

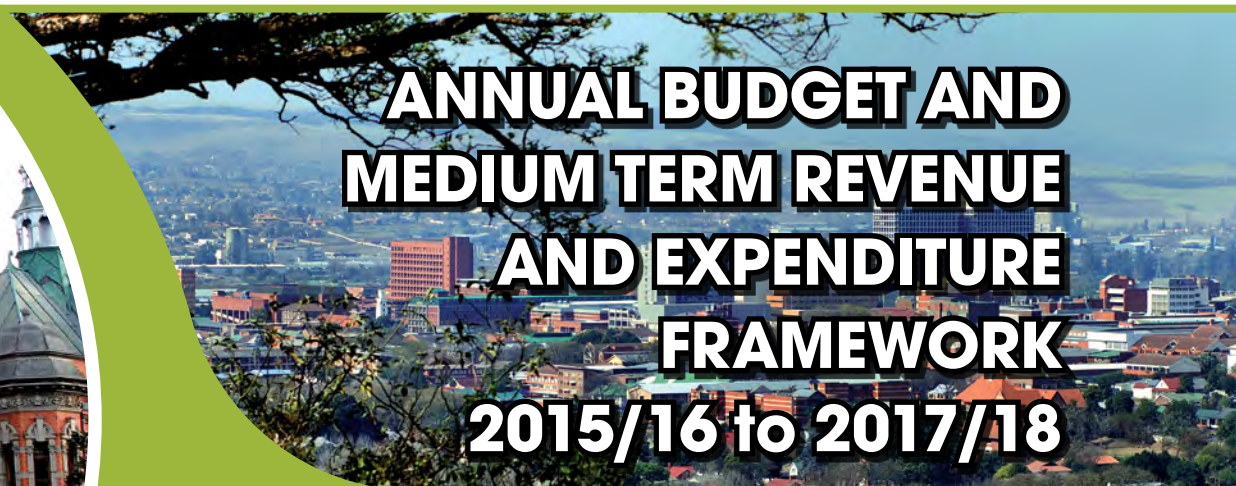


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**ANNUAL BUDGET AND  
MEDIUM TERM REVENUE  
AND EXPENDITURE  
FRAMEWORK  
2015/16 to 2017/18**

**2015/16 to 2017/18**



ANNUAL BUDGET OF

# **MSUNDUZI MUNICIPALITY**

## **KZN225**

**2015/16 TO 2017/18**

**MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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# MSUNDUZI ANNUAL BUDGET

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## Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kl	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
l	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
Programme	
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System



# MSUNDUZI ANNUAL BUDGET

RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises



## PART I – ANNUAL BUDGET

### I.I Mayor's Report

## MAYORAL BUDGET SPEECH FOR THE FINANCIAL PERIOD 2015-2016 DELIVERED ON THE 26<sup>TH</sup> OF MAY 2015

Honourable Speaker, Cllr Baijoo,  
The Deputy Mayor, Cllr Zuma,  
Honourable Members of the Executive Committee;  
Chief Whip, Nkomose,  
The Chairperson of the MPAC, Cllr Tarr,  
Fellow Councillors;  
Traditional Leaders, AmaKhosi aseNdlunkulu,  
Religious Leaders;  
Leaders of Business and Representatives of Civil Society;  
Management and Staff;  
Members of the media;  
Distinguished Guests, Ladies and Gentlemen;  
All Protocol observed

### Greetings to you all.

**“You may write me down in history  
With your bitter twisted lies  
You may tread me in the very dirt  
But still, like dust I rise**

**Just like moons and like suns  
With the certainty tides,  
Just like hopes springing high,  
Still I'll rise”**

**Out of the huts of History's shame, I rise,  
Up from a past that is rooted in pain, I rise,  
Leaving behind nights of terror and fear, I rise,  
Into a day break that's wondrously clear, I rise**

**I am the dream and the hope of the slave  
I rise  
I rise  
I rise.**

Mr. Speaker, when preparing for the 2015/16 budget and looking back at the strides that we have made since we took office in 2011, I could think of no relevant poem than that of Maya Angelou when she says I rise. I am saying so because I stand before you today with my shoulders held high, in the knowledge that indeed Msunduzi has also risen from the huts of history's shame to a municipality that is slowly claiming its rightful place, not only in the province but in the entire country.





# MSUNDUZI ANNUAL BUDGET

It does give me great pleasure on this, the year of the Freedom Charter to deliver what has been termed the people's budget. We are doing this whilst the Nation is still mourning the death of one of our stalwarts, Mme Ruth who was one of those leading from the front in that big march to ensure that freedom reigns in our lifetime. Although Mme Ruth is no more, we nevertheless continue to be inspired by values and principles from her vision and political insight that spanned over her lifetime and may her soul rest in peace. Looking back over the past 20 years, which is the only period that has been given to the ANC by the South African voting citizens to correct the wrongs of the past that were in the making for more than a century, we can all agree that giant strides have been made towards the attainment of the vision of the Freedom Charter and we indeed have good story to tell.

## ON THE FREEDOM CHARTER

Mr. Speaker, the Freedom Charter is a unique document in that for the first time ever, the people of South Africa, from all colours, races and creed were actively involved in formulating their own vision of an alternative society. The existing order of State oppression and exploitation which was prevalent in the 1950's (and earlier) was totally rejected. The notion of a Charter was first mooted at the annual Congress of the African National Congress in August 1953. Prof Z K Mathews formally suggested convening a Congress of the People (C.O.P.) to draw up the Freedom Charter. The idea was adopted by the allies of the ANC, the South African Indian Congress, the South African Coloured People's Organisation and the South African Congress of Democrats. Honourable Speaker and fellow Councillors, I must hasten to remind you that the Congress of the People was not a single event but a series of campaigns and rallies, huge and small, held in houses, flats, factories, kraals, on farms and in the open. The National Action Council enlisted volunteers to publicise the C.O.P, educate the people, note their grievances and embark on a "million signatures campaign". I guess that's the reason why those who claimed to be the representatives of the Congress of the People died a natural death before they had even emerged.

Mr Speaker the similarities that one can draw from today's budget and the Freedom Charter formulation is the extensive consultative process that we have followed and the inputs and comments that we have received from our communities across all five zones. By so doing Mr Speaker we have breathed life to the spirit of the Freedom Charter and its proclamation which proclaims that **"South Africa belongs to all who live in it" and that "all shall be equal before the law". And that no government can justly claim authority unless it is based on the will of the people"**.

Mr Speaker without repeating what the majority of us know, it is important to remind all of us about the pillars of the Freedom charter, which have become the cornerstone of our constitution and remain a primary guideline in our engagement with our communities and stakeholders. These are as follows:

1. The people shall govern;
2. All shall be equal before the law;
3. All shall enjoy equal human rights
4. There shall be work and security;
5. The doors of learning and culture shall be opened;
6. There shall be houses, security and comfort; and last but not least,
7. There shall be peace and friendship.

Therefore Mr Speaker, it should be clear to everyone that the IDP and budget that we wish to table here today has followed the very same footsteps once taken by the Freedom Charter.

During the 2014 National and Provincial Elections, the mandate to govern by the ANC was endorsed and renewed by people of South Africa, undoubtedly affirming the noble notion that the will of the people is the basis of authority of government. This principle is universally acknowledged as sacred throughout the civilised world, and constitutes the basis of freedom and justice. It is understandable why citizens, who have a vote as well as the right to direct representation in the country's governing bodies, should be morally and legally bound by the laws governing the country. As I stand to deliver this budget, I therefore speak with authority based on the confidence placed by the people of South Africa on the hands of the African National Congress.



## **LEGISLATIVE REQUIREMENTS**

Mr Speaker we are mindful of the legislative requirements that the IDP and budgeting processes needs to go through and without any fear of contradiction, I want to state that we have complied with the same to the latter. Mr Speaker last year I indicated to this council that a democratic order is not based solely on the accepted principle of one man one vote. I said and I repeat, it must in addition, recognise the constitutional right of the dissenting voices. It must also ensure that the power of the majority is constrained by constitutional means. Therefore as a governing party we are committed to run this municipality in manner that articulate principles and objectives spelled in section 152 of the Constitution. We will continue to do so voluntarily.

## **TARIFF MODELING AND BUDGET PREPARATION ASSUMPTIONS**

Mr Speaker, the preparation of our tariffs is informed by national norms and standards and our utility prices for electricity and water are always dictated by NERSA and Umngeni Water Board. Our tariff escalation for Electricity and Water for financial year 2015/16 is in line with the recommendations NERSA and Umngeni and the reason for not adding the municipal mark-up is to mitigate the negative impact in the lives of the poor and meet our community half-way.

I can therefore confidently state that in our budget preparation the plight of the poorest of the poor has been our primary consideration. The issue of MCB charges continue to haunt us each time we engage the public either in public hearings or in our door to door engagement with our community. Mr Speaker let us put the facts straight, we don't charge the MCB charges to our poor people provided they maintain 20 Amp circuit breaker in their supply and this MCB charge is only applied to high demand customers .

## **PROCUREMENT OF FINANCIAL SYSTEM**

The roll out of SAP financial management system is already underway. The implementation will be over a period of three financial years. It must be noted that this move is a ground-breaking development in as far as ERP of the Council is concerned. Currently the municipality is having more than 30 systems in use and surely the introduction of SAP shall reduce the number of legacy systems drastically and thereby attaining costs benefits.

## **CAPITAL REPLACEMENT RESERVE**

During the 2014/15 financial year, cash backed Capital Replacement Reserve (CRR) has been created with an intention to ensure gradual replacement of ageing infrastructure. Going forward from 2015/16 budget year a certain percentage of revenue received shall be dedicated to top up this reserve and it is going to be the norm for the future budgets. This Mr Speaker and fellow Councillors will ensure that we never encounter a situation of ageing infrastructure with no funds to replace them

## **TARIFFS**

Accordingly, our tariffs are as follows:



## Rates

The rates residential exemption limit was maintained at R100 000 and an increase of 6% was applied for 2015/16 financial year. This is 0, 2% more than the headline inflation forecasts by National Treasury as disclosed on circular 74. The supplementary valuation roll which was undertaken during 2014/15 has resulted into the increase on rateable amount hence the 13% increase on rates revenue however the general increase on individual rates payer shall be 6% for the year.

### Refuse Tariff modelling

An increase of 5, 8%, which is in line with the inflation was factored in the current budget.

### Water tariff modelling

Mr Speaker, you will recall that last year, our proposed tariff was 8.7%. This was informed by the tariff increase imposed on us by the bulk supplier. This year our increase is 8.2 % however a thorough exercise is yet to be finalised in order to ensure that water revenue budget is cost reflective and also to ensure that water related reserves are gradually improved thereby ensuring sustainability of the service going forward. This exercise is necessary in order to balance the tariff structure since we have taken over water service for Vulindlela and surrounding areas which is putting a strain in our coffers.

- The proposed 8.2% is based on Umngeni planned increase of 8.2%;
- The household consumers will be subsidized by 6 kl through indigent program;

Accordingly we have increased a basic charge of R 16, 71 by 5, 8% for residential and increase the basic of R 27, 85 by 5, 8% for others.

## BUDGET ASSUMPTIONS

The following assumptions have been used to prepare the proposed draft 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 74 of 5.8%, 5.5% and 5.3% respectively over the MREF period. This has been well considered and this resulted in an increase in all tariffs except electricity and water to be increased 12.2% and 8.2% respectively.

### Eskom bulk tariff increases

Mr Speaker, it is my wish that we did not have any increase in electricity tariff in this budget proposal considering the level of unemployment, the petrol price and level of interest rate in our economy. As the municipality we have considered the tariff hike of 12, 2 % and this tariff is exactly the same hike recommended by NERSA as national guideline.



## Revenue

- Property rates as per valuation roll 0,2% increase more than the headline inflation forecasts
- Service charges as per model
- Rental of facilities based on the current expenditure
- Interest earned-projection plus unspent portion
- Interest earned-outstanding debtors based on the new strategies
- Fines-based on projected fine issue for the year,
- Agency services based on revenue trend(TMT)
- Grants as per DORA
- Other revenue based on the revenue trends (airport, forestry, market, burials & cremations, building plans, reconnections and other minor revenue)
- Collection rates-95%

## Expenditure

- Total employee related costs increased by 12% with a provision of R60 million for vacant posts which will translates into individual salary increase of 6,9% for the year
- Councillors allowances -7.8% increase
- Debt impairment 9% of the projected service charges
- Depreciation and asset impairment as per asset register
- Finance charges as per amortization schedule plus estimated portion of the new loan
- Bulk purchases costs has taken into account the bulk increases from Umngeni, factored increase in demand as well as benefit realised from reduction of water losses
- Other material as per expenditure trend
- Contracted services as per existing contracts
- Transfers and grants (Safe City) as per submission plus a portion of inflation rate
- Other expenditure as per inflation except for repairs and maintenance.
- Repairs and maintenance budget is 4,9%, 6,2% and 7,4% of operating expenditure the very same expense as percentage of PPE 2,9%, 4% and 5,2% of MREF

As it would appear that our contribution towards repairs and maintenance is below the norm as per National Treasury guide, the reason for that is simple because 90, 8% of the Capital budget is towards the assets renewal. Therefore contribution towards repairs and maintenance shall remain below the norm being 2, 9% this budget year. Total operating revenue of R 4.165 billion has grown by 16.97% or R 604 million for the 2015/16 financial year when compared to the 2014/15 pre-audit adjustments budget. For the two outer years, operational revenue will increase by 8.53% or R 355 million and 8.95% or R405 million respectively, equating to a total revenue growth of R 1.4 billion over the MTREF when compared to the 2014/15 pre-audit adjustments budget.

Total operating expenditure for the 2015/16 financial year has been appropriated at R4 161 billion which translates into a budgeted surplus of R3.5 million. When compared to the 2014/15 pre-audit adjustments budget, operational expenditure has overall increase of by 16.99% in the 2015/16 and outer years have 8.49% and 8.89% respectively.

The total capital budget if R709 million which is constituted of R120 million Council own funding and R489 million grants allocation. However the capital budget allocation of R709 million is not enough considering the service delivery backlogs and the need to refurbish the existing infrastructure in order to keep pace with the current demand. A concerted effort needs to be put in place in order to ensure that very soon the situation is addressed.





## 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:

- (i) **Credit Control & Debt Collection Policy:** The change to the Credit Control and Debt Collection policy involves the introduction of certain clauses in order ensure improved collections.
- (ii) **Rates policy:** The changes to the Rates policy are in terms of the Municipal Property Rates Act and accommodate the introduction of a rebate for developers and child headed households as outlined in the tariff register. The new valuation roll and supplementary roll are included.
- (iii) **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.
- 0 **Indigent Policy:** The changes to the Indigent Policy are in terms of National Treasury recommendations and major feature of the policy is the re-introduction of applied indigent and related controls. The life-line relief in terms of water 6kl is the acceptable level nationally and all indigent beneficiaries should have 20amps in terms electricity supply.
- (iv) **Budget policy:** The changes to the Budget policy are mainly to ensure effective budgeting in terms of chapter 4 of the MFMA to a large extent.
- (v) **Cash management & Investment policy:** The changes to the cash management & investment policy are mainly the inclusion of certain clause in order to enhance management of investments.
- (vi) **Funding & reserves policy:** Basically this policy is meant to guide the use reserves and other funding that may become available. This policy is necessary since R120 millions of our capital budget will be funded from municipal own sources of income.
- (vii) **Virement policy:** The changes to the virement policy are minimal mainly to ensure improved implementation of the policy.
- (viii) **Supply chain management policy:** incorporates the recent changes regarding procurement procedures
- (ix) **Insurance policy:** mainly addresses issues to be considered when handling municipal insurance
- (x) **Grants policy:** mainly treatment and disclosure of grant funding on municipal books
- (xi) **Asset management policy:** Newly introduced policy which deals management, treatment and disclosure of assets on financial statements
- (xii) **Borrowing policy:** emphasise importance of compliance with MFMA when borrowing has to take place



## 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. Firstly Mr. Speaker, lets thank the National Treasury. I have said this before and I am saying it again. We want to convey our gratitude to the National Treasury which continues to be a beacon of light for us. We take their advice and guidance very seriously, but we take full ownership of this budget and if there are flaws, no blame should be directed to the National Treasury, instead it should come to us. I was informed by the Delegation that attended the National Benchmark exercise this year that they confessed to having referred to as a Basket case in the past but assured us that we have outgrown that name this year.
2. We also want to thank the Office of the Premier for continuing to provide assistance and support that always prove valuable to us. We are indeed slowly but surely claiming our status as the Capital City of the province.
3. Another sincere word of gratitude goes to our FINANCE MEC, Mrs Belinda Scott. Mrs Scott has taken over from where Mama Ina Cronje left off in terms of assisting us with our debt collection, more in particular the government debt. We thank them for this support and we look forward to their continued involvement with our municipality going forward.
4. We also want to thank the MEC for COGTA in KZN, Ms Dube-Ncube and the HOD Mrs Qhobosheane for their support in various aspects.
5. We want to convey our gratitude to all Cllrs, particularly the Budget Steering Committee, Rates, Tariffs and Charges Committee, the EXCO members and all Councillors who participated in the budget preparation process. We thank you for your contributions and we are now reaping the rewards of your hard work that has been accumulating over the past four years,
6. Mr. Speaker, I also want to convey the Council's gratitude to the Technical Budget Steering Committee lead by the Accounting Officer and the Chief Financial Officer. We are mindful of the sleepless and stressful hours that you have spent at work and in Pretoria since the submission of midterm budget review on the 23<sup>rd</sup> of January 2015. We thank you for such sacrifices.
7. Last but not least, we want to that all the Stakeholders, NPO's and CBO's who took time to make inputs and contributions, both to our IDP and Budget. I want to assure all of them that where we could, guide by fiscal policies, accommodate your inputs and suggestions, we have done so. And that where we have not been able to accommodate your concerns, such will not go to waste but will be considered going forward.

## CONCLUSION

Mr Speaker in closing I want to, once again, quote one of the phenomenal poets of our times, Maya Angelou. I will just take two paragraphs which I think remain ever so relevant to Msunduzi of today when we look back. Maya goes as follows:

**“Did you want to see me broken?  
Bowed head and lowered eyes?  
Shoulders falling down like teardrops?  
Weakened by my soulful cries?**

**You may shoot me with your words,  
You may cut me with your eyes  
You may kill me with your hatefulness  
But still, like air I rise”.**



# MSUNDUZI ANNUAL BUDGET

It is against this background Mr Speaker, that I now so move that the Council:

## 1. MOVE FOR THE IDP ADOPTION

### IT IS RECOMMENDED THAT:

- 1.1 Council approves the Integrated Development Plan for 2015/16 to 2018/19.
- 1.2 The Municipal Manager be authorized to submit the approved Integrated Development Plan for assessment to COGTA within ten (10) days after approval by the Council.

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

### IT IS RECOMMENDED THAT:

- 2.1 The annual budget of the municipality for the financial year 2015/16 and the multi year and single-year capital appropriations as set out in the following tables is approved:
  - 2.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2 ;
  - 2.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3 ;
  - 2.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4 ; and
  - 2.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 .
- 2.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 2.2.1 Budgeted Financial Position as contained in Table A6 ;
  - 2.2.2 Budgeted Cash Flows as contained in Table A7 ;
  - 2.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 ;
  - 2.2.4 Asset management as contained in Table A9 ; and
  - 2.2.5 Basic service delivery measurement as contained in Table A10 .
- 2.3 With effect from 1 July 2015, the tariffs for property rates – as set out in Annexure A is approved as follows:
  - 2.3.1 the tariffs for electricity – as set out in Annexure A
  - 2.3.2 the tariffs for the supply of water – as set out in Annexure A
  - 2.3.3 the tariffs for sanitation services – as set out in Annexure A
  - 2.3.4 the tariffs for solid waste services – as set out in Annexure A
  - 2.3.5 the tariffs on property rates randage as informed by latest revised property valuation roll for 2015
- 2.4 All the budget related policies as per the Annexure are submitted in terms of S7 of Municipal Budget and Reporting Regulations for adoption



- 2.5 That in term of the requirements of S75 of the Municipal Systems Act No. 7 of 2011 as amended the tariffs policy be promulgated as a bylaw.
- 2.6 That in terms of S98 of the Municipal Systems Act the Credit Control and Debt Collection Policy and Indigent Policy be promulgated as a bylaw.
- 2.7 That in terms of S6 of Municipal Property Rates Act No. 6 of 2004, the Rates Policy be promulgated as a bylaw
- 2.8 That to give effect to the above, the legislative procedure as contained in Sections 12 and 13 of the Municipal Systems Act be followed in respect of Tariff policy, the Credit Control and Debt Collection policy, the Indigent policy and the Rates policy, viz
- 2.9 That the Tariff policy, the Credit Control and Debt Collection policy, the Indigent policy and the Rates policy be published promptly in the Provincial Gazette, and where feasible, also in a local newspaper or in any other practical way to bring the content of the bylaw to the attention of the local community, the bylaw to take effect on the 1 July 2015
- 2.10 That the rate randage for the following categories be approved:-
- |       |                                   |        |
|-------|-----------------------------------|--------|
| i.    | General                           | 0.0204 |
| ii.   | Agricultural                      | 0.0028 |
| iii.  | Public Benefit Organisations      | -      |
| iv.   | Dwelling: Shops and Flats         | 0.0153 |
| v.    | Small business – home             | 0.0153 |
| vi.   | Unauthorised use                  | 0.0350 |
| vii.  | Impermissible                     | -      |
| viii. | Other (Commercial and Industrial) | 0.0197 |
| ix.   | Mining                            | 0.0197 |
| x     | Rural Communal Land               | 0.0028 |
| xi.   | Public Service Infrastructure     | 0.0028 |
| xii   | Residential                       | 0.0112 |
| xiii  | Vacant land                       | 0.0204 |
- 2.11 That the electricity tariff be increased by 12.2%
- 2.12 That the water tariff be increased by 8.2%
- 2.13 That the sanitation tariff be increased by 5,8%
- 2.14 That the refuse tariff be increased by 5.8%
- 2.15 That the rates randage be increased by 6%
- 2.16 That the other tariffs and overall charges be increased by 5.8%
- 2.17 That the Rates and Tariffs Register for 2015/16 be approved
- 2.18 That with regard to the above tariffs and rates, the Deputy Municipal Manager (CFO) cause the notices referred to in Section 75 (A) of the Municipal Systems Act as amended to be published in a newspaper and displayed at the City Hall, Chief Albert Luthuli Street, 333 Church street, the Edendale Office and all other municipal offices determined by the Municipal Manager.





# MSUNDUZI ANNUAL BUDGET

2.19 To give proper effect to the municipality's annual budget, cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

**Together we move the City of Choice, second to none forward.**

I thank you.  
Ngiyabonga  
Baie dankie

Presented by Cllr C.J. Ndlela  
**Mayor: Msunduzi Municipality**  
May 27, 2015



## I.2 It was resolved to recommend to Full Council that:

On 21 of May 2015 the Executive Committee of Msunduzi Local Municipality will meet in the Council Chambers of Msunduzi City Hall to consider the draft annual budget for the financial year 2015/16 and the two outer years.

### It was resolved

- (a) That the Annual Budget of the Municipality for the financial year 2015/16, multi-year and single-year capital appropriations as set out in Tables A2 – A5 of the report dated 21 May 2015 by the Chief Financial Officer, be APPROVED, as follows:
- (i) Budgeted Financial Performance (Revenue and Expenditure by Standard Classification) as contained in Table A2.
  - (ii) Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) as contained in Table A3.
  - (iii) Budgeted Financial Performance (Revenue by Source and Expenditure by Type) as contained in Table A4; and
  - (iv) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
- (b) That the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in Tables A6 – A10 of the report dated 21 May 2015 by the Chief Financial Officer, be APPROVED, as follows:
- (i) Budgeted Financial Position as contained in Table A6.
  - (ii) Budgeted Cash Flows as contained in Table A7.
  - (iii) Cash Backed Reserves And Accumulated Surplus Reconciliation as contained in Table A8.
  - (iv) Asset Management as contained in Table A9; and
  - (v) Basic Service Delivery Measurement as contained in Table A10.
- (c) That with effect from 1 July 2015, the tariffs as set out on pages 22 - 28 of the report dated 21 May 2015 by the Chief Financial Officer, be APPROVED, as follows:
- (i) the tariffs for electricity
  - (ii) the tariffs for the supply of water
  - (iii) the tariffs for sanitation services
  - (iv) the tariffs for solid waste services
  - (v) the tariffs for rates on different categories
- (d) That all the following budget related policies as per the Annexure (Annual Budget and Medium Term Revenue and Expenditure Framework 2015/16-2016/17 Book) submitted in terms of S7 of Municipal Budget and Reporting Regulations, be APPROVED:-
- a) Budget policy
  - b) Virement policy
  - c) Cash Management and Investment policy



- d) Funding and Reserves policy
- e) Credit Control and Debt Collection policy
- f) Indigent policy
- g) Supply Chain Management policy
- h) Assets Management policy
- i) Grants policy
- j) Insurance policy
- k) Borrowing policy
- l) Rates policy
- m) Tariff policy

- (e) That with effect from 1 July 2015 the tariffs for other services, as set out on pages 9 – 16 of the report dated 21 May 2015 by the Chief Financial Officer, be APPROVED.
- (f) That authority be granted to the Municipal Manager to submit the Draft Annual budget and Medium Term Revenue and Expenditure Framework 2015/16 to 2017/18 as per the requirements Department of Cooperative Governance and Traditional Affairs (COGTA)

## 1.3 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, 59 ,67 and 74 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize 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 2015/16 MTREF process. The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:
- The 2014/15 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 2015/16 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;

**Table 1 Consolidated Overview of the 2015/16 MTREF**

Description	Current Year 2014/15		2015/16 Medium Term Revenue &		
	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand					
Total Revenue (excluding capital transfers and contributions)	3 570 575	3 560 702	4 165 169	4 520 391	4 924 936
Total Expenditure	3 500 255	3 557 200	4 161 699	4 514 891	4 916 247
Surplus/(Deficit)	70 320	3 501	3 470	5 500	8 689
Transfers recognised - capital	293 824	314 474	489 060	466 372	480 820
Surplus/(Deficit) after capital transfers & contributions	364 144	317 975	492 530	471 872	489 509

Total operating revenue of R 4.165 billion has grown by 15 per cent or R 604.4 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 8.5 per cent (R 355,2m) and 8.9 per cent (R 404.5) respectively, equating to a total revenue growth of R 1.3 billion over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R4.1 billion and translates into a budgeted surplus of R 3.4 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown overall by 15 per cent in the 2015/16 budget and by 8.5 and 8.9 per cent for each of the respective outer years of the MTREF.

The capital budget of R 709 million (R 489 million grant funding plus R120 million internal funding and R 100 million external borrowing) for 2015/16 is R4.0 million more when compared to the 2014/15 Adjustment Budget.





# MSUNDUZI ANNUAL BUDGET

## I.4 Operating Revenue Framework

In order for the Msunduzi Local Municipality to continue improving the quality of services that is 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 2015/16 MTREF (classified by main revenue source):

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

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>									
Property rates	505 310	585 864	602 954	659 052	659 052	659 052	743 113	784 468	823 692
Property rates - penalties & collection charges	31 244	39 596	22 674	39 231	39 231	39 231	41 349	43 582	45 935
Service charges - electricity revenue	1 212 660	1 401 971	1 486 939	1 628 543	1 628 543	1 628 543	1 865 706	2 087 542	2 335 687
Service charges - water revenue	288 345	386 419	380 807	391 288	391 288	391 288	595 443	651 217	700 571
Service charges - sanitation revenue	107 507	120 089	126 301	126 582	126 582	126 582	139 471	146 726	155 244
Service charges - refuse revenue	70 091	73 999	79 454	87 712	87 712	87 712	93 922	98 724	104 457
Rental of facilities and equipment	17 944	20 896	21 572	35 024	35 024	35 024	41 329	43 292	44 468
Interest earned - external investments	25 907	34 284	43 303	32 247	32 247	32 247	33 988	35 824	37 758
Interest earned - outstanding debtors	58 254	82 051	53 055	1 325	1 325	1 325	62 593	66 366	69 950
Fines	3 813	8 371	102 751	14 667	14 667	14 667	17 488	16 356	17 239
Licences and permits	78	59	81	83	83	83	87	92	97
Agency services	374	733	669	3 220	3 220	3 220	632	668	704
Transfers recognised - operational	351 599	395 622	448 122	415 372	407 504	407 504	440 652	463 799	502 985
Other revenue	56 557	60 553	115 513	136 230	134 224	134 224	79 695	81 735	86 149
Gains on disposal of PPE	941	-	103	-	-	-	9 700	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 730 624</b>	<b>3 210 507</b>	<b>3 484 296</b>	<b>3 570 575</b>	<b>3 560 702</b>	<b>3 560 702</b>	<b>4 165 169</b>	<b>4 520 391</b>	<b>4 924 936</b>



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

Description	Adjusted Budget	2015/16 Medium Term Revenue & Expenditure Framework					
		YoY % Increase	Budget Year 2015/16	YoY % Increase	Budget Year +1 2016/17	YoY % Increase	Budget Year +2 2017/18
<b>Revenue By Source</b>							
Property rates	659 052	13%	743 113	6%	784 468	5%	823 692
Property rates - penalties & collection charges	39 231	5%	41 349	5%	43 582	5%	45 935
Service charges - electricity revenue	1 628 543	15%	1 865 706	12%	2 087 542	12%	2 335 687
Service charges - water revenue	391 288	52%	595 443	9%	651 217	8%	700 571
Service charges - sanitation revenue	126 582	10%	139 471	5%	146 726	6%	155 244
Service charges - refuse revenue	87 712	7%	93 922	5%	98 724	6%	104 457
Rental of facilities and equipment	35 024	18%	41 329	5%	43 292	3%	44 468
Interest earned - external investments	32 247	5%	33 988	5%	35 824	5%	37 758
Interest earned - outstanding debtors	1 325	4623%	62 593	6%	66 366	5%	69 950
Fines	14 667	19%	17 488	-6%	16 356	5%	17 239
Licences and permits	83	6%	87	6%	92	5%	97
Agency services	3 220	-80%	632	6%	668	5%	704
Transfers recognised - operational	407 504	8%	440 652	5%	463 799	8%	502 985
Other revenue	134 224	-41%	79 695	3%	81 735	5%	86 149
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 560 702</b>		<b>4 165 169</b>		<b>4 520 391</b>		<b>4 924 936</b>

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

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R2.89 billion or 81 per cent. This increases to R3.4 billion, R3.7 billion and R4.1 billion for 2015/16, 2016/17 and 2017/18 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 sale of electricity which contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The table above excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates are the second largest revenue source totalling 18 per cent of total operating revenue or R 743 million. Other revenue consists of various items such as fines, licences and permits, agency services, sale of produce, training recoveries, landing fees, passenger levy etc.

Operating grants and transfers totals R 440.6 million in the 2015/16 financial year and steadily increases to R 463.7 million by 2016/17, R502.9 million by 2017/2018. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:



# MSUNDUZI ANNUAL BUDGET

**Table 4 Operating Transfers and Grant Receipts**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>322 598</b>	<b>351 129</b>	<b>377 234</b>	<b>384 424</b>	<b>384 424</b>	<b>384 424</b>	<b>407 948</b>	<b>429 215</b>	<b>467 134</b>
Local Government Equitable Share	304 835	338 903	354 313	373 541	373 541	373 541	395 786	421 033	458 801
Finance Management	1 945	1 997	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement	794	555	245	934	934	934	930	957	1 033
EPWP Incentive	-	1 362	1 874	2 782	2 782	2 782	4 032	-	-
Energy Efficiency and Demand Management	2 534	-	-	-	-	-	-	-	-
Water Services Operating Subsidy	-	-	5 391	4 000	4 000	4 000	-	-	-
Operating costs-MIG	7 928	3 909	10 350	1 567	1 567	1 567	5 000	5 000	5 000
Neighbourhood Development Partnership Technic	4 562	4 403	3 512	-	-	-	600	600	600
<b>Provincial Government:</b>	<b>29 001</b>	<b>44 493</b>	<b>70 887</b>	<b>30 948</b>	<b>23 080</b>	<b>23 080</b>	<b>32 704</b>	<b>34 584</b>	<b>35 851</b>
Provincial Government:	1 207	31 078	35 774	-	-	-	-	-	-
Expanded Public Works Grant	1 973	1 362	1 874	-	-	-	-	-	-
Health	9 667	1 090	6 242	-	-	-	-	-	-
Human Settlements	70	-	12 198	7 722	-	-	8 715	9 325	9 325
Arts and Culture- Community Library Services	-	-	-	-	-	-	552	581	612
Arts and Culture- Provincialisation	16 084	10 963	14 800	23 226	23 080	23 080	23 057	24 278	25 493
Arts and Culture-Museum Subsidies	-	-	-	-	-	-	380	400	421
<b>Total Operating Transfers and Grants</b>	<b>351 599</b>	<b>395 622</b>	<b>448 122</b>	<b>415 372</b>	<b>407 504</b>	<b>407 504</b>	<b>440 652</b>	<b>463 799</b>	<b>502 985</b>

## 1.4.1 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.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 6.0 per cent increase from 1 July 2015 is contained below:

### The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a 100% rebate is granted on property values between R15 001 and R 100 000 is granted in terms of the City's own Property Rates Policy;
- For pensioners, disability grantees and child headed households, a maximum/total rebate of 40 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to R 3 500.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 6.0 per cent increase from 1 July 2015 is contained below:



**Table 5 Comparison of proposed rates to levied for the 2015/16 financial year**

Category	Current Tariff	Proposed tariff (from 1 July 2015)
(1 July 2014)	Proposed tariff	C
(from 1 July 2015)	0,0106	0,0112
	c	C
Residential properties	0,0106	0,0112
State owned properties	0,0026	0,0028
Business & Commercial	0,0186	0,0197
Agricultural	0,0026	0,0028
Vacant land	0,0192	0,0203
Municipal rateable	0	0
Industrial	0,0186	0,0197
Non-permitted use	0,0330	0,0382
Public benefit organisation properties	0	0

## 1.4.2 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 as the municipality we are still in the course to achieve that.

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 proposed an increase its bulk tariffs with 8.2 per cent from 1 July 2015.

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 funds for infrastructure upgrades, hence the above inflation increase in the bulk cost of water.

A tariff increase of 8.2 per cent for all categories from 1 July 2015 for water is proposed. This is based on input cost assumptions of 8.2 per cent increase in the cost of bulk water (Umgeni Water).

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





# MSUNDUZI ANNUAL BUDGET

**Table 6 Proposed Water Tariffs**

Water Supply Tariffs					
1	Scale 2 (1) – Domestic	Basic Charge	R 16.71	R 17.68	5.80%
		0kl to 6kl	R 44.72	R 48.38	8.20%
	2 (2) – Domestic	7kl to 30kl per kl	R 15.04	R 16.28	8.20%
	2 (3) – Domestic	31kl to 60kl per kl	R 22.20	R 24.02	8.20%
	2 (4) _Domestic	61kl and over per kl	R 25.91	R 28.04	8.20%
	2 (5) _Domestic	Flat rate (unmetered households)	R 66.84	R 72.33	8.20%
2	Scale 3A – Flats, Simplexes	Basic Charge	R 16.71	R 17.68	5.80%
		Unit	R 14.18	R 15.35	8.20%
3	Scale 3B – Flats (Non-Rateable)	Basic Charge	R 16.71	R 17.68	5.80%
		Unit	R 19.51	R 21.11	8.20%
4	Scale 4A (1) – Commercial	Basic Charge	R 27.85	R 29.47	5.80%
		0 - 30 kl per kl	R 16.09	R 17.41	8.20%
	4A (2) – Commercial	31kl to 60kl per kl	R 17.94	R 19.41	8.20%
	4A (3) – Commercial	61kl to 100kl per kl	R 21.04	R 22.77	8.20%
	4A (4) – Commercial	101kl and over per kl	R 16.09	R 17.41	8.20%
5	Scale 4B – Commercial (Non-Rateable)	Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 19.85	R 21.48	8.20%
6	Scale 5 – Builders, Construction Sites	Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 19.85	R 21.48	8.20%
		Flat Rate - Unmetered Fire Mains	R 167.11	R 180.82	8.20%
7	Scale 6 – Religious Organisations	Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 15.74	R 17.03	8.20%
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.				



Water Supply Tariffs					
		Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 15.74	R 17.03	8.20%
10	Scale 8 – Municipal Departments				
		Unit	R 15.03	R 16.27	8.20%

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

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

Monthly Consumption	Current Amount Payable	Proposed Amount Payable	Difference (Increase)	Percentage Change
kl	R	R	R	
20	R 255.28	R 276.30	R 21.02	8.2%
30	R 405.68	R 439.10	R 33.42	8.2%
40	R 627.68	R 679.30	R 51.62	8.2%
50	R 849.68	R 919.50	R 69.82	8.2%
80	R 1,589.88	R 1,720.50	R 130.62	8.2%
100	R 2,108.08	R 2,281.30	R 173.22	8.2%

The tariff structure of the 2014/15 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R28.04 per kilolitre for consumption in excess of 61kl per 30 day period.

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

NERSA has announced the revised bulk electricity pricing structure. A 12, 2 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom proposed increases, the consumer tariff had to be increased by 12,2 per cent to offset the additional bulk purchase cost from 1 July 2015. Subsequent request of 14,4 percent increase by ESKOM is not taken in account when preparing the budget since NERSA is yet to undertake consultation process.

Qualifying indigents will again be granted 70 kWh per 30-day period free of charge.



# MSUNDUZI ANNUAL BUDGET

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

				2014/15	2015/16	% Incr
				<b>Excl. Vat</b>		
<b>Scale A: Domestic</b>						
1	A.I Single-Phase up	Basic Charge per month		R 19.73	R 22.14	12.20%
		Net Ampere Charge per amp per phase		R 7.30	R 8.19	12.20%
		Energy Charge per kWh (cents)		72.220	R 81.03	12.20%
2	Scale A.3 Three Ph	Basic Charge per month		R 32.88	R 36.89	12.20%
		Net Ampere Charge per amp per phase		R 5.38	R 6.04	12.20%
		Energy Charge per kWh (cents)		72.22	R 81.03	12.20%
<b>Scale S0. Domestic Indigent 20 Amp</b>						
Qualifying Indigent consumers will receive the first 70kWh of electricity free.						
Should be on Prepaid with 20 Amps Current limiting breaker						
3		Energy Charge only (cents)	No Basic Charge	89.180	R 100.06	12.20%
<b>Scale S1: Domestic Life Line Tariff 20 Amp</b>						
4		Energy Charge only (cents)		116.680	R 130.91	12.20%
		No Basic Charge				
<b>Scale S2: Domestic Straight Line Tariff - 60 Amps 1 phase</b>						
5		Energy Charge only (cents)		116.680	R 130.91	12.20%
		Basic Charge (Included in the monthly Municipal Bill)		R 6.45		
<b>Scale TD1: Time Of Use Domestic Single Phase</b>						
Supply Metered by a Smart Meter						
6		Scale TD.1 Time Of Use Domestic Single Phase				
		Basic Charge per month		R 39.73	R 44.58	12.20%
		Capacity charge per kVA per month		R 7.30	R 8.19	12.20%
Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)						
High Demand: (June, July, August)						
		Peak		254.310	R 285.34	12.20%
		Standard		83.630	R 93.83	12.20%
		Off Peak		49.720	R 55.79	12.20%
Low Demand: (Other Months)						
		Peak		89.320	R 100.22	12.20%
		Standard		64.420	R 72.28	12.20%
		Off Peak		44.320	R 49.73	12.20%
<b>Scale TD2: Time Of Use Domestic Three Phase</b>						
Supply Metered by a Smart Meter						
7		Scale TD.2 Time Of Use Domestic Three Phase				
		Basic Charge per month		R 62.88	R 70.55	12.20%
		Capacity charge per kVA per month		R 5.38	R 6.04	12.20%
Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)						
High Demand: (June, July, August)						
		Peak		254.310	R 285.34	12.20%
		Standard		83.630	R 93.83	12.20%
		Off Peak		49.720	R 55.79	12.20%
Low Demand: (Other Months)						
		Peak		89.320	R 100.22	12.20%
		Standard		64.420	R 72.28	12.20%
		Off Peak		44.320	R 49.73	12.20%



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

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	72.22	81.03	8.81	12.20%
250	180.55	202.58	22.03	12.20%
500	361.10	405.15	44.05	12.20%
750	541.65	607.73	66.08	12.20%
1 000	722.20	810.30	88.10	12.20%
2 000	1,444.40	1,620.60	176.20	12.20%

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. The city has embarked on an upgrade programme that will see the stabilising of the electricity distribution network.

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. As part of the 2015/16 medium-term capital programme, funding has been allocated to electricity infrastructure upgrade the main funding source is DBSA loan which was approved during the 2014/15 budget adoption

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.8 per cent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water

		2014/15	2015/16	
<u>Sewerage Tariffs</u>		<u>Excl. Vat</u>	<u>Excl. Vat</u>	<u>% Incr</u>
<u>Based on the relevant Water Scale</u>				
1	Scale 2 - Domestic /House	R 121.58	R 128.64	5.80%
2	Home Business	R 137.09	R 145.04	5.80%
3	Scale 3A - Flats/Simplexes per kl	R 6.45	R 6.82	5.80%
4	Scale 4A - Business/Commercial per kl			
	0 - 400	R 6.59	R 6.97	5.80%
	401 - 1000	R 6.15	R 6.51	5.80%
	Greater than 1000	R 5.09	R 5.38	5.80%
	Subject to a maximum of	R 26,526.23	R 28,064.75	5.80%
5	Vacant Land	R 121.58	R 128.64	5.80%
6	Scale 6 - Worship Places	R 231.96	R 245.41	5.80%
7	Scale 8M - Municipal Department	R 6.59	R 6.97	5.80%
8	Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.			
9	Scale 3c, 4c, 7c - Registered Welfare & Charitable Institutions & certain Sporting	R 6.59	R 6.97	5.80%





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## 1.4.5 Waste Removal and Impact of Tariff Increases

A 5.8 per cent increase in the waste removal tariff is proposed from 1 July 2015

The following table compares current and proposed amounts payable from 1 July 2015:

<u>Standard charges for Domestic and Commercial Refuse Removal</u>				
<u>Based on relevant Electricity Scale</u>				
		<u>2014/15</u>	<u>2015/16</u>	
<u>Refuse Removal Tariffs</u>		<u>Excl. Vat</u>	<u>Excl. Vat</u>	<u>% Incr</u>
1	Domestic			
	Single phase up to 80A	R 78.64	R 83.20	5.80%
	Three phase up to 100A	R 78.64	R 83.20	5.80%
	Prepayment Meter	R 78.63	R 83.19	5.80%
2	Home Business			
	Single phase up to 80A	R 119.21	R 126.12	5.80%
	Three phase up to 100A	R 119.21	R 126.12	5.80%
	Prepayment Meter	R 119.21	R 126.12	5.80%
3	Small Power Users - Business/Commercial			
	Single phase up to 80A	R 225.29	R 238.35	5.80%
	Three phase up to 100A	R 225.29	R 238.35	5.80%
4	Large Power Users - Business/Commercial			
	Supply taken at 400V	R 225.29	R 238.35	5.80%
	Supply taken at 6.6 or 11kV	R 225.29	R 238.35	5.80%
5	Flats/Simplexes	R 66.64	R 70.50	5.80%
6	Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.			
7	Previously PHB Housing and Informal Settlements (MASS HOUSING) - per household	R 15.84	R 16.76	5.80%
8	Central Business District	R 299.60	R 316.98	5.80%

Main cbd bordered by East(Massukwane), Winston/Victoria, Bulwer, Boschhoff, Alan Paton, Prince Alfred, Railway, Pine. Greytown Rd from East To Trichy, Balhambra Way from Greytown Road to Newholme Way, Khan Road from 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.

