy.

- 32.2 The by-laws are to comply with the requirements of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Water Services Act, 1997 (Act No. 108 of 1997), the Electricity Act, 1987 (Act No. 41 of 1987) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

## **33 ENFORCEMENT OF OTHER LEGISLATION**

- 33.1 In addition to the credit control and debt collection provisions contained in this policy and the published by-laws relating hereto, the Council may enforce any other rights or exercise any power conferred upon it by the Municipal Systems Act, 2000 (No. 32 of 2000), the Water Services Act, 1997 (Act No. 108 of 1997), the Property Rates Act, 2004 (Act No. 6 of 2004) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and any other applicable legislation.

- 33.2 In the event of an inconsistency between the provisions of these and any other by-laws, the provisions of these by-laws shall prevail.



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## INDIGENT POLICY

### 1. Definitions

In these bylaws, unless the context indicates otherwise -

- “Child headed household” means a household where both parents are deceased and where all occupants of the property are children of the deceased and are all under the legal age to contract for services and are considered as minors in law by the state;
- “Council” refers The Msunduzi Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy;
- “Consumption” means the ordinary use of municipal services, including water, sanitation, refuse removal, and electricity services for domestic or household purposes;
- “Electricity” means the monthly charge levied by the municipality for the supply of electricity in excess of the free basic limits as per the applicable Register of Tariffs and Charges;
- “Final date” in the absence of any express agreement in relation thereto between the Council and the account holder, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid;
- “Free basic electricity” means the maximum amount, volume or consumption of electricity determined by resolution of the Council from time to time that will be provided free of charge as reflected in the applicable Tariff Register;
- “Free basic water” means the maximum amount, volume or consumption, in line with the Water Act, of water determined by resolution of the Council from time to time that will be provided free of charge as reflected in the applicable Tariff Register;
- “Income level” means the total, combined income, from any source whatsoever, of the residents, tenants, owner and/or all occupiers of a property, as determined according to national policy and guidelines and reflected in Council’s Tariff Register, as per the rates approved income limits;
- “Indigents” means an owner/occupier of a property as defined in the qualification for concessions;
- “Market value” means the market value on a property, as reflected in the municipal valuation roll;
- “Municipal services” refers to any services provided by the municipality or any authorised or contracted service provider, available or applied for, or provision made for any service, for which it is entitled to charged a fee or formulate a tariff, payable by a customer or user, thereof;
- “Occupier” means any person who occupies any property or part thereof, without regard to the title under which he/she occupies the property;
- (a) “Owner” means:
- (b) In relation to property referred to in paragraph (a) of the definition of property, means a

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- person in whose name ownership of the property is registered;
- (c) In relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
  - (d) In relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
    - (i) In relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
      - (ii) A trustee in the case of a property in a trust excluding state trust land;
      - (iii) An executor or administrator, in the case of a property in a deceased estate;
      - (iv) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
      - (v) A judicial manager, in the case of a property in the estate of a person under judicial management;
      - (vi) A curator, in the case of a property in the estate of a person under curatorship;
      - (vii) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
      - (viii) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
    - A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
  - (d) “Property” means-
  - (e) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
  - (f) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against a property;
  - (g) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or



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Public service infrastructure;

“Rate” means a municipal rate on property envisaged in section 229 (1)(a) of the Constitution and in line with the Municipal Property Rates Act and tariffs reflected in the applicable Tariff Register;

“Refuse charge” means the monthly charge levied by the municipality for the removal of solid domestic waste as per the applicable Tariff Register;

“Sewerage charge” means the monthly charge levied by the municipality for the disposal of domestic sewage as per the applicable Tariff Register.

“Water” means the monthly charge levied by the municipality for the supply of water in excess of the free basic limits as per the applicable Tariff Register;

## 2. Objective

- The objective of the Indigent Policy is to ensure the following:
- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and
- To provide procedures and guidelines for the subsidisation of basic service charges to its indigent households, using the Council’s budgetary provisions received from Central Government, according to prescribed policy guidelines.
- The Council also recognises that many of the residents can simply not afford the cost of full provision and for this reason the Council will endeavour to ensure affordability through:
- Settings tariffs in terms of the Councils Tariff Policy, which will balance the economic viability of continued service delivery; and
- Determining appropriate service levels.

## 3. Indigent Policy Principles

- The following should be the guiding principles in implementing the Indigent Policy:
- The Indigent Policy is in accordance with the Local Government Municipal System Act No 32 of 2000 and other amended or related legislation.
- Relief will be provided by the Council to registered residential consumers of services.
- The Council must, wherever possible, ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of households.
- The subsidy for minimum service levels should not result in the creation of a complicated administration that would not be cost effective to implement.
- The payment of services should be affordable to the indigent.
- The Indigent Policy will prevail as long as funds are available.
- Other than those consumers who are automatically deemed to be indigent by Council, the residents must formally apply on the prescribed application forms for relief and will qualify for the indigent support according to the prescribed criteria/principles laid down by the Council. After the application form has been completed, an effective and efficient evaluation system should be used in order to obtain the outcome within a reasonable time determined by the Council.
- If a person is found to be indigent, they should be noted on the debtors system which will provide the necessary report on Council’s Indigent Register.
- The onus is on the recipient to inform the Council of any change in his/her status or personal household circumstances.
- All indigents should be re-evaluated annually to assess the provision of continued basic services.

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- Disciplinary measures decided by the Council, should be imposed on people who misuse the system and provide incorrect information.
- Any other principles decided by the Council.

## 4. Application for Indigent Support

- Applications for relief must be made on the prescribed forms. The applicant must comply with all the necessary requirements.
- The application form is to contain, inter alia, the following important information:
  - Details of the account holder;
  - Proof of income;
  - Proof of residence;
  - Certified copies of identification documents;
  - Number and names of dependants; and
  - Any other documentation as required

The onus at all times to re-apply for continued relief or submit proof of change in circumstances rests with the household.

## 5. Qualification for concessions

1. Owners and/or occupiers of residential property where the market value of such property is equal to, or less than, the values determined by resolution of the Council for the purposes of qualifying for the concessions set out below, and as reflected in the Council's Register of Tariffs and Charges, shall automatically qualify for such concessions, as set out in this policy.

2. Owners and/or occupiers of residential property, where the market value exceeds the values determined by resolution of the Council, subject to the prescribed income limits reflected in the Register of Tariffs and Charges and any additional qualifying criteria and value limits, shall make application to this Council for the purposes of qualifying for the concessions, as set out in this policy.

### 3. Concessions:

Property Rates -	100% rebate on property values from R15,001 to R100,000 or less, but not exceeding a value more than R150,000.
Electricity -	Free kWh as determined from time to time by Council and as reflected in the applicable Tariff Register.
Electricity MCB -	Free amperage as determined by Council from time to time and as reflected in the applicable Register of Tariffs and Charges, subject to the compulsory installation of a 20 AMP MCB.
Water -	Free kl volume of consumption as determined from time to time by Council and as reflected in the applicable Register of Tariffs and Charges. Balance of consumption at normal tariff for domestic water.
Refuse -	Indigent refuse tariff as determined by Council from time to time and as reflected in the applicable Register of Tariffs and Charges.
Sewerage -	Indigent sewerage tariff as determined by Council from time to time and as reflected in the applicable Register of Tariffs and Charges.

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4. A customer who meets the indigent application criteria, and who is resident in a Flat, Simplex, Duplex, Town House, Retirement Complex and the like, where bulk metering is used for the calculation of water consumption, such consumption will be divided by the number of units, and where such consumption is in line with the definition of free basic water, qualifies and will automatically qualify for free basic sewerage and refuse.
5. In the event that the consumption of water, on a property that qualifies for the concessions referred to in Section 2.3. exceeds the maximum volume determined by the Council as free basic water for whatever reason, the owner or occupier shall be billed for the total consumption of water in excess of the basic free water, as determined by the Council at the tariffs ordinarily applicable within the municipality, and the amount billed shall be deemed payable.
6. In the event that an owner or occupier fails to pay an account by the final date, the Council may, in terms of its Credit Control Policy and its By-Laws, disconnect the electricity supply, to the property occupied by such owner or occupier.
7. In the event that there is any evidence of tampering with, or theft of Council's services to a property, the Council may invoke the provisions of Section 25 of the Credit Control and Debt Collection Policy and its By-Laws.

## 6. CHILD HEADED HOUSEHOLDS

In the case of Child Headed Households, where the conditions for services meet the qualification criteria referred to in Section 5.1 and 5.2, and the household is declared indigent and where the combined income of all minor children is less than the amount as determined by the Council for such qualification, the household will receive the applicable indigent concessions outlined in Section 5.3 above.

The consolidated account may continue in the name of the deceased parent/s until the estate is transferred to the heir/s of the estate. In the case where an executor of the estate is appointed and has jurisdiction over the minor children, the executor would be required to make provision for payment of the consolidated account.

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## MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

### LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption: 23 May 2012

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 Msunduzi Municipality.

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## Definitions

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

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

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

**“Emergency”** referred to in subparagraph 36(1) (a) (i) of this policy means a deviation that is based on it being an emergency case that is reasonable/justifiable based on evidence that:

- Immediate action is necessary in order to avoid a dangerous or risky situation or misery;
- The time available would make it impossible/ impractical to go through a bidding process;
- The deviation is not as a result of the need for procurement being identified/agreed upon/budgeted/ planned in the past but not attended to timeously and
- The deviation is not as a result of improper planning

**“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;

**“GCC”** means General Conditions of Contract

**“in the service of the state”** means to be –

- a member of –
  - any municipal council;
  - any provincial legislature; or
  - 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);
- a member of the accounting authority of any national or provincial public entity; or
- an employee of Parliament or a provincial legislature;

**“JBCC”** means a principal building agreement issued by the Joint Building Contracts Committee

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

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**“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;

**“other applicable legislation”** means any other legislation applicable to municipal supply chain management, including –

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

**“Single provider”** referred to in subparagraph 36(1) (a) (ii) of this policy means a deviation that is based on it being an sole supplier/provider case that is reasonable/justifiable based on evidence that:

- A thorough analysis of the market was done and
- Where required, a transparent and equitable pre-selection process.

**“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;

**“Urgency”** referred to in subparagraph 22(1)(b)(2) of this policy means a deviation that is based on it being an urgency case that is reasonable/justifiable based on evidence that:

- The early delivery of the goods/services is of critical importance;
- The time available would make it impossible/ impractical to go through a bidding process;
- The deviation is not as a result of the need for procurement being identified/agreed upon/budgeted/ planned in the past but not attended to timeously and
- The deviation is not as a result of improper planning

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



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## CHAPTER 1

### IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

#### Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the 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 Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
  - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This Policy applies when the Msunduzi Municipality–
- (a) procures goods or services;
  - (b) disposes goods no longer needed;
  - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies,
  - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of 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.

#### Amendment of the supply chain management policy

3. (1) The accounting officer must –
- (a) at least annually review the implementation of this Policy; and
  - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council

# Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)

- (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) In cases where council adopt special programs to achieve set policy objectives and where the special programs impacts on the mechanism of supply chain the accounting officer must:
- (5) Prepare a report setting out the arrangements for the project  
Show the impact on supply chain management

## Delegation of supply chain management powers and duties

4. (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
  - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
    - (i) Chapter 8 or 10 of the Act; and
    - (ii) this Policy;
  - (b) to maximise administrative and operational efficiency in the implementation of this Policy;
  - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, 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 the Msunduzi Municipality or to a committee which is not exclusively composed of officials of the Msunduzi 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.