# 2015/16 to 2017/18



		2014/15	2015/16	
		Excl. Vat	Excl. Vat	% Incr
<b>1</b>	<b>Standard charges for Domestic and Commercial Refuse Removal.</b>			
	Fees payable for the additional removal and clearance of refuse by arrangement from premises other than those applicable in item 1.			
<b>2. (a)</b>	Removal of additional domestic refuse: Excluding Central Business District			
	Normal days per collection -			
(i)	3 x 85l bins or part thereof	R 25	R 26	7.48%
(ii)	240l wheeled bin or part thereof	R 25	R 26	7.48%
<b>(b)</b>	Other than normal removal days, per collection -			
(i)	3 x 85l bins or part thereof	R 151	R 159.62	5.80%
<b>(c)</b>	Where Council refuse containers are used on high density residential dev (simplexes, duplexes, cluster homes etc). The charge for a 1,75m <sup>3</sup> container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.			
		R 247	R 260.94	5.80%
<b>3. (a)</b>	Removal of additional domestic refuse: Central Business District			
	Normal days per collection -			
(i)	3 x 85l bins or part thereof	R 25	R 26.47	5.80%
(ii)	240l wheeled bin or part thereof	R 25	R 26.47	5.80%
<b>(b)</b>	Other than normal removal days, per collection -			
(i)	3 x 85l bins or part thereof	R 154	R 162.59	5.80%
<b>(c)</b>	Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc). The charge for a 1,75m <sup>3</sup> container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.			
		R 251	R 265.77	5.80%
<b>4. (a)</b>	Removal of trade refuse [Industrial/Commercial]:			
	Normal days, per collection -			
(i)	3 x 85l bins or part thereof	R 65	R 68.95	5.80%
(ii)	210l drum or part thereof	R 65	R 68.95	5.80%
(iii)	240l bin or part thereof	R 65	R 68.95	5.80%
(iv)	Removal of additional refuse as per 3(a)(i)-(iii)	R 65	R 68.95	5.80%
<b>(b)</b>	Other than normal removal days, per collection -			
(i)	3 x 85l bins or part thereof	R 144	R 152.66	5.80%
(ii)	210l drum or part thereof	R 144	R 152.66	5.80%
(iii)	240l bin or part thereof	R 144	R 152.66	5.80%
<b>5</b>	Removal of industrial refuse [Industrial/Commercial]:			
<b>(a)</b>	per load or part thereof loaded by the Executive Manager [maximum 15 m <sup>3</sup> ] removed as a once off clearance.			
(i)	bulk refuse containers [15 m <sup>3</sup> ] hire thereof, including a once off clearance.	R 1,865	R 1,973.37	5.80%
(iii)	bulk refuse containers [maximum 15 m <sup>3</sup> ] hire thereof, including one clearance per week.	R 1,806	R 1,910.88	5.80%
(iv)	second clearance	R 1,250	R 1,322.85	5.80%
(v)	each additional clearance	R 1,122	R 1,187.32	5.80%
<b>(b)</b>	small mobile refuse containers [approx. 0,24m <sup>3</sup> ] available in Otto Bin serviced areas only:			
(i)	hire thereof, including one clearance per week.	R 70	R 74	6.07%
(ii)	second clearance	R 52	R 55.23	5.80%
(iii)	each additional clearance	R 48	R 50.52	5.80%
<b>(c)</b>	small mobile refuse containers [approx. 1 m <sup>3</sup> ] available in Otto Bin services areas only:			
(i)	hire thereof, including one clearance per week.	R 277	R 292.88	5.80%
(ii)	second clearance	R 204	R 216.07	5.80%
(iii)	each additional clearance	R 178	R 188.80	5.80%
<b>(d)</b>	small mobile refuse containers [approx. 2 m <sup>3</sup> ]:			
(i)	hire thereof as a once off clearance	R 450	R 476.22	5.80%
(ii)	hire per week, including one clearance	R 409	R 432.90	5.80%
(iii)	second clearance	R 212	R 224.73	5.80%
(iv)	each additional clearance	R 186	R 196.91	5.80%
<b>(e)</b>	7 m <sup>3</sup> refuse skips available in south-west area only:			
(i)	hire thereof, including one clearance per week.	R 904	R 956.32	5.80%
(ii)	second clearance	R 633	R 670.00	5.80%
(iii)	each additional clearance	R 539	R 570.34	5.80%



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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 70	R 74	6.07%
	(ii)	second clearance	R 52	R 55.23	5.80%
	(iii)	each additional clearance	R 48	R 50.62	5.80%
	1 100l				
	(i)	hire thereof, including one clearance per week.	R 265	R 280.16	5.80%
	(ii)	second clearance	R 195	R 206.58	5.80%
	(iii)	each additional clearance	R 166	R 175.62	5.80%
	1,75m <sup>3</sup>				
	(i)	hire thereof, including once off clearance	R 431	R 455.58	5.80%
	(ii)	hire per week, including one clearance per week	R 391	R 414.09	5.80%
	(iii)	second clearance	R 203	R 214.97	5.80%
	(iv)	each additional clearance	R 178	R 188.42	5.80%
	7m <sup>3</sup>				
	(i)	hire thereof, including one clearance per week	R 865	R 914.65	5.80%
	(ii)	Second clearance	R 611	R 646.77	5.80%
	(iii)	Each additional clearance	R 516	R 545.64	5.80%
	15m <sup>3</sup>				
	(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 2,478	R 2,621.50	5.80%
	(ii)	hire thereof, including a once off clearance	R 1,865	R 1,973.37	5.80%
	(iii)	hire thereof, including once clearance per week	R 1,806	R 1,910.88	5.80%
	(iv)	second clearance	R 1,267	R 1,340.64	5.80%
	(v)	each additional clearance	R 1,122	R 1,187.24	5.80%
	20m <sup>3</sup>				
	(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 3,304	R 3,495.14	5.80%
	(ii)	hire thereof, including a once off clearance	R 2,487	R 2,630.91	5.80%
	(iii)	hire thereof, including once clearance per week	R 2,408	R 2,548.04	5.80%
	(iv)	second clearance	R 1,689	R 1,787.46	5.80%
	(v)	each additional clearance	R 1,496	R 1,582.90	5.80%
	25m <sup>3</sup>				
	(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 4,130	R 4,369.04	5.80%
	(ii)	hire thereof, including a once off clearance	R 3,109	R 3,288.84	5.80%
	(iii)	hire thereof, including once clearance per week	R 3,010	R 3,184.85	5.80%
	(iv)	second clearance	R 2,112	R 2,234.16	5.80%
	(v)	each additional clearance	R 1,870	R 1,978.81	5.80%
7	Removal and clearances from properties outside the refuse removal area:				
8	Dead animals [per carcass] during working hours -				
	(a)	(i) dog or cat	R 425	R 449.49	5.80%
		(ii) sheep, goat, calf or pig	R 637	R 674.24	5.80%
		(iii) ox, cow, bull, horse, mule or donkey	R 1,374	R 1,453.36	5.80%
	(b)	outside working hours -			
		(i) dog or cat	R 474	R 501.93	5.80%
		(ii) sheep, goat, calf or pig	R 1,204	R 1,273.57	5.80%
		(iii) ox, cow, bull, horse, mule or donkey	R 2,407	R 2,547.13	5.80%
The fees specified in this item shall be payable upon demand or otherwise may be arranged with the Council.					
9	Euthanased animals [per carcass]:				
	(a)	Removal of dog and cat carcasses from the premises owned or occupied by registered veterinary practitioners -			
		(i) during normal working hours	R 142	R 149.83	5.80%
		(ii) after normal working hours	R 510	R 539.39	5.80%
	(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.			





## 1.4.6 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increase impact on household's bills has been kept to between 9.0 and 12.3 per cent, with the increase for indigent households 9.0 per cent.

**Table 9 MBRR Table SA14 – Household bills**

KZN225 Msunduzi - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % Incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		596.22	633.22	585.00	530.00	530.00	530.00	6.0%	561.80	595.51	631.24
Electricity: Basic levy		220.06	283.56	310.26	311.73	311.73	311.73	12.2%	349.76	392.43	440.31
Electricity: Consumption		430.35	456.78	647.80	722.20	722.20	722.20	12.2%	810.31	909.17	1,020.08
Water: Basic levy		35.25	32.21	56.97	61.43	61.43	61.43	5.8%	64.99	68.76	72.75
Water: Consumption		284.63	260.15	332.16	360.96	360.96	360.96	8.2%	390.56	422.58	457.24
Sanitation		117.71	101.04	115.14	121.58	121.58	121.58	5.8%	128.63	136.09	143.99
Refuse removal		69.58	65.36	74.47	78.64	78.64	78.64	5.8%	83.20	88.03	93.13
Other											
<b>sub-total</b>		1,753.81	1,832.32	2,121.80	2,186.54	2,186.54	2,186.54	9.3%	2,389.25	2,612.57	2,858.74
VAT on Services		162.06	167.87	215.15	231.92	231.92	231.92		255.84	282.39	311.85
<b>Total large household bill:</b>		1,915.87	2,000.19	2,336.95	2,418.46	2,418.46	2,418.46	9.4%	2,645.10	2,894.96	3,170.59
<b>% increase/-decrease</b>			4.4%	16.8%	3.5%	-	-	9.4%	9.4%	9.4%	9.5%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		158.32	168.14	390.00	353.33	353.33	353.33	6.0%	374.53	397.00	420.82
Electricity: Basic levy		220.06	233.56	310.26	311.73	311.73	311.73	12.2%	349.76	392.43	440.31
Electricity: Consumption		218.00	227.47	323.90	361.10	361.10	361.10	12.2%	405.15	454.58	510.04
Water: Basic levy		35.25	32.21	56.97	61.43	61.43	61.43	5.8%	64.99	68.76	72.75
Water: Consumption		225.33	205.95	262.96	285.76	285.76	285.76	8.2%	309.19	334.55	361.98
Sanitation		117.71	101.04	115.14	121.58	121.58	121.58	5.8%	128.63	136.09	143.99
Refuse removal		69.58	65.36	74.47	78.64	78.64	78.64	5.8%	83.20	88.03	93.13
Other											
<b>sub-total</b>		1,044.26	1,033.73	1,533.70	1,573.57	1,573.57	1,573.57	9.0%	1,715.46	1,871.44	2,043.02
VAT on Services		124.03	121.18	160.12	170.83	170.83	170.83		187.73	206.42	227.11
<b>Total small household bill:</b>		1,168.29	1,154.91	1,693.82	1,744.40	1,744.40	1,744.40	9.1%	1,903.19	2,077.87	2,270.13
<b>% increase/-decrease</b>			(1.1%)	46.7%	3.0%	-	-	9.1%	9.2%	9.2%	9.3%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates			1,560.00	195.00	176.67	176.67	176.67	6.0%	187.27	198.51	210.42
Electricity: Basic levy				-	-	-	-	12.2%	-	-	-
Electricity: Consumption			141.71	194.34	216.66	216.66	216.66	12.2%	243.09	272.75	306.03
Water: Basic levy				15.83	16.71	16.71	16.71	5.8%	17.68	18.70	19.79
Water: Consumption			32.52	193.76	210.56	210.56	210.56	8.2%	227.83	246.51	266.72
Sanitation			51.00	-	-	-	-	5.8%	-	-	-
Refuse removal			32.98	-	-	-	-	5.8%	-	-	-
Other											
<b>sub-total</b>		-	1,818.21	598.93	620.60	620.60	620.60	8.9%	675.87	736.47	802.95
VAT on Services			36.15	56.55	62.15	62.15	62.15	0.0%	68.40	75.31	82.96
<b>Total small household bill:</b>		-	1,854.36	655.48	682.75	682.75	682.75	9.0%	744.27	811.78	885.91
<b>% increase/-decrease</b>			-	(64.7%)	4.2%	-	-	9.0%	9.0%	9.1%	9.1%

## I.5 Operating Expenditure Framework

The City's expenditure framework for the 2015/16 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 plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

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

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>									
Employee related costs	666 198	684 337	741 537	855 887	855 887	855 887	956 536	1 009 506	1 073 538
Remuneration of councillors	31 427	33 422	37 100	39 272	39 272	39 272	42 350	45 659	48 124
Debt impairment	58 210	217 794	112 679	144 577	144 577	144 577	124 586	134 979	143 888
Depreciation & asset impairment	273 673	237 153	453 332	259 469	259 469	259 469	485 746	537 857	595 059
Finance charges	72 134	70 966	67 174	60 738	60 738	60 738	69 489	68 312	61 719
Bulk purchases	1 219 818	1 373 241	1 453 402	1 479 522	1 545 173	1 545 173	1 736 811	1 907 233	2 093 955
Other materials	11 575	15 780	26 401	25 198	25 198	25 198	29 773	33 492	35 347
Contracted services	21 091	17 769	21 066	93 051	107 596	107 596	18 556	19 483	20 535
Transfers and grants	4 144	4 164	4 429	5 408	5 408	5 408	134 035	156 187	181 655
Other expenditure	381 938	621 142	681 803	537 133	513 882	513 882	563 817	602 182	662 426
Loss on disposal of PPE	-	3 733	12 291	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>2 740 207</b>	<b>3 279 500</b>	<b>3 611 214</b>	<b>3 500 255</b>	<b>3 557 200</b>	<b>3 557 200</b>	<b>4 161 699</b>	<b>4 514 891</b>	<b>4 916 247</b>

The budgeted allocation for employee related costs for the 2015/16 financial year totals R956.5 million, which equals 23 per cent of the total operating expenditure. In the absence of a three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.9 per cent for the 2015/16 financial year. An annual increase of 5.25 and 5.95 per cent has been included in the two outer years of the MTREF. During the budget process and as part of the budgeting and planning assumptions, a review relating to the prioritization of critical vacancies within the municipality was undertaken and an amount of R60 million has been included in the 2015/16 financial year relating to critical and strategically important vacancies. In addition expenditure against overtime was critically reviewed for inefficiencies and significantly streamlined, with provisions 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). The most recent proclamation in this regard has been taken into account in compiling the City's budget.





The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the City. For the 2015/16 financial year this amount equates to R124.5 million and escalates to R143.8 million by 2017/18. 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 R485.7 million for the 2015/16 financial year which equates to 11,7 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. The recent conditional assessment of assets has also contributed to the huge increase of the depreciation budget. 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 1.7 per cent (R69.4 million) of operating expenditure excluding annual redemption for 2015/16 and decreases to R61.7 million by 2017/18 as the capital portion of loans are repaid.

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 material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and consumables. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2015/16 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 and contracted services.

For 2015/16 the appropriation against this group of expenditure is R202.1 million and continues to grow to R 280.9 million and R 361.6 million for the two outer years.

Contracted services had been identified as a cost saving area for the City. As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure totals R18.5 million.

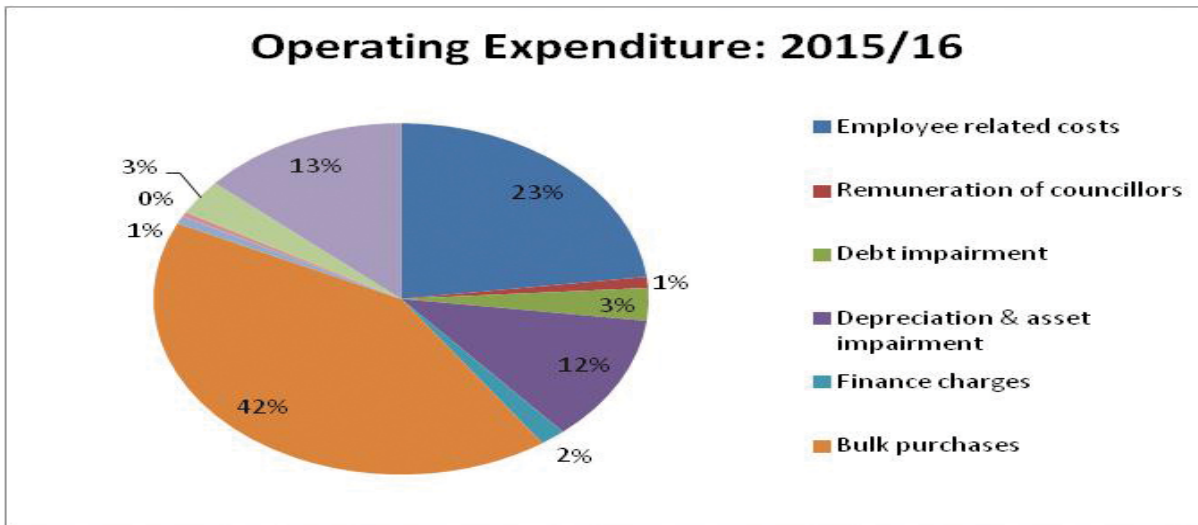
Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.



# MSUNDUZI ANNUAL BUDGET

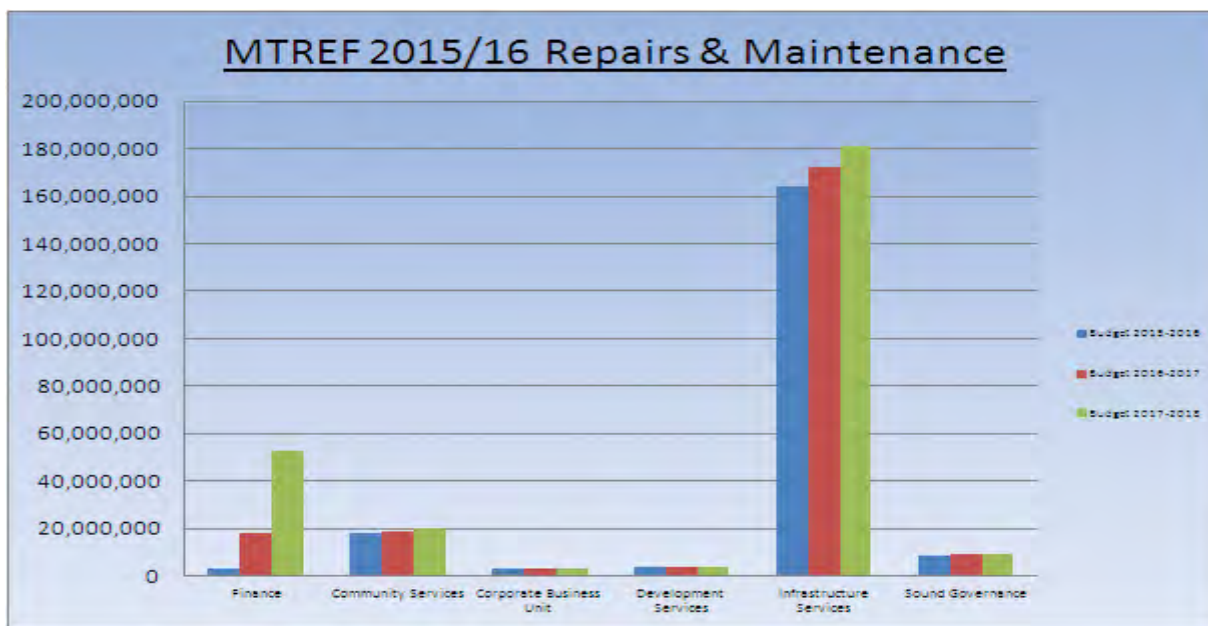
The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.



**Figure 1 Main operational expenditure categories for the 2015/16 financial year**

## 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2015/16 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 and contracted services. The provision for repairs and maintenance is below the norm due to 89% provision on capital budget towards infrastructure renewal. Considering these cost drivers, the following table is a consolidation by business unit of the repairs and maintenance expenditures:



**Table 11 Operational repairs and maintenance**

<u>Business Unit</u>	<u>Budget 2015-2016</u>	<u>Budget 2016-2017</u>	<u>Budget 2017-2018</u>
Finance	3,198,959	17,978,914	52,729,531
Community Services	18,154,548	19,062,282	20,091,645
Corporate Business Unit	2,976,660	3,127,292	3,296,166
Development Services	3,705,818	3,891,099	4,101,218
Infrastructure Services	163,973,260	172,098,694	181,288,892
Sound Governance	8,523,269	8,999,428	9,485,397

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 56, 71 per cent in the 2014/15 financial year, from R139,1 million to R217,9 million. The total allocation for 2015/16 equates to R202 million which is a slight decline of 7, 2 per cent thereafter grows by 39 and 29 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5, 6 and 7 per cent for the respective financial years of the MTREF. This is aligned to capital budget of which 89 percent of the R&M budget is directed towards the upgrade of infrastructure assets which therefore compensates for the lower repairs and maintenance budget.



# MSUNDUZI ANNUAL BUDGET

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

**Table 12 Repairs and maintenance per asset class**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Repairs and Maintenance by Asset Class</b>									
<i>Infrastructure - Road transport</i>	3 392	5 361	7 094	63 667	26 947	26 947	29 658	51 811	85 115
<i>Infrastructure - Electricity</i>	13 726	24 992	48 014	73 236	70 690	70 690	48 071	48 774	11 408
<i>Infrastructure - Water</i>	1 216	746	1 554	21 849	21 849	21 849	15 714	16 499	17 390
<i>Infrastructure - Sanitation</i>	-	-	502	6 591	6 591	6 591	4 807	5 047	5 320
<i>Infrastructure - Other</i>	6 862	86	-	-	-	-	8 814	9 255	9 754
<b>Infrastructure</b>	<b>25 196</b>	<b>31 185</b>	<b>57 165</b>	<b>165 342</b>	<b>126 076</b>	<b>126 076</b>	<b>107 064</b>	<b>131 387</b>	<b>128 988</b>
Community	9 015	2 074	-	-	-	-	4 582	4 811	5 071
Heritage assets	-	55 926	42 746	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	5 298	8 597	39 150	126 015	91 841	91 841	90 481	144 778	227 599
<b>TOTAL R &amp; M</b>	<b>39 510</b>	<b>97 782</b>	<b>139 060</b>	<b>291 357</b>	<b>217 917</b>	<b>217 917</b>	<b>202 126</b>	<b>280 975</b>	<b>361 657</b>

For the 2015/16 financial year, 53 per cent or R107million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 23.8 per cent (R48 million), followed by road infrastructure at 14.7 per cent (R29.6 million), water at 7.8 per cent (R15.7 million) and sanitation at 2.4 per cent (R4.8 million).

## 1.5.2 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. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

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.





## 1.6 Capital expenditure

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

**Table 13 2015/16 Medium-term capital budget per vote**

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Corporate Services	45,191	41,536	5,600	29,272	29,272	29,272	29,272	33,265	33,750	43,007
Financial Management Area	3,971	14,349	7,012	34,896	69,896	69,896	69,896	25,710	-	5,000
Infrastructure Development, Service Delivery and Maintenance Management	277,625	285,606	322,984	434,363	506,585	506,585	506,585	601,815	553,785	536,470
Sustainable Community Service Delivery Provision Management	32,025	60,384	28,310	99,223	99,223	99,223	99,223	48,271	48,837	16,343
	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820

For 2015/16 an amount of R 601.8 million has been appropriated for the development of infrastructure which represents 84.8 per cent of the total capital budget. In the outer years this amount totals R 553.7 million, 87.0 per cent and R 536.4 million, 89.2 per cent respectively for each of the financial years. Roads and Storm water receives the highest allocation of R330.5 million in 2015/16 which equates to 46.6 per cent followed by electricity infrastructure at 18.7 per cent, R133.0 million and then Water and Sanitation at 16.8 per cent, R119.6 million.

The renewal on existing assets represent 89.7 per cent or R636.6 million of the total capital budget while new assets equates to 10.3 per cent or R72.4 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 23 MBRR A9 (Asset Management) on page 54. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 115, 116 and 117). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

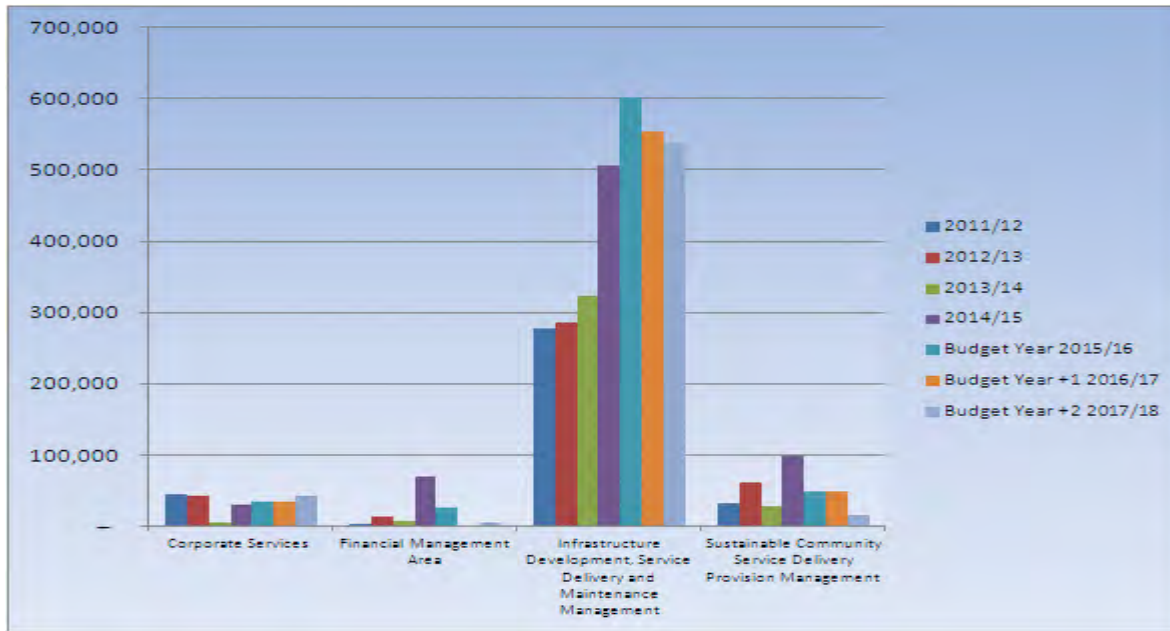
<u>Project Description</u>	<u>Amount</u>
Dot - Public Transport Infrastructure	213,271
Dbsa - Network 132Kv Rehabilitation Plan	100,000
Mwig -Masons Reservoir Pipeline	26,889
Financial Management System	25,000
Mig - Regional Athletic Track Sport Complex	20,000
Mwig - Basic Water Supply	16,444
Mig -Reduction Of Non Revenue Water	16,000
Cnl - Network 132Kv Rehabilitation Plan	15,000
Thwala Road Upgrade	15,000
Mwig - Reduction Of Non Revenue Water	15,000
Inep - Electrification	10,000





# MSUNDUZI ANNUAL BUDGET

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



**Figure 2 Capital Infrastructure Programme**

## 1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 in Part B of this report. It needs to be noted that as part of the 2015/16 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## 1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.



## Table 14 MBRR Table A1 - Budget Summary

### KZN225 Msunduzi - Table A1 Consolidated Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Financial Performance</b>										
Property rates	536,555	625,459	625,627	698,283	698,283	698,283	698,283	784,462	828,050	869,627
Service charges	1,678,603	1,982,479	2,073,501	2,234,125	2,234,125	2,234,125	2,234,125	2,566,360	2,834,621	3,121,304
Investment revenue	25,907	34,284	43,303	32,247	32,247	32,247	32,247	34,045	35,887	37,826
Transfers recognised - operational	351,599	395,622	448,122	415,372	407,504	407,504	407,504	440,652	463,799	502,985
Other own revenue	137,961	172,663	293,743	190,549	188,543	188,543	188,543	211,526	208,508	218,606
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,730,624</b>	<b>3,210,507</b>	<b>3,484,296</b>	<b>3,570,575</b>	<b>3,560,702</b>	<b>3,560,702</b>	<b>3,560,702</b>	<b>4,037,044</b>	<b>4,370,866</b>	<b>4,750,347</b>
Employee costs	666,198	686,988	744,988	855,887	855,887	855,887	855,887	960,606	1,013,939	1,078,366
Remuneration of councillors	31,427	33,422	37,100	39,272	39,272	39,272	39,272	42,350	45,659	48,124
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,846	537,961	595,173
Finance charges	72,134	70,966	67,174	60,738	60,738	60,738	60,738	69,499	68,323	61,730
Materials and bulk purchases	1,231,392	1,389,021	1,479,803	1,504,720	1,570,370	1,570,370	1,570,370	1,766,912	1,941,182	2,129,752
Transfers and grants	196	216	218	239	239	239	239	181	263	277
Other expenditure	461,239	861,755	828,891	774,761	766,055	766,055	766,055	708,193	758,048	828,248
<b>Total Expenditure</b>	<b>2,736,259</b>	<b>3,279,521</b>	<b>3,611,506</b>	<b>3,495,086</b>	<b>3,552,031</b>	<b>3,552,031</b>	<b>3,552,031</b>	<b>4,033,586</b>	<b>4,365,375</b>	<b>4,741,670</b>
<b>Surplus/(Deficit)</b>	<b>(5,635)</b>	<b>(69,014)</b>	<b>(127,210)</b>	<b>75,489</b>	<b>8,671</b>	<b>8,671</b>	<b>8,671</b>	<b>3,458</b>	<b>5,491</b>	<b>8,677</b>
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>636,372</b>	<b>600,820</b>
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Internally generated funds	209,741	231,027	117,722	203,930	290,502	290,502	290,502	120,000	120,000	120,000
<b>Total sources of capital funds</b>	<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>636,372</b>	<b>600,820</b>
<b>Financial position</b>										
Total current assets	1,938,987	2,354,336	2,648,051	2,605,848	2,759,625	2,759,625	2,759,625	3,133,299	3,274,800	3,404,964
Total non current assets	6,755,216	6,730,000	6,647,608	7,626,734	7,093,274	7,093,274	7,093,274	7,568,078	7,677,502	7,692,589
Total current liabilities	760,873	852,654	928,845	1,082,432	1,424,818	1,424,818	1,424,818	1,378,122	999,627	640,836
Total non current liabilities	886,085	1,077,060	1,118,248	868,990	868,990	868,990	868,990	1,261,476	1,297,900	1,291,234
Community wealth/Equity	7,047,244	7,154,622	7,248,566	8,281,160	7,559,090	7,559,090	7,559,090	8,061,779	8,654,775	9,165,483
<b>Cash flows</b>										
Net cash from (used) operating	479,044	499,367	535,378	576,871	703,471	703,471	703,471	706,354	670,295	721,593
Net cash from (used) investing	(214,852)	(375,050)	(384,130)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
Net cash from (used) financing	63,596	(27,864)	(42,043)	57,309	57,309	57,309	57,309	55,400	2,522	(48,507)
<b>Cash/cash equivalents at the year end</b>	<b>621,615</b>	<b>718,068</b>	<b>827,274</b>	<b>1,097,012</b>	<b>951,511</b>	<b>951,511</b>	<b>951,511</b>	<b>1,123,760</b>	<b>1,240,992</b>	<b>1,376,402</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	626,871	723,969	834,175	876,375	1,030,151	1,030,151	1,030,151	1,131,775	1,162,592	1,172,790
Application of cash and investments	58,272	(132,920)	(275,983)	31,253	309,580	309,580	309,580	223,753	(218,683)	(661,779)
<b>Balance - surplus (shortfall)</b>	<b>568,600</b>	<b>856,889</b>	<b>1,110,158</b>	<b>845,121</b>	<b>720,572</b>	<b>720,572</b>	<b>720,572</b>	<b>908,022</b>	<b>1,381,275</b>	<b>1,834,569</b>
<b>Asset management</b>										
Asset register summary (WDV)	6,747,034	6,544,259	6,460,448	7,609,057	7,075,597	7,075,597	7,379,615	7,379,615	7,485,269	7,481,905
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,846	537,961	595,173
Renewal of Existing Assets	251,311	291,772	189,594	289,444	316,594	316,594	316,594	644,081	501,905	482,323
Repairs and Maintenance	39,510	97,782	139,060	291,357	217,917	217,917	200,976	200,976	280,975	487,986
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	68,843	68,843	68,843	13,435	13,435	14,241	15,095
Revenue cost of free services provided	-	338,903	363,502	391,259	391,259	391,259	186,081	186,081	197,246	209,080
<b>Households below minimum service level</b>										
Water:	6	-	-	7	7	7	11	11	10	10
Sanitation/sewerage:	5	-	-	31	31	31	-	-	-	-
Energy:	-	-	-	3	3	3	-	-	-	-
Refuse:	-	74	54	61	61	61	43	43	43	23



## Explanatory notes to MBRR Table A1 - Budget Summary

1. 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).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.



**Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

KZN225 Msunduzi - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		884,278	964,196	1,351,283	1,152,827	1,169,204	1,169,204	1,240,510	1,302,013	1,383,957
Executive and council		4,164	5,880	5,799	-	-	-	1,600	1,625	1,700
Budget and treasury office		864,518	928,417	1,328,000	1,149,665	1,161,648	1,161,648	1,228,885	1,290,107	1,371,691
Corporate services		15,596	29,898	17,484	3,162	7,556	7,556	10,024	10,281	10,566
<i>Community and public safety</i>		50,369	73,799	70,091	13,361	13,361	13,361	68,708	69,183	71,125
Community and social services		22,179	35,435	20,997	3,250	3,250	3,250	31,421	28,799	30,225
Sport and recreation		5,971	7,342	15,617	729	729	729	838	885	933
Public safety		5,451	10,435	8,742	5,827	5,827	5,827	21,305	20,419	21,487
Housing		4,123	5,233	18,135	3,485	3,485	3,485	15,112	19,080	18,445
Health		12,645	15,355	6,600	70	70	70	32	0	36
<i>Economic and environmental services</i>		160,261	188,806	162,232	171,598	175,646	175,646	472,320	480,289	491,528
Planning and development		40,952	44,131	41,717	7,972	12,020	12,020	70,135	79,601	82,279
Road transport		119,309	144,676	120,515	163,627	163,627	163,627	402,185	400,688	409,249
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,678,603	1,982,479	2,073,501	2,437,047	2,437,400	2,437,400	2,716,559	2,958,200	3,255,515
Electricity		1,212,660	1,401,971	1,486,939	1,700,096	1,700,095	1,700,095	1,906,710	2,127,603	2,381,340
Water		288,345	386,419	380,807	500,521	500,521	500,521	570,675	582,634	612,822
Waste water management		107,507	120,089	126,301	149,071	149,071	149,071	143,483	148,698	156,728
Waste management		70,091	73,999	79,454	87,359	87,712	87,712	95,690	99,264	104,625
<i>Other</i>	4	106,183	172,075	73,371	89,565	79,565	79,565	28,007	27,554	29,042
<b>Total Revenue - Standard</b>	2	<b>2,879,695</b>	<b>3,381,354</b>	<b>3,730,479</b>	<b>3,864,399</b>	<b>3,875,176</b>	<b>3,875,176</b>	<b>4,526,104</b>	<b>4,837,238</b>	<b>5,231,167</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		366,311	851,296	693,274	691,420	682,714	682,714	499,300	552,588	616,585
Executive and council		61,304	65,332	17,389	384,298	384,298	384,298	107,609	116,432	123,036
Budget and treasury office		304,381	785,592	668,377	200,157	191,451	191,451	171,968	204,190	239,724
Corporate services		626	372	7,508	106,965	106,965	106,965	219,723	231,967	253,824
<i>Community and public safety</i>		470,097	448,320	572,916	421,741	421,741	421,741	494,144	516,183	546,370
Community and social services		90,933	89,733	102,566	99,202	99,202	99,202	127,547	130,644	138,442
Sport and recreation		104,373	104,649	120,260	81,358	81,358	81,358	107,339	113,185	120,622
Public safety		185,265	188,045	266,751	196,317	196,317	196,317	203,451	213,266	224,954
Housing		31,956	31,422	48,487	25,149	25,149	25,149	36,390	38,740	40,818
Health		57,570	34,470	34,852	19,716	19,716	19,716	19,417	20,349	21,534
<i>Economic and environmental services</i>		454,830	351,985	509,355	462,751	462,751	462,751	564,150	603,466	644,862
Planning and development		62,855	56,981	81,258	128,290	128,290	128,290	110,638	117,043	124,388
Road transport		391,974	295,004	428,097	334,461	334,461	334,461	453,512	486,423	520,474
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,398,763	1,576,074	1,789,028	1,888,052	1,953,703	1,953,703	2,434,243	2,648,597	2,885,950
Electricity		915,462	1,039,382	1,171,342	1,368,924	1,368,924	1,368,924	1,559,620	1,699,914	1,859,173
Water		297,925	333,880	364,843	406,791	472,442	472,442	587,319	637,281	693,714
Waste water management		116,055	130,627	177,476	9,621	9,621	9,621	181,939	196,148	211,431
Waste management		69,321	72,185	75,367	102,716	102,716	102,716	105,365	115,255	121,631
<i>Other</i>	4	46,258	51,847	46,933	31,122	31,122	31,122	41,749	44,541	47,904
<b>Total Expenditure - Standard</b>	3	<b>2,736,259</b>	<b>3,279,521</b>	<b>3,611,506</b>	<b>3,495,086</b>	<b>3,552,031</b>	<b>3,552,031</b>	<b>4,033,586</b>	<b>4,365,375</b>	<b>4,741,670</b>
<b>Surplus/(Deficit) for the year</b>		<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>





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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, however this is not the case for Water, Waste water and the Waste management functions. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.



**Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

KZN225 Msunduzi - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>										
<b>Vote 1 - Corporate Services</b>	1	61,413	104,873	38,363	311,882	310,156	310,156	86,561	76,923	83,271
1.1 - Council and Committee Support		869	1,937	22,186	3	3	3	-	-	-
1.2 - Enterprise Wide Risk Management & Audit and Compl		941	-	-	-	-	-	-	-	-
1.3 - Human Resources Management		4,307	5,291	3,258	3	3	3	3,897	4,091	4,312
1.4 - Legislative Compliance		425	537	761	654	674	674	798	859	1,222
1.5 - Local Economic Development Management		16,264	19,607	8,106	13,703	13,703	13,703	21,373	9,194	9,021
1.6 - Management Information Services		3,170	3,337	222	3,697	3,697	3,697	2,388	2,404	2,424
1.7 - Marketing and Public Relations Management		35,438	74,163	3,829	293,824	292,078	292,078	58,105	60,375	66,293
<b>Vote 2 - Financial Management Area</b>		875,469	926,114	1,213,051	1,077,719	1,077,719	1,077,719	1,466,381	1,505,003	1,600,442
2.1 - Budget & Treasury Management		1,926	3,586	1,964	2,246	2,246	2,246	2,089	2,131	2,195
2.2 - Expenditure Management		601	699	1,026	-	-	-	89	93	99
2.3 - Financial Control and Cash Management		2,325	3,353	-	2,230	2,230	2,230	-	-	-
2.4 - Revenue Management		870,350	917,638	1,209,599	1,072,993	1,072,993	1,072,993	1,463,723	1,502,272	1,597,614
2.5 - Supply Chain Management		268	839	462	250	250	250	480	507	534
<b>Vote 3 - Infrastructure Development, Service Delivery and</b>		1,794,119	2,121,037	2,248,333	2,436,060	2,448,525	2,448,525	2,766,962	3,044,867	3,330,505
3.1 - Electricity distribution Management		1,212,660	1,401,971	1,514,510	1,628,543	1,633,433	1,633,433	1,928,601	2,069,456	2,273,266
3.2 - Human Settlement Development Management		3,614	5,175	17,398	-	-	-	5,786	6,110	6,440
3.3 - Municipal Infrastructure Planning, Funding, Maintenan		12,090	13,047	5,475	93,582	101,581	101,581	7,456	10,077	11,271
3.4 - Roads and Stormwater		99,812	116,337	118,921	108,395	107,949	107,949	126,046	155,351	155,433
3.5 - Waste Management		70,091	77,999	84,922	92,117	92,138	92,138	98,950	120,248	157,770
3.6 - Water Distribution and Sanitation Management		395,852	506,508	507,108	513,424	513,424	513,424	600,121	683,625	726,325
<b>Vote 4 - Sustainable Community Service Delivery Provis</b>		148,693	229,330	230,731	38,737	38,775	38,775	206,200	210,445	216,949
4.1 - Community Services Provision Management		48,676	98,688	99,134	5	5	5	93,896	94,097	94,318
4.2 - Public Safety, Enforcement and Disaster Management		69,525	81,006	89,794	6,827	6,827	6,827	19,136	20,208	21,299
4.3 - Regional Community Services Provision Management		30,492	49,636	41,803	31,905	31,943	31,943	93,167	96,140	101,332
<b>Total Revenue by Vote</b>	2	2,879,695	3,381,354	3,730,479	3,864,399	3,875,176	3,875,176	4,526,104	4,837,238	5,231,167
<b>Expenditure by Vote</b>										
<b>Vote 1 - Corporate Services</b>	1	17,599	84,249	45,800	263,785	263,785	263,785	665,552	703,682	744,331
1.1 - Council and Committee Support		2,631	145	17,869	76,139	76,139	76,139	437,378	461,413	486,329
1.2 - Enterprise Wide Risk Management & Audit and Compl		-	9,008	-	13,352	13,352	13,352	669	702	740
1.3 - Human Resources Management		3,508	-	1,502	20,220	20,220	20,220	19,262	20,224	21,316
1.4 - Legislative Compliance		447	11,193	8,952	70,743	70,743	70,743	85,213	88,450	93,227
1.5 - Local Economic Development Management		7,730	18,183	11,482	43,965	43,965	43,965	87,607	95,390	103,190
1.6 - Management Information Services		0	41,804	2,272	39,366	39,366	39,366	10,339	10,858	11,444
1.7 - Marketing and Public Relations Management		3,283	3,916	3,722	-	-	-	25,083	26,646	28,085
<b>Vote 2 - Financial Management Area</b>		414,773	571,097	576,386	481,725	466,342	466,342	592,671	640,829	707,969
2.1 - Budget & Treasury Management		2,680	3,334	1,657	180,469	165,086	165,086	3,267	4,272	2,276
2.2 - Expenditure Management		3,308	2,663	8,850	11,418	11,418	11,418	12,155	12,274	12,396
2.3 - Financial Control and Cash Management		2,698	41,804	991	77,388	77,388	77,388	4,207	4,434	4,674
2.4 - Revenue Management		375,064	482,516	557,836	174,199	174,199	174,199	522,222	555,871	624,581
2.5 - Supply Chain Management		31,023	40,780	7,053	38,251	38,251	38,251	50,821	63,977	64,042
<b>Vote 3 - Infrastructure Development, Service Delivery and</b>		1,779,488	2,020,748	2,585,647	2,268,308	2,333,959	2,333,959	2,440,097	2,595,792	2,762,843
3.1 - Electricity distribution Management		915,462	1,039,382	1,321,977	1,209,349	1,209,349	1,209,349	1,270,801	1,397,881	1,537,670
3.2 - Human Settlement Development Management		9,725	10,461	36,763	-	-	-	594	624	657
3.3 - Municipal Infrastructure Planning, Funding, Maintenan		46,161	46,453	48,400	103,559	103,559	103,559	166,347	169,178	142,320
3.4 - Roads and Stormwater		215,015	271,501	419,487	310,034	310,034	310,034	344,557	386,914	384,409
3.5 - Waste Management		179,144	188,443	289,207	151,981	151,981	151,981	68,682	74,376	78,392
3.6 - Water Distribution and Sanitation Management		413,980	464,507	469,814	493,386	559,037	559,037	589,115	566,820	619,395
<b>Vote 4 - Sustainable Community Service Delivery Provis</b>		524,399	603,426	403,672	481,268	487,945	487,945	335,266	425,072	526,528
4.1 - Community Services Provision Management		226,673	234,792	182,933	147,428	147,428	147,428	206,673	221,140	202,042
4.2 - Public Safety, Enforcement and Disaster Management		190,804	194,534	171,118	160,317	160,317	160,317	34,912	36,634	38,616
4.3 - Regional Community Services Provision Management		106,922	174,101	49,621	173,523	180,200	180,200	93,681	167,299	285,870
<b>Total Expenditure by Vote</b>	2	2,736,259	3,279,521	3,611,506	3,495,086	3,552,031	3,552,031	4,033,586	4,365,375	4,741,670
<b>Surplus/(Deficit) for the year</b>	2	143,435	101,833	118,973	369,313	323,145	323,145	492,518	471,863	489,497

## 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. The following table is an analysis of the surplus or deficit for the City's trading services.



# MSUNDUZI ANNUAL BUDGET

**Table 17 Surplus/(Deficit) calculations for the trading services**

Standard Classification Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>									
<i>Trading services</i>									
Electricity	1 212 660	1 401 971	1 486 939	1 700 095	1 700 095	1 700 095	1 908 647	2 129 988	2 384 358
Water	288 345	386 419	380 807	500 521	500 521	500 521	689 287	720 935	774 081
Waste water management	107 507	120 089	126 301	149 071	149 071	149 071	148 037	154 008	162 919
Waste management	70 091	73 999	79 454	87 359	87 712	87 712	98 770	102 856	108 813
<b>Total Revenue</b>	<b>1 678 603</b>	<b>1 982 479</b>	<b>2 073 501</b>	<b>2 437 047</b>	<b>2 437 400</b>	<b>2 437 400</b>	<b>2 844 740</b>	<b>3 107 787</b>	<b>3 430 170</b>
<b>Expenditure - Standard</b>									
<i>Trading services</i>									
Electricity	919 410	1 039 361	1 171 051	1 374 093	1 374 094	1 374 094	1 561 557	1 702 299	1 862 191
Water	297 925	333 880	364 843	406 791	472 442	472 442	705 930	775 582	854 973
Waste water management	116 055	130 627	177 476	9 621	9 621	9 621	186 492	201 457	217 622
Waste management	69 321	72 185	75 367	102 716	102 716	102 716	108 446	118 846	125 819
<b>Total Expenditure</b>	<b>1 402 711</b>	<b>1 576 052</b>	<b>1 788 736</b>	<b>1 893 221</b>	<b>1 958 873</b>	<b>1 958 873</b>	<b>2 562 425</b>	<b>2 798 185</b>	<b>3 060 605</b>
<b>Surplus/(Deficit) for the year</b>	<b>275 892</b>	<b>406 426</b>	<b>284 765</b>	<b>543 826</b>	<b>478 527</b>	<b>478 527</b>	<b>282 316</b>	<b>309 603</b>	<b>369 565</b>
<b>Percentage Surplus of Revenue</b>	<b>16.44%</b>	<b>20.50%</b>	<b>13.73%</b>	<b>22.31%</b>	<b>19.63%</b>	<b>19.63%</b>	<b>9.92%</b>	<b>9.96%</b>	<b>10.77%</b>

2. The trading services as a basket is showing a decrease over the 2015/16 MTREF from 19.6 per cent or R478.5 million in 2014/15 to R 369.5 million (10.7 per cent) over the MTREF period. This is primarily due to the increased costs of electricity as well as water bulk purchases.



**Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

**KZN225 Msunduzi - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)**

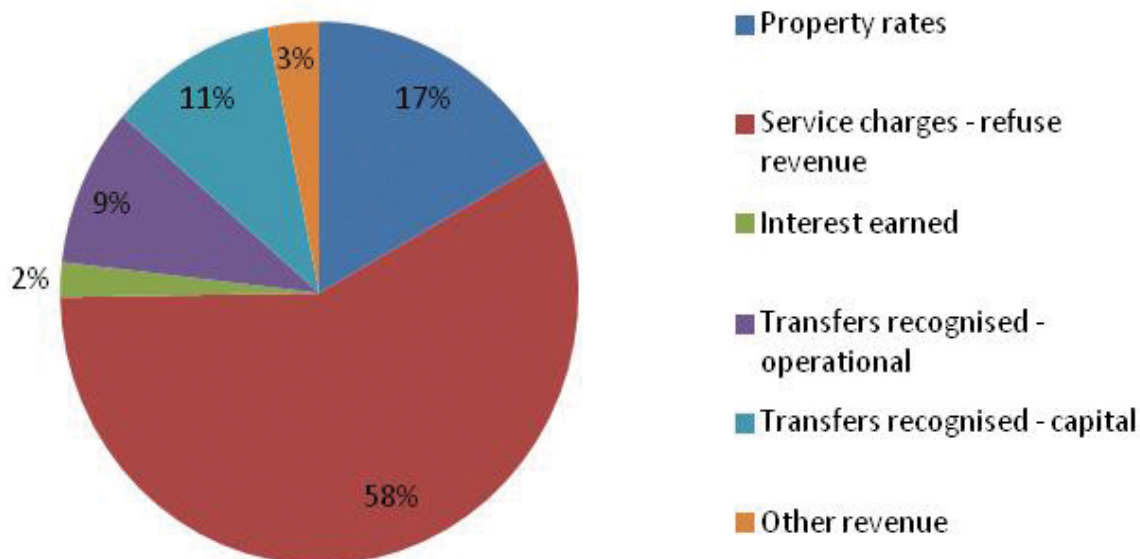
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>											
Property rates	2	505,310	585,864	602,954	659,052	659,052	659,052	659,052	743,113	784,468	823,692
Property rates - penalties & collection charges		31,244	39,596	22,674	39,231	39,231	39,231	39,231	41,349	43,582	45,935
Service charges - electricity revenue	2	1,212,660	1,401,971	1,486,939	1,628,543	1,628,543	1,628,543	1,628,543	1,863,770	2,085,156	2,332,669
Service charges - water revenue	2	288,345	386,419	380,807	391,288	391,288	391,288	391,288	476,831	512,916	539,312
Service charges - sanitation revenue	2	107,507	120,089	126,301	126,582	126,582	126,582	126,582	134,917	141,417	149,054
Service charges - refuse revenue	2	70,091	73,999	79,454	87,712	87,712	87,712	87,712	90,841	95,132	100,269
Service charges - other											
Rental of facilities and equipment		17,944	20,896	21,572	35,024	35,024	35,024	35,024	41,329	43,292	44,468
Interest earned - external investments		25,907	34,284	43,303	32,247	32,247	32,247	32,247	34,045	35,887	37,826
Interest earned - outstanding debtors		58,254	82,051	53,055	1,325	1,325	1,325	1,325	62,593	66,366	69,950
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		3,813	8,371	102,751	14,667	14,667	14,667	14,667	17,488	16,356	17,239
Licences and permits		78	59	81	83	83	83	83	87	92	97
Agency services		374	733	669	3,220	3,220	3,220	3,220	632	668	704
Transfers recognised - operational		351,599	395,622	448,122	415,372	407,504	407,504	407,504	440,652	463,799	502,985
Other revenue	2	56,557	60,553	115,513	136,230	134,224	134,224	134,224	79,695	81,735	86,149
Gains on disposal of PPE		941		103					9,700		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,730,624</b>	<b>3,210,507</b>	<b>3,484,296</b>	<b>3,570,575</b>	<b>3,560,702</b>	<b>3,560,702</b>	<b>3,560,702</b>	<b>4,037,044</b>	<b>4,370,866</b>	<b>4,750,347</b>
<b>Expenditure By Type</b>											
Employee related costs	2	666,198	686,988	744,988	855,887	855,887	855,887	855,887	960,606	1,013,939	1,078,366
Remuneration of councillors		31,427	33,422	37,100	39,272	39,272	39,272	39,272	42,350	45,659	48,124
Debt impairment	3	58,210	217,794	112,679	144,577	144,577	144,577	144,577	124,586	134,979	143,888
Depreciation & asset impairment	2	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,846	537,961	595,173
Finance charges		72,134	70,966	67,174	60,738	60,738	60,738	60,738	69,499	68,323	61,730
Bulk purchases	2	1,219,818	1,373,241	1,453,402	1,479,522	1,545,173	1,545,173	1,545,173	1,736,811	1,907,233	2,093,955
Other materials	8	11,575	15,780	26,401	25,198	25,198	25,198	25,198	30,101	33,948	35,797
Contracted services		21,091	17,769	21,066	93,051	107,596	107,596	107,596	18,851	19,795	20,864
Transfers and grants		196	216	218	239	239	239	239	181	263	277
Other expenditure	4, 5	381,938	622,459	682,854	537,133	513,882	513,882	513,882	564,756	603,275	663,496
Loss on disposal of PPE		-	3,733	12,291	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>2,736,259</b>	<b>3,279,521</b>	<b>3,611,506</b>	<b>3,495,086</b>	<b>3,552,031</b>	<b>3,552,031</b>	<b>3,552,031</b>	<b>4,033,586</b>	<b>4,365,375</b>	<b>4,741,670</b>
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital		(5,635)	(69,014)	(127,210)	75,489	8,671	8,671	8,671	3,458	5,491	8,677
Contributions recognised - capital		149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Contributed assets	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>





# MSUNDUZI ANNUAL BUDGET

## Total Revenue: 2015/16

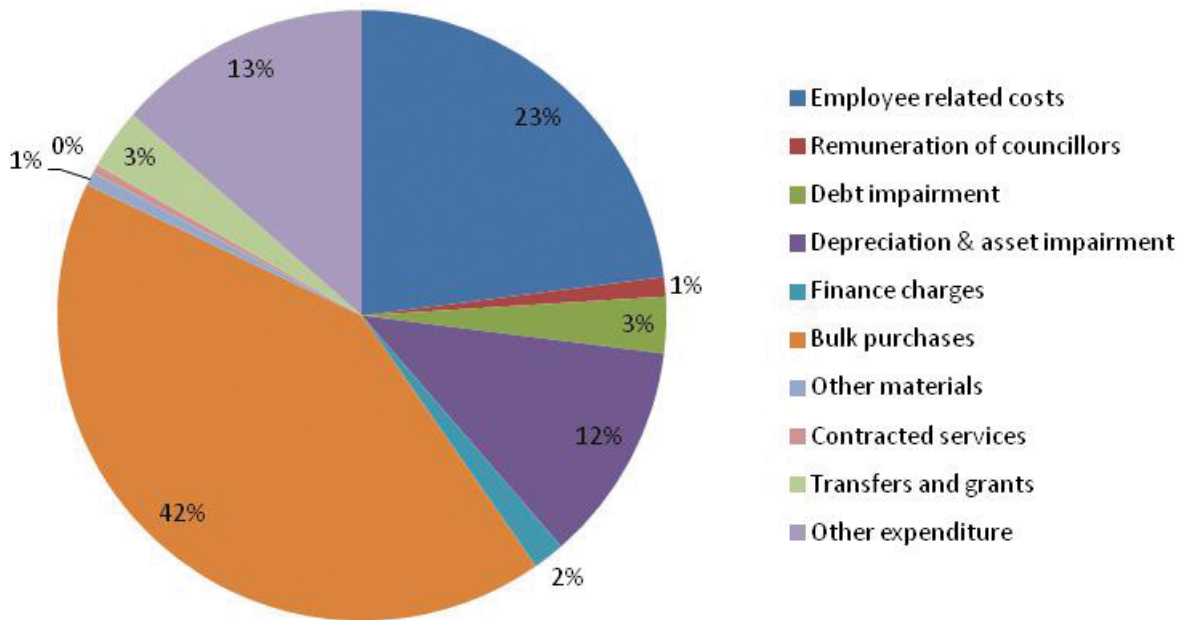


### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R4.6 billion in 2015/16 and escalates to R5.4 billion by 2017/18. This represents a year-on-year increase of 7.1 per cent for the 2016/17 financial year and 8.4 per cent for the 2017/18 financial year.
2. Revenue to be generated from property rates is R743 million in the 2015/16 financial year and increases to R823 million by 2017/18 which represents 17.8 per cent of the current year's operating revenue base of the City and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.8 per cent, 5.6 per cent and 5 per cent for each of the respective financial years of the MTREF.
3. Service charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R2.69 billion for the 2015/16 financial year and increasing to R3.29 billion by 2017/18. For the 2014/15 financial year services charges amount to 58% per cent of the total revenue base and grows by 21 per cent per, 11 percent and 10 per cent over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Transfers recognised – capital includes the capital grants such as Municipal Infrastructure Grant (MIG) mainly from national government.
6. The following graph illustrates the major expenditure items per type.



## Operating Expenditure: 2015/16



**Figure 3 Expenditure by major type**

7. Bulk purchases have steadily increased over the 2014/15 to 2017/18 period escalating from R1.54 billion to R2.09 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Umgeni Water.
8. 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.



# MSUNDUZI ANNUAL BUDGET

**Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

KZN225 Msunduzi - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Corporate Services		40,041	38,436	2,500	25,454	25,454	25,454	25,454	28,400	30,000	36,007
Vote 2 - Financial Management Area		35	7,349	-	24,417	56,217	56,217	56,217	25,000	30,000	5,000
Vote 3 - Infrastructure Development, Service Delivery and Maintenance		195,273	211,354	187,094	321,922	348,072	348,072	348,072	589,310	507,172	500,820
Vote 4 - Sustainable Community Service Delivery Provision		15,963	34,634	-	74,305	74,305	74,305	74,305	32,200	26,500	13,000
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>251,311</b>	<b>291,773</b>	<b>189,594</b>	<b>446,098</b>	<b>504,048</b>	<b>504,048</b>	<b>504,048</b>	<b>674,910</b>	<b>593,672</b>	<b>554,827</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Corporate Services		5,150	3,100	3,100	3,818	3,818	3,818	3,818	855	-	-
Vote 2 - Financial Management Area		3,937	7,000	7,012	10,479	13,679	13,679	13,679	4,129	-	-
Vote 3 - Infrastructure Development, Service Delivery and Maintenance		82,352	74,252	135,890	112,441	158,513	158,513	158,513	24,997	-	-
Vote 4 - Sustainable Community Service Delivery Provision		16,061	25,750	28,310	24,918	24,918	24,918	24,918	4,169	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>107,500</b>	<b>110,102</b>	<b>174,312</b>	<b>151,656</b>	<b>200,928</b>	<b>200,928</b>	<b>200,928</b>	<b>34,150</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>593,672</b>	<b>554,827</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>94,276</b>	<b>24,283</b>	<b>17,037</b>	<b>23,899</b>	<b>58,899</b>	<b>58,899</b>	<b>58,899</b>	<b>59,385</b>	<b>60,000</b>	<b>41,007</b>
Executive and council		-	-	16,843	1,961	1,961	1,961	1,961	5,800	-	6,007
Budget and treasury office		94,276	24,283	194	21,938	56,938	56,938	56,938	53,585	60,000	35,000
Corporate services		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>7,234</b>	<b>11,496</b>	<b>21,180</b>	<b>10,656</b>	<b>10,656</b>	<b>10,656</b>	<b>10,656</b>	<b>54,598</b>	<b>48,307</b>	<b>15,613</b>
Community and social services		3,056	11,496	20,051	4,128	4,128	4,128	4,128	2,500	3,500	-
Sport and recreation		1,797	-	202	6,008	6,008	6,008	6,008	34,400	39,300	12,000
Public safety		390	-	845	520	520	520	520	8,353	3,950	1,930
Housing		1,279	-	12	-	-	-	-	7,725	200	-
Health		712	-	71	-	-	-	-	1,620	1,357	1,683
<b>Economic and environmental services</b>		<b>82,510</b>	<b>91,401</b>	<b>104,017</b>	<b>350,836</b>	<b>377,986</b>	<b>377,986</b>	<b>377,986</b>	<b>339,647</b>	<b>340,368</b>	<b>365,858</b>
Planning and development		11,718	-	19,768	173,873	201,023	201,023	201,023	9,590	4,800	7,050
Road transport		70,792	91,401	83,894	176,963	176,963	176,963	176,963	330,057	335,568	358,808
Environmental protection		-	-	355	-	-	-	-	-	-	-
<b>Trading services</b>		<b>110,218</b>	<b>123,682</b>	<b>146,738</b>	<b>179,895</b>	<b>224,967</b>	<b>224,967</b>	<b>224,967</b>	<b>254,033</b>	<b>186,967</b>	<b>177,612</b>
Electricity		32,320	71,957	68,142	95,034	140,106	140,106	140,106	133,000	85,500	39,405
Water		25,001	34,927	35,159	59,191	59,191	59,191	59,191	83,133	59,721	75,241
Waste water management		52,898	16,798	43,437	14,129	14,129	14,129	14,129	36,900	32,826	53,600
Waste management		-	-	-	11,541	11,541	11,541	11,541	1,000	8,920	9,366
<b>Other</b>		<b>64,574</b>	<b>151,012</b>	<b>74,934</b>	<b>32,468</b>	<b>32,468</b>	<b>32,468</b>	<b>32,468</b>	<b>1,398</b>	<b>730</b>	<b>730</b>
<b>Total Capital Expenditure - Standard</b>	3	<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>636,372</b>	<b>600,820</b>
<b>Funded by:</b>											
National Government		124,014	148,694	198,670	283,897	302,047	302,047	302,047	489,060	466,372	480,820
Provincial Government		25,056	22,154	47,513	9,927	12,427	12,427	12,427	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	<b>149,070</b>	<b>170,848</b>	<b>246,183</b>	<b>293,824</b>	<b>314,474</b>	<b>314,474</b>	<b>314,474</b>	<b>489,060</b>	<b>466,372</b>	<b>480,820</b>
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Internally generated funds		209,741	231,027	117,722	203,930	290,502	290,502	290,502	120,000	120,000	120,000
<b>Total Capital Funding</b>	7	<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>636,372</b>	<b>600,820</b>



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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/16 R674.9 million has been allocated of the total R709.0 million capital budget, which totals 95.1 per cent. This allocation levels out to R593.6 million in 2016/17 and to R554.8 million in 2017/18 owing primarily to the fact that various projects reach completion in 2016/17 hence the spike in expenditure in year one.
3. Single-year capital expenditure has been appropriated at R34.1 million for the 2015/16 financial year and remains relatively constant over the MTREF at levels of R42.7 million and R45.9 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R489.0 million and levels off to R480.8 million by 2017/18. Borrowing has been provided at R150.0 million over the MTREF with internally generated funding totaling R120 million, for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).



**Table 20 MBRR Table A6 - Budgeted Financial Position**

**KZN225 Msunduzi - Table A6 Consolidated Budgeted Financial Position**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		65,767	43,818	49,972	320,733	50,000	50,000	50,000	45,513	52,325	54,171
Call investment deposits	1	561,104	680,152	784,203	555,595	980,105	980,105	980,105	1,086,263	1,110,267	1,118,619
Consumer debtors	1	442,012	553,773	667,397	767,954	767,954	767,954	767,954	883,147	971,462	1,068,608
Other debtors		117,859	321,503	403,194	156,279	156,279	156,279	156,279	376,440	383,969	391,648
Current portion of long-term receivables		66	46	46	42,691	42,691	42,691	42,691	43	47	53
Inventory	2	752,178	755,045	743,239	762,595	762,595	762,595	762,595	741,893	756,731	771,865
<b>Total current assets</b>		<b>1,938,987</b>	<b>2,354,336</b>	<b>2,648,051</b>	<b>2,605,848</b>	<b>2,759,625</b>	<b>2,759,625</b>	<b>2,759,625</b>	<b>3,133,299</b>	<b>3,274,800</b>	<b>3,404,964</b>
<b>Non current assets</b>											
Long-term receivables		-	8,771	9,588	8,771	8,771	8,771	8,771	9,455	9,644	9,837
Investments		-	-	-	46	46	46	46	-	-	-
Investment property		325,807	320,520	356,914	320,520	320,520	320,520	320,520	356,914	364,052	371,333
Investment in Associate											
Property, plant and equipment	3	6,417,768	6,183,925	6,054,916	7,283,930	6,750,470	6,750,470	6,750,470	6,948,898	7,017,414	7,018,225
Agricultural											
Biological			37,915	46,520	648	648	648	648	46,520	46,520	46,520
Intangible		3,459	1,899	2,098	3,959	3,959	3,959	3,959	27,283	57,283	45,827
Other non-current assets		8,181	176,969	177,572	8,859	8,859	8,859	8,859	179,008	182,588	200,847
<b>Total non current assets</b>		<b>6,755,216</b>	<b>6,730,000</b>	<b>6,647,608</b>	<b>7,626,734</b>	<b>7,093,274</b>	<b>7,093,274</b>	<b>7,093,274</b>	<b>7,568,078</b>	<b>7,677,502</b>	<b>7,692,589</b>
<b>TOTAL ASSETS</b>		<b>8,694,202</b>	<b>9,084,336</b>	<b>9,295,659</b>	<b>10,232,582</b>	<b>9,852,899</b>	<b>9,852,899</b>	<b>9,852,899</b>	<b>10,701,376</b>	<b>10,952,302</b>	<b>11,097,553</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	45,832	46,664	43,029	42,691	42,691	42,691	42,691	61,751	73,149	77,414
Consumer deposits		71,648	79,589	85,109	87,548	87,548	87,548	87,548	92,798	98,948	104,198
Trade and other payables	4	643,081	722,004	793,830	948,479	1,290,866	1,290,866	1,290,866	1,217,489	821,324	452,894
Provisions		312	4,397	6,877	3,714	3,714	3,714	3,714	6,084	6,206	6,330
<b>Total current liabilities</b>		<b>760,873</b>	<b>852,654</b>	<b>928,845</b>	<b>1,082,432</b>	<b>1,424,818</b>	<b>1,424,818</b>	<b>1,424,818</b>	<b>1,378,122</b>	<b>999,627</b>	<b>640,836</b>
<b>Non current liabilities</b>											
Borrowing		577,963	541,325	497,398	100,000	100,000	100,000	100,000	579,761	548,013	467,808
Provisions		308,123	535,734	620,850	768,990	768,990	768,990	768,990	681,715	749,887	823,426
<b>Total non current liabilities</b>		<b>886,086</b>	<b>1,077,060</b>	<b>1,118,248</b>	<b>868,990</b>	<b>868,990</b>	<b>868,990</b>	<b>868,990</b>	<b>1,261,476</b>	<b>1,297,900</b>	<b>1,291,234</b>
<b>TOTAL LIABILITIES</b>		<b>1,646,958</b>	<b>1,929,713</b>	<b>2,047,093</b>	<b>1,951,422</b>	<b>2,293,808</b>	<b>2,293,808</b>	<b>2,293,808</b>	<b>2,639,598</b>	<b>2,297,527</b>	<b>1,932,071</b>
<b>NET ASSETS</b>	5	<b>7,047,244</b>	<b>7,154,622</b>	<b>7,248,566</b>	<b>8,281,160</b>	<b>7,559,090</b>	<b>7,559,090</b>	<b>7,559,090</b>	<b>8,061,779</b>	<b>8,654,775</b>	<b>9,165,483</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		6,991,718	7,104,719	7,197,023	8,237,940	7,515,870	7,515,870	7,515,870	7,888,864	8,460,803	8,950,431
Reserves	4	55,526	49,903	51,543	43,220	43,220	43,220	43,220	172,914	193,972	215,052
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>7,047,244</b>	<b>7,154,622</b>	<b>7,248,566</b>	<b>8,281,160</b>	<b>7,559,090</b>	<b>7,559,090</b>	<b>7,559,090</b>	<b>8,061,779</b>	<b>8,654,775</b>	<b>9,165,483</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

- 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).
- 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.
- Table A6 is supported by an extensive table of notes (SA3 which can be found on page 128) providing a detailed analysis of the major components of a number of items, including:



- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 21 MBRR Table A7 - Budgeted Cash Flow Statement**

KZN225 Msunduzi - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		536,555	625,459	625,627	677,335	677,335	677,335	677,335	701,467	740,451	777,612
Service charges		1,678,603	1,982,479	2,073,501	2,167,101	2,167,101	2,167,101	2,167,101	2,349,116	2,539,498	2,801,937
Other revenue		20,556	(140,806)	127,907	171,131	249,675	249,675	249,675	84,320	84,002	88,538
Government - operating	1	351,599	395,622	448,122	415,372	330,731	330,731	330,731	440,652	463,799	502,985
Government - capital	1	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Interest		84,160	116,335	96,358	32,247	24,508	24,508	24,508	64,894	68,606	72,312
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(2,269,366)	(2,579,604)	(3,015,146)	(3,113,993)	(2,994,206)	(2,994,206)	(2,994,206)	(3,353,475)	(3,623,849)	(3,940,602)
Finance charges		(72,134)	(70,966)	(67,174)	(60,738)	(60,738)	(60,738)	(60,738)	(69,499)	(68,323)	(61,730)
Transfers and Grants	1	-	-	-	(5,408)	(5,408)	(5,408)	(5,408)	(181)	(263)	(277)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>479,044</b>	<b>499,367</b>	<b>535,378</b>	<b>576,871</b>	<b>703,471</b>	<b>703,471</b>	<b>703,471</b>	<b>706,354</b>	<b>670,295</b>	<b>721,593</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		(3,850)	16,609	7,374	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		147,809	10,216	(18,993)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(358,811)	(401,875)	(372,511)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(214,852)</b>	<b>(375,050)</b>	<b>(384,130)</b>	<b>(364,442)</b>	<b>(636,543)</b>	<b>(636,543)</b>	<b>(636,543)</b>	<b>(589,505)</b>	<b>(555,584)</b>	<b>(537,677)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		112,361	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Increase (decrease) in consumer deposits		1,014	7,942	5,520	-	-	-	-	5,250	6,150	5,250
<b>Payments</b>											
Repayment of borrowing		(49,779)	(35,806)	(47,563)	(42,691)	(42,691)	(42,691)	(42,691)	(49,850)	(53,628)	(53,757)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>63,596</b>	<b>(27,864)</b>	<b>(42,043)</b>	<b>57,309</b>	<b>57,309</b>	<b>57,309</b>	<b>57,309</b>	<b>55,400</b>	<b>2,522</b>	<b>(48,507)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>327,788</b>	<b>96,452</b>	<b>109,206</b>	<b>269,738</b>	<b>124,237</b>	<b>124,237</b>	<b>124,237</b>	<b>172,249</b>	<b>117,233</b>	<b>135,409</b>
Cash/cash equivalents at the year begin:	2	293,827	621,615	718,068	827,274	827,274	827,274	827,274	951,511	1,123,760	1,240,992
Cash/cash equivalents at the year end:	2	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,760	1,240,992	1,376,402

References

**Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN225 Msunduzi - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,760	1,240,992	1,376,402
Other current investments > 90 days		5,256	5,902	6,901	(220,683)	78,594	78,594	78,594	8,016	(78,400)	(203,612)
Non current assets - Investments	1	-	-	-	46	46	46	46	-	-	-
<b>Cash and investments available:</b>		<b>626,871</b>	<b>723,969</b>	<b>834,175</b>	<b>876,375</b>	<b>1,030,151</b>	<b>1,030,151</b>	<b>1,030,151</b>	<b>1,131,775</b>	<b>1,162,592</b>	<b>1,172,790</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		149,448	170,460	291,314	83,930	135,502	135,502	135,502	174,788	104,873	41,949
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	100,000	60,000	60,000	60,000	100,630	72,278	68,959
Other working capital requirements	3	(91,176)	(303,380)	(567,297)	(115,372)	151,383	151,383	151,383	(177,749)	(542,040)	(939,017)
Other provisions		-	-	-	(37,305)	(37,305)	(37,305)	(37,305)	6,084	6,206	6,330
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	120,000	140,000	160,000
<b>Total Application of cash and investments:</b>		<b>58,272</b>	<b>(132,920)</b>	<b>(275,983)</b>	<b>31,253</b>	<b>309,580</b>	<b>309,580</b>	<b>309,580</b>	<b>223,753</b>	<b>(218,683)</b>	<b>(661,779)</b>
<b>Surplus(shortfall)</b>		<b>568,600</b>	<b>856,889</b>	<b>1,110,158</b>	<b>845,121</b>	<b>720,572</b>	<b>720,572</b>	<b>720,572</b>	<b>908,022</b>	<b>1,381,275</b>	<b>1,834,569</b>



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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City are fairly stable over the MTREF period.
4. The City has embarked on an extensive debt collection drive to reduce the already high debtor's book.
5. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R951.5 million as at the end of the 2014/15 financial year and escalates to R1.16 billion by 2017/18.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the MTREF period 2015/16 to 2017/18 the budgeted surplus is stable and constant.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to retain a surplus throughout the MTREF period.





# MSUNDUZI ANNUAL BUDGET

**Table 23 MBRR Table A9 - Asset Management**

KZN225 Msunduzi - Table A9 Consolidated Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	107,500	110,102	174,312	308,310	388,382	388,382	64,980	91,767	72,504
Infrastructure - Road transport		43,937	45,000	4,780	108,100	108,100	108,100	2,230	4,500	1,300
Infrastructure - Electricity		3,986	4,083	131,000	63,500	108,572	108,572	18,000	20,500	24,405
Infrastructure - Water		24,819	25,419	6,250	24,677	24,677	24,677	18,000	20,500	24,405
Infrastructure - Sanitation		-	-	2,000	-	-	-	-	-	-
Infrastructure - Other		14,646	15,000	-	46,890	46,890	46,890	400	500	600
Infrastructure		87,387	89,502	144,030	243,167	288,239	288,239	38,630	46,000	50,711
Community		20,113	20,600	-	41,357	41,357	41,357	10,288	23,470	12,845
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	30,282	23,785	58,785	58,785	16,062	22,297	8,948
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	251,311	291,772	189,594	289,444	316,594	316,594	644,081	501,905	482,323
Infrastructure - Road transport		82,776	93,748	87,882	68,684	87,834	87,834	350,722	317,389	345,151
Infrastructure - Electricity		4,856	5,000	4,500	65,257	65,257	65,257	115,000	65,000	15,000
Infrastructure - Water		24,134	34,100	25,925	63,730	63,730	63,730	64,689	41,400	52,200
Infrastructure - Sanitation		25,446	46,200	34,797	31,938	31,938	31,938	29,500	22,326	38,000
Infrastructure - Other		28,194	27,499	8,091	6,171	6,171	6,171	1,000	8,920	9,366
Infrastructure		165,406	206,546	161,194	235,780	254,930	254,930	560,911	455,035	459,716
Community		25,329	35,749	13,849	52,615	52,615	52,615	31,250	16,600	11,100
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	60,576	49,477	14,550	1,050	9,050	9,050	26,920	270	6,507
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	25,000	30,000	5,000
<b>Total Capital Expenditure</b>	4	126,713	138,748	92,662	176,784	195,934	195,934	352,952	321,889	346,451
Infrastructure - Road transport		8,842	9,083	135,500	128,757	173,829	173,829	133,000	85,500	39,405
Infrastructure - Electricity		48,953	59,519	32,175	88,407	88,407	88,407	82,689	61,900	76,605
Infrastructure - Water		25,446	46,200	36,797	31,938	31,938	31,938	29,500	22,326	38,000
Infrastructure - Sanitation		42,839	42,499	8,091	53,061	53,061	53,061	1,400	9,420	9,966
Infrastructure - Other		252,793	296,049	305,224	478,947	543,169	543,169	599,541	501,035	510,427
Infrastructure		45,442	56,349	13,849	93,972	93,972	93,972	41,538	40,070	23,945
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	60,576	49,477	44,832	24,835	67,835	67,835	42,982	22,567	15,455
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	25,000	30,000	5,000
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	358,811	401,875	363,906	597,754	704,976	704,976	709,060	593,672	554,827
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		1,798,967	1,469,272	1,229,101	2,448,691	1,798,742	1,798,742	1,868,350	2,015,324	2,142,325
Infrastructure - Electricity		1,227,562	1,265,234	1,302,588	1,519,411	1,365,114	1,365,114	1,546,767	1,583,638	1,653,320
Infrastructure - Water		909,907	929,583	941,979	950,808	854,583	854,583	878,146	846,649	787,186
Infrastructure - Sanitation		571,449	577,252	604,406	650,936	587,057	587,057	612,431	595,560	558,876
Infrastructure - Other		501,919	497,496	490,689	516,776	459,662	459,662	485,490	467,834	450,627
Infrastructure		5,009,804	4,738,837	4,568,763	6,086,623	5,065,158	5,065,158	5,391,184	5,509,006	5,592,335
Community		468,970	379,499	365,265	427,607	427,607	427,607	361,370	343,557	307,584
Heritage assets		115,629	294,949	177,572	176,706	176,706	176,706	177,572	177,572	177,572
Investment properties		325,807	320,520	356,914	320,520	320,520	320,520	356,914	364,052	371,333
Other assets		823,366	770,640	943,316	592,994	1,080,999	1,080,999	1,018,771	987,278	940,735
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	37,915	46,520	648	648	648	46,520	46,520	46,520
Intangibles		3,459	1,899	2,098	3,959	3,959	3,959	27,283	57,283	45,827
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	6,747,034	6,544,259	6,460,448	7,609,057	7,075,597	7,075,597	7,379,615	7,485,269	7,481,905
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		273,673	237,153	453,332	259,469	259,469	259,469	485,846	537,961	595,173
<b>Repairs and Maintenance by Asset Class</b>		39,510	97,782	139,060	291,357	217,917	217,917	200,976	280,975	487,986
Infrastructure - Road transport		3,392	5,361	7,094	63,667	26,947	26,947	29,658	51,811	85,115
Infrastructure - Electricity		13,726	24,992	48,014	73,236	70,690	70,690	46,920	48,774	112,811
Infrastructure - Water		1,216	746	1,554	21,849	21,849	21,849	15,714	16,499	42,317
Infrastructure - Sanitation		-	-	502	6,591	6,591	6,591	4,807	5,047	5,320
Infrastructure - Other		6,862	86	-	-	-	-	8,814	9,255	9,754
Infrastructure		25,196	31,785	57,165	165,342	126,076	126,076	105,913	131,386	255,317
Community		9,015	2,074	-	-	-	-	4,582	4,811	5,071
Heritage assets		-	55,926	42,746	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	5,298	8,597	39,150	126,015	91,841	91,841	90,481	144,778	227,599
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		313,183	334,935	592,392	550,827	477,386	477,386	686,821	818,936	1,083,159
<b>Renewal of Existing Assets as % of total capex</b>		70.0%	72.6%	52.1%	48.4%	44.9%	44.9%	90.8%	84.5%	86.9%
<b>Renewal of Existing Assets as % of deprecn"</b>		91.8%	123.0%	41.8%	111.6%	122.0%	122.0%	132.6%	93.3%	81.0%
<b>R&amp;M as a % of PPE</b>		0.6%	1.6%	2.3%	4.0%	3.2%	3.2%	4.0%	4.0%	7.0%
<b>Renewal and R&amp;M as a % of PPE</b>		4.0%	6.0%	5.0%	8.0%	8.0%	8.0%	11.0%	10.0%	13.0%



## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The City has allocated 89.78 of the capital budget to the renewal of existing assets, and therefore the reduced budget for repairs and maintenance.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City's strategy to address the maintenance backlog.

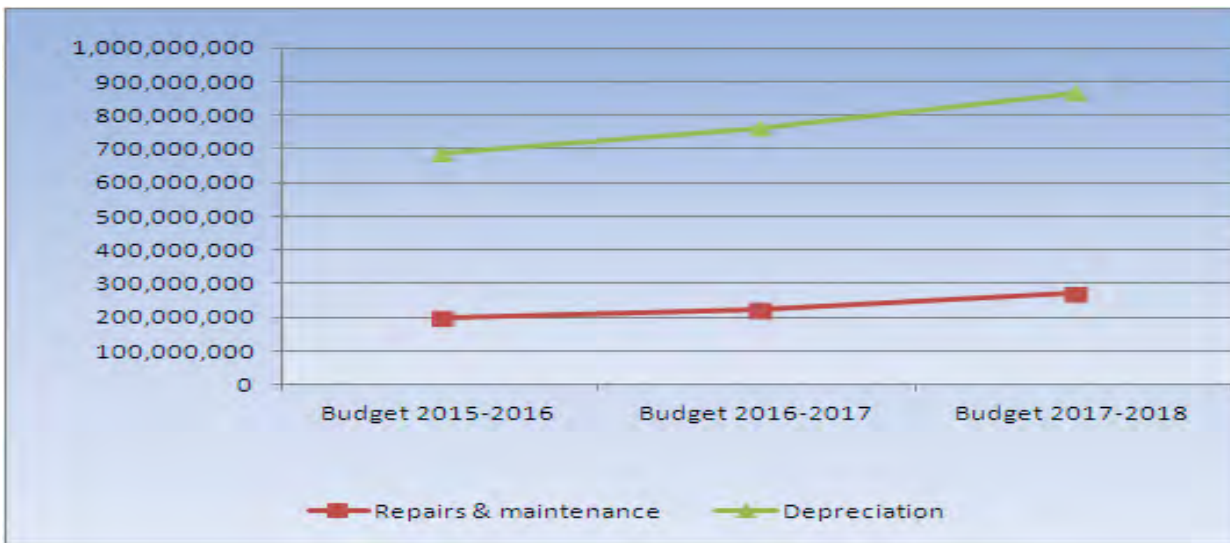


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF



# MSUNDUZI ANNUAL BUDGET

**Table 24 MBRR Table A10 - Basic Service Delivery Measurement**

KZN225 Msunduzi - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		80,188	80,188	80,690	81,771	81,771	81,771	100,771	104,071	109,209
Piped water inside yard (but not in dwelling)		63,301	63,301	63,301	65,855	65,855	65,855	65,855	67,465	67,465
Using public tap (at least min.service level)	2	9,348	9,348	9,348	16,266	16,266	16,266	7,463	7,463	7,624
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		152,837	152,837	153,339	163,892	163,892	163,892	174,089	178,999	184,298
Using public tap (< min.service level)	3	4,760	5,395	6,395	6,659	6,659	6,659	3,395	2,785	1,536
Other water supply (< min.service level)	4	6,396	5,761	4,259	3,759	3,759	3,759	3,009	2,009	1,259
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		11,156	11,156	10,654	10,418	10,418	10,418	6,404	4,794	2,795
<b>Total number of households</b>	5	163,993	163,993	163,993	174,310	174,310	174,310	180,493	183,793	187,093
<b>Sanitation/sewage:</b>										
Flush toilet (connected to sewerage)		84,779	84,779	84,973	85,125	85,125	85,125	99,501	103,301	104,401
Flush toilet (with septic tank)		8,541	8,541	8,372	8,570	8,570	8,570	8,515	8,515	8,515
Chemical toilet		5,489	5,489	7,076	7,076	7,076	7,076	5,485	4,985	4,885
Pit toilet (ventilated)		58,047	58,047	58,695	62,115	62,115	62,115	63,615	65,715	68,715
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		156,856	156,856	159,116	162,886	162,886	162,886	177,116	182,516	186,516
Bucket toilet		1,585	1,585	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		5,552	5,552	4,877	11,424	11,424	11,424	3,377	1,277	577
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		7,137	7,137	4,877	11,424	11,424	11,424	3,377	1,277	577
<b>Total number of households</b>	5	163,993	163,993	163,993	174,310	174,310	174,310	180,493	183,793	187,093
<b>Energy:</b>										
Electricity (at least min.service level)		109,326	109,326	109,326	109,326	109,326	109,326	109,326	109,326	109,326
Electricity - prepaid (min.service level)		41,548	42,000	42,000	44,000	44,000	44,000	59,766	64,206	68,532
<i>Minimum Service Level and Above sub-total</i>		150,874	151,326	151,326	153,326	153,326	153,326	169,093	173,533	177,859
Electricity (< min.service level)		-	-	-	8,317	8,317	8,317	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		13,119	12,667	12,667	12,667	12,667	12,667	11,400	10,260	9,234
<i>Below Minimum Service Level sub-total</i>		13,119	12,667	12,667	20,984	20,984	20,984	11,400	10,260	9,234
<b>Total number of households</b>	5	163,993	163,993	163,993	174,310	174,310	174,310	180,493	183,793	187,093
<b>Refuse:</b>										
Removed at least once a week		70,000	70,000	89,910	110,000	57,437	57,437	136,100	145,400	164,537
<i>Minimum Service Level and Above sub-total</i>		70,000	70,000	89,910	110,000	57,437	57,437	136,100	145,400	164,537
Removed less frequently than once a week		38,910	38,910	29,000	19,227	71,790	71,790	28,556	24,556	22,556
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		19,993	19,993	19,993	19,993	19,993	19,993	15,837	13,837	-
Other rubbish disposal		35,090	35,090	25,090	25,090	25,090	25,090	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		93,993	93,993	74,083	64,310	116,873	116,873	44,393	38,393	22,556
<b>Total number of households</b>	5	163,993	163,993	163,993	174,310	174,310	174,310	180,493	183,793	187,093
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		20,119	20,119	21,125	21,760	4,532	4,532	21,125	23,238	25,561
Sanitation (free minimum level service)		2,950	2,950	2,950	3,470	3,470	3,470	2,950	3,245	3,570
Electricity/other energy (50kwh per household per month)		2,284	2,284	2,284	2,284	2,284	2,284	3,076	3,384	3,722
Refuse (removed at least once a week)		20,119	20,119	21,125	21,760	3,591	3,591	3,225	3,548	3,902
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		93,951	99,588	105,564	111,898	111,898	111,898	118,611	138,301	161,259
Sanitation (free sanitation service)		3,607	3,823	4,053	4,296	4,296	4,296	4,554	5,309	6,191
Electricity/other energy (50kwh per household per month)		1,534	1,626	1,723	1,827	1,827	1,827	1,936	2,386	3,018
Refuse (removed once a week)		2,440	2,586	2,742	2,906	2,906	2,906	3,080	3,592	4,188
<b>Total cost of FBS provided (minimum social package)</b>		101,532	107,624	114,081	120,926	120,926	120,926	128,182	149,588	174,655
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		150,000	150,000	150,000	100,000	100,000	100,000	100,000	100,000	100,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		118	101	115	122	122	122	129	136	143
Electricity (kwh per household per month)		70	70	70	70	70	70	70	70	70
Refuse (average litres per week)		200	200	200	200	200	200	200	200	200
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		339,475	359,844	381,435	404,321	404,321	404,321	428,580	454,295	481,552
Property rates (other exemptions, reductions and rebates)		9,087	9,632	10,210	10,823	10,823	10,823	11,472	12,160	12,890
Water		93,951	99,588	105,564	111,898	111,898	111,898	118,611	138,301	161,259
Sanitation		3,607	3,823	4,053	4,296	4,296	4,296	4,554	5,309	6,191
Electricity/other energy		1,911	2,026	2,147	2,276	2,413	2,557	2,711	3,340	4,225
Refuse		2,440	2,586	2,742	2,906	2,906	2,906	3,080	3,592	4,188
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>	6	450,471	477,500	506,150	536,519	536,655	536,800	569,008	616,997	670,305



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

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City continues to make steady progress with the eradication of backlogs:
  - a) Water services – backlog reduction households as from 2011/12 to 2017/18. These households are largely found in reception areas and will need to be moved to formal areas so that they can receive services.
  - b) Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision projects a decline as from 2011/12 up to 2017/18.
    - a. Sanitation services – backlog will be reduced by over 2800 households over the MTREF. The number of households with no toilet provision projects a decline as from 2011/12 up to 2017/18.
    - b. Electricity services – backlog reduction of households without the supply. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 6000 households budgeted to be electrified in 2013/14.
    - c. Refuse services – backlog projects a downward trend of households without a service as from 2011/12 up to 2017/18.





# MSUNDUZI ANNUAL BUDGET

KZN225 Msunduzi - Table A1 Consolidated Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	536,555	625,459	625,627	698,283	698,283	698,283	698,283	784,462	828,050	869,627
Service charges	1,678,603	1,982,479	2,073,501	2,234,125	2,234,125	2,234,125	2,234,125	2,566,360	2,834,621	3,121,304
Investment revenue	25,907	34,284	43,303	32,247	32,247	32,247	32,247	34,045	35,887	37,826
Transfers recognised - operational	351,599	395,622	448,122	415,372	407,504	407,504	407,504	440,652	463,799	502,985
Other own revenue	137,961	172,663	293,743	190,549	188,543	188,543	188,543	211,526	208,508	218,606
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,730,624</b>	<b>3,210,507</b>	<b>3,484,296</b>	<b>3,570,575</b>	<b>3,560,702</b>	<b>3,560,702</b>	<b>3,560,702</b>	<b>4,037,044</b>	<b>4,370,866</b>	<b>4,750,347</b>
Employee costs	666,198	686,988	744,988	855,887	855,887	855,887	855,887	960,606	1,013,939	1,078,366
Remuneration of councillors	31,427	33,422	37,100	39,272	39,272	39,272	39,272	42,350	45,659	48,124
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,846	537,961	595,173
Finance charges	72,134	70,966	67,174	60,738	60,738	60,738	60,738	69,499	68,323	61,730
Materials and bulk purchases	1,231,392	1,389,021	1,479,803	1,504,720	1,570,370	1,570,370	1,570,370	1,766,912	1,941,182	2,129,752
Transfers and grants	196	216	218	239	239	239	239	181	263	277
Other expenditure	461,239	861,755	828,891	774,761	766,055	766,055	766,055	708,193	758,048	828,248
<b>Total Expenditure</b>	<b>2,736,259</b>	<b>3,279,521</b>	<b>3,611,506</b>	<b>3,495,086</b>	<b>3,552,031</b>	<b>3,552,031</b>	<b>3,552,031</b>	<b>4,033,586</b>	<b>4,365,375</b>	<b>4,741,670</b>
<b>Surplus/(Deficit)</b>	<b>(5,635)</b>	<b>(69,014)</b>	<b>(127,210)</b>	<b>75,489</b>	<b>8,671</b>	<b>8,671</b>	<b>8,671</b>	<b>3,458</b>	<b>5,491</b>	<b>8,677</b>
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>143,435</b>	<b>101,833</b>	<b>118,973</b>	<b>369,313</b>	<b>323,145</b>	<b>323,145</b>	<b>323,145</b>	<b>492,518</b>	<b>471,863</b>	<b>489,497</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>636,372</b>	<b>600,820</b>
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Internally generated funds	209,741	231,027	117,722	203,930	290,502	290,502	290,502	120,000	120,000	120,000
<b>Total sources of capital funds</b>	<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>636,372</b>	<b>600,820</b>
<b>Financial position</b>										
Total current assets	1,938,987	2,354,336	2,648,051	2,605,848	2,759,625	2,759,625	2,759,625	3,133,299	3,274,800	3,404,964
Total non current assets	6,755,216	6,730,000	6,647,608	7,626,734	7,093,274	7,093,274	7,093,274	7,568,078	7,677,502	7,692,589
Total current liabilities	760,873	852,654	928,845	1,082,432	1,424,818	1,424,818	1,424,818	1,378,122	999,627	640,836
Total non current liabilities	886,085	1,077,060	1,118,248	868,990	868,990	868,990	868,990	1,261,476	1,297,900	1,291,234
Community wealth/Equity	7,047,244	7,154,622	7,248,566	8,281,160	7,559,090	7,559,090	7,559,090	8,061,779	8,654,775	9,165,483
<b>Cash flows</b>										
Net cash from (used) operating	479,044	499,367	535,378	576,871	703,471	703,471	703,471	706,354	670,295	721,593
Net cash from (used) investing	(214,852)	(375,050)	(384,130)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
Net cash from (used) financing	63,596	(27,864)	(42,043)	57,309	57,309	57,309	57,309	55,400	2,522	(48,507)
<b>Cash/cash equivalents at the year end</b>	<b>621,615</b>	<b>718,068</b>	<b>827,274</b>	<b>1,097,012</b>	<b>951,511</b>	<b>951,511</b>	<b>951,511</b>	<b>1,123,760</b>	<b>1,240,992</b>	<b>1,376,402</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	626,871	723,969	834,175	876,375	1,030,151	1,030,151	1,030,151	1,131,775	1,162,592	1,172,790
Application of cash and investments	58,272	(132,920)	(275,983)	31,253	309,580	309,580	309,580	223,753	(218,683)	(661,779)
<b>Balance - surplus (shortfall)</b>	<b>568,600</b>	<b>856,889</b>	<b>1,110,158</b>	<b>845,121</b>	<b>720,572</b>	<b>720,572</b>	<b>720,572</b>	<b>908,022</b>	<b>1,381,275</b>	<b>1,834,569</b>
<b>Asset management</b>										
Asset register summary (WDV)	6,747,034	6,544,259	6,460,448	7,609,057	7,075,597	7,075,597	7,379,615	7,379,615	7,485,269	7,481,905
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	485,846	485,846	537,961	595,173
Renewal of Existing Assets	251,311	291,772	189,594	289,444	316,594	316,594	316,594	644,081	501,905	482,323
Repairs and Maintenance	39,510	97,782	139,060	291,357	217,917	217,917	200,976	200,976	280,975	487,986
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	68,843	68,843	68,843	13,435	13,435	14,241	15,095
Revenue cost of free services provided	-	338,903	363,502	391,259	391,259	391,259	186,081	186,081	197,246	209,080
<b>Households below minimum service level</b>										
Water:	6	-	-	7	7	7	11	11	10	10
Sanitation/sewerage:	5	-	-	31	31	31	-	-	-	-
Energy:	-	-	-	3	3	3	-	-	-	-
Refuse:	-	74	54	61	61	61	43	43	43	23