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## Sub delegations

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

- (2) The power to make a final award –
- (a) above R10 million (VAT included) may not be sub delegated by the accounting officer;
  - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –
    - (i) the chief financial officer;
    - (ii) a senior manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member;
  - (c) not exceeding R2 million (VAT included) may be sub delegated but only to –
    - (i) the chief financial officer;
    - (ii) a senior manager;
    - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
    - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–
- (a) the amount of the award;
  - (b) the name of the person to whom the award was made; and
  - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
- (a) to the accounting officer, in the case of an award by –
    - (i) the chief financial officer;
    - (ii) a senior manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
  - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
    - (i) a manager referred to in subparagraph (2)(c)(iii); or
    - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

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- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

## Oversight role of council

- 6. (1) The council reserves its right to maintain oversight over 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 shared control of the municipality, to the council of the municipality; and
  - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Mayor.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

## Supply chain management unit

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

## Training of supply chain management officials

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

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## CHAPTER 2

### SUPPLY CHAIN MANAGEMENT SYSTEM

#### Format of supply chain management system

9. This Policy provides systems for –
- (i) demand management;
  - (ii) acquisition management;
  - (iii) logistics management;
  - (iv) disposal management;
  - (v) risk management; and
  - (vi) performance management.

#### **Part 1: Demand management**

##### **System of demand management**

10. (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Msunduzi Municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
- (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
  - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature,
  - (c) provide for the compilation of the required specifications to ensure that its needs are met; and
  - (d) take into account an analysis of the past spending.
  - (e) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

#### **Part 2: Acquisition management**

##### **System of acquisition management**

11. (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) that goods and services are procured by the Msunduzi 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;

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- (c) that the threshold values for the different procurement processes are complied with;
- (d) that the approval of the thresholds for supply chain officials are set and reviewed annually;
- (e) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
- (f) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

- (a) the kind of goods or services; and
- (b) the name of the supplier.

## Range of procurement processes

12. (1) Goods and services may only be procured by way of –
- (a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
  - (b) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
  - (c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
  - (d) a competitive bidding process for–
    - (i) procurements above a transaction value of R200 000 (VAT included); and
    - (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
  - (b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
    - (iii) 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. 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.

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## General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- (a) has furnished that provider's –
    - (i) full name;
    - (ii) identification number or company or other registration number; and
    - (iii) tax reference number and VAT registration number, if any;
  - (b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
  - (c) has indicated –
    - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
    - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
    - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

## Lists of accredited prospective providers

14. (1) The accounting officer must –
- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
  - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
  - (c) specify the listing criteria for accredited prospective providers; and
  - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

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## Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –
- (a) verbal quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Msunduzi Municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this policy;
  - (b) If it is not possible to obtain at least three verbal quotations the reason must be recorded and reported quarterly to the Chief Financial Officer or another official designated by the accounting officer;
  - (c) the names of and prices quoted by the potential suppliers must be recorded and the order must only be placed against a written confirmation from the selected supplier
  - (d) the Chief Financial officer must set the maximum number of petty cash purchases or the maximum amounts per month for each manager and these numbers or amounts must be reviewed each month by the accounting officer;
  - (e) the manager reporting directly to the Chief Financial Officer may delegate responsibility for the petty cash in writing to an official reporting directly to him; and
  - (f) a monthly petty cash reconciliation report from each manager must be provided to the chief financial officer, including –
    - (i) the total amount of petty cash purchases for that month;
    - (ii) and receipts and appropriate documents for each purchase.
  - (g) the accounting officer must review the monthly petty cash reconciliation regularly

## Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

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- (f) a schedule of the accredited prospective providers of the municipality from whom the quotations were requested and the date of request must be kept and reviewed regularly by the Accounting officer against the overall list of the accredited prospective providers on the database to ensure that rotation of prospective suppliers is being done.

## Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
  - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
  - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
  - (d) the accounting officer must record the names of the potential providers and their written quotations.
  - (e) a schedule of the accredited prospective providers of the municipality from whom the quotations were requested and the date of request must be kept and reviewed regularly by the Accounting officer against the overall list of the accredited prospective providers on the database to ensure that rotation of prospective suppliers is being done
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

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

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:
- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
  - (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality;
  - (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

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- (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- (e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
- (g) all contracts awarded by the Msunduzi Municipality must be recorded in a contracts register of the municipality detailing at least (i) the name of the selected provider (ii) the date of the award (iii) the duration of the contract (iv) retention percentage If applicable (v) Surety and or penalty amount

## Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

## Process for competitive bidding

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

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## Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –
- (a) take into account –
    - (i) the general conditions of contract and any special conditions of contract, if specified;
    - (ii) any Treasury guidelines on bid documentation; and
    - (iii) the requirements of the Construction Industry Development Board, in 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;  
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) all bids must be submitted in writing on the prescribed bid documentation in a sealed marked envelope and must be deposited by the bidders themselves or their appointed representatives into the designated bid box by no later than the date and time stipulated in the bid documentation.
  - (g) The Msunduzi Municipality may disqualify any offer or bid submitted for the following reasons:
    - (i) the bidder failed to comply with all submission requirements as stated in the tender document;
    - (ii) the entity or one of its directors are listed on National Treasury's database as a person prohibited from doing business with the public sector;
    - (iii) there are outstanding municipal rates and taxes or service charges from any municipality by the entity or any of its directors that are in arrears for longer than 3 months unless credit arrangements have been made in terms of council policies;

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- (v) the entity has failed to perform satisfactory on previous contracts with any municipality or other organ of the state, after that entity was given written notice that performance was unsatisfactory;
- (vi) any of the directors committed a corrupt or fraudulent act in competing for a particular contract or in the execution of a contract;
- (vii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of a contract that benefited the entity or any of its directors;
- (viii) the entity or any its directors abused the supply chain management system or committed any improper conduct in relation to such system;
- (viii) any director has been convicted for fraud or corruption during the last 5 years;
- (x) the entity or any of its directors has willfully neglected, reneged on or failed to comply with any government municipal or other public sector contract during the last 5 years;
- (xi) the entity or any of its directors has misrepresented facts or information in the tender document submitted;
- (xii) the entity or any of its directors has submitted two tender documents (from the same company) unless the other tender document is an alternative offer;
- (xiii) any persons whose tax matters have not been declared as being in order by the South African Revenue Services for awards in excess of R15 000 incl Vat;
- (xiii) the entity or any of its directors has failed to submit with the bid documentation, an original, valid tax clearance certificate
- (h) The Msunduzi Municipality may give preference to local suppliers and/or service providers
- (i) The Msunduzi Municipality may reject all bids if and when deemed necessary i.e. when there is a lack of effective competition or bids are not substantially responsive.

## Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
  - (b) the information contained in a public advertisement, must include –
    - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
    - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
    - (iii) date, time and venue of any proposed site meetings or briefing sessions.;

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- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

## Procedure for handling, opening and recording of bids

**23.** The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
  - (i) must be opened only in public;
  - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - (iii) received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must –
  - (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection; and
  - (iii) publish the entries in the register and the bid results on the website.

## Negotiations with preferred bidders

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

## Two-stage bidding process

- 25.** (1) A two-stage bidding process is allowed for –
- (a) large complex projects;
  - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - (c) long term projects with a duration period exceeding three years;

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- (d) projects where evaluation of bids is based on functionality as a criterion
  - (e) projects where evaluation of bids is based on a stipulated minimum threshold for local production and content
- (2) In the first stage:
- (a) projects referred to in subparagraphs (1)(a) to (c), technical proposals or bids on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments;
  - (b) projects referred to in subparagraphs (1) (d), proposals or bids must be invited and evaluated in terms of the functionality evaluation criteria embodied in the bid documents
  - (c) projects referred to in subparagraphs (1) (e), proposals or bids must be evaluated in terms of the stipulated minimum threshold for local production and content.
- (3) In the second stage:
- (a) Projects referred to in subparagraphs (1) (a) to (c), final technical proposals and priced bids should be invited.
  - (b) Projects referred to in subparagraphs (1) (d) to (e), only proposals or bids that achieve the minimum qualifying score/percentage for functionality and minimum stipulated threshold for local production and content respectively must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

## Committee system for competitive bids

26. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
- (a) a bid specification committee;
  - (b) a bid evaluation committee; and
  - (c) a bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
- (a) paragraph 27, 28 and 29 of this Policy; and
  - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

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## Bid specification committees

27. (1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.
- (2) Specifications –
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
  - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
  - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
  - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
  - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
  - (f) must stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of bids in terms of the points system set out in the Preferential Procurement Regulations 2011; 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, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

## Bid evaluation committees

28. (1) A bid evaluation committee must –
- (a) evaluate bids in accordance with –
    - (i) the specifications for a specific procurement; and
    - (ii) the points system set out in terms of paragraph 27(2)(f).
  - (b) evaluate each bidder's ability to execute the contract;
  - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;

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- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of-
  - (a) officials from departments requiring the goods or services; and
  - (b) at least one supply chain management practitioner of the municipality.

## **Bid adjudication committees**

29. (1) A bid adjudication committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
  - (b) either –
    - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
    - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –
- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
  - (b) at least one senior supply chain management practitioner who is an official of the municipality; and
  - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
  - (ii) notify the accounting officer.

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- (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.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days

## Procurement of banking services

- 30.** (1) A contract for banking services –
- (a) must be procured through competitive bids;
  - (b) must be consistent with section 7 or 85 of the Act; and
  - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

## Procurement of IT related goods or services

- 31.** (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).



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- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

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

- 32.** (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) there is no reason to believe that such contract was not validly procured;
  - (c) there are demonstrable discounts or benefits to do so; and
  - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1)(c) and (d) do not apply if –
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
  - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

## **Procurement of goods necessitating special safety arrangements**

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

## **Proudly SA Campaign**

- 34.** The Msunduzi Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
- Firstly – suppliers and businesses within the municipality or district;
  - Secondly – suppliers and businesses within the relevant province;
  - Thirdly – suppliers and businesses within the Republic.

## **Appointment of consultants**

- 35.** (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if
- (a) the value of the contract exceeds R200 000 (VAT included); or
  - (b) the duration period of the contract exceeds one year.

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- (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.

## **Deviation from, and ratification of minor breaches of, procurement processes**

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

## **Unsolicited bids**

- 37.** (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

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- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
  - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) the person who made the bid is the sole provider of the product or service; and
  - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
  - (a) reasons as to why the bid should not be open to other competitors;
  - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
  - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
  - (a) any comments submitted by the public; and
  - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

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## Combating of abuse of supply chain management system

38. (1) The accounting officer must–
- (a) take all reasonable steps to prevent abuse of the supply chain management system;
  - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
    - (i) take appropriate steps against such official or other role player; or
    - (ii) report any alleged criminal conduct to the South African Police Service;
  - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - (d) reject any bid from a bidder–
    - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
    - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
  - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
  - (f) cancel a contract awarded to a person if –
    - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
    - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
  - (g) reject the bid of any bidder if that bidder or any of its directors –
    - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
    - (ii) has been convicted for fraud or corruption during the past five years;
    - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
    - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention 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), (e) or (f) of this policy.