KZN225 Msunduzi - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		884,278	964,196	1,351,283	1,152,827	1,169,204	1,169,204	1,240,510	1,302,013	1,383,957
Executive and council		4,164	5,880	5,799	-	-	-	1,600	1,625	1,700
Budget and treasury office		864,518	928,417	1,328,000	1,149,665	1,161,648	1,161,648	1,228,885	1,290,107	1,371,691
Corporate services		15,596	29,898	17,484	3,162	7,556	7,556	10,024	10,281	10,566
<i>Community and public safety</i>		50,369	73,799	70,091	13,361	13,361	13,361	68,708	69,183	71,125
Community and social services		22,179	35,435	20,997	3,250	3,250	3,250	31,421	28,799	30,225
Sport and recreation		5,971	7,342	15,617	729	729	729	838	885	933
Public safety		5,451	10,435	8,742	5,827	5,827	5,827	21,305	20,419	21,487
Housing		4,123	5,233	18,135	3,485	3,485	3,485	15,112	19,080	18,445
Health		12,645	15,355	6,600	70	70	70	32	0	36
<i>Economic and environmental services</i>		160,261	188,806	162,232	171,598	175,646	175,646	472,320	480,289	491,528
Planning and development		40,952	44,131	41,717	7,972	12,020	12,020	70,135	79,601	82,279
Road transport		119,309	144,676	120,515	163,627	163,627	163,627	402,185	400,688	409,249
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,678,603	1,982,479	2,073,501	2,437,047	2,437,400	2,437,400	2,716,559	2,958,200	3,255,515
Electricity		1,212,660	1,401,971	1,486,939	1,700,096	1,700,095	1,700,095	1,906,710	2,127,603	2,381,340
Water		288,345	386,419	380,807	500,521	500,521	500,521	570,675	582,634	612,822
Waste water management		107,507	120,089	126,301	149,071	149,071	149,071	143,483	148,698	156,728
Waste management		70,091	73,999	79,454	87,359	87,712	87,712	95,690	99,264	104,625
<i>Other</i>	4	106,183	172,075	73,371	89,565	79,565	79,565	28,007	27,554	29,042
<b>Total Revenue - Standard</b>	2	2,879,695	3,381,354	3,730,479	3,864,399	3,875,176	3,875,176	4,526,104	4,837,238	5,231,167
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		366,311	851,296	693,274	691,420	682,714	682,714	499,300	552,588	616,585
Executive and council		61,304	65,332	17,389	384,298	384,298	384,298	107,609	116,432	123,036
Budget and treasury office		304,381	785,592	668,377	200,157	191,451	191,451	171,968	204,190	239,724
Corporate services		626	372	7,508	106,965	106,965	106,965	219,723	231,967	253,824
<i>Community and public safety</i>		470,097	448,320	572,916	421,741	421,741	421,741	494,144	516,183	546,370
Community and social services		90,933	89,733	102,566	99,202	99,202	99,202	127,547	130,644	138,442
Sport and recreation		104,373	104,649	120,260	81,358	81,358	81,358	107,339	113,185	120,622
Public safety		185,265	188,045	266,751	196,317	196,317	196,317	203,451	213,266	224,954
Housing		31,956	31,422	48,487	25,149	25,149	25,149	36,390	38,740	40,818
Health		57,570	34,470	34,852	19,716	19,716	19,716	19,417	20,349	21,534
<i>Economic and environmental services</i>		454,830	351,985	509,355	462,751	462,751	462,751	564,150	603,466	644,862
Planning and development		62,855	56,981	81,258	128,290	128,290	128,290	110,638	117,043	124,388
Road transport		391,974	295,004	428,097	334,461	334,461	334,461	453,512	486,423	520,474
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,398,763	1,576,074	1,789,028	1,888,052	1,953,703	1,953,703	2,434,243	2,648,597	2,885,950
Electricity		915,462	1,039,382	1,171,342	1,368,924	1,368,924	1,368,924	1,559,620	1,699,914	1,859,173
Water		297,925	333,880	364,843	406,791	472,442	472,442	587,319	637,281	693,714
Waste water management		116,055	130,627	177,476	9,621	9,621	9,621	181,939	196,148	211,431
Waste management		69,321	72,185	75,367	102,716	102,716	102,716	105,365	115,255	121,631
<i>Other</i>	4	46,258	51,847	46,933	31,122	31,122	31,122	41,749	44,541	47,904
<b>Total Expenditure - Standard</b>	3	2,736,259	3,279,521	3,611,506	3,495,086	3,552,031	3,552,031	4,033,586	4,365,375	4,741,670
<b>Surplus/(Deficit) for the year</b>		143,435	101,833	118,973	369,313	323,145	323,145	492,518	471,863	489,497



# MSUNDUZI ANNUAL BUDGET

KZN225 Msunduzi - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/12		2012/13		2013/14		Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
<b>Revenue by Vote</b>												
Vote 1 - Corporate Services	61 413	104 873	38 363	311 882	310 156	310 156	310 156	86 561	76 923	83 271		
Vote 2 - Financial Management Area	875 469	926 114	1 213 051	1 077 719	1 077 719	1 077 719	1 077 719	1 466 381	1 505 003	1 600 442		
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	1 794 119	2 121 037	2 248 333	2 436 060	2 448 525	2 448 525	2 448 525	2 895 144	3 194 455	3 505 160		
Vote 4 - Sustainable Community Service Delivery Provision Management	148 693	229 330	230 731	38 737	38 775	38 775	38 775	206 200	210 445	216 949		
<b>Total Revenue by Vote</b>	<b>2 879 695</b>	<b>3 381 354</b>	<b>3 730 479</b>	<b>3 864 399</b>	<b>3 875 176</b>	<b>3 875 176</b>	<b>3 875 176</b>	<b>4 654 285</b>	<b>4 986 826</b>	<b>5 405 823</b>		
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Corporate Services	17 599	84 249	45 800	263 785	263 785	263 785	263 785	665 552	703 682	744 331		
Vote 2 - Financial Management Area	414 773	571 097	576 386	481 725	466 342	466 342	466 342	592 671	640 829	707 969		
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	1 779 488	2 020 748	2 585 647	2 268 308	2 333 959	2 333 959	2 333 959	2 568 279	2 745 380	2 937 498		
Vote 4 - Sustainable Community Service Delivery Provision Management	524 399	603 426	403 672	481 268	487 945	487 945	487 945	335 216	425 020	526 472		
<b>Total Expenditure by Vote</b>	<b>2 736 259</b>	<b>3 279 521</b>	<b>3 611 506</b>	<b>3 495 086</b>	<b>3 552 031</b>	<b>3 552 031</b>	<b>3 552 031</b>	<b>4 161 718</b>	<b>4 514 910</b>	<b>4 916 269</b>		
<b>Surplus/(Deficit) for the year</b>	<b>143 435</b>	<b>101 833</b>	<b>118 973</b>	<b>369 313</b>	<b>323 145</b>	<b>323 145</b>	<b>323 145</b>	<b>492 568</b>	<b>471 916</b>	<b>489 554</b>		



**KNZ25 Msunduzi - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>									
Property rates	505 310	585 864	602 954	659 052	659 052	659 052	743 113	784 468	823 692
Property rates - penalties & collection charges	31 244	39 596	22 674	39 231	39 231	39 231	41 349	43 582	45 935
Service charges - electricity revenue	1 212 660	1 401 971	1 486 939	1 628 543	1 628 543	1 628 543	1 865 706	2 087 542	2 335 687
Service charges - water revenue	288 345	386 419	380 807	391 288	391 288	391 288	595 443	651 217	700 571
Service charges - sanitation revenue	107 507	120 089	126 301	126 582	126 582	126 582	139 471	146 726	155 244
Service charges - refuse revenue	70 091	73 999	79 454	87 712	87 712	87 712	93 922	98 724	104 457
Rental of facilities and equipment	17 944	20 896	21 572	35 024	35 024	35 024	41 329	43 292	44 468
Interest earned - external investments	25 907	34 284	43 303	32 247	32 247	32 247	34 045	35 887	37 826
Interest earned - outstanding debtors	58 254	82 051	53 055	1 325	1 325	1 325	62 593	66 366	69 950
Fines	3 813	8 371	102 751	14 667	14 667	14 667	17 488	16 356	17 239
Licences and permits	78	59	81	83	83	83	87	92	97
Agency services	374	733	669	3 220	3 220	3 220	632	668	704
Transfers recognised - operational	351 599	395 622	448 122	415 372	407 504	407 504	440 652	463 799	502 985
Other revenue	56 557	60 553	115 513	136 230	134 224	134 224	79 695	81 735	86 149
Gains on disposal of PPE	941	-	103	-	-	-	9 700	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 730 624</b>	<b>3 210 507</b>	<b>3 484 296</b>	<b>3 570 575</b>	<b>3 560 702</b>	<b>3 560 702</b>	<b>4 165 225</b>	<b>4 520 454</b>	<b>4 925 003</b>
<b>Expenditure By Type</b>									
Employee related costs	666 198	686 988	744 988	855 887	855 887	855 887	960 606	1 013 939	1 078 366
Remuneration of councillors	31 427	33 422	37 100	39 272	39 272	39 272	42 550	45 659	48 124
Debt impairment	58 210	217 794	112 679	144 577	144 577	144 577	124 586	134 979	143 888
Depreciation & asset impairment	273 673	237 153	453 332	259 469	259 469	259 469	485 796	537 909	595 116
Finance charges	72 134	70 966	67 174	60 738	60 738	60 738	69 499	68 323	61 730
Bulk purchases	1 219 818	1 373 241	1 453 402	1 479 522	1 545 173	1 545 173	1 736 811	1 907 233	2 093 955
Other materials	11 575	15 780	26 401	25 198	25 198	25 198	30 101	33 948	35 797
Contracted services	21 091	17 769	21 066	93 051	107 596	107 596	18 851	19 795	20 864
Transfers and grants	196	216	218	239	239	239	128 362	149 851	174 933
Other expenditure	381 938	622 459	682 854	537 133	513 882	513 882	564 756	603 275	663 496
Loss on disposal of PPE	-	3 733	12 291	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>2 736 259</b>	<b>3 279 521</b>	<b>3 611 506</b>	<b>3 495 086</b>	<b>3 552 031</b>	<b>3 552 031</b>	<b>4 161 718</b>	<b>4 514 910</b>	<b>4 916 269</b>
<b>Surplus/(Deficit)</b>	<b>(5 635)</b>	<b>(69 014)</b>	<b>(127 210)</b>	<b>75 489</b>	<b>8 671</b>	<b>8 671</b>	<b>3 508</b>	<b>5 544</b>	<b>8 734</b>
Transfers recognised - capital	149 070	170 848	246 183	293 824	314 474	314 474	489 060	466 372	480 820
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>143 435</b>	<b>101 833</b>	<b>118 973</b>	<b>369 313</b>	<b>323 145</b>	<b>323 145</b>	<b>492 568</b>	<b>471 916</b>	<b>489 554</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>143 435</b>	<b>101 833</b>	<b>118 973</b>	<b>369 313</b>	<b>323 145</b>	<b>323 145</b>	<b>492 568</b>	<b>471 916</b>	<b>489 554</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>143 435</b>	<b>101 833</b>	<b>118 973</b>	<b>369 313</b>	<b>323 145</b>	<b>323 145</b>	<b>492 568</b>	<b>471 916</b>	<b>489 554</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>143 435</b>	<b>101 833</b>	<b>118 973</b>	<b>369 313</b>	<b>323 145</b>	<b>323 145</b>	<b>492 568</b>	<b>471 916</b>	<b>489 554</b>





# MSUNDUZI ANNUAL BUDGET

KZN225 Msunduzi - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Corporate Services	40 041	38 436	2 500	25 454	25 454	25 454	28 400	30 000	36 007
Vote 2 - Financial Management Area	35	7 349	-	24 417	56 217	56 217	25 000	30 000	5 000
Vote 3 - Infrastructure Development, Service Delivery	195 273	211 354	187 094	321 922	348 072	348 072	589 310	507 172	500 820
Vote 4 - Sustainable Community Service Delivery	15 963	34 634	-	74 305	74 305	74 305	32 200	26 500	13 000
<b>Capital multi-year expenditure sub-total</b>	<b>251 311</b>	<b>291 773</b>	<b>189 594</b>	<b>446 098</b>	<b>504 048</b>	<b>504 048</b>	<b>674 910</b>	<b>593 672</b>	<b>554 827</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Corporate Services	5 150	3 100	3 100	3 818	3 818	3 818	855	-	-
Vote 2 - Financial Management Area	3 937	7 000	7 012	10 479	13 679	13 679	4 129	-	-
Vote 3 - Infrastructure Development, Service Delivery	82 352	74 252	135 890	112 441	158 513	158 513	24 997	-	-
Vote 4 - Sustainable Community Service Delivery	16 061	25 750	28 310	24 918	24 918	24 918	4 169	-	-
<b>Capital single-year expenditure sub-total</b>	<b>107 500</b>	<b>110 102</b>	<b>174 312</b>	<b>151 656</b>	<b>200 928</b>	<b>200 928</b>	<b>34 150</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>358 811</b>	<b>401 875</b>	<b>363 906</b>	<b>597 754</b>	<b>704 976</b>	<b>704 976</b>	<b>709 060</b>	<b>593 672</b>	<b>554 827</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>94 276</b>	<b>24 283</b>	<b>17 037</b>	<b>23 899</b>	<b>58 899</b>	<b>58 899</b>	<b>59 385</b>	<b>60 000</b>	<b>41 007</b>
Executive and council	-	-	16 843	1 961	1 961	1 961	5 800	-	6 007
Budget and treasury office	94 276	24 283	194	21 938	56 938	56 938	53 585	60 000	35 000
Corporate services	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>7 234</b>	<b>11 496</b>	<b>21 180</b>	<b>10 656</b>	<b>10 656</b>	<b>10 656</b>	<b>54 598</b>	<b>48 307</b>	<b>15 613</b>
Community and social services	3 056	11 496	20 051	4 128	4 128	4 128	2 500	3 500	-
Sport and recreation	1 797	-	202	6 008	6 008	6 008	34 400	39 300	12 000
Public safety	390	-	845	520	520	520	8 353	3 950	1 930
Housing	1 279	-	12	-	-	-	7 725	200	-
Health	712	-	71	-	-	-	1 620	1 357	1 683
<b>Economic and environmental services</b>	<b>82 510</b>	<b>91 401</b>	<b>104 017</b>	<b>350 836</b>	<b>377 986</b>	<b>377 986</b>	<b>339 647</b>	<b>340 368</b>	<b>365 858</b>
Planning and development	11 718	-	19 768	173 873	201 023	201 023	9 590	4 800	7 050
Road transport	70 792	91 401	83 894	176 963	176 963	176 963	330 057	335 568	358 808
Environmental protection	-	-	355	-	-	-	-	-	-
<b>Trading services</b>	<b>110 218</b>	<b>123 682</b>	<b>146 738</b>	<b>179 895</b>	<b>224 967</b>	<b>224 967</b>	<b>254 033</b>	<b>186 967</b>	<b>177 612</b>
Electricity	32 320	71 957	68 142	95 034	140 106	140 106	133 000	85 500	39 405
Water	25 001	34 927	35 159	59 191	59 191	59 191	83 133	59 721	75 241
Waste water management	52 898	16 798	43 437	14 129	14 129	14 129	36 900	32 826	53 600
Waste management	-	-	-	11 541	11 541	11 541	1 000	8 920	9 366
<b>Other</b>	<b>64 574</b>	<b>151 012</b>	<b>74 934</b>	<b>32 468</b>	<b>32 468</b>	<b>32 468</b>	<b>1 398</b>	<b>730</b>	<b>730</b>
<b>Total Capital Expenditure - Standard</b>	<b>358 811</b>	<b>401 875</b>	<b>363 906</b>	<b>597 754</b>	<b>704 976</b>	<b>704 976</b>	<b>709 060</b>	<b>636 372</b>	<b>600 820</b>
<b>Funded by:</b>									
National Government	124 014	148 694	198 670	283 897	302 047	302 047	489 060	466 372	480 820
Provincial Government	25 056	22 154	47 513	9 927	12 427	12 427	-	-	-
Transfers recognised - capital	149 070	170 848	246 183	293 824	314 474	314 474	489 060	466 372	480 820
Borrowing	-	-	-	100 000	100 000	100 000	100 000	50 000	-
Internally generated funds	209 741	231 027	117 722	203 930	290 502	290 502	120 000	120 000	120 000
<b>Total Capital Funding</b>	<b>358 811</b>	<b>401 875</b>	<b>363 906</b>	<b>597 754</b>	<b>704 976</b>	<b>704 976</b>	<b>709 060</b>	<b>636 372</b>	<b>600 820</b>



KZN225 Msunduzi - Table A6 Consolidated Budgeted Financial Position

Description	2011/12		2012/13		2013/14		Current Year 2014/15			2015/16 Medium Term Expenditure Framework			2017/18	
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18				
<b>ASSETS</b>														
Current assets														
Cash	65 767	43 818	49 972		320 733	50 000	50 000	45 513	52 325	54 171				
Call investment deposits	561 104	680 152	784 203		555 595	980 105	980 105	1 086 263	1 110 267	1 118 619				
Consumer debtors	442 012	553 773	667 397		767 954	767 954	767 954	883 147	971 462	1 068 608				
Other debtors	117 859	321 503	403 194		156 279	156 279	156 279	376 440	383 969	391 648				
Current portion of long-term receivables	66	46	46		42 691	42 691	42 691	43	47	53				
Inventory	752 178	755 045	743 239		762 595	762 595	762 595	741 893	756 731	771 865				
<b>Total current assets</b>	<b>1 938 987</b>	<b>2 354 336</b>	<b>2 648 051</b>		<b>2 605 848</b>	<b>2 759 625</b>	<b>2 759 625</b>	<b>3 133 299</b>	<b>3 274 800</b>	<b>3 404 964</b>				
Non current assets														
Long-term receivables	-	8 771	9 588		8 771	8 771	8 771	9 455	9 644	9 837				
Investments					46	46	46	-	-	-				
Investment property	325 807	320 520	356 914		320 520	320 520	320 520	356 914	364 052	371 333				
Property, plant and equipment	6 417 768	6 183 925	6 054 916		7 283 930	6 750 470	6 750 470	6 948 898	7 017 414	7 018 225				
Biological		37 915	46 520		648	648	648	46 520	46 520	46 520				
Intangible	3 459	1 899	2 098		3 959	3 959	3 959	27 283	57 283	45 827				
Other non-current assets	8 181	176 969	177 572		8 859	8 859	8 859	179 008	182 588	200 847				
<b>Total non current assets</b>	<b>6 755 216</b>	<b>6 730 000</b>	<b>6 647 608</b>		<b>7 626 734</b>	<b>7 093 274</b>	<b>7 093 274</b>	<b>7 568 078</b>	<b>7 677 502</b>	<b>7 692 589</b>				
<b>TOTAL ASSETS</b>	<b>8 694 202</b>	<b>9 084 336</b>	<b>9 295 659</b>		<b>10 232 582</b>	<b>9 852 899</b>	<b>9 852 899</b>	<b>10 701 376</b>	<b>10 952 302</b>	<b>11 097 553</b>				
<b>LIABILITIES</b>														
Current liabilities														
Bank overdraft														
Borrowing	45 832	46 664	43 029		42 691	42 691	42 691	61 751	73 149	77 414				
Consumer deposits	71 648	79 589	85 109		87 548	87 548	87 548	92 798	98 948	104 198				
Trade and other payables	643 081	722 004	793 830		948 479	1 290 866	1 290 866	1 217 489	821 324	452 894				
Provisions	312	4 397	6 877		3 714	3 714	3 714	6 084	6 206	6 330				
<b>Total current liabilities</b>	<b>760 873</b>	<b>852 654</b>	<b>928 845</b>		<b>1 082 432</b>	<b>1 424 818</b>	<b>1 424 818</b>	<b>1 378 122</b>	<b>999 627</b>	<b>640 836</b>				
Non current liabilities														
Borrowing	577 963	541 325	497 398		100 000	100 000	100 000	579 761	548 013	467 808				
Provisions	308 123	535 734	620 850		768 990	768 990	768 990	681 715	749 887	823 426				
<b>Total non current liabilities</b>	<b>886 086</b>	<b>1 077 060</b>	<b>1 118 248</b>		<b>868 990</b>	<b>868 990</b>	<b>868 990</b>	<b>1 261 476</b>	<b>1 297 900</b>	<b>1 291 234</b>				
<b>TOTAL LIABILITIES</b>	<b>1 646 959</b>	<b>1 929 713</b>	<b>2 047 093</b>		<b>1 951 422</b>	<b>2 293 808</b>	<b>2 293 808</b>	<b>2 639 598</b>	<b>2 297 527</b>	<b>1 932 071</b>				
<b>NET ASSETS</b>	<b>7 047 244</b>	<b>7 154 622</b>	<b>7 248 566</b>		<b>8 281 160</b>	<b>7 559 090</b>	<b>7 559 090</b>	<b>8 061 779</b>	<b>8 654 775</b>	<b>9 165 483</b>				
<b>COMMUNITY WEALTH/EQUITY</b>														
Accumulated Surplus/(Deficit)	6 991 718	7 104 719	7 197 023		8 237 940	7 515 870	7 515 870	7 888 864	8 460 803	8 950 431				
Reserves	55 526	49 903	51 543		43 220	43 220	43 220	172 914	193 972	215 052				
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>7 047 244</b>	<b>7 154 622</b>	<b>7 248 566</b>		<b>8 281 160</b>	<b>7 559 090</b>	<b>7 559 090</b>	<b>8 061 779</b>	<b>8 654 775</b>	<b>9 165 483</b>				



# MSUNDUZI ANNUAL BUDGET

KZN225 Msunduzi - Table A7 Consolidated Budgeted Cash Flows

Description	2011/12		2012/13		2013/14		Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates, penalties & collection charges	536 555	625 459	625 627	677 335	677 335	677 335	677 335	701 467	740 451	777 612		
Service charges	1 678 603	1 982 479	2 073 501	2 167 101	2 167 101	2 167 101	2 167 101	2 349 116	2 539 498	2 801 937		
Other revenue	20 556	(140 806)	127 907	171 131	171 131	249 675	249 675	84 320	84 002	88 538		
Government - operating	351 599	395 622	448 122	415 372	415 372	330 731	330 731	440 652	463 799	502 985		
Government - capital	149 070	170 848	246 183	293 824	293 824	314 474	314 474	489 060	466 372	480 820		
Interest	84 160	116 335	96 358	32 247	32 247	24 508	24 508	64 894	68 606	72 312		
Dividends	-	-	-	-	-	-	-	-	-	-		
<b>Payments</b>												
Suppliers and employees	(2 269 366)	(2 579 604)	(3 015 146)	(3 113 993)	(3 113 993)	(2 994 206)	(2 994 206)	(3 353 475)	(3 623 849)	(3 940 602)		
Finance charges	(72 134)	(70 966)	(67 174)	(60 738)	(60 738)	(60 738)	(60 738)	(69 499)	(68 323)	(61 730)		
Transfers and Grants	-	-	-	(5 408)	(5 408)	(5 408)	(5 408)	(181)	(263)	(277)		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>479 044</b>	<b>499 367</b>	<b>535 378</b>	<b>576 871</b>	<b>576 871</b>	<b>703 471</b>	<b>703 471</b>	<b>706 354</b>	<b>670 295</b>	<b>721 593</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE	(3 850)	16 609	7 374	-	-	-	-	-	-	-		
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-		
Decrease (increase) other non-current receivables	147 809	10 216	(18 993)	-	-	-	-	-	-	-		
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-		
<b>Payments</b>												
Capital assets	(358 811)	(401 875)	(372 511)	(364 442)	(364 442)	(636 543)	(636 543)	(589 505)	(555 584)	(537 677)		
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(214 852)</b>	<b>(375 050)</b>	<b>(384 130)</b>	<b>(364 442)</b>	<b>(364 442)</b>	<b>(636 543)</b>	<b>(636 543)</b>	<b>(589 505)</b>	<b>(555 584)</b>	<b>(537 677)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans	-	-	-	-	-	-	-	-	-	-		
Borrowing long term/refinancing	112 361	-	-	100 000	100 000	100 000	100 000	100 000	50 000	-		
Increase (decrease) in consumer deposits	1 014	7 942	5 520	-	-	-	-	5 250	6 150	5 250		
<b>Payments</b>												
Repayment of borrowing	(49 779)	(35 806)	(47 563)	(42 691)	(42 691)	(42 691)	(42 691)	(49 850)	(53 628)	(53 757)		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>63 596</b>	<b>(27 864)</b>	<b>(42 043)</b>	<b>57 309</b>	<b>57 309</b>	<b>57 309</b>	<b>57 309</b>	<b>55 400</b>	<b>2 522</b>	<b>(48 507)</b>		
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>327 788</b>	<b>96 452</b>	<b>109 206</b>	<b>269 738</b>	<b>269 738</b>	<b>124 237</b>	<b>124 237</b>	<b>172 249</b>	<b>117 233</b>	<b>135 409</b>		
Cash/cash equivalents at the year begin:	293 827	621 615	718 068	827 274	827 274	827 274	827 274	951 511	1 123 760	1 240 992		
Cash/cash equivalents at the year end:	621 615	718 068	827 274	1 097 012	1 097 012	951 511	951 511	1 123 760	1 240 992	1 376 402		



KZN225 Msunduzi - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	2011/12		2012/13		2013/14		Current Year 2014/15			2015/16 Medium Term Expenditure Framework			Revenue & Budget Year	
	Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
<b>Cash and investments available</b>														
Cash/cash equivalents at the year end	621 615		718 068		827 274		1 097 012	951 511	951 511	1 123 760	1 240 992	1 376 402		
Other current investments > 90 days	5 256		5 902		6 901		(220 683)	78 594	78 594	8 016	(78 400)	(203 612)		
Non current assets - Investments	-		-		-		46	46	46	-	-	-		
<b>Cash and investments available:</b>	<b>626 871</b>		<b>723 969</b>		<b>834 175</b>		<b>876 375</b>	<b>1 030 151</b>	<b>1 030 151</b>	<b>1 131 775</b>	<b>1 162 592</b>	<b>1 172 790</b>		
<b>Application of cash and investments</b>														
Unspent conditional transfers	149 448		170 460		291 314		83 930	135 502	135 502	174 788	104 873	41 949		
Unspent borrowing	-		-		-		-	-	-	-	-	-		
Statutory requirements	-		-		-		100 000	60 000	60 000	100 630	72 278	68 959		
Other working capital requirements	(91 176)		(303 380)		(567 297)		(115 372)	151 383	151 383	(138 752)	(497 909)	(887 985)		
Other provisions	-		-		-		(37 305)	(37 305)	(37 305)	71 967	78 676	84 598		
Long term investments committed	-		-		-		-	-	-	-	-	-		
Reserves to be backed by cash/investments	-		-		-		-	-	-	172 914	193 972	215 052		
<b>Total Application of cash and investments:</b>	<b>58 272</b>		<b>(132 920)</b>		<b>(275 983)</b>		<b>31 253</b>	<b>309 580</b>	<b>309 580</b>	<b>381 547</b>	<b>(48 109)</b>	<b>(477 427)</b>		
<b>Surplus(shortfall)</b>	<b>568 600</b>		<b>856 889</b>		<b>1 110 158</b>		<b>845 121</b>	<b>720 572</b>	<b>720 572</b>	<b>750 229</b>	<b>1 210 701</b>	<b>1 650 217</b>		





# MSUNDUZI ANNUAL BUDGET

KZN225 Msunduzi - Table A9 Consolidated Asset Management

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	107 500	110 102	174 312	308 310	388 382	388 382	64 980	91 767	72 504
Infrastructure - Road transport	43 937	45 000	4 780	108 100	108 100	108 100	2 230	4 500	1 300
Infrastructure - Electricity	3 986	4 083	131 000	63 500	108 572	108 572	18 000	20 500	24 405
Infrastructure - Water	24 819	25 419	6 250	24 677	24 677	24 677	18 000	20 500	24 405
Infrastructure - Sanitation	-	-	2 000	-	-	-	-	-	-
Infrastructure - Other	14 646	15 000	-	46 890	46 890	46 890	400	500	600
Infrastructure	87 387	89 502	144 030	243 167	288 239	288 239	38 630	46 000	50 711
Community	20 113	20 600	-	41 357	41 357	41 357	10 288	23 470	12 845
Other assets	-	-	30 282	23 785	58 785	58 785	16 062	22 297	8 948
<b>Total Renewal of Existing Assets</b>	251 311	291 772	189 594	289 444	316 594	316 594	644 081	501 905	482 323
Infrastructure - Road transport	82 776	93 748	87 882	68 684	87 834	87 834	350 722	317 389	345 151
Infrastructure - Electricity	4 856	5 000	4 500	65 257	65 257	65 257	115 000	65 000	15 000
Infrastructure - Water	24 134	34 100	25 925	63 730	63 730	63 730	64 689	41 400	52 200
Infrastructure - Sanitation	25 446	46 200	34 797	31 938	31 938	31 938	29 500	22 326	38 000
Infrastructure - Other	28 194	27 499	8 091	6 171	6 171	6 171	1 000	8 920	9 366
Infrastructure	165 406	206 546	161 194	235 780	254 930	254 930	560 911	455 035	459 716
Community	25 329	35 749	13 849	52 615	52 615	52 615	31 250	16 600	11 100
Other assets	60 576	49 477	14 550	1 050	9 050	9 050	26 920	270	6 507
Intangibles	-	-	-	-	-	-	25 000	30 000	5 000
<b>Total Capital Expenditure</b>	126 713	138 748	92 662	176 784	195 934	195 934	352 952	321 889	346 451
Infrastructure - Road transport	8 842	9 083	135 500	128 757	173 829	173 829	133 000	85 500	39 405
Infrastructure - Electricity	48 953	59 519	32 175	88 407	88 407	88 407	82 689	61 900	76 605
Infrastructure - Water	25 446	46 200	36 797	31 938	31 938	31 938	29 500	22 326	38 000
Infrastructure - Sanitation	42 839	42 499	8 091	53 061	53 061	53 061	1 400	9 420	9 966
Infrastructure - Other	252 793	296 049	305 224	478 947	543 169	543 169	599 541	501 035	510 427
Infrastructure	45 442	56 349	13 849	93 972	93 972	93 972	41 538	40 070	23 945
Community	60 576	49 477	44 832	24 835	67 835	67 835	42 982	22 567	15 455
Other assets	-	-	-	-	-	-	25 000	30 000	5 000
Intangibles	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>358 811</b>	<b>401 875</b>	<b>363 906</b>	<b>597 754</b>	<b>704 976</b>	<b>704 976</b>	<b>709 060</b>	<b>593 672</b>	<b>554 827</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	1 798 967	1 469 272	1 229 101	2 448 691	1 798 742	1 798 742	1 868 350	2 015 324	2 142 325
Infrastructure - Electricity	1 227 562	1 265 234	1 302 588	1 519 411	1 365 114	1 365 114	1 546 767	1 583 638	1 653 320
Infrastructure - Water	909 907	929 583	941 979	950 808	854 583	854 583	878 146	846 649	787 186
Infrastructure - Sanitation	571 449	577 252	604 406	650 936	587 057	587 057	612 431	595 560	558 876
Infrastructure - Other	501 919	497 496	490 689	516 776	459 662	459 662	485 490	467 834	450 627
Infrastructure	5 009 804	4 738 837	4 568 763	6 086 623	5 065 158	5 065 158	5 391 184	5 509 006	5 592 335
Community	468 970	379 499	365 265	427 607	427 607	427 607	361 370	343 557	307 584
Heritage assets	115 629	294 949	177 572	176 706	176 706	176 706	177 572	177 572	177 572
Investment properties	325 807	320 520	356 914	320 520	320 520	320 520	356 914	364 052	371 333
Other assets	823 366	770 640	943 316	592 994	1 080 999	1 080 999	1 018 771	987 278	940 735
Biological assets	-	37 915	46 520	648	648	648	46 520	46 520	46 520
Intangibles	3 459	1 899	2 098	3 959	3 959	3 959	27 283	57 283	45 827
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>6 747 034</b>	<b>6 544 259</b>	<b>6 460 448</b>	<b>7 609 057</b>	<b>7 075 597</b>	<b>7 075 597</b>	<b>7 379 615</b>	<b>7 485 269</b>	<b>7 481 905</b>
<b>EXPENDITURE OTHER ITEMS</b>									
Depreciation & asset impairment	273 673	237 153	453 332	259 469	259 469	259 469	485 796	537 909	595 116
Repairs and Maintenance by Asset Class	39 510	97 782	139 060	291 357	217 917	217 917	200 976	280 975	487 986
Infrastructure - Road transport	3 392	5 361	7 094	63 667	26 947	26 947	29 658	51 811	85 115
Infrastructure - Electricity	13 726	24 992	48 014	73 236	70 690	70 690	46 920	48 774	112 811
Infrastructure - Water	1 216	746	1 554	21 849	21 849	21 849	15 714	16 499	42 317
Infrastructure - Sanitation	-	-	502	6 591	6 591	6 591	4 807	5 047	5 320
Infrastructure - Other	6 862	86	-	-	-	-	8 814	9 255	9 754
Infrastructure	25 196	31 185	57 165	165 342	126 076	126 076	105 913	131 386	255 317
Community	9 015	2 074	-	-	-	-	4 582	4 811	5 071
Heritage assets	-	55 926	42 746	-	-	-	-	-	-
Other assets	5 298	8 597	39 150	126 015	91 841	91 841	90 481	144 778	227 599
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>313 183</b>	<b>334 935</b>	<b>592 392</b>	<b>550 827</b>	<b>477 386</b>	<b>477 386</b>	<b>686 771</b>	<b>818 884</b>	<b>1 083 102</b>
<i>Renewal of Existing Assets as % of total capex</i>	70.0%	72.6%	52.1%	48.4%	44.9%	44.9%	90.8%	84.5%	86.9%
<i>Renewal of Existing Assets as % of deprecn"</i>	91.8%	123.0%	41.8%	111.6%	122.0%	122.0%	132.6%	93.3%	81.0%
<i>R&amp;M as a % of PPE</i>	0.6%	1.6%	2.3%	4.0%	3.2%	3.2%	2.9%	4.0%	7.0%
<i>Renewal and R&amp;M as a % of PPE</i>	4.0%	6.0%	5.0%	8.0%	8.0%	8.0%	11.0%	10.0%	13.0%



KZN225 Msunduzi - Table A10 Consolidated basic service delivery measurement

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	80 188	80 188	80 690	81 771	81 771	81 771	100 771	104 071	109 209
Piped water inside yard (but not in dwelling)	63 301	63 301	63 301	65 855	65 855	65 855	65 855	67 465	67 465
Using public tap (at least min.service level)	9 348	9 348	9 348	16 266	16 266	16 266	7 463	7 463	7 624
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	152 837	152 837	153 339	163 892	163 892	163 892	174 089	178 999	184 298
Using public tap (< min.service level)	4 760	5 395	6 395	6 659	6 659	6 659	3 395	2 785	1 536
Other water supply (< min.service level)	6 396	5 761	4 259	3 759	3 759	3 759	3 009	2 009	1 259
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	11 156	11 156	10 654	10 418	10 418	10 418	6 404	4 794	2 795
<b>Total number of households</b>	<b>163 993</b>	<b>163 993</b>	<b>163 993</b>	<b>174 310</b>	<b>174 310</b>	<b>174 310</b>	<b>180 493</b>	<b>183 793</b>	<b>187 093</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	84 779	84 779	84 973	85 125	85 125	85 125	99 501	103 301	104 401
Flush toilet (with septic tank)	8 541	8 541	8 372	8 570	8 570	8 570	8 515	8 515	8 515
Chemical toilet	5 489	5 489	7 076	7 076	7 076	7 076	5 485	4 985	4 885
Pit toilet (ventilated)	58 047	58 047	58 695	62 115	62 115	62 115	63 615	65 715	68 715
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	156 856	156 856	159 116	162 886	162 886	162 886	177 116	182 516	186 516
Bucket toilet	1 585	1 585	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	5 552	5 552	4 877	11 424	11 424	11 424	3 377	1 277	577
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	7 137	7 137	4 877	11 424	11 424	11 424	3 377	1 277	577
<b>Total number of households</b>	<b>163 993</b>	<b>163 993</b>	<b>163 993</b>	<b>174 310</b>	<b>174 310</b>	<b>174 310</b>	<b>180 493</b>	<b>183 793</b>	<b>187 093</b>
<b>Energy:</b>									
Electricity (at least min.service level)	109 326	109 326	109 326	109 326	109 326	109 326	109 326	109 326	109 326
Electricity - prepaid (min.service level)	41 548	42 000	42 000	44 000	44 000	44 000	59 766	64 206	68 532
<i>Minimum Service Level and Above sub-total</i>	150 874	151 326	151 326	153 326	153 326	153 326	169 093	173 533	177 859
Electricity (< min.service level)	-	-	-	8 317	8 317	8 317	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	13 119	12 667	12 667	12 667	12 667	12 667	11 400	10 260	9 234
<i>Below Minimum Service Level sub-total</i>	13 119	12 667	12 667	20 984	20 984	20 984	11 400	10 260	9 234
<b>Total number of households</b>	<b>163 993</b>	<b>163 993</b>	<b>163 993</b>	<b>174 310</b>	<b>174 310</b>	<b>174 310</b>	<b>180 493</b>	<b>183 793</b>	<b>187 093</b>
<b>Refuse:</b>									
Removed at least once a week	70 000	70 000	89 910	110 000	57 437	57 437	136 100	145 400	164 537
<i>Minimum Service Level and Above sub-total</i>	70 000	70 000	89 910	110 000	57 437	57 437	136 100	145 400	164 537
Removed less frequently than once a week	38 910	38 910	29 000	19 227	71 790	71 790	28 556	24 556	22 556
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	19 993	19 993	19 993	19 993	19 993	19 993	15 837	13 837	-
Other rubbish disposal	35 090	35 090	25 090	25 090	25 090	25 090	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	93 993	93 993	74 083	64 310	116 873	116 873	44 393	38 393	22 556
<b>Total number of households</b>	<b>163 993</b>	<b>163 993</b>	<b>163 993</b>	<b>174 310</b>	<b>174 310</b>	<b>174 310</b>	<b>180 493</b>	<b>183 793</b>	<b>187 093</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	20 119	20 119	21 125	21 760	4 532	4 532	21 125	23 238	25 561
Sanitation (free minimum level service)	2 950	2 950	2 950	3 470	3 470	3 470	2 950	3 245	3 570
Electricity/other energy (50kwh per household per month)	2 284	2 284	2 284	2 284	2 284	2 284	3 076	3 384	3 722
Refuse (removed at least once a week)	20 119	20 119	21 125	21 760	3 591	3 591	3 225	3 548	3 902
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	93 951	99 588	105 564	111 898	111 898	111 898	118 611	138 301	161 259
Sanitation (free sanitation service)	3 607	3 823	4 053	4 296	4 296	4 296	4 554	5 309	6 191
Electricity/other energy (50kwh per household per month)	1 534	1 626	1 723	1 827	1 827	1 827	1 936	2 386	3 018
Refuse (removed once a week)	2 440	2 586	2 742	2 906	2 906	2 906	3 080	3 592	4 188
<b>Total cost of FBS provided (minimum social package)</b>	<b>101 532</b>	<b>107 624</b>	<b>114 081</b>	<b>120 926</b>	<b>120 926</b>	<b>120 926</b>	<b>128 182</b>	<b>149 588</b>	<b>174 655</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	150 000	150 000	150 000	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	118	101	115	122	122	122	129	136	143
Electricity (kwh per household per month)	70	70	70	70	70	70	70	70	70
Refuse (average litres per week)	200	200	200	200	200	200	200	200	200
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	339 475	359 844	381 435	404 321	404 321	404 321	428 580	454 295	481 552
Property rates (other exemptions, reductions and rebates)	9 087	9 632	10 210	10 823	10 823	10 823	11 472	12 160	12 890
Water	93 951	99 588	105 564	111 898	111 898	111 898	118 611	138 301	161 259
Sanitation	3 607	3 823	4 053	4 296	4 296	4 296	4 554	5 309	6 191
Electricity/other energy	1 911	2 026	2 147	2 276	2 413	2 557	2 711	3 340	4 225
Refuse	2 440	2 586	2 742	2 906	2 906	2 906	3 080	3 592	4 188
<b>Total revenue cost of free services provided (total social package)</b>	<b>450 471</b>	<b>477 500</b>	<b>506 150</b>	<b>536 519</b>	<b>536 655</b>	<b>536 800</b>	<b>569 008</b>	<b>616 997</b>	<b>670 305</b>



## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Overview of the annual budget process

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

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

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

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the 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.



## 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2014. Key dates applicable to the process were:

- 30 August 2014 Annual Performance Report submitted to Auditor-General as per S46 MSA
- 10 October 2014 the first sitting of the IDP representative forum
- 02 to 30 November 2014 Zonal IDP/ Budget Izimbizo convened by the Mayor
- 20 to 24 January 2015 conducted public hearings on proposed rates and tariffs for 2015/16 budget year

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

## 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

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

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 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 2015/16 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 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.





## 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 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 2015/16 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 2014/15 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 51,54, 59,66,67,70 and 74 have been taken into consideration in the planning and prioritisation process.

## 2.1.4 Community Consultation

Ward Committees were utilised to facilitate the community consultation process which included open public briefing sessions. The applicable dates and venues were published in all the local newspapers. 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 submission to EXCO for finalisation of the 2015/16 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:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The City is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

## 2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be 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;
- Spatial Planning and Land Use Management Act (SPLUMA);
- Provincial Growth and Development Strategy (PGDS);
- State of the Province address 2015
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National Development Plan (Vision 2030)
- The National 14 Government Outcomes
- State of National Address 2015

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 strategic Goals for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

## **IDP Strategic Goals**

- a) A well-serviced city;
- b) An accessible, connected city;
- c) A clean, green city;
- d) A friendly, safe city, and
- e) An economically prosperous city.
- f) A financially viable and well-governed city



# MSUNDUZI ANNUAL BUDGET

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 six strategic goals:

## 1. Basic Service Delivery:

- 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. Local Economic Development:

- 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. Cross cutting issues:

- 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.

## 4. Good Governance and Public Participation:

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
- Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

## 5. Financial Viability and Financial Management:

- Publishing the outcomes of all tender processes on the municipal website
- Ensure financial sustainability through:
- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan



## 6. Municipal Transformation and Organisational Development:

- 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 six the strategic goals 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 eight strategic focus areas/objectives as outlined below:

- Building a Capable and developmental Municipality
- Back-to-Basics: cleaning, Repairing , enforcing and Responding
- Improved Infrastructure Efficiency-Planning, Budgeting, Spending, Implementing, Maintaining
- Financial Sustainability
- Growing the Regional Economy
- Serving as a Provincial Capital
- Creating a Learning City and City of Learning
- Spatial Effectiveness and Justice: Increasing Densities and Improving Mobility

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 2015/16 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.