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## Part 3: Logistics, Disposal, Risk and Performance Management

### Logistics management

39. The accounting officer must establish and implement an effective system of logistics management, which must include -
- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, 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.

### Disposal management

40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:
- (i) the accounting officer must establish and implement an appropriate disposal management system in order to ensure that the disposal or letting of assets, including unserviceable, redundant or obsolete assets is in terms of the MFMA;
  - (ii) the disposal management system must include the disposal plan, market assessment, disposal method, how to execute the disposal and the updating of the procurement plan and asset register.
- (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;
  - (ii) selling the asset; or
  - (iii) destroying the asset.
- (3) The accounting officer must ensure that –
- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

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- (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

## Risk management

- 41.** (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:
- (a) the Chief Financial Officer must;
    - (i) assess the nature and extent of the risks associated with the municipality's operation
    - (ii) decide the degree of tolerance or an acceptable level of loss or degree of failure
    - (iii) decide how to manage or minimize the risks identified
    - (iv) monitor, report and from time to time reassess the level and implication of the risk exposure
    - (v) maintain a risk register that identifies and assesses all known risks and the action taken to manage those risks
  - (b) the risk register must be regularly updated and the outcome reported to the Executive committee
- (2) Risk management must include –
- (a) the identification of risks on a case-by-case basis;
  - (b) the allocation of risks to the party best suited to manage such risks;
  - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
  - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
  - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.
  - (f) the Senior Managers: Finance must effect all insurance cover and maintain a record of all policy details for noted financial risks
  - (g) the Strategic Executive Managers are responsible for implementing the risk management policy, including financial risks within their business units
  - (h) projects sureties must be determined according to affordability and risk for different categories of contracts as follows:

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Project Type	JBCC	GCC	Project Value
Micro	0%	0%	Not Exceeding R60 000
Small	0%	0%	Not Exceeding R100 000
Medium	5%	5%	Not Exceeding R500 000
Major	JBCC	GCC	Exceeding R500 000

- (i) the minimum for retention monies held from a contractor during the construction period must be determined according to affordability and risk for different categories of contracts as follows:

Project Type	JBCC	GCC	Project Value
Micro	2.5%	2.5%	Not Exceeding R60 000
Small	3.5%	3.5%	Not Exceeding R100 000
Medium	5%	5%	Not Exceeding R500 000
Major	JBCC	GCC	Exceeding R500 000

- (j) payments for small and micro projects must be made within 14 days after submission of a valid tax invoice which has been approved by the Msunduzi Municipality's Representative or as specified in the municipality's Special Conditions of Contracts
- (k) the municipality shall at its discretion, accept signed cessions by Small Medium Enterprises to suppliers so that payments are made directly to suppliers for the supply of materials as a form of assisting Small Medium Enterprises. All cessions shall be in terms of the conditions of the GCC or JBCC, whichever is appropriate
- (l) the service provider may not cede or assign a contract or any monies due or that may become due to it, without the prior written consent of the Executive Supply Chain Management or in terms of the conditions of the contract.
- (m) penalties on late completion of work shall be as per the GCC or JBCC or as specified in the tender documents
- (n) the senior managers: Finance with the assistance from relevant Senior managers shall carry out all negotiations with insurers, in respect of insurance claims, where necessary.
- (o) the value and the responsibility for specific insurances required by contractors and service providers shall be specified in the tender documents
- (p) (i) in some instances it may be in the best interest of the municipality to allow price adjustments due to escalation.
- (ii) a careful analysis of escalation clauses and formulas should be taken into account to ensure that the best interests of the municipality are served.
- (iii) if the accounting officer resolves to allow escalation, this must be specified in the bid documents, including the formula and the time frames at which intervals such price adjustments will be considered.

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- (q) (i) exchange rate fluctuations must be considered when items are imported or have imported component.
- (ii) the future fluctuations of the rand are particularly important if the contract period is over a specific period or if delivery is due at a date some time in the future.
- (iii) the accounting officer must make a decision as whether or not the municipality will take risk or whether suppliers will be allocated the risk.
- (v) The standard approach is that the bidder must arrange for forward cover.
- (vi) An award made during tender validity period expiring, the price will remain fixed and firm
- (r) (i) extra works or variations to a contract shall be authorized in writing by the appropriate Senior manager or duly authorized official
- (ii) any variation which would produce an increase in the amount of an accepted tender or approved budget shall be reported to the adjudication committee and will require the approval of the Adjudication Committee and/or Accounting Officer before any payment is made.
- (iii) contracts may be varied or expanded by not more than 15% or R15 million (including all applicable taxes) for construction related goods, works and/or services and 10% or R10 million (including all applicable taxes) for all other goods, works and/or services of the original value of the contract, whichever is the lower amount.
- (s) The Msunduzi Municipality may, prior to the award of the bid, cancel the bid if:
  - (i) due to changed circumstances there is no longer a need the goods or services for which the bid were solicited;
  - (ii) funds are no longer available to cover the total envisaged expenditure; or
  - (iii) no acceptable bids were received
- (t) The Msunduzi Municipality may reject all bids if and when deemed necessary.

## Performance management

42. (1) 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.
- (2) In the monitoring of supply chain management performance, the accounting officer together with the Chief Financial Officer, must set goals and performance criteria for SCM officials against which performance can be measured,
- (3) Issues that need to be included in the relevant reviews include:
- (a) achievement of goals
  - (b) compliance to norms and standards
  - (c) savings generated
  - (d) Stores efficiency
  - (e) cost variances per item and across business units
  - (f) contract management

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- (g) cost efficiency of the procurement process
- (h) supply chain management objectives in line with the provisions of the CIDB Act and regulations
- (i) principles of co-operative governance as expounded in the Constitution are observed
- (j) regional economic disparities are being addressed and promoted.