# MSUNDUZI ANNUAL BUDGET

Strategic Objective R thousand	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Budget Year		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2015/16 Budget Year	+1 2016/17 Budget Year	+2 2017/18 Budget Year
Increased institutional capacity and transformation	Financially viable and well governed City	765 774	792 096	1 184 426	1 205 095	1 205 094	1 205 094	1 393 531	1 478 205	1 569 703
Improved the state of municipal infrastructure	Well serviced, an accessible and connected city, clean green city	2 069 951	2 544 734	2 467 278	2 601 800	2 612 577	2 612 577	2 591 383	2 775 580	3 046 705
Increased economic activity	An economically prosperous city	8 489	7 825	29 382	10 573	10 573	10 573	51 110	61 166	71 224
Improved customer experience & public participation	Financially viable and well governed City	237	245	284	326	326	326	342	359	377
Improved community and environmental health and safety	A clean green city a friendly safe city	339	351	376	448	448	448	470	494	519
Improved community and environmental health and safety	A clean green city a friendly safe city	34 903	36 103	48 733	46 157	46 157	46 157	56 157	58 465	60 889
Increased performance	Financially viable and well governed City	-	-	-	-	-	-	87	92	97
Improved municipal planning and spatial development	A clean green city a friendly safe city	-	-	-	-	-	-	561 147	612 402	656 242
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2 879 694</b>	<b>3 381 355</b>	<b>3 730 479</b>	<b>3 864 399</b>	<b>3 875 176</b>	<b>3 875 176</b>	<b>4 654 229</b>	<b>4 986 763</b>	<b>5 405 756</b>



**Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	2011/12 Audited Outcome	2012/13 Audited Outcome	2013/14 Audited Outcome	Current Year 2014/15			2015/16 Medium Term Revenue & Budget Year		
					Original Budget	Adjusted Budget	Full Year Forecast	2015/16	+1 2016/17	+2 2017/18
Increased institutional capacity and transformation	Financially viable and well governed City	765 774	792 096	1 184 426	1 205 095	1 205 094	1 205 094	1 393 531	1 478 205	1 569 703
Improved the state of municipal infrastructure	Well serviced, an accessible and connected city, clean green city	2 069 951	2 544 734	2 467 278	2 601 800	2 612 577	2 612 577	2 591 383	2 775 580	3 046 705
Increased economic activity	An economically prosperous city	8 489	7 825	29 382	10 573	10 573	10 573	51 110	61 166	71 224
Improved customer experience & public participation	Financially viable and well governed City	237	245	284	326	326	326	342	359	377
Improved community and environmental health and safety	A clean green city a friendly safe city	339	351	376	448	448	448	470	494	519
Improved community and environmental health and safety	A clean green city a friendly safe city	34 903	36 103	48 733	46 157	46 157	46 157	56 157	58 465	60 889
Increased performance	Financially viable and well governed City	-	-	-	-	-	-	87	92	97
Improved municipal planning and spatial development	A clean green city a friendly safe city	-	-	-	-	-	-	561 147	612 402	656 242
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2 879 694</b>	<b>3 381 355</b>	<b>3 730 479</b>	<b>3 864 399</b>	<b>3 875 176</b>	<b>3 875 176</b>	<b>4 654 229</b>	<b>4 986 763</b>	<b>5 405 756</b>



# MSUNDUZI ANNUAL BUDGET

**Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	2011/12		2012/13		2013/14		Current Year 2014/15			2015/16 Medium Term Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
Strengthened Governance	Financially viable and well governed City	-	-	-	-	-	-	-	193 182	219 138	249 765		
Improved municipal planning and spatial development	A clean green city a friendly safe city	-	-	-	-	-	279 931	279 931	729 000	722 450	715 890		
Optimised systems, procedures and processes	Financially viable and well governed City	788 843	796 112	949 280	983 839	983 839	983 839	983 839	205 369	208 468	213 891		
Increased provision of municipal services	Well serviced, an accessible and connected city, clean green city	1 911 827	2 439 028	2 613 908	2 178 164	2 235 110	2 235 110	2 235 110	2 231 136	2 359 826	2 618 213		
Increased economic activity	An economically prosperous city	6 936	7 795	9 238	11 521	11 521	11 521	11 521	15 339	17 702	19 337		
Improved customer experience & public participation	Financially viable and well governed City	218	245	279	1 621	1 621	1 621	1 621	2 736	2 787	2 877		
Increased institutional capacity and transformation	Financially viable and well governed City	311	350	370	1 721	1 721	1 721	1 721	3 843	3 897	3 992		
Improved community and environmental health and safety	A clean green city a friendly safe city	32 070	35 970	38 139	43 458	43 458	43 458	43 458	46 543	47 474	48 424		
Improved municipal planning and spatial development	A clean green city a friendly safe city	-	-	-	-	-	-	-	734 550	933 148	1 043 857		
<b>Total Expenditure</b>		<b>2 740 207</b>	<b>3 279 500</b>	<b>3 611 214</b>	<b>3 500 255</b>	<b>3 557 200</b>	<b>3 557 200</b>	<b>3 557 200</b>	<b>4 161 699</b>	<b>4 514 891</b>	<b>4 916 247</b>		



**Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

KZN225 Msunduzi - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	2011/12		2012/13		2013/14		Current Year 2014/15		2015/16 Medium Term Revenue & Budget Year		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand												
Improved municipal planning and spatial development	A clean green city - a friendly safe city	23 524	-	-	-	-	-	-	-	-	-	-
Increased performance	Financially viable and well governed City	14 281	-	-	-	-	-	-	-	-	-	-
Improved provision of social development services	Well serviced, an accessible and connected city , clean green city	252 345	396 925	81 637	90 201	197 423	197 423	197 423	345 506	386 768	378 808	
Strengthened Governance	Financially viable and well governed City	15 557	4 950	2 322	28 549	28 549	28 549	28 549	67 982	22 567	20 455	
Improved economic activity	An economically prosperous city	13 116	-	22 725	14 862	14 862	14 862	14 862	-	-	-	
Improved community and environmental health and safety	A clean green city - a friendly safe city	38 086	-	50 403	57 570	57 570	57 570	57 570	-	-	-	
Improved the state of municipal infrastructure	Well serviced, an accessible and connected city , clean green city	1 902	-	6 250	94 580	94 580	94 580	94 580	41 538	40 070	23 945	
Increased provision of municipal services	Well serviced, an accessible and connected city , clean green city	-	-	200 569	311 992	311 992	311 992	311 992	254 034	186 967	177 612	
<b>Total Capital Expenditure</b>		<b>358 811</b>	<b>401 875</b>	<b>363 906</b>	<b>597 754</b>	<b>704 976</b>	<b>704 976</b>	<b>704 976</b>	<b>709 060</b>	<b>636 372</b>	<b>600 820</b>	





## 2.3 Measurable performance objectives and indicators

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

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly 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:

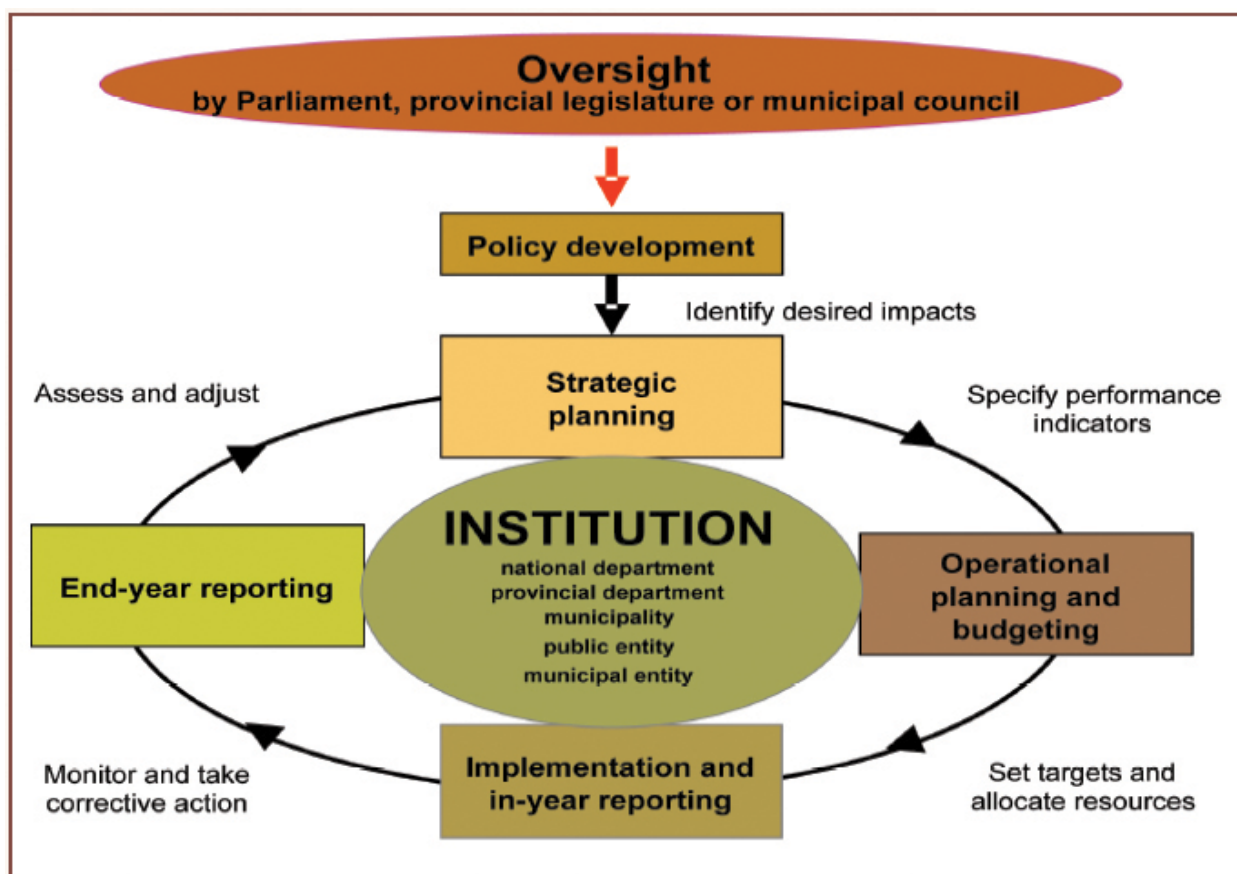


Figure 5 Planning, budgeting and reporting cycle

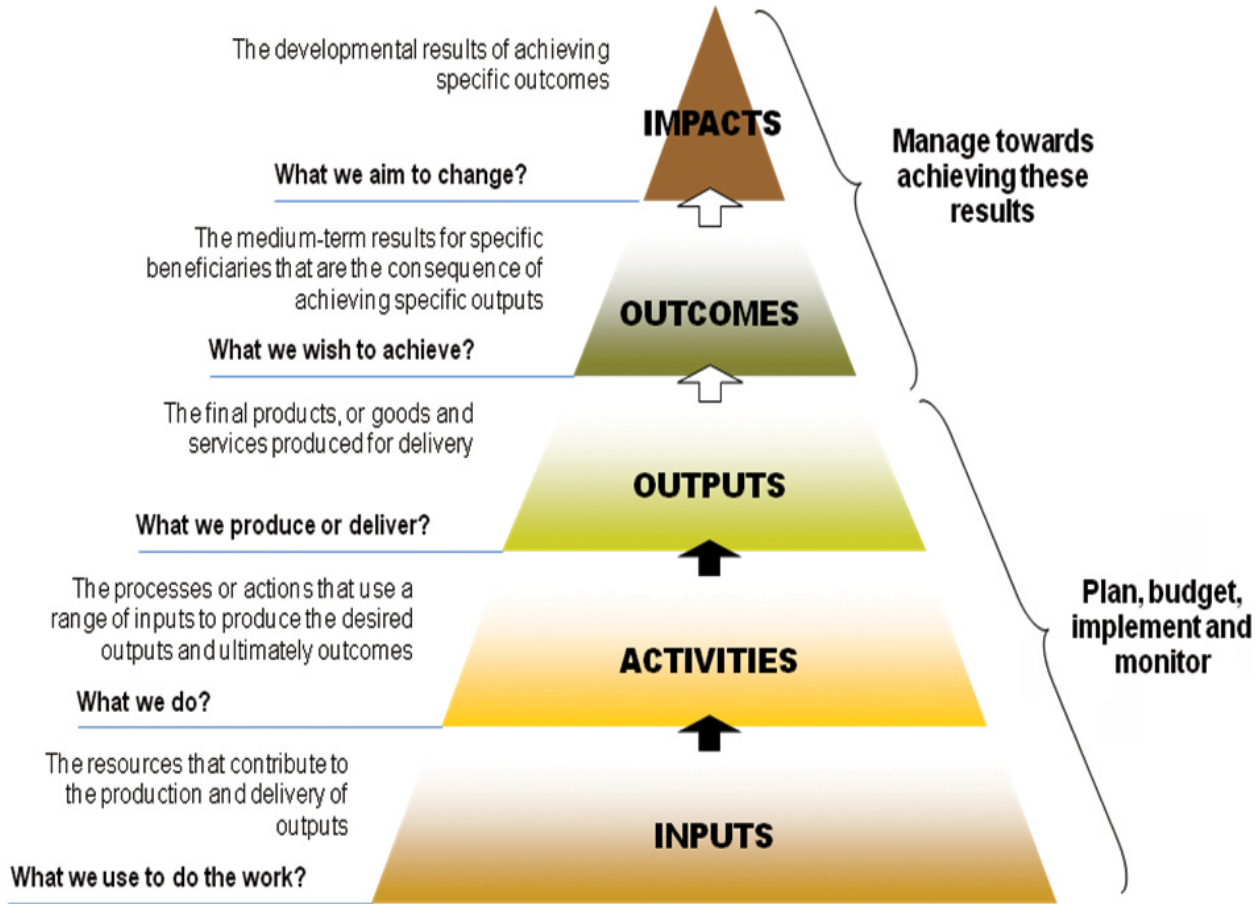
The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

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



**Figure 6 Definition of performance information concepts**

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



# MSUNDUZI ANNUAL BUDGET

**Table 28 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2011/12 Audited Outcome	2012/13 Audited Outcome	2013/14 Audited Outcome	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure		
					Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Vote 3 - Infrastructure Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Non-Revenue Water</b>										
<b>Reduction of Non-Revenue Water</b>	Percentage	20 783 000	15 000 000		20,000,000	20,000,000	20,000,000	31,000,000	34,000,000	35,000,000
<b>Sub-function 2 - New mains and reticulation</b>										
<b>Edendale proper new mains and reticulation</b>	No of meters of pipe laid	640 000	1 200 000		500,000	500,000	500,000	1,500,000	2,000,000	2,200,000
<b>Sub-function 3 - Water Supply</b>										
<b>Basic Water Supply</b>	No of meters of water pipe installed	962 000	2 000 000		4,000,000	4,000,000	4,000,000	16,444,330	13,000,000	20,000,000
<b>Sub-function 4 - Reservoirs</b>										
<b>Copesville Reservoir</b>	Percentage Complete	2 935 000	21 219 450		300,000	300,000	300,000	1,000,000	1,500,000	15,000,000
<b>Function 2 - Sanitation</b>										
<b>Sub-function 1 - Feasibility Study</b>										
<b>Sanitation Infrastructure Feasibility study</b>	No of km of pipe surveyed	3 254 000	500 000		2,000,000	2,000,000	2,000,000	3,000,000	3,000,000	8,000,000
<b>Sub-function 2 - Rehabilitation</b>										
<b>Rehabilitation of Sanitation Infrastructure</b>	No of km of pipe replaced and pump stations upgraded	451 000	10 000 000		12,000,000	12,000,000	12,000,000	10,000,000	12,000,000	6,000,000
<b>Sub-function 3 - Pump Stations</b>										
<b>Lincoln Meade sewer pump station</b>	Percentage Complete	6 418 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
<b>Sub-function 4 - Installation of VIPs</b>										
<b>Installation of VIPs in Vulindlola</b>	Number of VIPs	18 731 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
<b>Function 3 - Electricity</b>										
<b>Sub-function 1 - Refurbishment</b>										
<b>Refurbish of mini-subs &amp; pole transformers</b>	Number of mini-subs & pole transformers replaced	20 013 000	6 000 000	1500000.0	n/a	n/a	n/a	n/a	n/a	n/a
<b>Sub-function 1 - Refurbishment</b>										
<b>Medium Voltage Electrical Equipment</b>	Number of Medium Voltage Electrical Equipment replaced	2 665 000	12 500 000	2475000.0	n/a	n/a	n/a	n/a	n/a	n/a
<b>Sub-function 1 - Refurbishment</b>										
<b>Hilton Line</b>	Km of new line installed/replaced	623 000	13 500 00	R100 000 000	n/a	n/a	n/a	n/a	n/a	n/a
<b>Function 4 - Roads</b>										
<b>Sub-function 1 - Refurbishment</b>										
<b>CONSTRUCTION - KHOZA ROAD</b>	No of km of Road upgraded	1 683 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
<b>Sub-function 2 - Refurbishment</b>										
<b>CONSTRUCTION - HLATHINI ROAD</b>	No of km of Road upgraded	5 238 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
<b>Sub-function 3 - Refurbishment</b>										
<b>MACHIBISA,DAMBUZA ROADS</b>	No of km of Road upgraded	20 953 000	2 000 000	2,000,000	1,000,000	1,000,000	1,000,000	0	4,500,000	4,500,000
<b>Sub-function 4 - Refurbishment</b>										
<b>UNIT P</b>	No of km of Road upgraded	1 696 000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Sub-function 5 - Refurbishment</b>										
<b>REHAB OF GRAVEL ROAD D1128</b>	No of km of Road upgraded and Rehabilitated	8 598 000	3 000 000	4,500,000	3,000,000	3,000,000	3,000,000	5,350,000	n/a	n/a
<b>Sub-function 6 - Refurbishment</b>										
<b>REHAB OF WILLOWFOUNTAIN RD</b>	No of km of Road upgraded and Rehabilitation	1 334 000	6 500 000	2,500,000	2,500,000	2,500,000	2,500,000	0	4,500,000	3,500,000
<b>Sub-function 7 - Refurbishment</b>										
<b>REHAB OF ASHDOWN RD NETWORK</b>	No of km of Road upgraded	1 470 000	2 500 000	1,500,000	2,500,000	2,500,000	2,500,000	3,000,000	3,000,000	3,000,000
<b>Sub-function 8 - Refurbishment</b>										
<b>HORSE SHOE ACCESS ROAD IN IMBALI</b>	No of km of Road upgraded	942 000	1 700 000	1,500,000	2,000,000	2,000,000	2,000,000	1,500,000	3,000,000	3,000,000
<b>Sub-function 9 - Refurbishment</b>										
<b>CONSTRUCTION OF WATERFALL - EDN</b>	No of km of Road upgraded	2 013 000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Sub-function 10 - Refurbishment</b>										
<b>MOSCOW ROAD</b>	No of km of Road upgraded	241 000	4 000 000	2,500,000	3,200,000	3,200,000	3,200,000	4,000,000	1,500,000	-
<b>Sub-function 11 - Refurbishment</b>										
<b>CONSTRUCTION OF STATION RD BRIDGE</b>	No of km of Road upgraded	471 000	100 000	2,000,000	13,910,000	13,910,000	13,910,000	n/a	n/a	n/a
<b>Sub-function 12 - Refurbishment</b>										
<b>CHOTA MOTALA / N3 INTERCHANGE</b>	Construction of new bridge	20 000 000	16 790 000	n/a	7,121,832	7,121,832	7,121,832	n/a	n/a	n/a
<b>Vote 4 - Community Services</b>										
<b>Function 1 - Waste Management</b>										
<b>Sub-function 1 - Purchase of new plant</b>										
<b>COMPACTORS</b>	Number of new compactors purchased	11 141 000	n/a	3,439,064	3,439,064	3,439,064	3,439,064	3,439,064	3,439,064	
<b>Function 2 - Landfill Site</b>										
<b>Sub-function 1 - Upgrade</b>										
<b>Upgrade to Lanfill Site</b>	Percentage Upgrade to Lanfill Site	5 647 000	2 053 000	8 090 850	6 328 294	6 328 294	6 328 294	8,520,650	8,919,650	
<b>Vote 5 - Economic Development</b>										
<b>Function 1 - Local Economic Development</b>										
<b>Sub-function 1 - Freedom Square</b>										
<b>Upgrade to Freedom Square</b>	% Upgrade to Freedom Square	14 300 000	6 500 000	NA	NA	NA	NA	NA	NA	

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTRF.



**Table 29 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Borrowing Management</b>										
Credit Rating		A3	-	A2	A2	A2	A2			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.4%	3.3%	3.2%	3.0%	2.9%	2.9%	2.9%	2.7%	2.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.1%	3.8%	3.8%	3.3%	3.3%	3.3%	3.2%	3.0%	2.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	53.6%	0.0%	0.0%	32.9%	25.6%	25.6%	45.5%	29.4%	0.0%
<b>Safety of Capital</b>										
Gearing	Long Term Borrowing/ Funds & Reserves	1040.9%	1084.8%	965.0%	231.4%	231.4%	231.4%	335.3%	282.5%	217.5%
<b>Liquidity</b>										
Current Ratio	Current assets/current liabilities	2.5	2.8	2.9	2.4	1.9	1.9	2.3	3.3	5.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.5	2.8	2.9	2.4	1.9	1.9	2.3	3.3	5.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.8	0.9	0.8	0.7	0.7	0.8	1.2	1.8
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		101.3%	89.1%	93.8%	96.6%	99.1%	99.1%	85.2%	83.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		95.0%	88.7%	94.5%	96.6%	99.1%	99.1%	85.2%	83.7%	83.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20.5%	27.5%	31.0%	27.3%	27.4%	27.4%	30.5%	30.2%	29.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	15.0%	30.0%
<b>Creditors Management</b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	71.2%	67.0%	54.7%	81.2%	81.2%	81.2%	90.0%	95.0%	100.0%
Creditors to Cash and Investments		70.9%	67.0%	54.8%	71.6%	113.1%	113.1%	83.8%	55.8%	29.4%
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	227046419	202469552	197490507	157992406	157992406	157992406	126393924	101115140	80892112
	Total Cost of Losses (Rand '000)	119 064	122 346	140 284	112 227	112 227	112 227	89 782	71 825	57 460
	% Volume (units purchased and generated less units sold)/units purchased and generated	13.58%	11.58%	11.00%	10.45%	10.45%	10.45%	9.93%	9.43%	8.96%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	20 097	21 219	22 061	19 855	19 855	19 855	17 869	16 082	14 474
	Total Cost of Losses (Rand '000)	75 117	92 407	103 289	92 960	92 960	92 960	83 664	75 298	67 768
	% Volume (units purchased and generated less units sold)/units purchased and generated	25.00%	24.20%	22.20%	20.00%	20.00%	20.00%	18.00%	15.00%	10.00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	24.4%	21.3%	21.3%	24.0%	24.0%	24.0%	23.0%	22.3%	21.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.5%	23.5%	23.7%	25.4%	25.5%	25.5%	24.5%	23.9%	23.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.4%	3.0%	4.0%	8.2%	6.1%	6.1%	4.9%	6.2%	7.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.7%	9.6%	14.9%	9.0%	9.0%	9.0%	13.3%	13.4%	13.3%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	15.6	19.6	40.5	47.0	47.0	47.0	30.5	32.2	35.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.1%	33.3%	39.4%	32.6%	32.6%	32.6%	35.8%	35.2%	34.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.4	3.3	3.7	4.6	3.9	3.9	4.3	4.1	3.8





## 2.3.1.1 Performance indicators and benchmarks

### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Batho Pele City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 0.76 per cent to 0.72 per cent in 2017/18, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.*
- *Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained steady from between 3.3 per cent in 2012/13 to 2.9 per cent in 2014/15. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will remain unchanged at 2.9 per cent in 2015/16 and will then decrease to 2.3 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward.*
- *Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. For 2015/16 it is 45.5 per cent and the next year is 29.4 per cent*
- *During the approval of the 2014/15 budget council approved that a new loan of R 150 million could be secured, thus far we have received R 100 million in the third quarter of the current year.*

### 2.3.1.2 Safety of Capital

*The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the non-current borrowings as a percentage of funds and reserves. Due to the recent approval of the R250 million DBSA loan facility for the refurbishment of electricity projects, the proportion of debt to equity ratio in 2015/16 is budgeted at 335.3%. This ratio decreases in the medium term to 217.5% by 2017/18 as the municipality repays its debts and improves on its equity as contributions to the reserves increase.*

- *The gearing ratio is a measure of the total long term borrowings over funds and reserves. Between 2011/12 and 2013/14 the gearing ratio peaked at 1084.8 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio decreases to 231.4 per cent in the 2014/15 financial year, it however increases to 335.3 in the 2015/16 MTREF.*



## 2.3.1.3 Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 MTREF the current ratio is 1.9 in the 2015/16 financial year and for the two outer years of the MTREF is 2.3, 3.3 and 5.3 respectively. Going forward it will be necessary to maintain these levels.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 1.9 and as part of the financial planning strategy it has been increased in that for the MTREF the ratio is projected to even improve reasonable

## 2.3.1.4 Revenue Management

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

## 2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

## 2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 10.5 per cent in the 2014/15 financial year to 10 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been decreasing from 25 per cent in 2011/12 to 20 per cent in 2013/14. The acceptable norm is 20.0 per cent and the target is 18 per cent for 2015/16.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the City's strategy to ensure the management of its asset base.



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

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

For the 2015/16 financial year the registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy indigent households are entitled to 6kℓ free water, 70 kwh of electricity, 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 24 MBRR A10 (Basic Service Delivery Measurement) on page 41.

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.

## 2.3.3 Providing clean water and managing waste water

The City is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All of the City's bulk water needs are provided directly by Umgeni Water in the form of purified water.

**The following is briefly the main challenges facing the City in this regard:**

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard.

## 2.4 Overview of budget related-policies

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

### 2.4.1 Review of credit control and debt collection procedures/policies

The Credit control and debt Collection Policy as approved by Council in 30 May 2014 and is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the City's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.



## 2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the City's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### 2.4.3 Budget Policy

The changes to the Budget policy are mainly to ensure effective budgeting in terms of chapter 4 of the MFMA to a large extent.

### 2.4.4 Supply Chain Management Policy

The above policy incorporates the recent changes regarding procurement procedures

### 2.4.5 Virement Policy

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

### 2.4.6 Cash Management and Investment Policy

The City's Cash Management and Investment Policy was approved by Council. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

### 2.4.7 Tariff Policies

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.

### 2.4.8 Funding & reserves policy

Basically this policy is meant to guide the use reserves and other funding that may become available. This policy is necessary since R120 millions of our capital budget will be funded from municipal own sources of income.





## 2.4.9 Indigent policy

The changes to the Indigent Policy are in terms of National Treasury recommendations and major feature of the policy is the re-introduction of automatic indigent and related controls. The lifeline relief in terms of water 6kl is the acceptable level nationally and that declared indigent should have 20amps in terms electricity supply.

## 2.4.10 Rates policy

The changes to the Rates policy are in terms of the Municipal Property Rates Act and accommodate the introduction of a rebate for developers and child headed households as outlined in the tariff register. The new valuation roll and supplementary roll are included.

## 2.4.11 Insurance policy

Mainly addresses issues to be considered when handling municipal insurance

## 2.4.12 Grants policy

Mainly treatment and disclosure of grant funding on municipal books

## 2.4.13 Borrowing policy

*Emphasise importance of compliance with MFMA when borrowing has to take place..*

## 2.5 Overview of budget assumptions

### 2.5.1 External factors

During the preparation of our tariffs which is informed by national norms and standards and our utility prices for electricity and water are always dictated by NERSA and Umgeni Water Board. Our tariff escalation for Electricity and Water for financial year 2015/16 is in line with the recommendations NERSA and Umgeni and the reason for not adding the municipal mark-up is to mitigate the negative impact in the lives of the poor and meet our community half-way.

I therefore confidently can state that in our budget preparation the plight of poor of the poor has been our primary consideration.

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

There are five key factors that have been taken into consideration in the compilation of the 2015/16 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 23.7 per cent of total operating expenditure in the 2015/16 MTREF.



## 2.5.3 Credit rating outlook

**Table 30**

			145	
Short term	Rand	A2	Annually	A3

The rating definitions are:

- Short term : Prime – 1  
Short-Term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- Long-term : Aa3  
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

## 2.5.4 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 engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2015/16 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

## 2.5.5 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 (95 per cent) of annual billings. Cash flow is assumed to be 95 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.

## 2.5.6 Growth or decline in tax base of the municipality

Debtor’s 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.



## 2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on between 1 July 2011 to 30 June 2013. At this stage no standing collective agreement in place hence the use of circular 74, National treasury CPI guideline plus 1.1 per cent for any negotiations that might exceed the guideline.

## 2.5.8 Impact of national, provincial and local policies

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

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

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

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

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.



## 2.6 Overview of budget funding

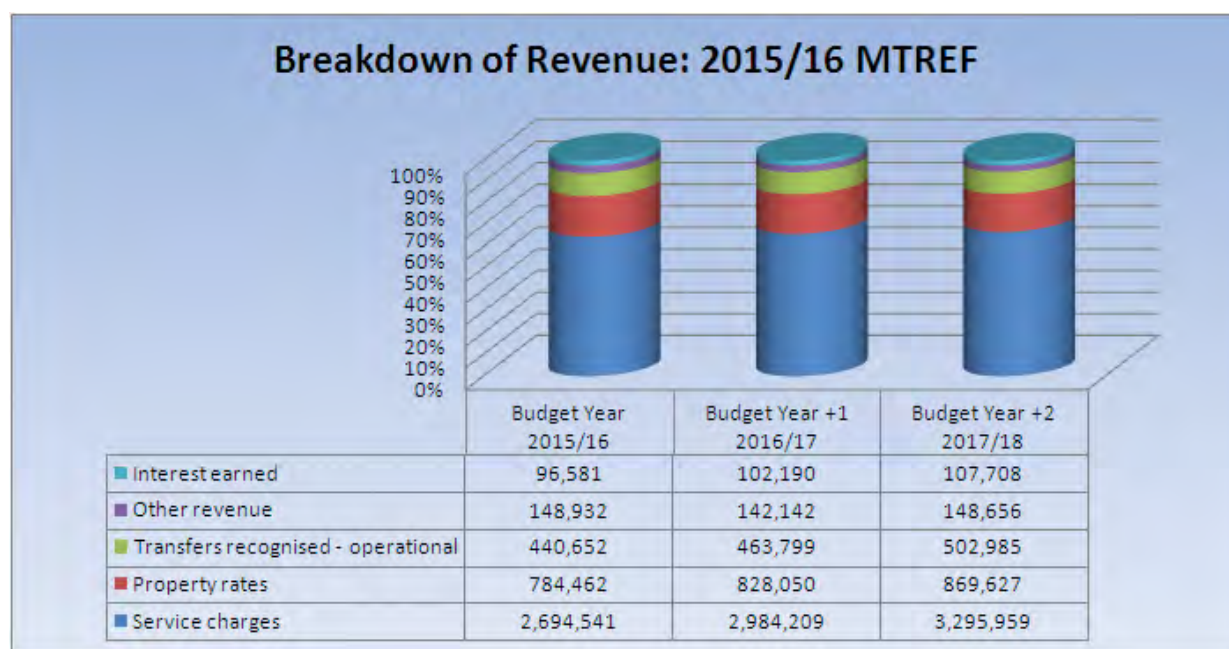
### 2.6.1 Medium-term outlook: operating revenue

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

**Table 31 Breakdown of the operating revenue over the medium-term**

<b>OPERATING REVENUE</b>			
<b>Revenue By Source</b>	<b>Budget Year 2015/16</b>	<b>Budget Year +1 2016/17</b>	<b>Budget Year +2 2017/18</b>
Service charges	2,694,541	2,984,209	3,295,959
Property rates	784,462	828,050	869,627
Transfers recognised - operational	440,652	463,799	502,985
Other revenue	148,932	142,142	148,656
Interest earned	96,581	102,190	107,708
	<b>4,165,169</b>	<b>4,520,391</b>	<b>4,924,936</b>

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.



**Figure 7 Breakdown of operating revenue over the 2015/16 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The 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).





# MSUNDUZI ANNUAL BUDGET

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.

**Table 32 Analysis of estimated revenue projections**

Description	2015/16 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	% of Total	Budget Year 2015/16	% of Total	Budget Year +1 2016/17		Budget Year +2 2017/18	
<b>Revenue By Source</b>								
Property rates	659 052	19%	743 113	18%	784 468	17%	823 692	17%
Property rates - penalties & collection charges	39 231	1%	41 349	1%	43 582	1%	45 935	1%
Service charges - electricity revenue	1 628 543	46%	1 865 706	45%	2 087 542	46%	2 335 687	47%
Service charges - water revenue	391 288	11%	595 443	14%	651 217	14%	700 571	14%
Service charges - sanitation revenue	126 582	4%	139 471	3%	146 726	3%	155 244	3%
Service charges - refuse revenue	87 712	2%	93 922	2%	98 724	2%	104 457	2%
Rental of facilities and equipment	35 024	1%	41 329	1%	43 292	1%	44 468	1%
Interest earned - external investments	32 247	1%	33 988	1%	35 824	1%	37 758	1%
Interest earned - outstanding debtors	1 325	0%	62 593	2%	66 366	1%	69 950	1%
Fines	14 667	0%	17 488	0%	16 356	0%	17 239	0%
Licences and permits	83	0%	87	0%	92	0%	97	0%
Agency services	3 220	0%	632	0%	668	0%	704	0%
Transfers recognised - operational	407 504	11%	440 652	11%	463 799	10%	502 985	10%
Other revenue	134 224	4%	79 695	2%	81 735	2%	86 149	2%
Gains on disposal of PPE	-	0%	9 700	0%	-	0%	-	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 560 702</b>	<b>100%</b>	<b>4 165 169</b>	<b>100%</b>	<b>4 520 391</b>	<b>100%</b>	<b>4 924 936</b>	<b>100%</b>

Revenue to be generated from property rates is R743 million in the 2015/16 financial year and increases to R823.6 million by 2017/18 which represents 19 per cent of the budget years operating revenue base of the City. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R2.69 billion for the 2015/16 financial year and increasing to R3.2 billion by 2017/18. For the 2014/15 financial year services charges amount to 67 per cent of the total revenue base and. This growth in the MTREF can mainly be attributed to the increase in the bulk prices of electricity and water.

## 2015/16 to 2017/18



Operational grants and subsidies amount to R440 million, R463.7 million and R502.9 million for each of the respective financial years of the MTREF, or 11 for 2015/16 and 10.5 per cent of operating revenue for the two outer years.

Investment revenue contributes marginally to the revenue base of the City with a budget allocation of R33.9 million, R35.8 million and R37.8 million for the respective three financial years of the 2015/16 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 33 MBRR SA15 – Detail Investment Information

Investment type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Budget Year		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R. thousand</b>									
<b>Parent municipality</b>									
Securities - National Government Listed Corporate Bonds									
Deposits - Bank	561,104	680,152	784,203	555,641	980,151	980,151	1,085,994	1,109,937	1,118,221
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
<b>Municipality sub-total</b>	<b>561,104</b>	<b>680,152</b>	<b>784,203</b>	<b>555,641</b>	<b>980,151</b>	<b>980,151</b>	<b>1,085,994</b>	<b>1,109,937</b>	<b>1,118,221</b>
<b>Entities</b>									
Securities - National Government Listed Corporate Bonds									
Deposits - Bank	1,033	983	583	199	199	199	667	765	785
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
<b>Entities sub-total</b>	<b>1,033</b>	<b>983</b>	<b>583</b>	<b>199</b>	<b>199</b>	<b>199</b>	<b>667</b>	<b>765</b>	<b>785</b>
<b>Consolidated total:</b>	<b>562,137</b>	<b>681,134</b>	<b>784,786</b>	<b>555,841</b>	<b>980,351</b>	<b>980,351</b>	<b>1,086,661</b>	<b>1,110,702</b>	<b>1,119,006</b>



**Table 34 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months							
<b>Parent municipality</b>								
ABSA-Provisions & Reserves 40-6424-3731		Call	N/a	536	19	-	-	555
RMB - IDS3523006-Airport Development Fun	-	Call	N/a	2,225	77	-	-	2,302
RMB - IDS3523008-Metro Transport Fund	-	Call	N/a	1,289	45	-	-	1,333
RMB - IDS3523012-Municipal Infrastructure G	-	Call	N/a	61,906	2,147	(12,546)	-	51,507
RMB - IDS3523014-Unspent Conditional Gran	-	Call	N/a	263,409	9,134	(137,981)	-	134,563
RMB - IDS3523016-General Investments	-	Call	N/a	296,334	10,276	-	-	306,610
RMB - IDS3523018-Sale of Assets	-	Call	N/a	4,028	140	-	-	4,168
RMB - IDS3523020-Insurance Fund	-	Call	N/a	13,048	452	-	-	13,500
RMB - IDS3523023-Land Sales	-	Call	N/a	11,216	389	-	-	11,605
RMB - IDS3523025-Municipal Housing Accou	-	Call	N/a	23,244	806	-	-	24,050
RMB - IDS3523027-Housing Accreditation	-	Call	N/a	25,969	901	-	-	26,869
FNB - 74445467000-Investment	-	Fixed	11 Sept 2014	150,000	5,202	-	-	155,202
Investec - 1100-502076-450-Investment	91 Day Notice	Fixed	10 Nov 2014	120,000	4,161	-	-	124,161
ABSA - 20-6700-9186-WCA	6 Month	Fixed	29 June 2015	6,902	239	-	-	7,141
New Account - CRR Reserve	WCA						120,000	120,000
								-
Municipality sub-total				980,105	33,988	(150,527)	120,000	983,567
<b>Entities</b>								
First National Bank Money Market	0	Money Market	n/a	610	57	-	-	667
								-
Entities sub-total				610	57	-	-	667
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>980,715</b>	<b>34,045</b>	<b>(150,527)</b>	<b>120,000</b>	<b>984,233</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R3.4 million, R5.5 million and R8.7 million in each of the financial years.





# MSUNDUZI ANNUAL BUDGET

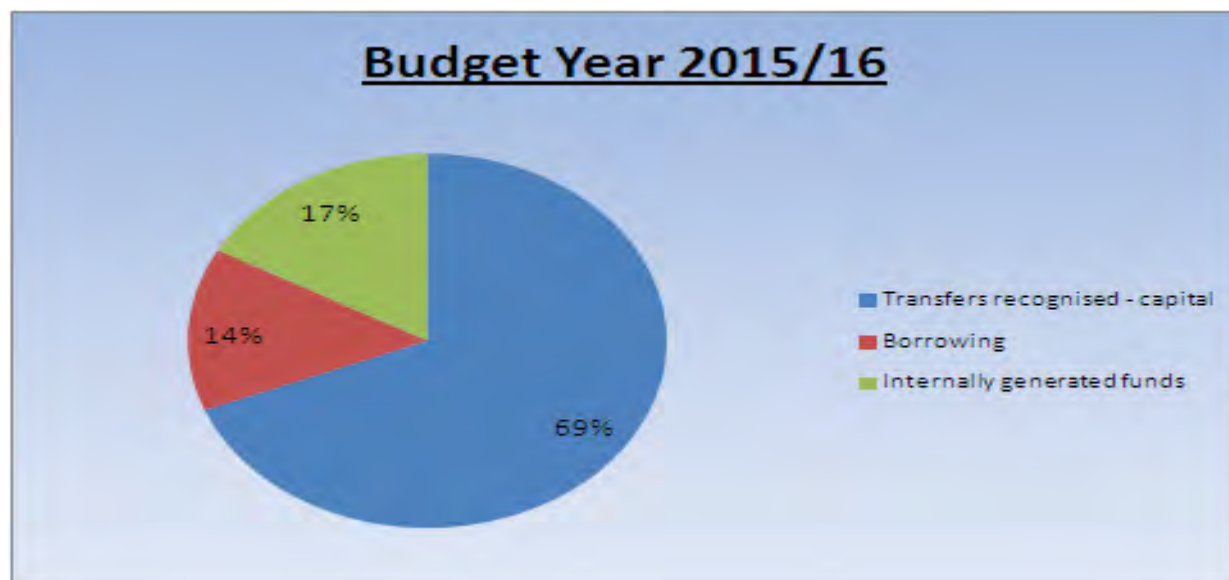
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

**Table 35 Sources of capital revenue over the MTREF**

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funded by:</b>										
National Government	124,014	148,694	198,670	283,897	302,047	302,047	302,047	489,060	466,372	480,820
Provincial Government	25,056	22,154	47,513	9,927	12,427	12,427	12,427			
District Municipality	-	-	-	-	-	-	-			
Other transfers and grants	-	-	-	-	-	-	-			
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Public contributions & donations	-	-	-	-	-	-	-			
Borrowing	-	-	-	100,000	100,000	100,000	100,000	100,000	50,000	
Internally generated funds	209,741	231,027	117,722	203,930	290,502	290,502	290,502	120,000	120,000	120,000
<b>Total Capital Funding</b>	<b>358,811</b>	<b>401,875</b>	<b>363,906</b>	<b>597,754</b>	<b>704,976</b>	<b>704,976</b>	<b>704,976</b>	<b>709,060</b>	<b>636,372</b>	<b>600,820</b>

The above table is graphically represented as follows for the 2015/16 financial year.



**Figure 8 Sources of capital revenue for the 2015/16 financial year**

Capital grants and receipts equates to 69 per cent of the total funding source which represents R489.0 million for the 2015/16 financial year and shows a slight decrease to R480.8 million by 2017/18. Growth relating to grant receipts is 55.5, down by (4.6) and up to 2.9 per cent over the medium-term.

Borrowing still remains a funding source for the capital programme over the medium-term with an estimated R100 million and R 50 million to be raised for the next two years respectively totalling 14.1, and 7.85 per cent of the total funding of the capital budget for the two respective financial years of the MTREF.

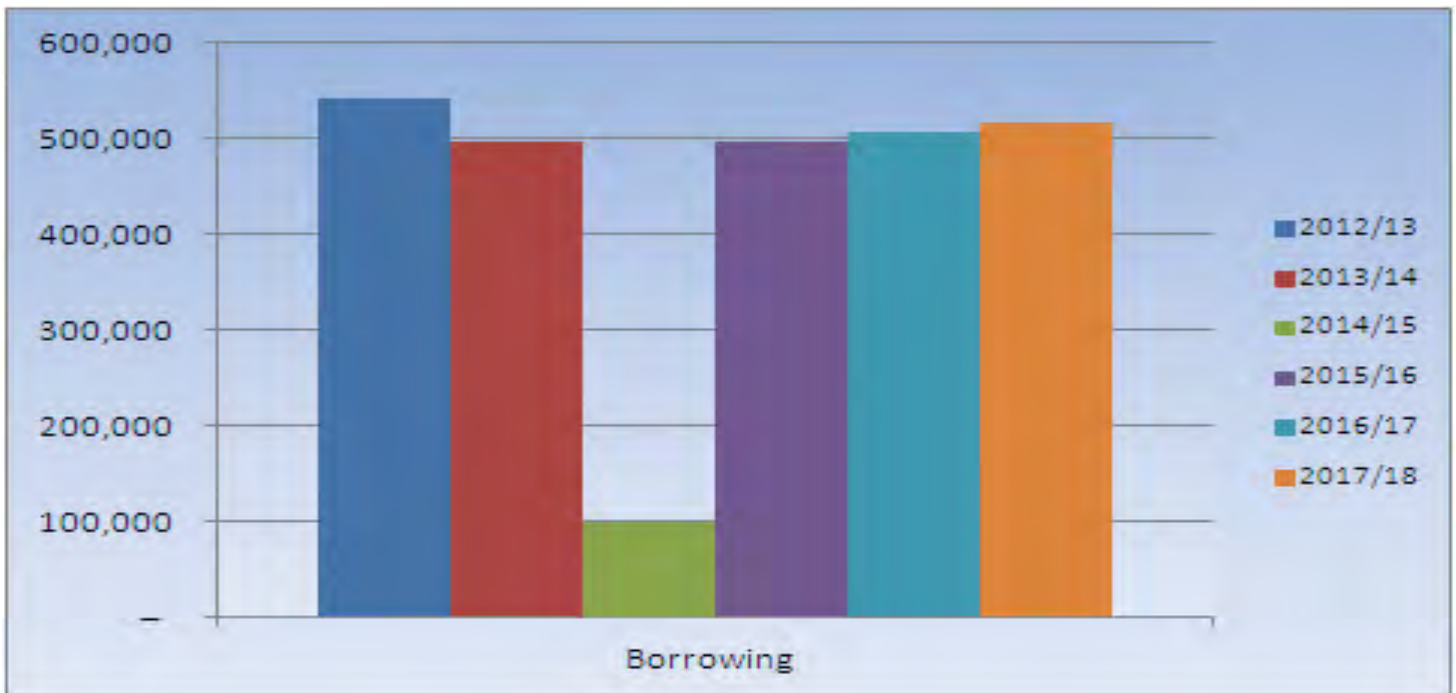
The following table is a detailed analysis of the City's borrowing liability.



**Table 36 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorized by type R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)		541,325	497,398	100,000	100,000	100,000	579,761	548,013	467,808
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
<b>Municipality sub-total</b>	-	541,325	497,398	100,000	100,000	100,000	579,761	548,013	467,808
<b>Entities</b>									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
<b>Entities sub-total</b>	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	-	541,325	497,398	100,000	100,000	100,000	579,761	548,013	467,808

The following graph illustrates the growth in outstanding borrowing for the 2012/13 to 2017/18 period.



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

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves.



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**Table 37 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>National Government:</b>	124,014	148,694	198,670	283,897	302,047	302,047	489,060	466,372	480,820
Municipal Infrastructure Grant (MIG)	116,077	135,302	155,719	159,158	159,158	159,158	187,456	195,546	207,671
Public Transport and Systems	5,404	4,567	17,695	100,000	100,000	100,000	213,271	203,605	199,958
Neighbourhood Development Partnership	-	501	707	10,350	29,500	29,500	20,000	30,000	30,000
Dept of Mineral/Electricity	-	840	1,160	-	-	-	-	-	-
Intergrated National Electrification Programme	2,534	7,484	23,389	3,000	2,000	2,000	10,000	10,500	15,000
Municipal Water Infrastructure Grant	-	-	-	11,389	11,389	11,389	58,333	26,721	28,191
<b>Provincial Government:</b>	25,056	22,019	47,378	9,927	12,427	12,427	-	-	-
Airport Development Project	11,836	9,384	14,198	-	-	-	-	-	-
Sport and Recreation	-	2,100	-	150	150	150	-	-	-
Corridor Development	13,220	10,535	19,160	-	-	-	-	-	-
KZNPA	-	-	12,946	-	-	-	-	-	-
Treasury	-	-	-	5,500	-	-	-	-	-
COGTA	-	-	-	4,277	12,277	12,277	-	-	-
Municipal Water Infrastructure	-	-	1,074	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	135	135	-	-	-	-	-	-
Carnegie	-	135	135	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>149,070</b>	<b>170,848</b>	<b>246,183</b>	<b>293,824</b>	<b>314,474</b>	<b>314,474</b>	<b>489,060</b>	<b>466,372</b>	<b>480,820</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>484,585</b>	<b>555,507</b>	<b>679,505</b>	<b>685,970</b>	<b>698,898</b>	<b>698,898</b>	<b>929,712</b>	<b>930,171</b>	<b>983,805</b>

## 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).





**Table 38 MBRR Table A7 - Budget cash flow statement**

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges	536,555	625,459	625,627	677,335	677,335	677,335	677,335	701,467	740,451	777,612
Service charges	1,678,603	1,982,479	2,073,501	2,167,101	2,167,101	2,167,101	2,167,101	2,349,116	2,539,498	2,801,937
Other revenue	20,556	(140,806)	127,907	171,131	249,675	249,675	249,675	84,318	84,001	88,537
Government - operating	351,599	395,622	448,122	415,372	330,731	330,731	330,731	440,652	463,799	502,985
Government - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Interest	84,160	116,335	96,358	32,247	24,508	24,508	24,508	64,837	68,543	72,244
<b>Payments</b>										
Suppliers and employees	(2,269,366)	(2,579,604)	(3,015,146)	(3,113,993)	(2,994,206)	(2,994,206)	(2,994,206)	(3,347,843)	(3,704,405)	(4,059,597)
Finance charges	(72,134)	(70,966)	(67,174)	(60,738)	(60,738)	(60,738)	(60,738)	(69,489)	(68,312)	(61,719)
Transfers and Grants	-	-	-	(5,408)	(5,408)	(5,408)	(5,408)	(5,854)	(6,599)	(6,999)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>479,044</b>	<b>499,367</b>	<b>535,378</b>	<b>576,871</b>	<b>703,471</b>	<b>703,471</b>	<b>703,471</b>	<b>706,264</b>	<b>583,348</b>	<b>595,819</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	(3,850)	16,609	7,374	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	147,809	10,216	(18,993)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets	(358,811)	(401,875)	(372,511)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(214,832)</b>	<b>(375,050)</b>	<b>(384,130)</b>	<b>(364,442)</b>	<b>(636,543)</b>	<b>(636,543)</b>	<b>(636,543)</b>	<b>(589,505)</b>	<b>(555,584)</b>	<b>(537,677)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	112,361	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Increase (decrease) in consumer deposits	1,014	7,942	5,520	-	-	-	-	5,250	6,150	5,250
<b>Payments</b>										
Repayment of borrowing	(49,779)	(35,806)	(47,563)	(42,691)	(42,691)	(42,691)	(42,691)	(49,850)	(53,628)	(53,757)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>63,596</b>	<b>(27,864)</b>	<b>(42,043)</b>	<b>57,309</b>	<b>57,309</b>	<b>57,309</b>	<b>57,309</b>	<b>55,400</b>	<b>2,522</b>	<b>(48,507)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>327,788</b>	<b>96,452</b>	<b>109,206</b>	<b>269,738</b>	<b>124,237</b>	<b>124,237</b>	<b>124,237</b>	<b>172,159</b>	<b>30,286</b>	<b>9,635</b>
Cash/cash equivalents at the year begin:	293,827	621,615	718,068	827,274	827,274	827,274	827,274	951,511	1,123,670	1,153,956
Cash/cash equivalents at the year end:	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,670	1,153,956	1,163,591

The above table shows that cash and cash equivalents of the City has stabilised and grown between the 2011/12 and 2014/15 financial year moving from a positive cash balance of R621.6 million to R1.16 billion with the approved 2015/16 MTREF. It is projected that cash and cash equivalents on hand will increase to R951.5 million by the financial year end. For the 2015/16 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R1.12 billion by 2015/16 and steadily increasing to R1.16 billion by 2017/18.