## Part 4: Other matters

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

43. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

### Prohibition on awards to persons in the service of the state

44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
- (a) who is in the service of the state;
  - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
  - (c) a person who is an advisor or consultant contracted with the municipality.

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

45. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
  - (b) the capacity in which that person is in the service of the state; and
  - (c) the amount of the award.

### Ethical standards

46. (1) A code of ethical standards as set out in 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.

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## (2) General Principles

- (a) the 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.
- (b) 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.
- (c) 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.

## (3) 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;
- (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



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- (i) should not take improper advantage of their previous office after leaving their official position.

## 4. Accountability

- (a) Practitioners are accountable for their decisions and actions to the public.
- (b) Practitioners should use public property scrupulously.
- (c) Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- (d) 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.
- (e) Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- (f) 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.
- (g) 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 mayor who must ensure that such declaration is recorded in the register.

## 5. Openness

- (a) 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.

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## 6. 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 / contractor's 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.

## 7. Bid Specification / Evaluation / Adjudication Committees

- (a) Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- (b) 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.
- (c) 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.
- (d) No person should-
  - i. interfere with the supply chain management system of the municipality; or
  - ii. amend or tamper with any price quotation / bid after its submission.

## 8. 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.

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9. *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.

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

47. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
  - (b) any reward, gift, favour or hospitality to –
    - (i) any official; or
    - (ii) any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

## **Sponsorships**

48. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or
  - (b) a recipient or prospective recipient of goods disposed or to be disposed.

## **Objections and complaints**

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

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## Resolution of disputes, objections, complaints and queries

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
- (a) to assist in the resolution of disputes between the municipality and other persons regarding
    - (i) any decisions or actions taken in the implementation of the supply chain management system; or
    - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
  - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
  - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
  - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

## Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of Msunduzi 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.

## Commencement

52. This Policy takes effect on 07 December 2011

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## TARIFF POLICY

### INDEX

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#### 1. PREAMBLE

In terms of Section 62 (1) of the Municipal Finance Management Act (MFMA) the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality and, in terms of S62 (1) (f), must for this purpose take all reasonable steps to ensure – “that the municipality has and implements a tariff policy referred to in Section 74 of the Municipal Systems Act” (MSA).

In giving effect to S74 (1) of the Municipal Systems Act, the municipality adopts the following as the tariff policy.

#### 2. DEFINITIONS

**2.1 “Municipal area”** means the area in respect of which the municipality has executive and legislative authority as determined by the constitution and the National legislation and demarcated in terms of the Demarcation Act (Act 27 of 1998);

**2.2 “Council”** refers The Msunduzi Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy;

**2.3 “Tariff policy”** means a policy on, the levying of fees, rates or taxes for the municipal services provided by the municipality itself, which complies with the Municipal Systems Act, 2000.

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## INTRODUCTION

- 3.1** Rates and Tariffs represent the charges levied by Council on owners and consumers for the utilisation of services provided by the Municipality and are raised in order to fund these services. Tariffs are calculated dependent upon the nature of the service being provided. They may be set in such a manner so as to recover the full cost of the service being provided or recover a part of those costs, or to bring about a surplus that can be utilised to subsidise other non-economical services.

## 4. OBJECTIVES

The objective of the tariff policy is to ensure that:

- 4.1** The rates and tariffs of the Municipality comply with the legislation prevailing at the time of implementation;
- 4.2** Municipal services are financially sustainable, affordable and equitable;
- 4.3** There is consistency in how the rates and tariffs are applied throughout the municipality;
- 4.4** The needs of the indigent are taken into account; and
- 4.5** The policy is in line with the principles outlined in Municipal Systems Act, 2000 (Act No. 32 of 2000).

## 5. PRINCIPLES OF THE TARIFF POLICY

The underlying principles, which should at least be taken into account when formulating a tariff policy, are contained in Section 74 (2) of the Municipal Systems Act, 2000 (Act No. 32 of 2000). The following have been taken into account in the development of this policy:

- 5.1** Service tariffs levied by the municipality shall be viewed as user charges and the users of municipal services should be treated equitably when applying these tariffs.
- 5.2** Consumers should pay in proportion to the amount of services consumed, as far as practically possible.
- 5.3** The tariffs for the four major services rendered by the municipality, namely electricity, water, refuse removal and sewerage, are to recover in full or partially, the expenses reasonably associated with the providing of each service concerned, including capital, operating, maintenance, administration, replacement and interest charges.
- 5.4** Tariffs must be set at a level to facilitate financial sustainability of the service, taking into account subsidization from sources other than the service concerned.
- 5.5** The municipality is to ensure that the tariffs levied with regard to the above mentioned services generate an operating surplus where possible having regard to 5.4 above. The surplus is to be applied in relief of property rates and for the financing of a portion of general services or for the future capital expansion of the service concerned, or both.