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## 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	621 615	718 068	827 274	1 097 012	951 511	951 511	1 123 670	1 153 956	1 163 591
Other current investments > 90 days	5 256	5 902	6 901	(220 683)	78 594	78 594	7 756	8 223	8 717
Non current assets - Investments	-	-	-	46	46	46	-	-	-
<b>Cash and investments available:</b>	<b>626 871</b>	<b>723 969</b>	<b>834 175</b>	<b>876 375</b>	<b>1 030 151</b>	<b>1 030 151</b>	<b>1 131 427</b>	<b>1 162 178</b>	<b>1 172 307</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	149 448	170 460	291 314	83 930	135 502	135 502	174 788	104 873	41 949
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	100 000	60 000	60 000	100 630	72 278	68 959
Other working capital requirements	(91 176)	(303 380)	(567 297)	(115 372)	151 383	151 383	(138 749)	(497 906)	(887 982)
Other provisions	-	-	-	(37 305)	(37 305)	(37 305)	71 967	78 676	84 598
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	172 914	193 972	215 052
<b>Total Application of cash and investments:</b>	<b>58 272</b>	<b>(132 920)</b>	<b>(275 983)</b>	<b>31 253</b>	<b>309 580</b>	<b>309 580</b>	<b>381 550</b>	<b>(48 106)</b>	<b>(477 424)</b>
<b>Surplus(shortfall)</b>	<b>568 600</b>	<b>856 889</b>	<b>1 110 158</b>	<b>845 121</b>	<b>720 572</b>	<b>720 572</b>	<b>749 877</b>	<b>1 210 284</b>	<b>1 649 731</b>

From the above table it can be seen that the cash and investments available total R1.03 billion in the 2014/15 financial year and increases to R1.17 billion by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2014/15 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2015/16 financial year a cash provision has been made for this liability totalling R174million. The City has received

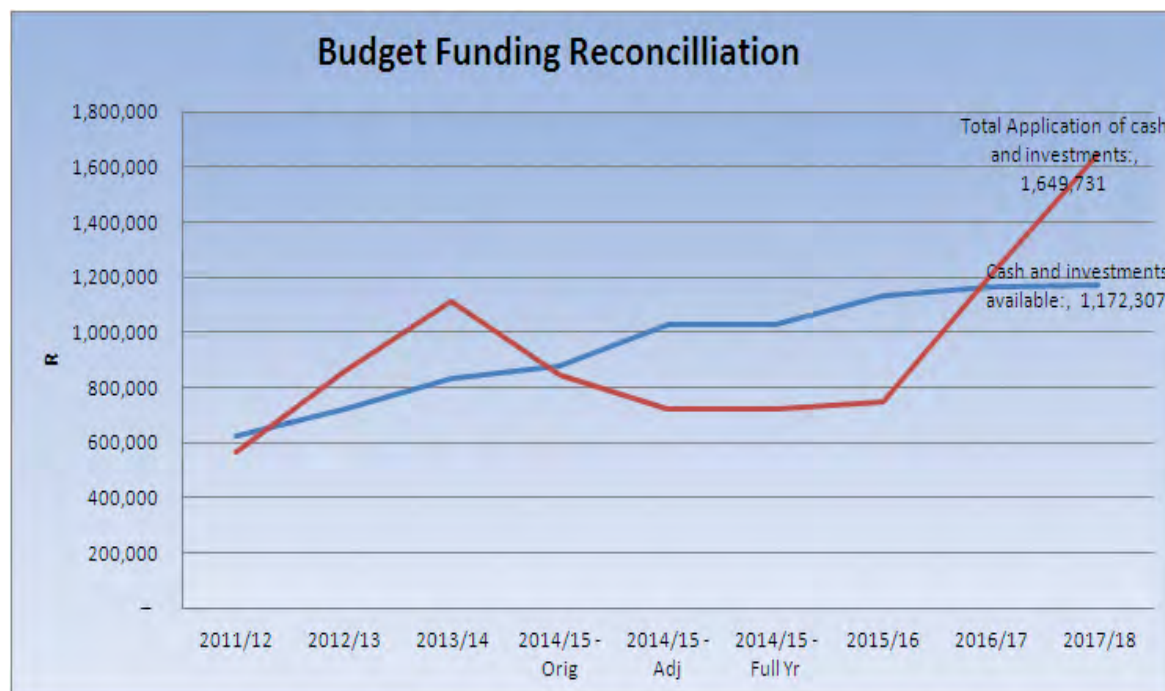


the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.
- Cash backed Reserves include an amount of R120 million relating to the cash backing of the Capital Replacement Reserve.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of the cash-backing progressively improved over the period 2014/15 to 2015/16 escalating from R720.5 million to R749 million in 2015/16.

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



**Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds**

## 2.6.5 Funding compliance measurement

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

**Table 40 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Budget Year			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	+1 2016/17	+2 2017/18
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	621 615	718 068	827 274	1 097 012	951 511	951 511	951 511	1 123 670	1 153 956	1 163 591
Cash + investments at the yr end less applications - R'000	18(1)b	2	568 600	856 889	1 110 158	845 121	720 572	720 572	720 572	749 877	1 210 284	1 649 731
Cash year end/monthly employee/supplier payments	18(1)b	3	3.4	3.3	3.7	4.6	3.9	3.9	3.9	4.3	4.1	3.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	139 488	101 855	119 265	364 144	317 975	317 975	317 975	492 530	471 872	489 509
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	11.7%	(2.5%)	2.6%	(6.0%)	(6.0%)	(6.0%)	12.6%	3.6%	3.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	95.0%	88.7%	94.5%	96.6%	99.1%	99.1%	99.1%	85.2%	83.7%	83.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	2.6%	8.4%	4.2%	4.9%	4.9%	4.9%	4.9%	3.6%	3.5%	3.5%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	102.4%	61.0%	90.3%	90.3%	90.3%	83.1%	87.3%	89.5%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	53.6%	0.0%	0.0%	32.9%	25.6%	25.6%	25.6%	45.5%	29.4%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								101.0%	103.2%	102.7%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	56.3%	22.3%	(9.7%)	0.0%	0.0%	0.0%	30.3%	7.6%	7.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	9.3%	(8.5%)	0.0%	0.0%	0.0%	7.8%	2.0%	2.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.6%	1.6%	2.3%	4.0%	3.2%	3.2%	3.0%	2.9%	4.0%	5.2%
Asset renewal % of capital budget	20(1)(vi)	14	70.0%	72.6%	52.1%	48.4%	44.9%	44.9%	0.0%	89.8%	84.4%	85.7%

### 2.6.5.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/16 MTREF shows R749.8 million, R1.2 billion and R1.64 billion for each respective financial year.

### 2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 48. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

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

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been stable for the period 2011/12 to 2014/15, moving from 3.4 to 3.9 with the adopted 2014/15 MTREF. As part of the 2015/16 MTREF the municipalities improving cash position causes the ratio to move upwards to 4.3 and then reduces slightly to 3.8 for the outer years.



## 2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF the indicative outcome is a surplus of R492.5 million, R471.8 million and R489.5 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 8.3, 3.3 and 3.0 per cent for the respective financial year of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6.0 per cent, with the increase in electricity at 12.2 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower in the outer years of the MTREF that it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

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

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 85.2, 83.7 and 83.7 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed.

## 2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.6, 3.5 and 3.5 per cent over the MTREF. Considering the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.





## 2.6.5.8 Capital payments percentage of capital expenditure

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

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 45.5, 29.4 and zero per cent of own funded capital. Further details relating to the borrowing strategy of the City can be found on page 68.

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

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

## 2.6.5.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors accounts within 30 days. Although there is a spike in the 2015/2016 financial year, this levels out in the following years.

## 2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 103.

## 2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 90.



## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 41 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
National Government:	322,598	351,129	377,234	384,424	384,424	384,424	407,948	429,215	467,134
Local Government Equitable Share	304,835	338,903	354,313	373,541	373,541	373,541	395,786	421,033	458,801
Finance Management	1,945	1,997	1,550	1,600	1,600	1,600	1,600	1,625	1,700
Municipal Systems Improvement	794	555	245	934	934	934	930	957	1,033
EPWP Incentive		1,362	1,874	2,782	2,782	2,782	4,032	-	-
Energy Efficiency and Demand Management	2,534		-	-	-	-	-		
Water Services Operating Subsidy		-	5,391	4,000	4,000	4,000			
Operating costs-MIG	7,928	3,909	10,350	1,567	1,567	1,567	5,000	5,000	5,000
Neighbourhood Development Partnership Technical ass	4,562	4,403	3,512				600	600	600
Provincial Government:	28,931	44,493	58,689	23,226	23,080	23,080	32,704	34,584	35,851
Provincial Government:	1,207	31,078	35,774	-	-	-			
Expanded Public Works Grant	1,973	1,362	1,874						
Health	9,667	1,090	6,242						
Arts and Culture- Community Library Services							552	581	612
Arts and Culture- Provincialisation	16,084	10,963	14,800	23,226	23,080	23,080	23,057	24,278	25,493
Arts and Culture-Museum Subsidies							380	400	421
Human Settlement	70	-	12,198	7,722	-	-	8,715	9,325	9,325
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>351,529</b>	<b>395,622</b>	<b>435,924</b>	<b>407,650</b>	<b>407,504</b>	<b>407,504</b>	<b>440,652</b>	<b>463,799</b>	<b>502,985</b>
<b>Capital expenditure of Transfers and Grants</b>									
National Government:	124,014	153,194	198,670	283,897	302,047	302,047	489,060	466,372	480,820
Municipal Infrastructure Grant (MIG)	116,077	135,302	155,719	159,158	159,158	159,158	187,456	195,546	207,671
Public Transport and Systems	5,404	4,567	17,695	100,000	100,000	100,000	213,271	203,605	199,958
Neighbourhood Development Partnership	-	501	707	10,350	29,500	29,500	20,000	30,000	30,000
Rural Households Infrastructure		4,500							
Dept of Mineral/Electricity	-	840	1,160						
Intergrated National Electrification Programme	2,534	7,484	23,389	3,000	2,000	2,000	10,000	10,500	15,000
Municipal Water Infrastructure Grant				11,389	11,389	11,389	58,333	26,721	28,191
Provincial Government:	25,056	22,019	47,378	9,927	12,427	12,427	-	-	-
Airport Development Project	11,836	9,384	14,198						
Sport and Recreation		2,100		150	150	150			
Corridor Development	13,220	10,535	19,160						
KZNPA			12,946						
Treasury				5,500	-	-			
COGTA				4,277	12,277	12,277			
Municipal Water Infrastructure			1,074						
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	135	135	-	-	-	-	-	-
Carnegie		135	135						
Cemetery Trust									
<b>Total capital expenditure of Transfers and Grants</b>	<b>149,070</b>	<b>175,348</b>	<b>246,183</b>	<b>293,824</b>	<b>314,474</b>	<b>314,474</b>	<b>489,060</b>	<b>466,372</b>	<b>480,820</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>500,599</b>	<b>570,970</b>	<b>682,107</b>	<b>701,474</b>	<b>721,978</b>	<b>721,978</b>	<b>929,712</b>	<b>930,171</b>	<b>983,805</b>



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**Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Operating transfers and grants:</b>									
Operating Transfers and Grants									
Current year receipts	322,598	351,129	377,234	384,424	384,424	384,424	407,948	429,215	467,134
Conditions met - transferred to revenue	322,598	351,129	377,234	384,424	384,424	384,424	407,948	429,215	467,134
<b>Provincial Government:</b>									
Current year receipts	29,001	44,493	70,887	30,948	23,080	23,080	32,704	34,584	35,851
Conditions met - transferred to revenue	29,001	44,493	70,887	30,948	23,080	23,080	32,704	34,584	35,851
<b>Total operating transfers and grants revenue</b>	<b>351,599</b>	<b>395,622</b>	<b>448,122</b>	<b>415,372</b>	<b>407,504</b>	<b>407,504</b>	<b>440,652</b>	<b>463,799</b>	<b>502,985</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
Operating Transfers and Grants									
Current year receipts	124,014	148,694	198,670	283,897	302,047	302,047	489,060	466,372	480,820
Conditions met - transferred to revenue	124,014	148,694	198,670	283,897	302,047	302,047	489,060	466,372	480,820
<b>Provincial Government:</b>									
Current year receipts	25,056	22,019	47,378	9,927	12,427	12,427	-	-	-
Conditions met - transferred to revenue	25,056	22,019	47,378	9,927	12,427	12,427	-	-	-
Current year receipts		135	135						
Conditions met - transferred to revenue	-	135	135	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>149,070</b>	<b>170,848</b>	<b>246,183</b>	<b>293,824</b>	<b>314,474</b>	<b>314,474</b>	<b>489,060</b>	<b>466,372</b>	<b>480,820</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>500,669</b>	<b>566,470</b>	<b>694,305</b>	<b>709,196</b>	<b>721,978</b>	<b>721,978</b>	<b>929,712</b>	<b>930,171</b>	<b>983,805</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





## 2.8 Councillor and employee benefits

**Table 43 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	12,207	24,677	26,433	26,063	26,063	26,063	29,522	31,904	33,568
Pension and UIF Contributions	1,645	2,597	2,782	3,246	3,246	3,246	3,496	3,770	3,967
Medical Aid Contributions	333	325	349	1,187	1,187	1,187	1,296	1,386	1,470
Motor Vehicle Allowance	3,055	5,338	5,718	6,956	6,956	6,956	6,333	6,777	7,187
Cellphone Allowance	788	947	1,015	1,697	1,697	1,697	1,565	1,675	1,776
Housing Allowances	124	115	123	123	123	123	137	147	155
<b>Sub Total - Councillors</b>	<b>18,152</b>	<b>34,000</b>	<b>36,419</b>	<b>39,272</b>	<b>39,272</b>	<b>39,272</b>	<b>42,350</b>	<b>45,659</b>	<b>48,124</b>
% increase		87.3%	7.1%	7.8%	-	-	7.8%	7.8%	5.4%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	1,594	4,310	4,435	7,293	7,293	7,293	6,744	7,216	7,577
Pension and UIF Contributions	65	368	587	626	626	626	870	931	978
Medical Aid Contributions				22	22	22	20	22	23
Performance Bonus	90		230	128	128	128	360	385	404
Motor Vehicle Allowance	425	518	544	617	617	617	756	809	849
Cellphone Allowance	61	72		81	81	81	90	96	10
Housing Allowances			37	68	68	68	64	68	71
Other benefits and allowances	1,087	123	106						
<b>Sub Total - Senior Managers of Municipality</b>	<b>3,321</b>	<b>5,392</b>	<b>5,939</b>	<b>8,835</b>	<b>8,835</b>	<b>8,835</b>	<b>8,904</b>	<b>9,528</b>	<b>9,913</b>
% increase		62.3%	10.2%	48.8%	-	-	0.8%	7.0%	4.0%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	418,916	519,526	538,548	602,808	602,808	602,808	741,800	782,599	824,077
Pension and UIF Contributions	28,998	32,720	33,157	-	-	-	18,945	17,877	18,825
Medical Aid Contributions	85,741	91,114	143,724	155,222	155,222	155,222	110,158	116,217	122,377
Overtime	25,061	19,375	20,925	30,222	30,222	30,222	32,271	34,046	35,850
Motor Vehicle Allowance	10,859	14,009	11,289	37,095	37,095	37,095	52,435	55,319	58,251
Cellphone Allowance	800								
Housing Allowances	4,189	3,972	3,676	3,286	3,286	3,286	9,351	9,865	10,388
Other benefits and allowances	27,398	14,747	8,785	8,574	8,574	8,574			
Long service awards	14,936	16,770	18,360	18,680	18,680	18,680	3,461	3,651	3,845
<b>Sub Total - Other Municipal Staff</b>	<b>616,899</b>	<b>712,234</b>	<b>778,465</b>	<b>855,887</b>	<b>855,887</b>	<b>855,887</b>	<b>966,420</b>	<b>1,019,573</b>	<b>1,073,611</b>
% increase		15.5%	9.3%	9.9%	-	-	12.9%	5.5%	5.3%
<b>Total Parent Municipality</b>	<b>638,372</b>	<b>751,626</b>	<b>820,823</b>	<b>903,994</b>	<b>903,994</b>	<b>903,994</b>	<b>1,017,674</b>	<b>1,074,760</b>	<b>1,131,647</b>
		17.7%	9.2%	10.1%	-	-	12.6%	5.6%	5.3%
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	238	257	285	308	308	308	333	359	388
Medical Aid Contributions	4	9	10	13	13	13	14	15	16
Performance Bonus	-	5	6	6	6	6	6	6	7
Motor Vehicle Allowance	18	18	18	18	18	18	18	19	20
Cellphone Allowance	4	4	4	4	4	4	4	4	4
<b>Sub Total - Senior Managers of Entities</b>	<b>264</b>	<b>292</b>	<b>323</b>	<b>348</b>	<b>348</b>	<b>348</b>	<b>374</b>	<b>403</b>	<b>435</b>
% increase		10.7%	10.5%	7.8%	-	-	7.4%	7.9%	7.9%
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	1,302	1,535	1,915	1,926	1,926	1,926	2,080	2,246	2,426
Pension and UIF Contributions	97	117	140	158	158	158	171	184	199
Medical Aid Contributions	143	288	359	426	426	426	469	516	567
Overtime	301	345	375	286	286	286	373	403	436
Performance Bonus	8	35	30	22	22	22	24	25	26
Motor Vehicle Allowance	41	41	54	54	54	54	54	57	60
Cellphone Allowance	8	8	11	11	11	11	11	11	12
Other benefits and allowances	172	180	215	227	227	227	245	265	286
<b>Sub Total - Other Staff of Entities</b>	<b>2,071</b>	<b>2,548</b>	<b>3,099</b>	<b>3,110</b>	<b>3,110</b>	<b>3,110</b>	<b>3,427</b>	<b>3,708</b>	<b>4,012</b>
% increase		23.0%	21.6%	0.4%	-	-	10.2%	8.2%	8.2%
<b>Total Municipal Entities</b>	<b>2,335</b>	<b>2,840</b>	<b>3,422</b>	<b>3,459</b>	<b>3,459</b>	<b>3,459</b>	<b>3,801</b>	<b>4,111</b>	<b>4,447</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>640,708</b>	<b>754,466</b>	<b>824,244</b>	<b>907,453</b>	<b>907,453</b>	<b>907,453</b>	<b>1,021,475</b>	<b>1,078,871</b>	<b>1,136,094</b>
% increase		17.8%	9.2%	10.1%	-	-	12.6%	5.6%	5.3%
<b>TOTAL MANAGERS AND STAFF</b>	<b>622,556</b>	<b>720,466</b>	<b>787,825</b>	<b>868,181</b>	<b>868,181</b>	<b>868,181</b>	<b>979,125</b>	<b>1,033,212</b>	<b>1,087,971</b>





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**Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

KZN225 Msunduzi - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)									
Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package		
Rand per annum			1.				2.		
<b>Councillors</b>									
Speaker		726 650	72 260	193 993			992 903		
Chief Whip		682 911	119 565	110 032			912 508		
Executive Mayor		994 321	183 318	41 820			1 219 459		
Deputy Executive Mayor		694 704	104 206	193 993			992 903		
Executive Committee		6 177 576	741 388	1 297 808			8 216 772		
Total for all other councillors		18 729 190	3 755 656	7 531 042			30 015 888		
<b>Total Councillors</b>		<b>28 005 351</b>	<b>4 976 393</b>	<b>9 368 688</b>			<b>42 350 433</b>		
<b>Senior Managers of the Municipality</b>									
Municipal Manager (MM)		1 276 038	142 485	238 102			1 656 625		
Chief Finance Officer		960 395	86 619	160 945			1 207 958		
DMM- Infrastructure Services		95 485	-	-			95 485		
DMM- Community Services		916 980	116 978	182 976			1 216 934		
DMM- Corporate Services		994 253	199 493	14 400			1 208 145		
DMM- Development Services		953 998	93 015	160 945			1 207 958		
List of each official with packages >= senior manager									
Head IRPTN		1 014 525	-	193 428			1 207 953		
<b>Total Senior Managers of the Municipality</b>		<b>6 211 673</b>	<b>638 589</b>	<b>950 796</b>			<b>7 801 059</b>		
<b>A Heading for Each Entity</b>									
List each member of board by designation									
Entity Board Members offer voluntary services		-	-	-			-		
<b>Total for municipal entities</b>		<b>-</b>	<b>-</b>	<b>-</b>			<b>-</b>		
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>		<b>34 217 025</b>	<b>5 614 982</b>	<b>10 319 485</b>			<b>50 151 492</b>		



**Table 45 MBRR SA24 – Summary of personnel numbers**

**KZN225 Msunduzi - Supporting Table SA24 Summary of personnel numbers**

Number	Summary of Personnel Numbers				2013/14		Current Year 2014/15		Budget Year 2015/16	
	Positions	Permanent employees	Contract employees		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)	73	-	-	-	73	-	-	73	-	-
Board Members of municipal entities	12	-	-	-	12	-	-	12	-	-
<b>Municipal employees</b>										
Municipal Manager and Senior Managers	6	1	1	1	6	1	1	6	1	1
Other Managers	100	94	6	6	100	94	6	100	94	6
Professionals	202	198	4	4	202	198	4	221	221	-
Finance	12	12	-	-	12	12	-	13	13	-
Spatial/town planning	11	11	-	-	11	11	-	12	12	-
Information Technology	1	1	-	-	1	1	-	1	1	-
Roads	1	1	-	-	1	1	-	2	2	-
Electricity	16	16	-	-	16	16	-	16	16	-
Water	1	1	-	-	1	1	-	2	2	-
Sanitation	1	1	-	-	1	1	-	1	1	-
Refuse	1	1	-	-	1	1	-	1	1	-
Other	158	154	4	4	158	154	4	173	173	-
Technicians	420	420	-	-	497	497	-	573	573	-
Finance	36	36	-	-	36	36	-	36	36	-
Spatial/town planning	2	2	-	-	2	2	-	2	2	-
Information Technology	9	9	-	-	9	9	-	13	13	-
Roads	8	8	-	-	8	8	-	8	8	-
Electricity	66	66	-	-	66	66	-	69	69	-
Water	22	22	-	-	22	22	-	27	27	-
Sanitation	3	3	-	-	3	3	-	3	3	-
Refuse	4	4	-	-	4	4	-	4	4	-
Other	270	270	-	-	347	347	-	411	411	-
Clerks (Clerical and administrative)	723	713	10	10	789	779	10	831	831	-
Service and sales workers	-	-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-	-
Craft and related trades	-	-	-	-	-	-	-	12	12	-
Plant and Machine Operators	1 025	916	109	109	1 165	916	249	1 165	1 165	-
Elementary Occupations	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PERSONNEL NUMBERS</b>	<b>2 561</b>	<b>2 341</b>	<b>130</b>	<b>130</b>	<b>2 844</b>	<b>2 484</b>	<b>270</b>	<b>2 993</b>	<b>2 896</b>	<b>7</b>

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

### Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN225 Msunduzi - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	Budgeted monthly revenue and expenditure												Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	July	August	Sept.	October	November	December	January	February	March	April	May	June	2015/16	+1 2016/17	+2 2017/18
<b>Revenue By Source</b>															
Property rates	56 231	61 658	70 622	72 898	56 164	57 239	51 183	54 890	68 298	55 203	62 831	75 895	743 113	784 468	823 692
Property rates - penalties & collection charges	3 129	3 431	3 930	4 056	3 125	3 185	2 848	3 054	3 800	3 072	3 496	4 223	41 349	43 582	45 935
Service charges - electricity revenue	141 029	154 643	177 124	149 991	140 861	143 559	161 211	137 668	171 296	138 452	157 585	192 285	1 865 706	2 087 542	2 335 687
Service charges - water revenue	36 081	39 564	45 316	35 615	36 038	36 728	44 004	35 221	43 825	35 422	40 317	167 311	595 443	651 217	700 571
Service charges - sanitation revenue	11 162	11 162	11 162	11 162	11 162	11 162	11 162	11 162	11 162	11 162	11 162	16 694	139 471	146 726	155 244
Service charges - refuse revenue	6 874	7 537	8 633	8 911	6 866	6 997	6 257	6 710	8 349	6 748	7 681	12 358	93 922	98 724	104 457
Rental of facilities and equipment	3 055	3 306	3 306	3 306	3 306	3 306	3 306	3 306	3 455	3 755	3 755	3 953	41 329	43 292	44 468
Interest earned - external investments	2 379	2 457	2 826	2 826	2 826	2 923	2 923	2 923	2 923	2 923	3 030	2 986	33 988	35 824	37 758
Interest earned - outstanding debtors	4 382	4 525	5 204	5 204	5 204	5 383	5 383	5 383	5 383	5 462	5 580	5 499	62 593	66 366	69 950
Fines	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	17 488	16 356	17 239
Licences and permits	7	7	7	7	7	7	7	7	7	7	7	7	87	92	97
Agency services	48	52	60	62	48	49	44	47	58	47	53	65	632	668	704
Transfers recognised - operational	146 802	5 923	5 607	4 327	82 367	5 923	5 607	735	182 696	110	259	296	440 652	463 799	502 985
Other revenue	7 070	7 070	7 070	7 070	7 070	7 070	7 070	7 070	7 070	7 070	7 070	1 926	79 695	81 735	86 149
Gains on disposal of PPE	4 850	4 850	4 850	4 850	4 850	4 850	4 850	4 850	4 850	4 850	4 850	4 850	9 700	9 700	9 700
<b>Total Revenue (excluding capital transfers and Expenditure By Type)</b>	<b>419 705</b>	<b>302 794</b>	<b>342 324</b>	<b>306 893</b>	<b>356 501</b>	<b>289 838</b>	<b>302 530</b>	<b>269 783</b>	<b>509 781</b>	<b>270 932</b>	<b>304 282</b>	<b>489 806</b>	<b>4 165 169</b>	<b>4 520 391</b>	<b>4 924 936</b>
Employee related costs	76 018	75 803	73 230	113 534	80 208	74 854	76 038	86 698	65 860	78 667	77 887	77 738	956 536	1 009 506	1 073 538
Remuneration of councillors	3 355	3 321	3 321	3 321	3 312	3 312	3 312	3 312	5 255	3 537	3 537	3 454	42 350	45 659	48 124
Debt impairment	11 103	10 731	9 244	9 343	9 343	9 343	8 879	8 879	8 822	9 380	9 566	19 952	124 586	134 979	143 888
Depreciation & asset impairment	40 479	40 479	40 479	40 479	40 479	40 479	40 479	40 479	40 479	40 479	40 479	40 479	485 746	537 857	595 059
Finance charges	-	-	13 696	-	-	13 696	-	-	13 696	-	-	28 403	69 489	68 312	61 719
Bulk purchases	180 445	170 445	131 445	135 445	135 445	135 445	171 923	145 923	105 445	135 445	125 445	163 962	1 736 811	1 907 233	2 093 955
Other materials	2 735	2 660	2 354	2 377	2 405	2 479	2 288	2 299	2 401	2 530	2 451	2 795	29 773	33 492	35 347
Contracted services	1 546	1 546	1 546	1 546	1 546	1 546	1 546	1 546	1 546	1 546	1 546	1 546	18 556	19 483	20 535
Transfers and grants	12 099	10 691	10 691	12 099	10 691	10 691	12 099	10 691	10 691	12 055	10 691	10 848	134 035	156 187	181 655
Other expenditure	51 799	50 363	44 570	45 020	45 549	46 940	43 326	43 543	45 458	47 908	46 414	52 927	563 817	602 182	662 426
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>379 579</b>	<b>366 039</b>	<b>330 576</b>	<b>363 164</b>	<b>328 979</b>	<b>338 784</b>	<b>359 890</b>	<b>343 371</b>	<b>299 652</b>	<b>331 547</b>	<b>318 015</b>	<b>402 104</b>	<b>4 161 699</b>	<b>4 514 891</b>	<b>4 916 247</b>
<b>Surplus/(Deficit)</b>	<b>40 126</b>	<b>(63 245)</b>	<b>11 749</b>	<b>(56 271)</b>	<b>27 522</b>	<b>(48 946)</b>	<b>(57 360)</b>	<b>(73 588)</b>	<b>210 129</b>	<b>(60 615)</b>	<b>(13 733)</b>	<b>87 702</b>	<b>3 470</b>	<b>5 500</b>	<b>8 689</b>
Transfers recognised - capital	13 696	41 665	40 479	38 305	46 105	63 726	8 879	47 875	42 904	48 650	50 392	46 385	489 060	466 372	480 820
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>53 821</b>	<b>(21 580)</b>	<b>52 227</b>	<b>(17 966)</b>	<b>73 627</b>	<b>14 780</b>	<b>(48 480)</b>	<b>(25 713)</b>	<b>253 033</b>	<b>(11 965)</b>	<b>36 659</b>	<b>134 087</b>	<b>492 530</b>	<b>471 872</b>	<b>489 509</b>
<b>Surplus/(Deficit)</b>	<b>53 821</b>	<b>(21 580)</b>	<b>52 227</b>	<b>(17 966)</b>	<b>73 627</b>	<b>14 780</b>	<b>(48 480)</b>	<b>(25 713)</b>	<b>253 033</b>	<b>(11 965)</b>	<b>36 659</b>	<b>134 087</b>	<b>492 530</b>	<b>471 872</b>	<b>489 509</b>



**Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

KZN225 Msunduzi - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>															
Vote 1 - Corporate Services	8 999	6 492	7 340	6 580	7 644	6 215	6 487	5 785	10 931	5 809	6 524	7 754	86 561	76 923	83 271
Vote 2 - Financial Management Area	152 452	109 986	124 345	111 475	129 494	105 280	109 890	97 995	185 171	98 412	110 526	131 355	1 466 381	1 505 003	1 600 442
Vote 3 - Infrastructure Development, Service Delivery and	287 667	207 536	234 630	210 346	244 347	198 656	207 355	184 910	349 405	185 697	208 556	376 040	2 895 144	3 194 455	3 505 160
Vote 4 - Sustainable Community Service Delivery Provis	21 432	15 462	17 480	15 671	18 204	14 800	15 448	13 776	26 031	13 835	15 538	18 466	206 143	210 382	216 882
<b>Total Revenue by Vote</b>	<b>470 550</b>	<b>339 475</b>	<b>383 795</b>	<b>344 072</b>	<b>399 689</b>	<b>324 951</b>	<b>339 180</b>	<b>302 465</b>	<b>571 538</b>	<b>303 754</b>	<b>341 145</b>	<b>533 615</b>	<b>4 654 229</b>	<b>4 986 763</b>	<b>5 405 756</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Corporate Services	60 082	57 889	52 462	55 593	51 282	54 005	59 392	55 149	51 053	54 486	52 382	61 778	665 552	703 682	744 331
Vote 2 - Financial Management Area	53 503	51 550	46 717	49 505	45 666	48 091	52 889	49 110	45 462	48 519	46 646	55 013	592 671	640 829	707 969
Vote 3 - Infrastructure Development, Service Delivery and	220 279	212 238	192 341	203 819	188 013	197 998	217 749	202 190	187 173	199 759	192 045	354 676	2 568 279	2 745 380	2 937 498
Vote 4 - Sustainable Community Service Delivery Provis	30 260	29 155	26 422	27 999	25 828	27 199	29 912	27 775	25 712	27 441	26 381	31 114	335 197	425 001	526 449
<b>Total Expenditure by Vote</b>	<b>364 124</b>	<b>350 832</b>	<b>317 942</b>	<b>336 915</b>	<b>310 789</b>	<b>327 294</b>	<b>359 942</b>	<b>334 223</b>	<b>309 400</b>	<b>330 205</b>	<b>317 454</b>	<b>502 580</b>	<b>4 161 699</b>	<b>4 514 891</b>	<b>4 916 247</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>106 426</b>	<b>(11 356)</b>	<b>65 853</b>	<b>7 157</b>	<b>88 900</b>	<b>(2 343)</b>	<b>(20 762)</b>	<b>(31 758)</b>	<b>262 138</b>	<b>(26 451)</b>	<b>23 691</b>	<b>31 035</b>	<b>492 530</b>	<b>471 872</b>	<b>489 509</b>
<b>Surplus/(Deficit)</b>	<b>106 426</b>	<b>(11 356)</b>	<b>65 853</b>	<b>7 157</b>	<b>88 900</b>	<b>(2 343)</b>	<b>(20 762)</b>	<b>(31 758)</b>	<b>262 138</b>	<b>(26 451)</b>	<b>23 691</b>	<b>31 035</b>	<b>492 530</b>	<b>471 872</b>	<b>489 509</b>





# MSUNDUZI ANNUAL BUDGET

**Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

R thousand	Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year   2015/16	Budget Year   +1 2016/17	Budget Year   +2 2017/18	
	<b>Revenue - Standard</b>																
	<b>Governance and administration</b>																
	Executive and council	111 842	107 759	97 657	103 485	95 460	100 529	112 158	102 658	95 033	101 424	97 507	114 998	1 240 510	1 302 013	1 383 957	
	Budget and treasury office	110 937	106 887	96 867	102 647	94 688	99 716	109 663	101 827	94 264	100 603	96 718	114 067	1 228 885	1 290 107	1 371 691	
	Corporate services	905	872	790	837	772	813	895	831	769	821	789	930	10 024	10 281	10 566	
	<b>Community and public safety</b>	6 197	5 971	5 411	5 734	5 290	5 671	6 126	5 689	5 260	5 411	5 403	6 372	68 651	69 120	71 058	
	Community and social services	2 837	2 733	2 477	2 625	2 421	2 550	2 804	2 604	2 410	2 572	2 473	2 917	31 421	28 799	30 225	
	Sport and recreation	76	73	66	70	65	68	75	69	64	69	66	78	838	885	933	
	Public safety	1 918	1 848	1 675	1 775	1 637	1 724	1 896	1 761	1 630	1 739	1 672	1 972	21 248	20 322	21 419	
	Housing	1 364	1 314	1 191	1 262	1 164	1 226	1 349	1 252	1 159	1 237	1 189	1 403	15 112	19 080	18 445	
	Health	3	3	3	3	2	3	3	3	2	3	3	3	32	34	36	
	<b>Economic and environmental services</b>	42 638	41 082	37 231	39 452	36 393	38 326	42 149	39 137	36 230	38 667	37 173	43 842	472 320	480 289	491 528	
	Planning and development	6 331	6 100	5 528	5 858	5 404	5 691	6 259	5 811	5 380	5 742	5 520	6 510	70 135	79 601	82 279	
	Road transport	36 307	34 982	31 702	33 594	30 989	32 635	35 890	33 326	30 851	32 925	31 654	37 332	402 185	400 688	409 249	
	Environmental protection	245 236	236 284	214 133	226 911	209 315	220 431	242 420	225 098	208 380	222 392	213 804	380 337	2 844 740	3 107 787	3 430 170	
	Trading services	172 127	165 844	150 296	159 265	146 915	154 717	170 151	157 993	146 258	156 093	150 066	178 920	1 908 647	2 129 988	2 384 358	
	Electricity	51 517	49 637	44 983	47 668	43 971	46 307	50 926	47 287	43 775	46 718	44 914	171 582	689 287	720 935	774 081	
	Water	12 953	12 480	11 310	11 985	11 056	11 643	12 804	11 889	11 006	11 746	11 293	17 872	148 037	154 008	162 919	
	Waste water management	8 638	8 323	7 543	7 993	7 373	7 765	8 539	7 929	7 340	7 834	7 531	11 963	98 770	102 856	108 813	
	Waste management	2 528	2 436	2 208	2 339	2 158	2 273	2 499	2 321	2 148	2 293	2 204	2 600	28 007	27 554	29 042	
	<b>Other</b>	408 442	393 532	356 639	377 922	348 616	367 130	405 352	374 903	347 058	370 395	356 092	548 149	4 654 229	4 986 763	5 405 756	
	<b>Total Revenue - Standard</b>																
	<b>Expenditure - Standard</b>																
	<b>Governance and administration</b>																
	Executive and council	41 712	43 332	39 570	41 425	39 402	43 169	40 718	42 184	38 895	41 826	40 611	46 455	499 300	552 588	616 585	
	Budget and treasury office	8 990	9 339	8 528	8 928	8 492	9 304	8 776	9 092	8 383	9 014	8 752	10 012	107 609	116 432	123 036	
	Corporate services	14 366	14 924	13 629	14 267	13 571	14 868	14 024	14 529	13 396	14 406	13 987	16 000	171 968	204 190	239 724	
	<b>Community and public safety</b>	18 356	19 069	17 413	18 229	17 339	18 997	17 919	18 564	17 116	18 406	17 871	20 443	219 723	231 967	253 824	
	Community and social services	41 275	42 879	39 156	40 991	38 989	42 717	40 292	41 743	38 488	41 389	40 186	45 969	494 075	516 112	546 291	
	Sport and recreation	10 655	11 069	10 108	10 582	10 065	11 028	10 402	10 776	9 936	10 685	10 374	11 867	127 547	130 644	138 442	
	Public safety	8 967	9 316	8 507	8 906	8 471	9 281	8 754	9 069	8 362	8 992	8 730	9 987	107 339	113 185	120 622	
	Housing	16 991	17 651	16 118	16 874	16 050	17 584	16 586	17 183	15 843	17 037	16 542	18 923	203 382	213 194	224 874	
	Health	3 040	3 158	2 884	3 019	2 872	3 146	2 968	3 074	2 835	3 048	2 960	3 386	36 390	38 740	40 818	
	<b>Economic and environmental services</b>	1 622	1 685	1 539	1 611	1 532	1 679	1 583	1 640	1 513	1 627	1 579	1 807	19 417	20 349	21 534	
	Planning and development	47 130	48 960	44 710	46 805	44 519	48 776	46 007	47 663	43 947	47 259	45 885	52 489	564 150	603 466	644 862	
	Road transport	9 243	9 602	8 768	9 179	8 731	9 566	9 023	9 347	8 619	9 268	8 999	10 294	110 638	117 043	124 388	
	Environmental protection	37 887	39 358	35 941	37 626	35 788	39 210	36 984	38 316	35 328	37 991	36 887	42 195	453 512	486 423	520 474	
	<b>Trading services</b>	203 358	211 258	192 917	201 959	192 095	210 463	198 515	205 662	189 625	203 916	197 990	354 665	2 562 425	2 798 185	3 060 605	
	Electricity	130 292	135 353	123 602	129 395	123 075	134 844	127 189	131 768	121 493	130 649	126 852	147 044	1 561 557	1 702 299	1 862 191	
	Water	49 065	50 971	46 546	48 727	46 348	50 779	47 897	49 621	45 571	49 200	47 720	173 256	705 930	775 582	854 973	
	Waste water management	15 199	15 790	14 419	15 095	14 357	15 730	14 837	15 371	14 173	15 241	14 798	21 481	186 492	201 457	217 622	
	Waste management	8 802	9 144	8 350	8 742	8 315	9 110	8 593	8 902	8 208	8 570	8 570	12 884	108 446	118 846	125 819	
	<b>Other</b>	3 488	3 623	3 309	3 464	3 295	3 610	3 405	3 527	3 252	3 497	3 396	3 884	41 749	44 541	47 904	
	<b>Total Expenditure - Standard</b>	336 963	350 053	319 662	334 644	318 300	348 736	328 938	340 780	314 207	337 887	328 068	503 462	4 161 699	4 514 891	4 916 247	
	<b>Surplus/(Deficit) before assoc.</b>	71 479	43 480	36 977	43 278	30 316	18 394	76 413	34 123	32 851	32 508	28 024	44 686	492 530	471 872	489 509	
	Share of surplus/ (deficit) of associate																
	<b>Surplus/(Deficit)</b>	71 479	43 480	36 977	43 278	30 316	18 394	76 413	34 123	32 851	32 508	28 024	44 686	492 530	471 872	489 509	



# MSUNDUZI ANNUAL BUDGET

**Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure		
	Budgeted monthly capital expenditure (municipal vote)												Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Multi-year expenditure to be appropriated</b>															
Vote 1 - Corporate Services	795	2 419	2 351	2 224	2 677	3 701	516	2 780	2 491	2 825	2 926	2 694	28 400	30 000	36 007
Vote 2 - Financial Management Area	700	2 130	2 069	1 958	2 357	3 258	454	2 447	2 193	2 487	2 576	2 371	25 000	30 000	5 000
Vote 3 - Infrastructure Development, Service Delivery	16 503	50 205	48 776	46 156	55 555	76 789	10 700	57 689	51 699	58 623	60 722	55 893	589 310	507 172	500 820
Vote 4 - Sustainable Community Service Delivery	902	2 743	2 665	2 522	3 036	4 196	585	3 152	2 825	3 203	3 318	3 054	32 200	26 500	13 000
<b>Capital multi-year expenditure sub-total</b>	<b>18 900</b>	<b>57 498</b>	<b>55 861</b>	<b>52 861</b>	<b>63 625</b>	<b>87 943</b>	<b>12 254</b>	<b>66 069</b>	<b>59 208</b>	<b>67 138</b>	<b>69 542</b>	<b>64 012</b>	<b>674 910</b>	<b>593 672</b>	<b>554 827</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Corporate Services	136	414	403	381	459	634	88	476	427	484	501	461	4 865	3 750	7 000
Vote 2 - Financial Management Area	20	60	59	56	67	92	13	69	62	71	73	67	710	-	-
Vote 3 - Infrastructure Development, Service Delivery	350	1 065	1 035	979	1 179	1 629	227	1 224	1 097	1 244	1 288	1 186	12 505	16 613	35 650
Vote 4 - Sustainable Community Service Delivery	450	1 369	1 330	1 259	1 515	2 094	292	1 573	1 410	1 599	1 656	1 524	16 071	22 337	3 343
<b>Capital single-year expenditure sub-total</b>	<b>956</b>	<b>2 909</b>	<b>2 827</b>	<b>2 675</b>	<b>3 219</b>	<b>4 450</b>	<b>620</b>	<b>3 343</b>	<b>2 996</b>	<b>3 397</b>	<b>3 519</b>	<b>3 239</b>	<b>34 150</b>	<b>42 700</b>	<b>45 993</b>
<b>Total Capital Expenditure</b>	<b>19 856</b>	<b>60 407</b>	<b>58 688</b>	<b>55 535</b>	<b>66 844</b>	<b>92 393</b>	<b>12 874</b>	<b>69 412</b>	<b>62 204</b>	<b>70 535</b>	<b>73 060</b>	<b>67 251</b>	<b>709 060</b>	<b>636 372</b>	<b>600 820</b>



**Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

KZN25 Msunduzi - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +2 2017/18	
	<b>Capital Expenditure - Standard</b>														
Governance and administration	1 663	5 059	4 915	4 651	5 598	7 738	1 078	5 813	5 210	5 907	6 119	5 632	59 385	60 000	41 007
Executive and council	162	494	480	454	547	756	105	568	509	577	598	550	5 800	-	6 007
Budget and treasury office	1 501	4 565	4 435	4 197	5 051	6 982	973	5 246	4 701	5 330	5 521	5 082	53 585	60 000	35 000
Corporate services															
Community and public safety	1 529	4 651	4 519	4 276	5 147	7 114	991	5 345	4 790	5 431	5 626	5 178	54 598	48 307	15 613
Community and social services	70	213	207	196	236	326	45	245	219	249	258	237	2 500	3 500	-
Sport and recreation	963	2 931	2 847	2 694	3 243	4 482	625	3 368	3 018	3 422	3 545	3 263	34 400	39 300	12 000
Public safety	234	712	691	654	787	1 088	152	818	733	831	861	792	8 353	3 950	1 930
Housing	216	658	639	605	728	1 007	140	756	678	768	796	733	7 725	200	-
Health	45	138	134	127	153	211	29	159	142	161	167	154	1 620	1 357	1 683
Economic and environmental services	9 511	28 936	28 112	26 602	32 019	44 257	6 167	33 249	29 797	33 787	34 997	32 214	339 647	340 368	365 858
Planning and development	269	817	794	751	904	1 250	174	939	841	954	988	910	9 590	4 800	7 050
Road transport	9 243	28 119	27 318	25 851	31 115	43 007	5 993	32 310	28 955	32 833	34 009	31 304	330 057	335 568	358 808
Environmental protection															
Trading services	7 114	21 642	21 026	19 897	23 948	33 101	4 612	24 868	22 286	25 271	26 175	24 094	254 033	186 967	177 612
Electricity	3 724	11 331	11 008	10 417	12 538	17 330	2 415	13 020	11 668	13 230	13 704	12 614	133 000	85 500	39 405
Water	2 328	7 082	6 881	6 511	7 837	10 832	1 509	8 138	7 293	8 270	8 566	7 885	83 133	59 721	75 241
Waste water management	1 033	3 144	3 054	2 890	3 479	4 808	670	3 612	3 237	3 671	3 802	3 500	36 900	32 826	53 600
Waste management	28	85	83	78	94	130	18	98	88	99	103	95	1 000	8 920	9 366
Other	39	119	116	109	132	182	25	137	123	139	144	133	1 398	730	730
<b>Total Capital Expenditure - Standard</b>	<b>19 856</b>	<b>60 407</b>	<b>58 688</b>	<b>55 535</b>	<b>66 844</b>	<b>92 393</b>	<b>12 874</b>	<b>69 412</b>	<b>62 204</b>	<b>70 535</b>	<b>73 060</b>	<b>67 251</b>	<b>709 060</b>	<b>636 372</b>	<b>600 820</b>
<b>Funded by:</b>															
National Government	19 856	42 285	41 082	38 875	46 791	64 675	4 698	48 059	43 014	49 901	47 669	42 157	489 060	466 372	480 820
Transfers recognised - capital	19 856	42 285	41 082	38 875	46 791	64 675	4 698	48 059	43 014	49 901	47 669	42 157	489 060	466 372	480 820
Public contributions & donations															
Borrowing	-	-	-	-	-	-	6 000	16 667	16 667	16 667	20 667	23 333	100 000	50 000	-
Internally generated funds	-	18 122	17 606	16 661	20 053	27 718	2 176	4 686	2 524	3 967	4 725	1 761	120 000	120 000	120 000
<b>Total Capital Funding</b>	<b>19 856</b>	<b>60 407</b>	<b>58 688</b>	<b>55 535</b>	<b>66 844</b>	<b>92 393</b>	<b>12 874</b>	<b>69 412</b>	<b>62 204</b>	<b>70 535</b>	<b>73 060</b>	<b>67 251</b>	<b>709 060</b>	<b>636 372</b>	<b>600 820</b>







## 2.10 Annual budgets and SDBIPs – internal departments

These are discussed fully in the IDP and SDBIP documents

## 2.11 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 2.12 Capital expenditure details

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



# MSUNDUZI ANNUAL BUDGET

Table 52 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	87,387	89,502	144,030	243,167	288,239	288,239	46,074	53,821	64,346
Infrastructure - Road transport	43,937	45,000	4,780	108,100	108,100	108,100	2,230	4,500	1,300
Roads, Pavements & Bridges	43,937	45,000	4,780	108,100	108,100	108,100	2,230	4,500	1,300
Infrastructure - Electricity	3,986	4,083	131,000	63,500	108,572	108,572	18,000	20,500	24,405
Generation		-	131,000	63,500	108,572	108,572	10,000	10,500	15,000
Street Lighting	3,986	4,083					8,000	10,000	9,405
Infrastructure - Water	24,819	25,419	6,250	24,677	24,677	24,677	25,444	28,321	38,041
Reticulation	24,819	25,419	6,250	24,677	24,677	24,677	25,444	28,321	38,041
Infrastructure - Sanitation	-	-	2,000	-	-	-	-	-	-
Reticulation			2,000				-	-	-
Infrastructure - Other	14,646	15,000	-	46,890	46,890	46,890	400	500	600
Waste Management	14,646	15,000		13,690	13,690	13,690	400	500	600
Other				33,200	33,200	33,200	-	-	-
<b>Community</b>	20,113	20,600	-	41,357	41,357	41,357	10,288	23,470	12,845
Parks & gardens							-	-	-
Sportsfields & stadia				20,185	20,185	20,185	-	-	-
Swimming pools				545	545	545	3,200	16,000	12,000
Community halls	2,880	2,950		4,050	4,050	4,050	-	-	-
Fire, safety & emergency		-		687	687	687	618	550	400
Security and policing							1,200	2,120	380
Museums & Art Galleries				650	650	650	-	-	-
Cemeteries	13,181	13,500		11,350	11,350	11,350	2,000	3,000	-
Other	4,052	4,150		3,890	3,890	3,890	3,270	1,800	65
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	-	30,282	23,785	58,785	58,785	16,062	22,297	8,948
General vehicles			13,710	2,600	2,600	2,600	5,350	16,150	2,950
Specialised vehicles	-	-	-	-	-	-	3,500	-	-
Plant & equipment			550	240	240	240	3,347	5,517	5,443
Computers - hardware/equipment			11,000		35,000	35,000	2,995	100	100
Furniture and other office equipment				10,020	10,020	10,020	600	130	55
Abattoirs				575	575	575	-	-	-
Markets							-	400	400
Civic Land and Buildings			2,000				-	-	-
Other Buildings			200				-	-	-
Other Land							-	-	-
Surplus Assets - (Investment or Inventory)							-	-	-
Other			2,822	10,350	10,350	10,350	270	-	-
<b>Total Capital Expenditure on new assets</b>	<b>107,500</b>	<b>110,102</b>	<b>174,312</b>	<b>308,310</b>	<b>388,382</b>	<b>388,382</b>	<b>72,424</b>	<b>99,588</b>	<b>86,139</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	3,500	-	-
Fire							3,500	-	-



**Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	165,406	206,546	161,194	235,780	254,930	254,930	553,466	489,914	492,074
Infrastructure - Road transport	82,776	93,748	87,882	68,684	87,834	87,834	343,277	352,268	377,508
Roads, Pavements & Bridges	82,776	93,748	87,882	68,684	87,834	87,834	343,277	352,268	377,508
Infrastructure - Electricity	4,856	5,000	4,500	65,257	65,257	65,257	115,000	65,000	15,000
Generation	4,856	5,000	4,500	65,257	65,257	65,257	115,000	65,000	15,000
Infrastructure - Water	24,134	34,100	25,925	63,730	63,730	63,730	64,689	41,400	52,200
Dams & Reservoirs	6,896	14,350	10,500	34,980	34,980	34,980	64,689	41,400	52,200
Reticulation	17,239	19,750	15,425	28,750	28,750	28,750			
Infrastructure - Sanitation	25,446	46,200	34,797	31,938	31,938	31,938	29,500	22,326	38,000
Reticulation	25,446	46,200	34,797	31,938	31,938	31,938	29,500	22,326	38,000
Infrastructure - Other	28,194	27,499	8,091	6,171	6,171	6,171	1,000	8,920	9,366
Waste Management	1,994	2,053	8,091				1,000	8,920	9,366
Other	26,200	25,446		6,171	6,171	6,171			
<b>Community</b>	25,329	35,749	13,849	52,615	52,615	52,615	31,250	16,600	11,100
Parks & gardens	680	700		1,500	1,500	1,500	1,000	500	-
Sportsfields & stadia	6,896	7,100	1,700	14,350	14,350	14,350	21,500	-	-
Swimming pools				3,525	3,525	3,525	2,000	5,000	-
Community halls	2,428	2,500		7,721	7,721	7,721			
Museums & Art Galleries	1,500	2,800		2,300	2,300	2,300			
Cemeteries	7,721	8,300	2,800	12,500	12,500	12,500			
Social rental housing									
Other	6,105	14,349	9,349	10,719	10,719	10,719	6,750	11,100	11,100
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	60,576	49,477	14,550	1,050	9,050	9,050	26,920	270	6,507
Computers - hardware/equipment			2,500				3,750	-	-
Civic Land and Buildings	2,913	7,046	8,050		8,000	8,000	10,170	270	500
Other Buildings	48,759	36,326	4,000	1,050	1,050	1,050	-	-	-
Other	8,905	6,105					13,000	-	6,007
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>	-	-	-	-	-	-	25,000	30,000	5,000
Computers - software & programming							25,000	30,000	5,000
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>251,311</b>	<b>291,772</b>	<b>189,594</b>	<b>289,444</b>	<b>316,594</b>	<b>316,594</b>	<b>636,636</b>	<b>536,784</b>	<b>514,681</b>
<b>Renewal of Existing Assets as % of total capex</b>	<b>70.0%</b>	<b>72.6%</b>	<b>52.1%</b>	<b>48.4%</b>	<b>44.9%</b>	<b>44.9%</b>	<b>89.8%</b>	<b>84.4%</b>	<b>85.7%</b>
<b>Renewal of Existing Assets as % of deprecn<sup>n</sup></b>	<b>91.8%</b>	<b>123.0%</b>	<b>41.8%</b>	<b>111.6%</b>	<b>122.0%</b>	<b>122.0%</b>	<b>131.1%</b>	<b>99.8%</b>	<b>86.5%</b>





# MSUNDUZI ANNUAL BUDGET

**Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	25,196	31,185	57,165	165,342	126,076	126,076	107,064	131,387	128,988
Infrastructure - Road transport	3,392	5,361	7,094	63,667	26,947	26,947	29,658	51,811	85,115
Roads, Pavements & Bridges	3,392	5,361	7,094	63,667	26,947	26,947	29,658	51,811	85,115
Infrastructure - Electricity	13,726	24,992	48,014	73,236	70,690	70,690	48,071	48,774	11,408
Transmission & Reticulation	13,726	24,927	47,899	63,667	58,621	58,621	41,107	41,462	3,701
Street Lighting		66	115	9,569	12,069	12,069	6,964	7,312	7,708
Infrastructure - Water	1,216	746	1,554	21,849	21,849	21,849	15,714	16,499	17,390
Reticulation	1,216	746	1,554	21,849	21,849	21,849	15,714	16,499	17,390
Infrastructure - Sanitation	-	-	502	6,591	6,591	6,591	4,807	5,047	5,320
Reticulation			502	6,591	6,591	6,591	4,807	5,047	5,320
Infrastructure - Other	6,862	86	-	-	-	-	8,814	9,255	9,754
Waste Management	3,627	86					8,814	9,255	9,754
Other	3,235								
<b>Community</b>	9,015	2,074	-	-	-	-	4,582	4,811	5,071
Parks & gardens									
Sportsfields & stadia	2,661	616					291	305	322
Libraries	713	532					11	11	12
Fire, safety & emergency	907	397					3,424	3,595	3,789
Security and policing		37							
Clinics	323	290							
Museums & Art Galleries	150	1					355	373	393
Cemeteries	670	201							
Other	3,592						502	527	555
<b>Heritage assets</b>	-	55,926	42,746	-	-	-	-	-	-
Buildings									
Other		55,926	42,746						
<b>Other assets</b>	5,298	8,597	39,150	126,015	91,841	91,841	90,481	144,778	227,599
General vehicles	320		11,618	21,399	21,399	21,399	24,662	37,435	71,360
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	147		22,449	32,395	33,376	33,376	24,466	38,344	71,711
Civic Land and Buildings			3,474	70,314	35,159	35,159	41,352	68,998	84,528
Other Buildings	168			-	-	-			
Other	4,663	8,597	1,608	1,907	1,907	1,907			
<b>Total Repairs and Maintenance Expenditure</b>	<b>39,510</b>	<b>97,782</b>	<b>139,060</b>	<b>291,357</b>	<b>217,917</b>	<b>217,917</b>	<b>202,126</b>	<b>280,975</b>	<b>361,657</b>
<b>R&amp;M as a % of PPE</b>	<b>0.6%</b>	<b>1.6%</b>	<b>2.3%</b>	<b>4.0%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>4.1%</b>	<b>5.0%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>1.4%</b>	<b>3.0%</b>	<b>3.9%</b>	<b>8.3%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>5.0%</b>	<b>6.4%</b>	<b>7.6%</b>





**Table 55 MBRR SA35 - Future financial implications of the capital budget**

**KZN225 Msunduzi - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description R thousand	2015/16 Medium Term Revenue &			Forecasts			Present value
	Budget Year	Budget Year	Budget Year	Forecast	Forecast	Forecast	
	2015/16	+1 2016/17	+2 2017/18	2018/19	2019/20	2020/21	
<b>Capital expenditure</b>							
Vote 1 - Corporate Services	33 265	33 750	43 007	49 458	56 877	65 408	75 220
Vote 2 - Financial Management Area	25 710	30 000	5 000	5 750	6 613	7 604	8 745
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	601 815	523 785	536 470	616 941	709 482	815 904	938 289
Vote 4 - Sustainable Community Service Delivery Provision Management	48 271	48 837	16 343	18 794	21 614	24 856	28 584
<b>Total Capital Expenditure</b>	<b>709 060</b>	<b>636 372</b>	<b>600 820</b>	<b>690 943</b>	<b>794 584</b>	<b>913 772</b>	<b>1 050 838</b>
<b>Future operational costs by vote</b>							
Vote 1 - Corporate Services	3 160	3 206	4 086	4 699	5 403	6 214	7 146
Vote 2 - Financial Management Area	2 442	2 850	475	546	628	722	831
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	57 172	49 760	50 965	58 609	67 401	77 511	89 137
Vote 4 - Sustainable Community Service Delivery Provision Management	4 586	4 640	1 553	1 785	2 053	2 361	2 715
<b>Total future operational costs</b>	<b>67 361</b>	<b>60 455</b>	<b>57 078</b>	<b>65 640</b>	<b>75 486</b>	<b>86 808</b>	<b>99 830</b>
<b>Future revenue by source</b>							
Property rates	16 352	14 676	13 856	15 934	18 325	21 073	24 234
Property rates - penalties & collection charges	910	817	771	887	1 020	1 173	1 348
Service charges - electricity revenue	41 055	36 846	34 788	40 006	46 007	52 908	60 844
Service charges - water revenue	13 103	11 759	11 103	12 768	14 683	16 886	19 418
Service charges - sanitation revenue	3 069	2 754	2 601	2 991	3 439	3 955	4 548
Service charges - refuse revenue	2 067	1 855	1 751	2 014	2 316	2 663	3 063
Rental of facilities and equipment	909	816	771	886	1 019	1 172	1 348
<b>Total future revenue</b>	<b>77 465</b>	<b>69 524</b>	<b>65 640</b>	<b>75 486</b>	<b>86 808</b>	<b>99 830</b>	<b>114 804</b>
<b>Net Financial Implications</b>	<b>698 956</b>	<b>627 304</b>	<b>592 258</b>	<b>681 097</b>	<b>783 262</b>	<b>900 751</b>	<b>1 035 863</b>



# MSUNDUZI ANNUAL BUDGET

Table 56 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	2015/16 Medium Term Revenue & Expenditure Framework		Project information
		Budget Year +1 2015/16	Budget Year +2 2017/18	
	<b>Parent municipality:</b>			
	<b>List all capital projects grouped by Municipal Vote</b>			
	Financial Management System	25,000	5,000	E
	Furniture and equipment	50	-	N
	4 Meter Readers Vehicles	350	-	N
	Computers	40	-	N
	Furniture	40	-	N
	Adding Machines/Calculators -Rates	3	-	N
	New Filing System Rates	80	-	N
	Fogged Note Detector -Cashiers	7	-	N
	Furniture -Stores	30	-	N
	Install more camera systems	20	-	N
	Office Furnisher	25	-	N
	Computers -Desk tops	30	-	N
	Filing Cabinets	10	-	N
	Furniture	25	-	N
	CNL - FURNITURE	20	-	N
	Community Services & Social Equit	30	-	E
	Community Services & Social Equit	30	-	E
	Community Services & Social Equit	50	-	E
	Community Services & Social Equit	100	200	E
	Community Services & Social Equit	250	250	N
	Community Services & Social Equit	75	-	N
	Community Services & Social Equit	1,500	1,000	E
	Community Services & Social Equit	500	50	N
	Community Services & Social Equit	50	60	N
	Community Services & Social Equit	50	20	N
	Community Services & Social Equit	350	650	N
	Community Services & Social Equit	3	-	N
	Community Services & Social Equit	10	-	N
	Community Services & Social Equit	20	-	N
	Community Services & Social Equit	500	500	N
	Community Services & Social Equit	3,500	-	N
	Community Services & Social Equit	1,300	300	N
	Community Services & Social Equit	15	-	N
	Community Services & Social Equit	30	-	N
	Community Services & Social Equit	80	100	N
	Community Services & Social Equit	240	300	E
	Community Services & Social Equit	25	25	N
	Community Services & Social Equit	160	175	N
	Community Services & Social Equit	25	55	N
	Community Services & Social Equit	300	-	N
	Community Services & Social Equit	30	40	N
	Community Services & Social Equit	10	12	N
	Community Services & Social Equit	750	850	N
	Community Services & Social Equit	40	200	N
	Community Services & Social Equit	400	-	N
	Community Services & Social Equit	250	1,500	N
	Community Services & Social Equit	300	2,000	N
	Community Services & Social Equit	500	-	E
	Community Services & Social Equit	1,500	-	E
	Community Services & Social Equit	2,000	11,500	N
	Community Services & Social Equit	2,000	5,000	N
	Community Services & Social Equit	3,200	16,000	N
	Community Services & Social Equit	1,000	-	N
	Community Services & Social Equit	1,500	500	N
	Community Services & Social Equit	700	300	N
	Community Services & Social Equit	2,000	5,000	E
	Community Services & Social Equit	2,000	3,000	E
	Community Services & Social Equit	250	250	E
	Community Services & Social Equit	250	250	E
	Community Services & Social Equit	20,000	-	E



Table 56 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	2015/16 Medium Term Revenue & Expenditure Framework			Project information	
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
Parent municipality:						
<i>List all capital projects grouped by Municipal Vote</i>						
Corporate Business Unit	PURP	5,000	-	6,007		E
Corporate Business Unit	Marketing and Communications	500	-	-		E
Corporate Business Unit	CBU Furniture (new staff)	250	-	-		N
Development Services	BARROWS	-	50	50		N
Development Services	INSTALLATION OF SAFETY BARRIERS	-	50	50		N
Development Services	INSTALLATION OF DOCK LEVELLERS AT BAYS	-	50	50		N
Development Services	INSTALLATION OF ALARM/INTERCOM SYSTEM	-	50	50		N
Development Services	PUBLIC ADDRESS SYSTEM	-	25	25		N
Development Services	NEW AIRCONDITIONING SYSTEMS	-	100	100		N
Development Services	INSTALLATION OF EARTH LEAKAGE PROTECTION SYSTEM	-	50	50		N
Development Services	AUTOMATED TEMPERATURE MONITORING SYSTEM	-	150	150		N
Development Services	COMPUTER EQUIPMENT	-	50	50		N
Development Services	TOOL KITS	-	5	5		N
Development Services	COMPUTERS	75	-	-		N
Development Services	COMPUTERS/SOFTWARE	150	50	50		N
Development Services	REFURBISHING OF GALLWEY HOUSE	8,000	-	-		E
Development Services	PERIMETER INTRUSION DETECTION SYSTEM	800	-	-		N
Development Services	CCTV CAMERA SYSTEM	250	-	-		N
Development Services	RUNWAY AND TAXIWAY LIGHTS	250	100	100		E
Development Services	MOBILE GPS SYSTEM	50	-	-		N
Development Services	OFFICE PARTIONING	75	50	-		N
Development Services	FURNITURE & FITTINGS	50	-	-		N
Development Services	NEW FIRE DETECTION SYSTEM	98	50	50		N
Development Services	UNIT 5 PHASE 8 EXTENSION	7,500	-	-		E
Development Services	ESTABLISHMENT OF THE TOWN CENTRE	5,000	10,000	10,000		E
Development Services	THWALA ROAD UPGRADE	15,000	20,000	20,000		E





# MSUNDUZI ANNUAL BUDGET

Table 56 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	2015/16 Medium Term Revenue & Expenditure Framework			Project information
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand					
Parent municipality:					
	<i>List all capital projects grouped by Municipal Vote</i>				
Infrastructure Services & Facilities	CNL - NETWORK 132KV REHABILITATION PLAN	15,000	15,000	15,000	E
Infrastructure Services & Facilities	CNL - TELEMETRY / INSTRUMENTATION EQUIPMENT	400	500	600	N
Infrastructure Services & Facilities	CNL - REHABILITATION OF WATER INFRASTRUCTURE	5,500	15,000	20,000	E
Infrastructure Services & Facilities	CNL - LEAK DETECTION EQUIPMENT	300	400	450	N
Infrastructure Services & Facilities	CNL - COMPUTERS	200	200	200	N
Infrastructure Services & Facilities	CNL - AIRCONDITIONING UPGRADE - BASEMENT, LOWER GROUND FLOORS - AS CHETTY	300	1,000	-	E
Infrastructure Services & Facilities	CNL - DOULL ROAD - HOSTEL AND CHANGEROOMS (Water/Sanitation Female staff )	1,500	-	-	E
Infrastructure Services & Facilities	CNL- PLANT AND EQUIPMENT	150	200	-	N
Infrastructure Services & Facilities	CNL - TRAFFIC CALMING MEASURES	250	-	-	N
Infrastructure Services & Facilities	CNL - EASTERN RING ROAD - DETAIL DESIGN AND CONSTRUCTION	300	-	-	E
Infrastructure Services & Facilities	CNL - PLANT AND EQUIPMENT - (Traffic Lights spares, equip etc)	80	-	-	N
Infrastructure Services & Facilities	CNL - PLANT AND EQUIPMENT	300	300	300	N
Infrastructure Services & Facilities	CNL - REHABILITATION OF PUBLIC TRANSPORT FACILITIES (West Street Taxi Rank, Retief	300	-	-	E
Infrastructure Services & Facilities	CNL - MAYORS WALK ROAD WIDENING	400	-	-	E
Infrastructure Services & Facilities	CNL - PURCHASING OF NEW TRAFFIC SIGNAL CONTROLLERS	150	-	-	N
Infrastructure Services & Facilities	CNL - UPGRADING OF ROADS IN ASHBURTON - Design	3,500	7,500	5,000	E
Infrastructure Services & Facilities	CNL - ROAD REHABILITATION - PMS	7,600	13,163	33,250	E
Infrastructure Services & Facilities	CNL - CONNOR - OTTO'S BLUFF ROADS - LINK	150	11,300	10,000	E
Infrastructure Services & Facilities	CNL - LESTER BROWN LINK ROAD	7,200	500	-	E
Infrastructure Services & Facilities	CNL - Upgrade SWD system in the Imbali Roads - Lower Sinkwazi Rd flooding, etc	300	1,500	-	E
Infrastructure Services & Facilities	CNL - INSTALLATION OF NEW GUARD RAILS (as per requests)	600	800	800	E
Infrastructure Services & Facilities	MIG - UPGRADE DESIGN OF GRAVEL ROADS - VULINDLELA - D 1128 (Phase 1, 2 and 3)	5,500	-	-	E
Infrastructure Services & Facilities	MIG - UPGRADE OF GRAVEL ROADS - WILLOWFOUNTAIN ROADS	2,500	4,500	3,500	E
Infrastructure Services & Facilities	MIG - HORSE SHOE ACCESS RD AND PASSAGES IN IMBALI STAGE 1 & 2	1,000	3,000	3,000	E
Infrastructure Services & Facilities	MIG - UPGRADE OF GRAVEL RDS - EDN - WARD 12 - MOSCOW AREA RDS	3,500	1,500	-	E
Infrastructure Services & Facilities	MIG - UPGRADE OF ROADS IN EDENDALE - KWANYAMAZANE ROADS	1,500	2,000	2,500	E
Infrastructure Services & Facilities	MIG - UPGRADE OF ROADS IN EDENDALE - Route 7B	-	4,500	3,000	E
Infrastructure Services & Facilities	MIG - UPGRADE OF GRAVEL ROADS - EDENDALE - WARD 16	3,500	2,500	2,500	E
Infrastructure Services & Facilities	MIG - UPGRADE OF INTERNAL ROADS - HANIVILLE	2,500	2,500	-	E





Table 56 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	2015/16 Medium Term Revenue & Expenditure Framework			Project Information
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Parent municipality: List all capital projects grouped by Municipal Vote					
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS IN EDENDALE IN ESIGODINI	5,700	3,000	—	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - STATION RD	100	8,000	—	E
Infrastructure Services & Facilities	MIG - REHABILITATION OF ROADS IN ASHDOWN	3,500	3,000	3,000	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - ROADS IN UNIT 14/UNIT P - DESIGN	3,300	3,500	3,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - MACHIBISA / DAMBUZA RDS	3,000	4,500	4,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS IN PEACE VALLEY - (Plan & Design in 2014/15) - 10km	4,956	8,000	10,000	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS IN VULINDLELA - (Ward 2 roads - 12km)	—	—	2,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - WARD 17 ROADS (Phase 3)	1,700	1,500	1,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - MAIN ROAD Major SWD	200	2,000	—	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - GEORGETOWN & SURRO	—	1,500	1,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - D2069 (MITHALANE RD) -Phase2	9,000	9,000	—	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - CALUZA ROADS	—	1,500	—	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - REHABILITATION OF ROADS & STORMWATER UPGRADE	2,000	2,500	—	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - Smeror roads & SW	1,700	2,500	—	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - Snatching Rds - 5.9km - (M	2,000	1,500	—	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 3 ROADS	4,000	7,500	7,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - HAREWOOD AREA	5,000	5,000	5,000	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 1 ROADS	4,000	3,500	7,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 4 ROADS	4,000	4,500	6,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 5 ROADS	—	5,000	7,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 6 ROADS	4,000	3,000	7,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 7 ROADS	4,000	5,500	7,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 8 ROADS, Masoyi Rd, etc	4,000	5,500	7,500	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 9 ROADS	4,000	5,500	5,000	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - WARD 22 - 8.4km roads - Storm-wat	700	500	500	E
Infrastructure Services & Facilities	MIG - ASHDOWN BANK PROTECTION AGAINST COLLAPSING OF ADJACENT HOUSES - P1	300	700	—	E
Infrastructure Services & Facilities	MIG - UPGRADE OF BRIDGES - Pedestrian Bridge Over River - Smeror/Esigodini	100	3,000	—	E
Infrastructure Services & Facilities	MIG - WOODHOUSE PEDESTRIAN BRIDGE	100	400	—	E
Infrastructure Services & Facilities	MIG - MABANE BRIDGE PROJECT	300	2,500	—	E
Infrastructure Services & Facilities	REHABILITATION OF ROADS IN IMBALI UNIT 18	3,000	300	2,000	E
Infrastructure Services & Facilities	MIG - BUS STOP SHELTERS	1,000	1,000	—	E
Infrastructure Services & Facilities	MIG - REHABILITATION OF PUBLIC ABLUTIONS	—	500	500	E
Infrastructure Services & Facilities	MIG - LANDFILL UPGRADE	1,000	8,920	9,366	E
Infrastructure Services & Facilities	MIG - SANITATION INFRASTRUCTURE FEASIBILITY STUDY	2,500	3,000	8,000	E
Infrastructure Services & Facilities	MIG - SHENSTONE AMBLETON SANITATION SYSTEM	—	1,000	3,000	E
Infrastructure Services & Facilities	MIG - REHABILITATION OF SANITATION INFRASTRUCTURE	1,000	9,000	7,000	E
Infrastructure Services & Facilities	MIG - SEWER PIPES UNIT H	8,000	1,663	6,000	E
Infrastructure Services & Facilities	MIG - SEWER PIPES AZALEA - PHASE 2	8,000	1,663	7,000	E
Infrastructure Services & Facilities	BASIC SANITATION VIP TOILETS	7,000	10,000	15,000	N
Infrastructure Services & Facilities	MIG - ELIMINATION OF CONSERVANCY TANKS - (SEWER)	5,000	—	—	E
Infrastructure Services & Facilities	MIG - SERVICE MIBLOCK ERADICATION IN SOBANTU, ASHDOWN & IMBALI (SEWER)	5,000	6,000	7,000	E
Infrastructure Services & Facilities	MIG - REDUCTION OF NON REVENUE WATER	16,000	8,000	—	E
Infrastructure Services & Facilities	MIG - ELIMINATION OF CONSERVANCY TANKS - (WATER)	300	400	600	E
Infrastructure Services & Facilities	MIG - SERVICE MIBLOCK ERADICATION IN SOBANTU, ASHDOWN & IMBALI (WATER)	500	500	600	E
Infrastructure Services & Facilities	MIG - BASIC WATER SUPPLY	—	5,000	8,000	E
Infrastructure Services & Facilities	MIG - EDENDALE PROPER NEW MAINS & RETICULATION	1,500	2,000	2,200	N
Infrastructure Services & Facilities	MIG - COPEVILLE RESERVOIR	500	1,500	15,000	E
Infrastructure Services & Facilities	MIG - HIGH MAST LIGHTS IN VULINDLELA & GREATER EDENDALE	8,000	10,000	9,405	N
Infrastructure Services & Facilities	INEP - ELECTRIFICATION	10,000	10,500	15,000	N
Infrastructure Services & Facilities	MWVG - REDUCTION OF NON REVENUE WATER	15,000	16,000	16,000	E
Infrastructure Services & Facilities	MWVG - BASIC WATER SUPPLY	16,444	10,721	12,191	N
Infrastructure Services & Facilities	MWVG - MASON'S RESERVOIR PIPELINE	26,689	—	—	E
Infrastructure Services & Facilities	DOT - PUBLIC TRANSPORT INFRASTRUCTURE	213,271	203,605	199,958	E
Infrastructure Services & Facilities	DBSA - NETWORK 132KV REHABILITATION PLAN	100,000	50,000	—	E
Sound Governance	CNL - Revamp of 6th floor, and Boardroom - PNC	250	—	—	E
Sound Governance	LAN/WAN - Mkondeni DRP	750	—	—	E
Sound Governance	Servers	400	—	—	N
Sound Governance	Time Attendance Biometric devices - Finger scans - SMC resolution	3,000	—	—	N
Parent Capital expenditure	Fibre Replacement - Replace Telkom copper lines with fibre-do not cut	709,060	636,372	600,820	E
Entity Capital expenditure					
Total Capital expenditure		709,060	636,372	600,820	



# MSUNDUZI ANNUAL BUDGET

**Table 57 MBRR SA37 - Projects delayed from previous financial year**

Municipal Vote/Capital project	Project name	Project number	Asset Class	Asset Sub-Class	GPS co-ordinates	Previous target year to complete	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework			
							Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand												
Parent municipality:												
List all capital projects grouped by Municipal Vote												
Infrastructure	Vulindela Streetlighting Phase 3		3	3	4	3,117	3,117					



## 2.13 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 Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
- 2. Internship programme**  
The City is participating in the Municipal Financial Management Internship programme and has employed a number of interns who undergoing training in various divisions of the Financial Services Department, as well as other sector departments especially in the technical and services sector.
- 3. Budget and Treasury Office**  
The Budget and Treasury Office has been established in accordance with the MFMA.
- 4. Audit Committee**  
An Audit Committee has been established and is fully functional.
- 5. Service Delivery and Implementation Plan**  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 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 ongoing.



# MSUNDUZI ANNUAL BUDGET

## 2.14 Other supporting documents

**Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance**

KZN225 Msunduzi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	878 862	871 524	970 458	717 293	717 293	717 293	1 183 165	1 250 923	1 318 134
less Revenue Foregone	373 552	285 660	367 505	58 242	58 242	58 242	440 052	466 455	494 442
<b>Net Property Rates</b>	<b>505 310</b>	<b>585 864</b>	<b>602 954</b>	<b>659 052</b>	<b>659 052</b>	<b>659 052</b>	<b>743 113</b>	<b>784 468</b>	<b>823 692</b>
<b>Service charges - electricity revenue</b>									
Total Service charges - electricity revenue	1 216 308	1 401 971	1 493 679	1 628 586	1 628 586	1 628 586	1 866 481	2 088 496	2 336 894
less Revenue Foregone	3 648		6 739	43	43	43	775	954	1 207
<b>Net Service charges - electricity revenue</b>	<b>1 212 660</b>	<b>1 401 971</b>	<b>1 486 939</b>	<b>1 628 543</b>	<b>1 628 543</b>	<b>1 628 543</b>	<b>1 865 706</b>	<b>2 087 542</b>	<b>2 335 687</b>
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	345 941	397 402	398 746	411 581	411 581	411 581	595 443	651 217	700 571
less Revenue Foregone	57 596	10 983	17 938	20 293	20 293	20 293			
<b>Net Service charges - water revenue</b>	<b>288 345</b>	<b>386 419</b>	<b>380 807</b>	<b>391 288</b>	<b>391 288</b>	<b>391 288</b>	<b>595 443</b>	<b>651 217</b>	<b>700 571</b>
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	110 386	136 656	133 959	130 351	130 351	130 351	139 471	146 726	155 244
less Revenue Foregone	2 879	16 567	7 658	3 769	3 769	3 769			
<b>Net Service charges - sanitation revenue</b>	<b>107 507</b>	<b>120 089</b>	<b>126 301</b>	<b>126 582</b>	<b>126 582</b>	<b>126 582</b>	<b>139 471</b>	<b>146 726</b>	<b>155 244</b>
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	70 077	82 519	82 067	90 224	90 224	90 224	93 922	98 724	104 457
less Revenue Foregone	(14)	8 520	2 613	2 512	2 512	2 512			
<b>Net Service charges - refuse revenue</b>	<b>70 091</b>	<b>73 999</b>	<b>79 454</b>	<b>87 712</b>	<b>87 712</b>	<b>87 712</b>	<b>93 922</b>	<b>98 724</b>	<b>104 457</b>
<b>Other Revenue by source</b>									
Airport	3 461	4 426	6 220	4 415	4 415	4 415	4 856	5 342	5 631
Forestry	12 871	11 383	15 090	13 293	13 293	13 293	14 037	14 823	15 624
Market	17 175	17 503	20 676	18 625	18 625	18 625	21 797	20 782	21 905
Burials & Crematoriums	1 258	1 715	2 165	1 186	1 186	1 186	1 245	1 307	1 378
Buildings	1 953	1 658	1 585	1 694	1 694	1 694	1 788	1 877	1 978
Reconnections	12 602	5 946	8 909	11 578	11 578	11 578	12 215	12 826	13 519
Training Levy Recoveries	3 147	4 792	1 497	3 693	3 693	3 693	3 896	4 090	4 311
Other Revenue	476	827	40 049	74 521	72 515	72 515	13 842	14 342	15 117
Sundry Income	3 615	12 303	19 321	7 226	7 226	7 226	6 019	6 345	6 688
<b>Total 'Other' Revenue</b>	<b>56 557</b>	<b>60 553</b>	<b>115 513</b>	<b>136 230</b>	<b>134 224</b>	<b>134 224</b>	<b>79 695</b>	<b>81 735</b>	<b>86 149</b>
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	459 797	464 624	496 690	602 808	602 808	602 808	663 533	700 577	748 238
Pension and UIF Contributions	7 737	8 104	9 379	155 222	155 222	155 222	11 761	12 408	13 065
Medical Aid Contributions	118 977	133 641	143 280				172 562	182 053	191 701
Overtime	27 337	25 656	30 263	30 222	30 222	30 222	39 206	41 360	43 550
Performance Bonus									
Motor Vehicle Allowance	32 352	32 277	36 189	37 095	37 095	37 095	42 820	44 988	47 372
Cellphone Allowance									
Housing Allowances	3 754	3 219	2 972	3 286	3 286	3 286	3 167	3 341	3 518
Other benefits and allowances				8 574	8 574	8 574			
Payments in lieu of leave									
Long service awards	16 245	16 816	22 763	18 680	18 680	18 680	23 488	24 780	26 093
Post-retirement benefit obligations									
<i>sub-total</i>	<b>666 198</b>	<b>684 337</b>	<b>741 537</b>	<b>855 887</b>	<b>855 887</b>	<b>855 887</b>	<b>956 536</b>	<b>1 009 506</b>	<b>1 073 538</b>
<u>Less: Employees costs capitalised to PPE</u>									
<b>Total Employee related costs</b>	<b>666 198</b>	<b>684 337</b>	<b>741 537</b>	<b>855 887</b>	<b>855 887</b>	<b>855 887</b>	<b>956 536</b>	<b>1 009 506</b>	<b>1 073 538</b>





**Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)**

KZN225 Msunduzi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	+1 Budget Year 2016/17	+2 Budget Year 2017/18
<b>R thousand</b>									
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	273 087	229 011	452 670	259 469	259 469	259 469	485 746	537 857	595 059
Capital asset impairment	586	8 142	662	-	-	-	-	-	-
<b>Total Depreciation &amp; asset impairment</b>	<b>273 673</b>	<b>237 153</b>	<b>453 332</b>	<b>259 469</b>	<b>259 469</b>	<b>259 469</b>	<b>485 746</b>	<b>537 857</b>	<b>595 059</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases	919 410	1 039 361	1 081 219	1 134 644	1 134 644	1 134 644	1 270 801	1 397 881	1 537 670
Water Bulk Purchases	300 408	333 880	372 183	344 878	410 529	410 529	466 010	509 352	556 286
<b>Total bulk purchases</b>	<b>1 219 818</b>	<b>1 373 241</b>	<b>1 453 402</b>	<b>1 479 522</b>	<b>1 545 173</b>	<b>1 545 173</b>	<b>1 736 811</b>	<b>1 907 233</b>	<b>2 093 955</b>
<b>Transfers and grants</b>									
Cash transfers and grants	4 144	4 164	4 429	5 408	5 408	5 408	5 854	6 599	6 999
Non-cash transfers and grants	-	-	-	-	-	-	128 182	149 588	174 655
<b>Total transfers and grants</b>	<b>4 144</b>	<b>4 164</b>	<b>4 429</b>	<b>5 408</b>	<b>5 408</b>	<b>5 408</b>	<b>134 035</b>	<b>156 187</b>	<b>181 655</b>
<b>Contracted services</b>									
Security Contract	21 091	17 769	21 066	17 678	26 178	26 178	18 556	19 483	20 535
External Cashiers	-	-	-	6 107	6 107	6 107	-	-	-
External Services	-	-	-	69 266	75 311	75 311	-	-	-
<i>sub-total</i>	<b>21 091</b>	<b>17 769</b>	<b>21 066</b>	<b>93 051</b>	<b>107 596</b>	<b>107 596</b>	<b>18 556</b>	<b>19 483</b>	<b>20 535</b>
<b>Total contracted services</b>	<b>21 091</b>	<b>17 769</b>	<b>21 066</b>	<b>93 051</b>	<b>107 596</b>	<b>107 596</b>	<b>18 556</b>	<b>19 483</b>	<b>20 535</b>
<b>Other Expenditure By Type</b>									
Collection costs	8	10	3	-	21	21	3 412	3 583	3 776
Consultant fees	3 302	2 581	6 073	6 867	16 367	16 367	3 450	3 624	3 820
Audit fees	4 034	4 341	3 550	4 923	4 923	4 923	5 415	5 956	6 278
General expenses	70 416	192 384	279 471	(135 926)	(162 681)	(162 681)	82 424	111 962	114 391
Conditional Grant Expenditure	35 564	87 412	55 629	152 347	152 347	152 347	6 562	2 582	2 733
Rep. & Mtnce Related Expenditure	39 510	139 060	68 018	271 421	237 067	237 067	200 976	169 903	210 409
Other	138 534	46 093	162 501	63 818	73 152	73 152	80 522	94 276	99 367
External Services	41 476	30 494	47 380	30 774	36 819	36 819	54 778	48 706	51 336
Petrol & Lubricants	18 222	28 436	20 144	26 871	32 011	32 011	21 908	26 154	27 566
Insurance	12 221	10 917	10 931	14 210	14 210	14 210	14 631	17 195	18 123
Forestry	-	12 127	-	12 839	12 839	12 839	12 558	14 317	15 090
Plant Hire	-	3 663	-	2 217	2 153	2 153	5 223	11 191	11 796
Marketing & Promotion	1 848	8 629	1 969	15 920	15 920	15 920	7 527	7 903	8 330
Govt Training Levy	5 245	6 208	5 581	6 957	6 957	6 957	5 298	7 663	8 076
Ward Committee Expenses	80	-	266	5 986	4 486	4 486	4 195	7 564	7 972
Telephones	5 003	7 425	5 655	7 640	7 640	7 640	7 191	7 545	7 953
Ward Committee Costs	-	6 770	266	4 370	4 370	4 370	5 172	7 531	7 938
Small Medium & Micro Enterprises (Smme)	59	902	349	3 950	3 450	3 450	3 915	6 924	7 297
Kwanalogo Subscriptions	3 720	6 185	4 000	6 517	15 990	15 990	4 836	7 178	7 566
Mayoral Projects	2 698	5 169	3 498	6 485	6 485	6 485	6 401	7 141	7 526
Special Projects	-	4 075	-	6 169	6 130	6 130	5 019	6 845	7 214
Software Licences	-	3 121	3 163	4 773	4 721	4 721	4 774	6 063	6 390
IDP Expenses	-	4 144	212	5 000	5 500	5 500	4 000	5 000	5 270
Personnel - Training	-	4 439	3 143	4 862	4 862	4 862	4 998	5 248	5 532
Bank Charges	-	3 743	-	4 740	4 740	4 740	4 993	5 259	5 543
Consolidated Billing Costs	-	2 813	-	3 404	3 404	3 404	3 637	4 869	5 132
<b>Total 'Other' Expenditure</b>	<b>381 938</b>	<b>621 142</b>	<b>681 803</b>	<b>537 133</b>	<b>513 882</b>	<b>513 882</b>	<b>563 817</b>	<b>602 182</b>	<b>662 426</b>



# MSUNDUZI ANNUAL BUDGET

**Table 59 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

KZN225 Msunduzi - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and department)

Description	Vote 1 - Corporate	Vote 2 - Financial	Vote 3 - Infrastructur	Vote 4 - Sustainable	Total
<b>R thousand</b>					
<b>Revenue By Source</b>					
Property rates	-	743 113	-	-	743 113
Property rates - penalties & collection charges	-	41 349	-	-	41 349
Service charges - electricity revenue	-	-	1 865 706	-	1 865 706
Service charges - water revenue	-	-	595 443	-	595 443
Service charges - sanitation revenue	-	-	139 471	-	139 471
Service charges - refuse revenue	-	-	93 922	-	93 922
Rental of facilities and equipment	-	41 329	-	-	41 329
Interest earned - external investments	-	33 988	-	-	33 988
Interest earned - outstanding debtors	-	62 593	-	-	62 593
Fines	-	17 488	-	-	17 488
Licences and permits	-	87	-	-	87
Agency services	-	632	-	-	632
Other revenue	-	79 695	-	-	79 695
Transfers recognised - operational	-	440 652	-	-	440 652
Gains on disposal of PPE	-	9 700	-	-	9 700
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	<b>1 470 627</b>	<b>2 694 541</b>	-	<b>4 165 169</b>
<b>Expenditure By Type</b>					
Employee related costs	-	956 536	-	-	956 536
Remuneration of councillors	-	-	-	42 350	42 350
Debt impairment	-	124 586	-	-	124 586
Depreciation & asset impairment	-	-	485 746	-	485 746
Finance charges	-	69 489	-	-	69 489
Bulk purchases	-	-	1 736 811	-	1 736 811
Other materials	-	29 773	-	-	29 773
Contracted services	18 556	-	-	-	18 556
Transfers and grants	-	134 035	-	-	134 035
Other expenditure	-	563 817	-	-	563 817
Loss on disposal of PPE	-	-	-	-	-
<b>Total Expenditure</b>	<b>18 556</b>	<b>1 878 236</b>	<b>2 222 557</b>	<b>42 350</b>	<b>4 161 699</b>
<b>Surplus/(Deficit)</b>	<b>(18 556)</b>	<b>(407 609)</b>	<b>471 985</b>	<b>(42 350)</b>	<b>3 470</b>
Transfers recognised - capital	489 060	-	-	-	489 060
Contributions recognised - capital	-	-	-	-	-
Contributed assets	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>470 504</b>	<b>(407 609)</b>	<b>471 985</b>	<b>(42 350)</b>	<b>492 530</b>



**Table 60 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>ASSETS</b>										
<u>Call investment deposits</u>										
Call deposits < 90 days	555,848	674,251	777,301	555,595	972,789	972,789	972,789	1,078,238	1,101,715	1,109,505
Other current investments > 90 days	5,256	5,901	6,902		7,317	7,317	7,317	7,756	8,223	8,717
<b>Total Call investment deposits</b>	<b>561,104</b>	<b>680,152</b>	<b>784,203</b>	<b>555,595</b>	<b>980,105</b>	<b>980,105</b>	<b>980,105</b>	<b>1,085,994</b>	<b>1,109,937</b>	<b>1,118,221</b>
<u>Consumer debtors</u>										
Consumer debtors	442,012	1,355,609	804,907	1,600,000	1,600,000	1,600,000	1,600,000	1,839,733	2,063,027	2,304,061
<u>Less: Provision for debt impairment</u>		(801,836)	(137,510)	(832,046)	(832,046)	(832,046)	(832,046)	(956,586)	(1,091,565)	(1,235,453)
<b>Total Consumer debtors</b>	<b>442,012</b>	<b>553,773</b>	<b>667,397</b>	<b>767,954</b>	<b>767,954</b>	<b>767,954</b>	<b>767,954</b>	<b>883,147</b>	<b>971,462</b>	<b>1,068,608</b>
<u>Debt impairment provision</u>										
Balance at the beginning of the year	(525,990)	(686,907)	(1,052,407)	(801,836)	(801,836)	(801,836)	(801,836)	(832,000)	(956,586)	(1,091,565)
Contributions to the provision	(58,210)	(250,342)	(137,510)	(30,164)	(30,164)	(30,164)	(30,164)	(124,586)	(134,979)	(143,888)
Bad debts written off	(157)									
<b>Balance at end of year</b>	<b>(584,357)</b>	<b>(937,250)</b>	<b>(1,189,917)</b>	<b>(832,000)</b>	<b>(832,000)</b>	<b>(832,000)</b>	<b>(832,000)</b>	<b>(956,586)</b>	<b>(1,091,565)</b>	<b>(1,235,453)</b>
<u>Property, plant and equipment (PPE)</u>										
PPE at cost/valuation (excl. finance leases)	6,687,174	6,421,206	6,535,729	8,819,134	8,285,675	8,285,675	8,285,675	8,969,735	9,576,107	10,171,927
Leases recognised as PPE										
<u>Less: Accumulated depreciation</u>	269,405	237,281	480,813	1,535,204	1,535,204	1,535,204	1,535,204	2,020,950	2,558,807	3,153,866
<b>Total Property, plant and equipment (PPE)</b>	<b>6,417,768</b>	<b>6,183,925</b>	<b>6,054,916</b>	<b>7,283,930</b>	<b>6,750,470</b>	<b>6,750,470</b>	<b>6,750,470</b>	<b>6,948,785</b>	<b>7,017,300</b>	<b>7,018,060</b>
<b>LIABILITIES</b>										
<u>Current liabilities - Borrowing</u>										
Short term loans (other than bank overdraft)	2,248	1,089	338					-	-	-
Current portion of long-term liabilities	43,584	45,575	42,691	42,691	42,691	42,691	42,691	61,751	73,149	77,414
<b>Total Current liabilities - Borrowing</b>	<b>45,832</b>	<b>46,664</b>	<b>43,029</b>	<b>42,691</b>	<b>42,691</b>	<b>42,691</b>	<b>42,691</b>	<b>61,751</b>	<b>73,149</b>	<b>77,414</b>
<u>Trade and other payables</u>										
Trade and other creditors	440,974	481,005	453,063	785,549	1,076,364	1,076,364	1,076,364	942,071	644,173	341,986
Unspent conditional transfers	149,448	170,460	291,314	83,930	135,502	135,502	135,502	174,788	104,873	41,949
VAT	52,660	70,539	49,453	79,000	79,000	79,000	79,000	100,630	72,278	68,959
<b>Total Trade and other payables</b>	<b>643,081</b>	<b>722,004</b>	<b>793,830</b>	<b>948,479</b>	<b>1,290,866</b>	<b>1,290,866</b>	<b>1,290,866</b>	<b>1,217,489</b>	<b>821,324</b>	<b>452,894</b>
<u>Non current liabilities - Borrowing</u>										
Borrowing	575,954	540,418	496,829	100,000	100,000	100,000	100,000	579,761	548,013	467,808
Finance leases (including PPP asset element)	2,008	907	569							
<b>Total Non current liabilities - Borrowing</b>	<b>577,963</b>	<b>541,325</b>	<b>497,398</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>579,761</b>	<b>548,013</b>	<b>467,808</b>
<u>Provisions - non-current</u>										
Retirement benefits	285,724	480,278	559,848	713,533	713,533	713,533	713,533	615,833	677,417	745,158
<i>List other major provision items</i>										
Refuse landfill site rehabilitation	22,399	55,456	61,002	55,456	55,456	55,456	55,456	65,882	72,470	78,268
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Provisions - non-current</b>	<b>308,123</b>	<b>535,734</b>	<b>620,850</b>	<b>768,990</b>	<b>768,990</b>	<b>768,990</b>	<b>768,990</b>	<b>681,715</b>	<b>749,887</b>	<b>823,426</b>
<b>CHANGES IN NET ASSETS</b>										
<u>Accumulated Surplus/(Deficit)</u>										
Accumulated Surplus/(Deficit) - opening balance	6,852,230	7,002,864	7,077,758	7,509,652	6,833,751	6,833,751	6,833,751	7,515,870	8,008,400	8,480,272
<u>GRAP adjustments</u>										
Restated balance	6,852,230	7,002,864	7,077,758	7,509,652	6,833,751	6,833,751	6,833,751	7,515,870	8,008,400	8,480,272
Surplus/(Deficit)	139,488	101,855	119,265	364,144	317,975	317,975	317,975	492,530	471,872	489,509
Appropriations to Reserves	-	-	-	-	-	-	-	(120,000)	(20,000)	(20,000)
Transfers from Reserves	-	-	-	-	-	-	-	-	-	-
Depreciation offsets	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	364,144	364,144	364,144	364,144	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	<b>6,991,718</b>	<b>7,104,719</b>	<b>7,197,023</b>	<b>8,237,940</b>	<b>7,515,870</b>	<b>7,515,870</b>	<b>7,515,870</b>	<b>7,888,400</b>	<b>8,460,272</b>	<b>8,949,781</b>
<u>Reserves</u>										
Housing Development Fund	55,526	49,903	51,543	37,000	37,000	37,000	37,000	52,685	53,739	54,814
Capital replacement	-	-	-	-	-	-	-	120,000	140,000	160,000
Self-insurance	-	-	-	6,220	6,220	6,220	6,220	229	234	238
Other reserves	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	<b>55,526</b>	<b>49,903</b>	<b>51,543</b>	<b>43,220</b>	<b>43,220</b>	<b>43,220</b>	<b>43,220</b>	<b>172,914</b>	<b>193,972</b>	<b>215,052</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>7,047,244</b>	<b>7,154,622</b>	<b>7,248,566</b>	<b>8,281,160</b>	<b>7,559,090</b>	<b>7,559,090</b>	<b>7,559,090</b>	<b>8,061,314</b>	<b>8,654,244</b>	<b>9,164,833</b>



# MSUNDUZI ANNUAL BUDGET

**Table 61 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year	2015/16 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	2014/15 Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>											
Population	Census Count/Estimate		552 837	617	616,730	616,730	616,730	616,730	616,730	616,730	616,730
Females aged 5 - 14	Census Count/Estimate			60	60,191	60,191	60,191	60,191	60,191	60,191	60,191
Males aged 5 - 14	Census Count/Estimate			62	62,027	62,027	62,027	62,027	62,027	62,027	62,027
Females aged 15 - 34	Census Count/Estimate			122	121,878	121,878	121,878	121,878	121,878	121,878	121,878
Males aged 15 - 34	Census Count/Estimate			123	122,889	122,889	122,889	122,889	122,889	122,889	122,889
Unemployment	Census Count/Estimate			98	97,816	97,816	97,816	97,816	97,816	97,816	97,816
<b>Monthly household income (no. of households)</b>											
No income											
R1 - R1 600								119,039	119,039	119,039	119,039
R1 601 - R3 200								77,281	77,281	77,281	77,281
R3 201 - R6 400								28,922	28,922	28,922	28,922
R6 401 - R12 800								22,852	22,852	22,852	22,852
R12 801 - R25 600								5968	5968	5968	5968
R25 601 - R51 200								3086	3086	3086	3086
R52 201 - R102 400								461	461	461	461
R102 401 - R204 800								581	581	581	581
R204 801 - R409 600								No Data	No Data	No Data	No Data
R409 601 - R819 200								No Data	No Data	No Data	No Data
> R819 200								No Data	No Data	No Data	No Data
<b>Household/demographics (000)</b>											
Number of people in municipal area	Statistics South Africa			616,730	617	617	617	617	617	617	617
Number of poor people in municipal area								No Data	No Data	No Data	No Data
Number of households in municipal area	Statistics South Africa			134,390	134	134	134	134	134	134	134
Number of poor households in municipal area											
Definition of poor household (R per month)								No Data	No Data	No Data	No Data
<b>Housing statistics</b>											
Formal	Statistics South Africa			67,899	67,899	67,899	67,899	67,899	67,899	67,899	67,899
Informal	Statistics South Africa			10,369	10,369	10,369	10,369	10,369	10,369	10,369	10,369
<b>Total number of households</b>		-	-	78,268	78,268	78,268	78,268	78,268	78,268	78,268	78,268
Dwellings provided by municipality	Statistics South Africa			134,390	134,390	134,390	134,390	134,390	134,390	134,390	134,390
Dwellings provided by province/s	Statistics South Africa			2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151
Dwellings provided by private sector											
<b>Total new housing dwellings</b>		-	-	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541
<b>Economic</b>											
Inflation/inflation outlook (CPIX)					10.4%	4.0%	4.0%	No Data	No Data	No Data	No Data
Interest rate - borrowing					14.0%	9.0%	9.0%	No Data	No Data	No Data	No Data
Interest rate - investment					6.3%	5.0%	5.0%	No Data	No Data	No Data	No Data
Remuneration increases					8.5%	8.5%	7.0%	No Data	No Data	No Data	No Data
Consumption growth (electricity)							8.0%	No Data	No Data	No Data	No Data
Consumption growth (water)							8.0%	No Data	No Data	No Data	No Data
<b>Collection rates</b>											
Property tax/service charges							89.5%	No Data	No Data	No Data	No Data
Rental of facilities & equipment								No Data	No Data	No Data	No Data
Interest - external investments					9.0%		5.0%	No Data	No Data	No Data	No Data
Interest - debtors					60.0%		89.5%	No Data	No Data	No Data	No Data
Revenue from agency services								No Data	No Data	No Data	No Data





## 2.15 Municipal manager's quality certificate

I **Mxolisi A.Nkosi**, municipal manager of Msunduzi 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.