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- 5.6** Provision may be made for the promotion of local economic development through a special rate or tariff for certain or all categories of commercial and industrial users.
- 5.7** The municipality shall develop, implement and at least annually review an indigent support policy for the municipal area. The extent of subsidization of the indigents is to be fully disclosed in terms of the municipality's indigent policy.
- 5.8** The municipality may differentiate between different categories of users and consumers in regard to the tariffs that it levies. Such differentiation shall, however, at all times be reasonable and shall not result in unfair discrimination, and shall be fully disclosed in each annual budget.
- 5.9** The municipality is to ensure that its tariffs shall be easily explainable, and translated into languages which all consumers and users affected by the tariff policy concerned can understand.
- 5.10** The consumption of measurable services, such as electricity and water, shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service that they consume.
- 5.11** A monthly availability charge for a service may be levied by the municipality where the service is available to a consumer and where the consumer does not make use of such service, and these charges shall be fixed for each type of property. For example, consumers of electricity could therefore pay two charges: one which is unrelated to the volume of consumption and is levied because of the availability of the service concerned (i.e. a demand charge); and another which is directly related to the consumption of the service in question.
- 5.12** By adopting this tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which future expansion, variable demand cycles and other fluctuations will make on service delivery.
- 5.13** In determining the tariffs for services such as electricity and water, the municipality shall take into account the high capital cost of establishing and expanding such services and the fixed and operating costs of maintaining these services.
- 5.14** In order to comply with legislation and the principles of generally accepted accounting practice, Council has adopted the policy of reflecting all income foregone and rebates as expenditure with the corresponding amount being reflected as revenue. Accordingly in cases where this applies, from a billing perspective the full tariff will be raised and then rebated to reflect the reduced charge.

## **6. CALCULATION OF TARIFFS FOR MAJOR SERVICES**

- 6.1** In terms of Section 75(A) of the Municipal Systems Act Amendment Act 51/2002, a municipality may,
- Levy and recover fees, charges or tariffs in respect of any function or service of the municipality,
  - That such fees, charges or tariffs levied by a resolution passed by the municipal council with a supporting vote of a majority of its members.
  - The proposed fees, charges or tariffs will be presented to the community during Council's consultations.
  - In order to determine the tariffs that must be charged for the supply of the four major services, the municipality shall take into account all the costs of operation of the services, including the following:

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- Cost of bulk purchases in the case of electricity and water.
- Distribution costs.
- Distribution losses in the case of electricity and water.
- Depreciation expenses.
- Maintenance of infrastructure and other fixed assets.
  - Administration and service costs, including:
  - service charges levied by other departments such as finance, human resources and legal services;
  - reasonable general overheads;
  - adequate contributions to the provisions for bad debts and obsolescence of stock;
- all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area.
  - The intended surplus to be generated for the financial year, such surplus to be applied:
  - as an appropriation to capital reserves; and/or
- generally in relief of rates and general services.
- The cost of approved indigent relief measures.

**6.2** With regard to pre-paid meters, the tariff shall be determined based on the cost of provision of the service, as no availability charge is levied on properties where pre-paid meters have been installed.

## **7. LEVYING OF RATES**

**7.1** The Municipality shall levy rates on all rateable property within its area, provided that it may, by resolution, grant exemptions from, rebates on or reductions in, rates levied in terms of this policy or in terms of a national framework prescribed under the Act.

### **DIFFERENTIAL RATES**

**7.2** The Municipality may, by resolution, and in terms of criteria set out in this policy, levy different rates for different categories of rateable property, which may include categories determined according to the use of the property, the permitted use of the property or the geographical area in which the property is situated.

### **IMPERMISSIBLE DIFFERENTIATION**

**7.3** The Municipality may not levy -

- (a) Different rates on residential properties, except as provided for in sections 11(2) [uniform fixed amount for rates], 21 [phasing in of rates] and 89 [use of existing valuation roll/supplementary roll] of the Act;
- (b) a rate on a category of non-residential properties that exceeds a prescribed ratio to the rate on residential properties determined in terms of section 11 (1 )(a) [on the market value of the property] of the Act: Provided that different ratios may be set in respect of different categories of non-residential properties.
- (c) rates which unreasonably discriminate between categories of non-residential properties;
- (d) additional rates except as provided for in section 22 [special rating areas] of the Act.

### **PROPERTIES USED FOR MULTIPLE PURPOSES**

**7.4** A property used for multiple purposes where there is not a separate category shall, for rates purposes, be assigned to a category determined by the Municipality for properties used for a purpose corresponding to the dominant use of the property.



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## LEVYING OF PROPERTY RATES ON SECTIONAL TITLE SCHEMES

- 7.5** (1) A rate on property which is subject to a sectional title scheme shall be levied on the individual sectional title units in the scheme and not on the property as a whole.

## AMOUNT DUE FOR RATES

- 7.6** (1) The rate levied by the Municipality shall be an amount in the Rand on the market value of the property.
- (2) Furthermore, in the interest of accelerating the provision of basic services to communities, and enhancing the international competitiveness of the South African economy and mobilization of foreign investments and job creation, the Municipality may consider exempting from rating all components of public service infrastructure as defined in the Act.
- (3) The Municipality acknowledges that the Minister may from time to time increase the monetary threshold referred to in section 21, to reflect inflation.

## PERIOD FOR WHICH RATES MAY BE LEVIED

- 7.7** (1) The Municipality shall levy rates for one financial year at a time. At the end of each financial year the rate levied for that financial year shall lapse.
- (2) The Municipality shall, annually, at the time of its budget, set the amount in the Rand for rates.
- (3) The levying of rates shall form part of the Municipality's annual budget process as set out in Chapter 4 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

## COMMENCEMENT OF RATES

- 7.8** Rates levied by the Municipality shall become due and payable as from the start of the financial year.

## PROMULGATION OF RESOLUTIONS LEVYING RATES

- 7.9** (1) A rate levied by the Municipality shall be adopted by resolution supported by a majority of the members of the Council.
- (2) The Municipality shall publish the resolution in the Provincial Gazette.
- (3) The Municipal Manager shall, without delay, conspicuously display the resolution for a period of at least 30 days at the Municipality's head office and satellite offices and libraries and, if applicable, on a website available to it.
- (4) In addition, the Municipal Manager shall, without delay, advertise in the media a notice stating that a resolution levying a rate on property has been passed by the Council and that the resolution is available for inspection at the Municipality's head office and satellite offices and libraries during office hours and on the Municipality's website, if applicable.

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## EXEMPTIONS, REDUCTIONS AND REBATES

- 7.10**(1) The Municipality shall not grant relief in respect of the payment of rates other than by way of exemption, rebate or reduction, nor shall it grant such relief to the owner of a property on an individual basis.
- (2) The Municipal Manager shall annually table in the Council of the Municipality a list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year together with a statement reflecting the income foregone by the Municipality by way of exemptions, rebates, reductions, exclusions and the phasing-in discount granted in terms of section 21 of the Act.
- (3) The Council shall identify, and provide reasons for, exemptions, rebates and reductions when the annual budget is tabled in terms of section 16(2) of the Local Government: Municipal Finance Management Act, 2003.

## CATEGORIES OF PROPERTIES FOR EXEMPTIONS, REDUCTIONS AND REBATES

- 7.11** The Council may, by resolution, grant exemptions, reductions and rebates on the following categories of properties -
- (a) residential property;
  - (b) home business property;
  - (c) vacant land;
  - (d) agricultural property;
  - (e) public service infrastructure;
  - (f) rural communal property;
  - (g) impermissible rates property;
  - (h) DSF property;
  - (i) mining property;
  - (j) sectional title garages (separately registered);
  - (k) unauthorised use property
  - (l) public benefit organisation property
  - (m) other property

## 8. ELECTRICITY TARIFFS

- 8.1** Adjustments to tariffs shall be effective from 1 July each year or as soon as possible thereafter.
- 8.2** Categories of consumption and charges shall be as follows:
- All electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
  - Indigent consumers who qualify in terms of the Indigent Policy will receive 50 kWh electricity free on condition that the MCB is reduced to 20Amp.
  - All domestic electricity consumers, with the exception of consumers using prepaid meters, shall additionally be billed a basic availability charge per meter installed per month.
  - All commercial, industrial and other non-domestic properties shall additionally be billed a demand charge per meter installed appropriate to their respective levels of consumption.
  - The municipality's consumption of electricity shall be charged at the normal tariff rates applicable or alternatively at a special tariff as determined by Council.

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## 9. WATER TARIFFS

- 9.1 Adjustments to tariffs shall be effective from 1 July each year or as soon as possible thereafter.
- 9.2 Categories of consumption and charges shall be:
- All domestic consumers shall be charged for actual water consumption at a tariff per kilolitre as determined by the Council from time to time.
  - Indigent consumers who qualify in terms of the Indigent Policy will receive 6kl of water free. The balance of water consumed will be billed at the normal applicable tariff.
  - All other consumers, including businesses, industries and institutional consumers shall be charged the relevant applicable tariff per kilolitre, based on the volume of water consumed.
  - The municipality's consumption of water shall be charged at the relevant tariff as determined by Council.

## 10. REFUSE REMOVAL TARIFFS

- 10.1 Adjustments to tariffs shall be effective from 1 July each year or as soon as possible thereafter.
- 10.2 Refuse removal charges shall be charged monthly to the consumer according to the category applicable, based on the frequency of the service rendered.
- 10.3 Domestic indigent consumers will be billed at the indigent tariff.
- 10.4 The municipality's use of the refuse removal service shall be charged at the relevant tariff applicable to business consumers.

## 11. SEWERAGE TARIFFS

- 11.1 Adjustments in tariffs are effective from 1 July each year or as soon as possible thereafter.
- 11.2 Categories of usage and charges shall be:
- A fixed monthly charge shall be levied for sewerage for domestic users.
  - Domestic indigent consumers will be billed at the indigent tariff.
  - A charge based on water consumption shall be levied for sewerage to all flats, businesses, industries and institutional users.
  - A charge based on water consumption at the relevant tariff applicable to business consumers shall be charged to the municipality for the use of such services.
- 11.3 Where special purification measures have to be utilized to purify wastewater emanating from factories and other industrial users, an effluent fee is further payable by these users.

## 12. OTHER TARIFFS

- 12.1 All other tariffs are to be approved by the Council in each annual budget. These tariffs may be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service.

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- 12.2** Subsidised services are services for which tariffs are fixed in such a way that at least a portion (as approved by Council) of the cost of providing the service can be recovered. The consumption of these services can be measured and can be apportioned to individual consumers, but, if based on actual cost, would prove to be excessive and unaffordable to the consumer. A user charge is therefore payable for using the service, but the tariff is much lower than the real cost of providing the service.
- 12.3** Community services are those services for which the municipality is unable to accurately determine the consumption or usage and hence apportion to individual consumers e.g. municipal parks and open spaces. Tariffs shall, therefore, not be levied for their use as the cost of providing these services is funded from general rate income.
- 12.4** Economic services are services for which tariffs reflect the full cost of providing the service and the costs are recovered without incurring a surplus or deficit. The consumption can be accurately determined and apportioned to an individual consumer.
- 12.5** Certain other charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget.
- 12.6** With regard to the leasing of municipal properties to the public, market-related rentals shall be levied unless special circumstances apply.
- 13. BY-LAWS TO GIVE EFFECT TO POLICY**
- 13.1** In terms of Section 75 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Council of the municipality must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

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## MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Mxolisi A Nkosi, municipal manager of Msunduzi Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.



Mxolisi A Nkosi  
Municipal manager of Municipality (KZN225)  
Date: 30 May 2012

# **Annual Budget and Medium Term Revenue and Expenditure Framework (2012-2013 / 2014-2015)**

*The City of Choice Second to None*



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