Print Name **Mxolisi Alexis Nkosi**  
Municipal manager of Msunduzi Municipality (KZN 225)

A handwritten signature in black ink, appearing to read 'Mxolisi Nkosi', is written over a solid horizontal line.

Signature

Date **21/05/2015**



# **TARIFF**

## **2015/16 TO 2017/2018**



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# MSUNDUZI ANNUAL BUDGET

## CITY FINANCE

### Rates

VOTE	SUB	ITEM
060	448	8208

2014/15	2015/16	
Cents in the R	Cents in the R	% Incr

### 1. A GENERAL RATE, assessed in terms of the Local Government:

Municipal Property Rates Act 6 of 2004

0.0192      0.0204      6.00%

(a) Vacant Land - no rebate granted (net)

0.0192      0.0204      6.00%

(b) Unauthorised use plus surcharge

0.0330      0.0350      6.00%

### 2. REBATES:

#### Residential Property

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

0.0086      0.0091      6.00%  
0.0106      0.0112      6.00%

#### Other Properties

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

0.0006      0.0006      6.00%  
0.0186      0.0197      6.00%

#### Agricultural Property

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

0.0166      0.0176      6.00%  
0.0026      0.0028      6.00%

#### Public Service Infrastructure

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

0.0166      0.0176      6.00%  
0.0026      0.0028      6.00%

#### Rural Communal Property

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

0.0048      0.0051      6.00%  
0.0144      0.0153      6.00%

#### Home Business and DSF properties

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

0.0048      0.0051      6.00%  
0.0144      0.0153      6.00%

#### Sectional Title Garages - Separately Registered

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

0.0086      0.0091      6.00%  
0.0106      0.0112      6.00%

#### Mining

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

0.0006      0.0006      6.00%  
0.0186      0.0197      6.00%

#### Public Benefit Organisations

(i) A rebate on the valuation of rateable property  
Statutory Rebate  
Additional Rebate

0.0140      0.0148      6.00%  
0.0026      0.0028      6.00%  
100%      100%      0.00%

### 3. OTHER REBATES:

#### Impermissible and Free Value based rebates

(j) No rates shall be levied on the market value of the first R15,000 of Residential property, Small Home Business and DSF properties.  
A rebate of 100% will be granted on all Residential property, Small Home Business and DSF properties from a value of R15,001 to a value of R100,000.

#### Aged Persons and Disability Grantees Rebate

(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  
%tage Rebate –

R 3,500      R 3,500  
40% max      40% max

#### Child Headed Households

(l) Maximum monthly income of all occupants and owners from all sources  
%tage Rebate –

R 3,500      R 3,500  
40% max      40% max

**To be finalised subject to increase in National Grants to be announced budget speech**





## CITY FINANCE

### Rates

VOTE	SUB	ITEM
060	448	8208

2014/15	2015/16	
Cents in the R	Cents in the R	% Incr

#### Listed Buildings

(m) Rates Rebate after primary rebate on Listed Buildings	40% Max	40% Max	
-----------------------------------------------------------	---------	---------	--

#### Developers Rebate

(n) Rates Rebate on VL only subject to Council Conditions	100%	100%	0.00%
Year 1	66%	66%	0.00%
Year 2	33%	33%	0.00%
Year 3			

#### 4. GENERAL NOTE:

- (a) No rebates on Listed Buildings and Developers properties will be granted to ratepayers where any arrears are outstanding on the property for rates & services. Rebates will only be granted to aged persons and child headed households where arrangements are made for arrears and where all arrangements are being maintained.
- (b) No rates will be levied on property owned and occupied by the Msunduzi Municipality.

#### 5. MISCELLANEOUS CHARGES:

VOTE	SUB	ITEM
022	415	8436

2014/15	2015/16	
Excl. Vat	Excl. Vat	% Incr

(a) Revenue Clearance Certificate Application Fee	R 264	R 279	5.80%
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#### Process Review

VOTE	SUB	ITEM
022	415	8150

(b) Deeds Registry Search per search	R 16	R 17	5.80%
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#### Subject to confirmation of cost effective cost

VOTE	SUB	ITEM
022	415	8466

(c) To search for and prepare any reconciliation, for each hour, or part of an hour, excluding the first half hour, reasonably required for such search and preparation.	R 84	R 89	5.80%
<b>PLUS</b> Administration Fee	R 26	R 28	5.80%
(Excluding applications made in terms of the Promotion of Access to Information Act, No. 2 of 2000)			

#### 6. INTEREST RATE AND COLLECTION CHARGE RATE:

(a) Interest rate per annum	10%	10%	0.00%
(b) Collection Charge Rate per annum	10%	10%	0.00%
<b>Interest Subject to confirmation of prime rate</b>			



# MSUNDUZI ANNUAL BUDGET

**CITY FINANCE**  
**SUPPLY CHAIN MANAGEMENT**  
Tender Documents Deposits

VOTE	SUB	ITEM
012	415	8507

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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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 117 R 124 5.80%

R 200 001.00 to R1 000 000.00

R 141 R 149 5.80%

R1 000 001.00 to R5 000 000.00

R 352 R 373 5.80%

R5 000 001.00 and over

R 587 R 621 5.80%



**INFRASTRUCTURE SERVICES AND FACILITIES  
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

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
		12.20
		10
		9

**Scale A: Domestic**

- 1 A.I Single-Phase up to 80A –  
Basic Charge per month  
Net Ampere Charge per amp per phase p.m.  
Energy Charge per kWh (cents)

R 19.73	R 22.14	12.20%
R 7.30	R 8.19	12.20%
72.220	81.03	12.20%

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  
Net Ampere Charge per amp per phase p.m.  
Energy Charge per kWh (cents)

R 32.88	R 36.89	12.20%
R 5.38	R 6.04	12.20%
72.22	81.03	12.20%

VOTE	SUB	ITEM
704	412	8409

**Scale S0: Domestic Indigent 20 Amp**

Qualifying Indigent consumers will receive the first 70kWh of electricity free.  
Should be on Prepaid with 20 Amps Current limiting breaker

- 3 Energy Charge only (cents) No Basic Charge

89.180	97.21	9.00%
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**Scale S1: Domestic Life Line Tariff 20 Amp**

- 4 Energy Charge only (cents)  
No Basic Charge

116.680	127.18	9.00%
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**Scale S2: Domestic Straight Line Tariff - 60 Amps 1 phase**

- 5 Energy Charge only (cents)  
Basic Charge (Included in the monthly Municipal Bill)

116.680	127.18	9.00%
R 6.45	R 7.03	9.00%

**Scale TD1: Time Of Use Domestic Single Phase**

Supply Metered by a Smart Meter

- 6 Scale TD.1 Time Of Use Domestic Single Phase  
Basic Charge per month  
Capacity charge per kVA per month

R 39.73	R 44.58	12.20%
R 7.30	R 8.19	12.20%

Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)  
High Demand: (June, July, August)

Peak	254.310	285.34	12.20%
Standard	83.630	93.83	12.20%
Off Peak	49.720	55.79	12.20%

Low Demand: (Other Months)

Peak	89.320	100.22	12.20%
Standard	64.420	72.28	12.20%
Off Peak	44.320	49.73	12.20%

**Scale TD2: Time Of Use Domestic Three Phase**

Supply Metered by a Smart Meter

- 7 Scale TD.2 Time Of Use Domestic Three Phase  
Basic Charge per month  
Capacity charge per kVA per month

R 62.88	R 70.55	12.20%
R 5.38	R 6.04	12.20%

Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)  
High Demand: (June, July, August)

Peak	254.310	285.34	12.20%
Standard	83.630	93.83	12.20%
Off Peak	49.720	55.79	12.20%

Low Demand: (Other Months)

Peak	89.320	100.22	12.20%
Standard	64.420	72.28	12.20%
Off Peak	44.320	49.73	12.20%



# MSUNDUZI ANNUAL BUDGET

## INFRASTRUCTURE SERVICES AND FACILITIES ELECTRICITY DISTRIBUTION MANAGEMENT City Electrical Engineers

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

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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### Scale B: Small Power users ≤ 65 kVA

8	Scale B.1 Small Power Single-Phase ≤80A Basic Charge per month Net Ampere Charge per amp per phase p.m. Energy Charge per kWh (cents)	R 50.61	R 56.78	12.20%
		R 15.36	R 17.23	12.20%
		79.28	88.95	12.20%
9	Scale B.3 Small Power Three-Phase ≤100A Basic Charge per month Net Ampere Charge per amp per phase p.m. Energy Charge per kWh (cents)	R 90.75	R 101.82	12.20%
		R 12.96	R 14.54	12.20%
		79.28	88.95	12.20%

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)

10	Scale C.1 Large Power at LV Basic Charge per month Demand charge per kVA per month Energy charge per kWh (cents)	R 396.45	R 444.82	12.20%
		R 152.33	R 170.91	12.20%
		72.590	81.45	12.20%

\* The minimum demand 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

### TO BE DONE AWAY WITH

#### Scale D.1: Block Tariff - THIS TARIFF IS TO BE DISCONTINUED WITH EFFECT FROM 1 JULY 2015

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

11	Energy Charge per kWh	R 3.36	R 3.77	12.20%
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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.

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 T1: Time Of Use Large customer - MV

12	Scale T1: Time of use large customer at MV Basic Charge per month Demand charge per kVA (Peak and Standard periods only) per month. Access charge per kVA per month. Based on highest of notified or previous 12 months highest demand.	R 1,982.23	R 2,224.06	12.20%
		R 64.38	R 72.23	12.20%
		R 28.80	R 32.31	12.20%
	Energy charge c/kWh (Periods as per shown in table below - public holidays treated as per table)			
	High Demand: (June, July, August)			
	Peak	242.680	272.29	12.20%
	Standard	87.520	98.20	12.20%
	Off Peak	56.700	63.62	12.20%
	Low Demand: (Other Months)			
	Peak	92.690	104.00	12.20%
	Standard	70.060	78.61	12.20%
	Off Peak	51.780	58.10	12.20%
	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)	6.210	6.97	12.20%





**INFRASTRUCTURE SERVICES AND FACILITIES  
ELECTRICITY DISTRIBUTION MANAGEMENT  
City Electrical Engineers**

**Scale T2: Time Of Use Large customer at 400 V**

13 Scale T2: Time Of Use Large customer at LV

Basic Charge per month  
Demand charge per kVA (Peak and Standard periods only) per month.  
Access charge per kVA per month.  
Based on highest of notified or previous 12 months highest demand.

Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)

High Demand: (June, July, August)

Peak	R 254.820	R 285.91	12.20%
Standard	R 91.900	R 103.11	12.20%
Off Peak	R 59.530	R 66.79	12.20%

Low Demand: (Other Months)

Peak	R 97.330	R 109.20	12.20%
Standard	R 73.560	R 82.53	12.20%
Off Peak	R 54.370	R 61.00	12.20%

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)	R 6.040	R 6.78	12.20%
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<b>2014/15</b>	<b>2015/16</b>	
<b>Excl. Vat</b>	<b>Excl. Vat</b>	<b>% Incr</b>

**Time periods** Still to obtained from ESKOM

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 UNDICATES THE TREATMENT OF PUBLIC HOLIDAYS FOR THE TIME OF USE TARIFF

Date	Day	Actual Day of the week	Day treated as
09-Aug-14	NATIONAL WOMENS DAY	SATURDAY	SUNDAY
24-Sep-14	HERITAGE DAY	WEDNESDAY	SUNDAY
16-Dec-14	DAY OF RECONCILIATION	TUESDAY	SUNDAY
25-Dec-14	CHRISTMAS DAY	THURSDAY	SUNDAY
26-Dec-14	DAY OF GOODWILL	FRIDAY	SUNDAY
01-Jan-15	NEW YEARS DAY	THURSDAY	SUNDAY
21-Mar-15	HUMAN RIGHTS DAY	SATURDAY	SUNDAY
03-Apr-15	GOOD FRIDAY	FRIDAY	SUNDAY
06-Apr-15	FAMILY DAY	MONDAY	SUNDAY
27-Apr-15	FREEDOM DAY	MONDAY	SUNDAY
01-May-15	WORKERS DAY	FRIDAY	SUNDAY
16-Jun-15	Youth Day	TUESDAY	SUNDAY

Eskom still to advise



# MSUNDUZI ANNUAL BUDGET

## INFRASTRUCTURE SERVICES AND FACILITIES ELECTRICITY DISTRIBUTION MANAGEMENT City Electrical Engineers

VOTE	SUB	ITEM	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
703	463	8382			
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 28.84	R 32.36	12.20%
		Energy charge per 100 Watt per month if not measured	R 22.75	R 25.53	12.20%
		Energy charge if measured (cents) per kWh	62.287	R 69.89	12.20%
L2		Lights: 24 hour (incl Maintenance)			
		Fixed-R /light/month	R 28.84	R 32.36	12.20%
		Energy charge per 100 Watt per month if not measured	R 81.82	R 91.80	12.20%
		Energy charge if measured (cents) per kWh	67.338	75.55	12.20%
L3		Lights: Whole Night High Mast (incl. Maintenance)			
		Fixed-R /light/month	R 576.88	R 647.26	12.20%
		Energy charge per 100 Watt per month if not measured	R 66.79	R 74.94	12.20%
		Energy charge if measured (cents) per kWh	62.287	69.89	12.20%
L4		Lights: 24 Hrs Traffic (Excl. Maintenance)			
		Maintenance charged at actual cost	Actual Cost	Actual Cost	
		Energy charge per 100 Watt per month if not measured	R 81.82	R 91.80	12.20%
		Energy charge if measured (cents) per kWh	67.338	75.55	12.20%
<b>INTEREST RATE</b>					
1		Interest rate per annum	10.0%	10.0%	
		Current Prime Rate is 8,25% and Rate Plus one	10.0%	10,25%	



**INFRASTRUCTURE SERVICES AND FACILITIES  
ELECTRICITY DISTRIBUTION MANAGEMENT  
City Electrical Engineers**

VOTE	SUB	ITEM
713	873	1000

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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**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 3,185	R 3,369.80	5.80%
	<b>Plus the cost of labour and material</b>				
	(single phase service connection with a maximum capacity of 80A with a prepayment meter):		R 3,900	R 4,126.41	5.80%
	<b>Plus the cost of labour and material</b>				
	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 - reinstatement fee Plus cost of repair of infrastructure damage where applicable		R 4,224	R 4,468.99	5.80%
	Second offence Plus - reinstatement fee Plus cost of repair of infrastructure damage where applicable		R 5,808	R 6,144.86	5.80%
	Third or subsequent offence - reinstatement fee Plus cost of repair of infrastructure damage where applicable		R 7,392	R 7,820.74	5.80%
	(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 - reinstatement fee Plus cost of repair of infrastructure damage where applicable		R 21,120	R 22,344.96	5.80%
	Second offence Plus - reinstatement fee Plus cost of repair of infrastructure damage where applicable		R 36,960	R 39,103.68	5.80%
	Third or subsequent offence - reinstatement fee Plus cost of repair of infrastructure damage where applicable		R 52,800	R 55,862.40	5.80%
	Thereafter the third offence fee plus full cost of technical solution to ensure tampering does not happen again				
	(d) Charges relating to administrative work in terms of arrear debt recovery and tampering with Electricity Meters or Metering Installations				
	Attendance/Visitation Fee - All Customers			R 397.06	
	Disconnection Fee - Installations equal to or less than 100 Amps per phase		R 752	R 397.06	-47.20%
	Disconnection Fee - Installations above 100 Amps per phase			R 1,056.95	
	Reconnection Fee where reinstatement fee is not applicable				
	- Installations equal to or less than 100 Amps per phase			R 397.06	NEW
	- Installations above 100 Amps per phase			R 1,056.95	NEW
	Where the reinstatement fee is applicable, the reconnection fee will not be charged but reinstatement fee			R 0.00	
	Back dated consumption (calculated based on estimated tampering period)				
	(e) <b>Surcharges: Illegal Connection and Reconnection</b>				
	(i) Copper Theft				
	Theft of Material		Immediate Arrest	Immediate Arrest	
	Buying of stolen material		Immediate Arrest	Immediate Arrest	
	(ii) Illegal service connection - Cost recovered from the person found connecting illegally to the network		Immediate Arrest	Immediate Arrest	
	(iii) Interference with other consumer's equipment		R 1,203	R 4,460.54	270.72%
	(iv) Failure to comply with any issued notice		R 241	R 254.60	5.80%
	(v) Improper use of Electricity		R 602	R 636.50	5.80%
	(vi) Refusal access to inspect/Work/Operate on electrical equipment - Plus Costs to re - route the electrical infrastructure where the customers continues to denied access to electrical infrastructure		R 361	R 381.90	5.79%
	(vii) Refusing to provide information		R 361	R 254.60	-29.47%
	(viii) Rendering false information		R 241	R 254.60	5.80%
	(ix) Independent Technical investigation where tampering is disputed (Minimum fee if greater full cost of investigation applicable)			R 1,056.95	NEW
	(x) Restricted access to meter room - Plus cost to rectify the situation should the customer refuse to do so		R 241	R 254.60	5.64%
	(xi) Resale of electricity without a license or approval		R 241	R 254.60	5.80%
	(xii) Selling or supplying electricity without authority		R 602	R 636.50	5.73%
	(xiii) Standby Equipment connected to network without authority		R 602	R 636.50	5.73%
	(xiv) Administrative Fees			R 397.06	NEW
	Visitation Fee (All Customers)			R 397.06	NEW
	Visitation Fee, delivery of notice by the Peace Officer (All Customers) - Plus fees related to court order if applied			R 635.29	NEW
	Opening of premises/meter room/ Meter Box where the lock is not the municipal lock - Plus fees related to locksmith where used			R 635.29	NEW
	Visitation fee where the access was denied until the court application was made to gain access				
	Plus fees related to the court order if applied & Locks			R 635.29	NEW
	Visitation fee where the access was denied by installing non compliant lock				
	Broke the lock and reinstate with compliant lock + cost of lock			R 635.29	NEW
	Disconnection Fee - Installations equal to or less than 100 Amps per phase			R 397.06	NEW
	Reconnection Fee - Installations equal to or less than 100 Amps per phase			R 397.06	NEW
	Disconnection Fee - Installations above 100 Amps per phase			R 1,056.95	NEW
	Reconnection Fee - Installations above 100 Amps per phase			R 1,056.95	NEW
	Cutting of trees where the customer has been notified and customer could not cut the trees within the specified time				
	Plus Cost of cutting trees			R 397.06	NEW
	(f) Tampering with installed anti-tampering seals/equipment plus full cost of professionals used to investigate prosecut		R 2,406	R 2,545.98	5.80%
	(g) Use of Electricity supply without a signed consumer agreement with the Municipality		R 602	R 636.50	5.73%
	(h) Unkept substation equipment accommodation room plus cost to rectify the situation should the customer refuse to do so within the prescribed period		R 602	R 636.50	5.80%
	(i) Unkept meter rooms plus cost to rectify the situation should the customer refuse to do so within the prescribed peric		R 602	R 636.50	5.80%
	(j) Unlocked meter rooms plus cost to rectify the situation should the customer refuse to do so within the prescribed pe		R 602	R 636.50	5.80%



# MSUNDUZI ANNUAL BUDGET

## INFRASTRUCTURE SERVICES AND FACILITIES ELECTRICITY DISTRIBUTION MANAGEMENT City Electrical Engineers

<b>VOTE</b> <b>713</b>	<b>SUB</b> <b>873</b>	<b>ITEM</b> <b>1000</b>
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2014/15  
Excl. Vat

2015/16  
Excl. Vat

% Incr

- 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 (kVA)	Basic Charge (Rands)		Basic Charge if no substation provided (Rands)	
	2013/14	2014/15	2013/14	2014/15
0 – 25	3,883	4,093	0	0
26 – 50	7,281	7,674	0	0
51 – 65	9,261	9,761	0	0
66 – 100	13,941	14,694	0	0
101 – 130	17,917	18,885	0	0
131 – 200	27,338	28,814	0	0
201 – 315	68,899	72,620	22,185	23,383
316 – 500	81,369	85,763	48,369	50,981
501 – 800	100,832	106,277	88,394	93,167
801 – 1 000	119,348	125,793	119,348	125,793
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 220 R 232.46 5.80%

R 1,465 R 1,549.71 5.80%

<b>VOTE</b> <b>704</b>	<b>SUB</b> <b>415</b>	<b>ITEM</b> <b>8506</b>
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- 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
- Attendance/Visitation Fee
- Business Disconnection Fee
- Business Reconnection Fee
- Domestic Disconnection Fee
- Domestic Reconnection Fee

R 752 R 397.06 5.80%

R 752 R 796.03 5.80%

R 397.06

R 397.06

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

- (b) on the consumer's request for a temporary disconnection (11kV supply)
- (c) on the consumer's request for a temporary disconnection (low voltage supply)
- (d) where a consumer's supply is disconnected at the supply mains

R 1,001 R 1,058.95 5.80%

R 621 R 397.06 -36.11%

R 1,216 R 1,286.09 5.80%

- 2 Fee for attendance in connection with a failure of supply where the fault was found to be internal

R 155 R 164.37 5.80%

- 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

Subsequent visits/inspections

R 747 R 790.49 5.80%

R 372 R 393.97 5.80%

- (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 263 R 278.11 5.80%

- 4 Fee for testing accuracy of meter

- (a) Single-phase (Where the discrepancy found is greater than 10%, the customer is not charged)

R 457 R 483.58 5.80%

- (b) Three-phase (Where the discrepancy found is greater than 10%, the customer is not charged)

R 681 R 720.37 5.80%

- (c) Maximum demand (Where the discrepancy found is greater than 10%, the customer is not charged)

Actual Cost Actual Cost

- 5 Fee for testing accuracy of tariff mcb

- (a) Single-phase service (Where the discrepancy found is greater than 10%, the customer is not charged)

R 402 R 425.47 5.80%

- (b) Three-phase service (Where the discrepancy found is greater than 10%, the customer is not charged)

R 571 R 604.35 5.80%





**INFRASTRUCTURE SERVICES AND FACILITIES  
ELECTRICITY DISTRIBUTION MANAGEMENT**  
City Electrical Engineers

VOTE	SUB	ITEM
704	415	8506

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
6 Fee for change of tariff mcb			
(a) Single-phase service (any one change within the 12 month period is free)		R 133.00	<b>NEW</b>
(b) Three-phase	R 23	R 132.87	480.64%
7 Fee for checking meter reading	R 126	R 133.12	5.80%

VOTE	SUB	ITEM
704	415	8010

8 Accounting Charge	R 148	R 157.10	5.80%
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**INFRASTRUCTURE SERVICES AND FACILITIES  
WATER DISTRIBUTION AND SANITATION MANAGEMENT**  
Water Tariffs

VOTE	SUB	ITEM
787	460	8595

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
<b>Water Supply Tariffs</b>			
1 Scale 2 (1) – Domestic Basic Charge 0kl to 6kl	R 16.71 R 44.72	R 17.68 R 48.38	5.80% 8.20%
2 (2) – Domestic 7kl to 30kl per kl	R 15.04	R 16.28	8.20%
2 (3) – Domestic 31kl to 60kl per kl	R 22.20	R 24.02	8.20%
2 (4) _Domestic 61kl and over per kl	R 25.91	R 28.04	8.20%
2 (5) _Domestic Flat rate (unmetered households)	R 66.84	R 72.33	8.20%
2 Scale 3A – Flats, Simplexes Basic Charge Unit	R 16.71 R 14.18	R 17.68 R 15.35	5.80% 8.20%
3 Scale 3B – Flats (Non-Rateable) Basic Charge Unit	R 16.71 R 19.51	R 17.68 R 21.11	5.80% 8.20%
4 Scale 4A (1) – Commercial Basic Charge 0 - 30 kl per kl	R 27.85 R 16.09	R 29.47 R 17.41	5.80% 8.20%
4A (2) – Commercial 31kl to 60kl per kl	R 17.94	R 19.41	8.20%
4A (3) – Commercial 61kl to 100kl per kl	R 21.04	R 22.77	8.20%
4A (4) – Commercial 101kl and over per kl	R 16.09	R 17.41	8.20%
5 Scale 4B – Commercial (Non-Rateable) Basic Charge Unit	R 27.85 R 19.85	R 29.47 R 21.48	5.80% 8.20%
6 Scale 5 – Builders, Construction Sites Basic Charge Unit	R 27.85 R 19.85	R 29.47 R 21.48	5.80% 8.20%
Flat Rate - Unmetered Fire Mains	R 167.11	R 180.82	8.20%
7 Scale 6 – Religious Organisations Basic Charge Unit	R 27.85 R 15.74	R 29.47 R 17.03	5.80% 8.20%
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 27.85 R 15.74	R 29.47 R 17.03	5.80% 8.20%
10 Scale 8 – Municipal Departments Unit	R 15.03	R 16.27	8.20%

**Indigent Benefit - Domestic Water supply only**

Qualifying indigent consumers will receive the first 6kl's of water free

**INTEREST RATE**

1 Interest rate per annum <b>prime plus one</b> ( 10.25%)	10%	10%	0.00%
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# MSUNDUZI ANNUAL BUDGET

## INFRASTRUCTURE SERVICES AND FACILITIES WATER DISTRIBUTION AND SANITATION MANAGEMENT Sewerage Tariffs

VOTE	SUB	ITEM
202	469	8439

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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Based on the relevant Water Scale  
Sewerage Tariffs

1	Scale 2 – Domestic/House	R 121.58	R 128.64	5.80%
2	Home Business	R 137.09	R 145.04	5.80%
3	Scale 3A – Flats/Simplexes per kl	R 6.45	R 6.82	5.80%
4	Scale 4A – Business/Commercial per kl			
	0 - 400	R 6.59	R 6.97	5.80%
	401 - 1000	R 6.15	R 6.51	5.80%
	Greater than 1000	R 5.09	R 5.38	5.80%
	Subject to a maximum of	R 26,526.23	R 28,064.75	5.80%
5	Vacant Land	R 121.58	R 128.64	5.80%
6	Scale 6 – Worship Places	R 231.96	R 245.41	5.80%
7	Scale 8M – Municipal Departments per kl	R 6.59	R 6.97	5.80%
8	Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.			

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 6.59	R 6.97	5.80%
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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.

### INTEREST RATE

1	Interest rate per annum prime plus one	10.0%	R 0.11	5.80%
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**INFRASTRUCTURE SERVICES AND FACILITIES  
WATER DISTRIBUTION AND SANITATION MANAGEMENT**  
Water Services Bylaw Tariffs

<b>VOTE</b> 159	<b>SUB</b> 896	<b>ITEM</b> 0516
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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:

	<b>2014/15 Excl. Vat</b>	<b>2015/16 Excl. Vat</b>	<b>% Incr</b>
1 Connection fees payable in terms of bylaw 23(3)b:			
(a) 100mm pipes	R 2,945	R 3,115.37	5.80%
(b) 150mm pipes minimum charge [cost plus 10%]	R 5,389	R 5,701.43	5.80%
(c) 200mm pipes minimum charge [cost plus 10%]	R 6,218	R 6,578.57	5.80%

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 800	R 846.90	5.80%
(b) (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 1,630 Cost plus 10%	R 1,724.04 Cost plus 10%	5.80%
(c) Clearing of conservancy tanks during normal working hours for non-residential property (per load)	R 515	R 544.43	5.80%
(d) Clearing of conservancy tanks during normal working hours for residential property (per load)	R 257	R 272.22	5.80%
(e) Clearing of pit latrines	R 257	R 272.22	5.80%
(f) Clearing of pit latrines monthly tariff	R 40	R 42.34	5.80%

**INFRASTRUCTURE SERVICES AND FACILITIES  
WATER DISTRIBUTION AND SANITATION MANAGEMENT**  
Water Services Bylaw Tariffs

<b>VOTE</b> 159	<b>SUB</b> 896	<b>ITEM</b> 0516
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**2  
Ex**

- 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] = **0.768** [Ave COD – 350]
- (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.
- (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.

**R 1,**



# MSUNDUZI ANNUAL BUDGET

**INFRASTRUCTURE SERVICES AND FACILITIES**  
**WATER DISTRIBUTION AND SANITATION MANAGEMENT**  
Water Services Bylaw Tariffs

VOTE	SUB	ITEM
159	896	0516

2014/15  
Excl. Vat

2015/16  
Excl. Vat

% Incr

- 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] = **0.768** [Ave COD – 350]
- (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.
- (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.

0.726

0.768

5.80%

R 1,030.64

R 1,090

5.80%





**INFRASTRUCTURE SERVICES AND FACILITIES  
WATER DISTRIBUTION AND SANITATION MANAGEMENT**

Water Supply Bylaw Tariffs

VOTE 159	SUB 896	ITEM 0519	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
1		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 <b>R496.05</b> for both the closing down and turning on of water by the Council. Fees payable ito Bylaw 30.	R 469	R 496.05	5.80%
		<u>NOTE</u> 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.			
2		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.			
		(a) 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 <b>R846</b> will be charged when the property is situated inside the Council's area and a disconnecting fee of <b>R847.95</b> 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.	R 801	R 847.95	5.80%
		(b) 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 <b>R847.95</b> the property is situated within the area of Council or <b>R847.95</b> if the property is situated outside the area of the Council, reconnect the supply to such premises. Fees payable ito Bylaw 32	R 801	R 847.95	5.80%
		(c) Water Restriction Washer Installation	R 277	R 292.93	5.80%
		Removal	R 295	R 312.20	5.80%
		(d) 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): First offence	R 13,115	R 13,875.62	5.80%
		Second offence	R 19,672	R 20,813.43	5.80%
		Third or subsequent offence	R 32,787	R 34,689.04	5.80%
		(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 327,874	R 346,890.42	5.80%
		Second offence	R 393,448	R 416,268.51	5.80%
		Third or subsequent offence	R 655,747	R 693,780.84	5.80%
		(f) Tampering with Water Meters or Metering Installations: Domestic & Business Reconnection Fee	R 401	R 423.73	5.80%
		Disconnection Fee	R 401	R 424	5.80%
		Back dated consumption (calculated based on estimated tampering period)			



# MSUNDUZI ANNUAL BUDGET

## INFRASTRUCTURE SERVICES AND FACILITIES WATER DISTRIBUTION AND SANITATION MANAGEMENT Water Supply Bylaw Tariffs

VOTE 159	SUB 896	ITEM 0519	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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 to Bylaw 96]:					
(i) In Council's area of jurisdiction – Diameter of supply pipe					
15mm (Vulindlela)			R 816	R 863.33	5.80%
15mm			R 2,344	R 2,480.27	5.80%
20mm			R 5,183.68	R 5,484.34	5.80%
25mm			R 6,896	R 7,295.80	5.80%
50mm			R 10,814.92	R 11,442.18	5.80%
80mm			R 19,586.36	R 20,722.37	5.80%
100mm			R 27,590.58	R 29,190.83	5.80%
150mm			R 31,352.93	R 33,171.40	5.80%
(ii) Outside Council's area of jurisdiction – In all cases – cost of labour and materials plus 10% supervision on total cost					
(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.					
(iv) <b>Removal of Connections</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 850	R 899.35	5.80%
(v) <b>Removal or By-passing meters</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 1,469	R 1,554.58	5.80%
(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 applicant's pipe-work not being ready for connection.					
			R 469	R 496.05	5.80%
4 The following shall be the charges for the testing of meters and testing and stamping of taps and fittings in accordance with these Bylaws:					
(a) <b>Testing Meters</b>					
(i) for testing meters from 15mm up to and including 25mm supplied by the Council <b>R648.69</b> , provided that where the meter shows an error of more than 3% fast a refund of <b>R648.69</b> will be made to the consumer concerned.					
			R 613	R 648.69	5.80%
(b) <b>Hydrant/Flow Pressure Tests</b>					
The charge for a flow pressure test on a hydrant shall be <b>R511.32</b> for a test and a further <b>R511.32</b> for each and every subsequent test requested.					
			R 483	R 511.32	5.80%



## INFRASTRUCTURE SERVICES AND FACILITIES

### WASTE MANAGEMENT

#### Landfill Site Tariffs

VOTE			SUB			ITEM			2014/15	2015/16	
185			469			8556			Excl. Vat	Excl. Vat	% Incr
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 39.70	R 42.01	5.80%	
	(b)	mixed refuse (garden, domestic, trade refuse, including builder's rubble) per 250kg or part thereof						R 39.70	R 42.01	5.80%	
	(c)	industrial sludges, subject to agreement and approval by the Landfill Manager per 250kg or part thereof						R 171.19	R 181.12	5.80%	
	(d)	builder's rubble and excavated material per 250kg or part thereof						R 12.95	R 13.71	5.80%	
	(e)	bulk food waste and condemned food per 250kg or part thereof						R 89.84	R 95.06	5.80%	
	(f)	garden refuse, per 250kg or part thereof						R 12.95	R 13.71	5.80%	
	(g)	finely divided excavated material with the maximum stone content of 10% and maximum stone size of 100mm per 250kg or part thereof						R 5.96	R 6.31	5.80%	
	(h)	Sawdust and woodwaste, per 250kg or part thereof						R 60.49	R 64.00	5.80%	
	Provided that no charge shall be payable for the disposal of –										
	(i)	garden refuse by <u>bona fide</u> 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 <u>bona fide</u> 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 <u>bona fide</u> 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		
	(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 32.78	R 34.68	5.80%
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 363.10	R 384.16	5.80%
4	Building Rubble: deposit payable when submitting a building plan for approval and refundable upon proof of disposal on the landfill site.								R 1,220.84	R 1,291.65	5.80%
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 1,205.12	R 1,275.02	5.80%
6	Florescent Tubes – complete tubes to be deposited in specialized containers located in the recycling area. Per 250 kgs or part thereof								R 78.59	R 83.15	5.80%



# MSUNDUZI ANNUAL BUDGET

## DEVELOPMENT SERVICES

### TOWN PLANNING

#### Town Planning Applications

VOTE	SUB	ITEM
548	415	8550

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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#### 1. Town Planning General

(a) Burning Town Planning Scheme to CD	R 195	R 206.27	5.80%
(b) Copy of Town Planning Scheme	R 390	R 412.54	5.80%
(c) Copy of clauses, per page	R 6	R 5.89	5.80%
(d) Zoning Certificate	R 56	R 58.93	5.80%
(e) Home activity (metered Tax)	R 223	R 235.74	5.80%
(f) Home activity (crèche for 12 and below)	R 947	R 1,001.89	5.80%
(g) Objection Fee	R 279	R 294.67	5.80%
<b>HAS TO BE REMOVED UNCONSTITUTIONAL AS PER LEGAL ADVISOR</b>			

#### 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 1,070	R 1,131.97	5.80%
(b) Add new area to scheme	R 1,894	R 2,003.78	5.80%
(c) Under 0.5 hectare	R 2,340	R 2,475.26	5.80%
(d) 0.5 ha and over, but less than 1 ha	R 2,340	R 2,475.26	5.80%
<b>Plus R326</b> per 1000 m <sup>2</sup> or part thereof in excess of 0.5 ha	R 309	R 326.50	5.80%
(e) 1 hectare and over but less than 5 hectares	R 4,456	R 4,714.79	5.80%
(f) 5 hectares and over but less than 10 hectares	R 6,684	R 7,072.18	5.80%
(g) 10 hectares and over	R 8,913	R 9,429.57	5.80%
<b>Plus R651</b> for every ha or part thereof, in excess of 10 ha	R 617	R 653.00	5.80%

#### 3. Fees payable in terms of Council Consent

(a) Tuck Shop	R 947	R 1,001.89	5.80%
(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 1,671	R 1,768.04	5.80%
(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 2,117	R 2,239.52	5.80%
(d) Crèche (per number of children)		R 0.00	
12 - 20	R 1,671	R 1,768.04	5.80%
21 - 30	R 2,228	R 2,357.39	5.80%
31 and more	R 3,342	R 3,536.09	5.80%
(e) Medium density housing (Basic)	R 1,671	R 1,768.04	5.80%
<b>Plus R588</b> per every fourth unit and above in PMB Scheme and also for every sixth and above in Ashburton Scheme	R 557	R 589.35	5.80%

#### 4. Development outside a scheme area as per the Planning and Development Act, (Act No. 6 of 2008)

(a) Tuckshop	R 947	R 1,001.89	5.80%
(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 1,671	R 1,768.04	5.80%
(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 2,117	R 2,239.52	5.80%
(d) Medium density housing (Basic)	R 1,671	R 1,768.04	5.80%
<b>Plus R588</b> per unit	R 557	R 589.35	5.80%
(e) Crèche (per number of children)			
12 - 20	R 1,671	R 1,768.04	5.80%
21 - 30	R 2,228	R 2,357.39	5.80%
31 and more	R 3,342	R 3,536.09	5.80%
(f) Title Deeds		R 0.00	
Alterations, suspension and Removal of restrictive Title Conditions	R 2,340	R 2,475.26	5.80%
		R 0.00	
		R 0.00	

#### 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 2,340	R 2,475.26	5.80%
(b) Amend phasing or cancellation of layout		R 0.00	
Phasing of approved layouts	R 2,340	R 2,475.26	5.80%
Cancellation or phasing of layouts	R 2,340	R 2,475.26	5.80%
(c) Application for a subdivision (Rem = A Subdivision)			
Basic fee	As per land survey tariff	As per land survey tariff	
Additional fee for each subdivision	As per land survey tariff	As per land survey tariff	
Amendment of existing subdivision	As per land survey tariff	As per land survey tariff	
Consolidation	As per land survey tariff	As per land survey tariff	
(d) Fines/Penalties			
Section 89 civil penalties ito PDA	As per court order	As per court order	
Fines as per Section 78 & 89 of the PDA	As per court order	As per court order	
Additional penalties in accordance with Section 76	As per court order	As per court order	
Appeal fee in term of Sec 62 of the Systems Act - per appeal lodge	R 10,097	R 10,682.53	5.80%

#### Note:

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





**DEVELOPMENT SERVICES  
LAND SURVEY**

Copies and Subdivision of Land Tariffs.

			2014/15	2015/16	
			Excl. Vat	Excl. Vat	% Incr
VOTE	SUB	ITEM			
101	415	8515			
1	(i)	Search Fee (Excluding Locality Sketches & Site Plans)	R 19	R 19.90	5.80%
	(ii)	Copies of documents (per copy)			
	(aa)	A4	R 4	R 4.23	5.80%
	(bb)	A3	R 6	R 6.35	5.80%
	(cc)	A1	R 56	R 59.39	5.80%
	(dd)	A0	R 81	R 85.85	5.80%
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 499	R 527.85	5.80%
		Plus, per subdivision + Remainder	R 233	R 246.68	5.80%
	b	Over 10 pieces of land:			
		Basic fee	R 1,386	R 1,466.14	5.80%
		Plus, per subdivision + Remainder	R 117	R 123.39	5.80%
		Provided that in respect of subdivisions for Government-subsidised Townships for low-income Housing Projects			
		Basic fee	R 218	R 231.09	5.80%
		Plus, per subdivision + Remainder	R 22	R 23.52	5.80%
	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 126	R 132.80	5.80%
		Radius up to 10km	R 202	R 213.94	5.80%
		Radius up to 15km	R 273	R 288.92	5.80%
		Radius up to 20km	R 328	R 346.74	5.80%
		Radius up to 25km	R 444	R 470.03	5.80%
		Radius over 25km	R 506	R 535.60	5.80%
	d	Consolidations			
		Basic fee	R 253	R 267.36	5.80%
		Plus, per component	R 63	R 66.83	5.80%
3		Certification of Copies of Documents			
		Basic Fee	R 86	R 90.55	5.80%



# MSUNDUZI ANNUAL BUDGET

## DEVELOPMENT SERVICES LAND SURVEY

Copies and Subdivision of Land Tariffs.

VOTE 101	SUB 415	ITEM 8515	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
6		Applications for relaxation of municipal omnibus servitudes Basic Fee	R 252.70	R 267.36	5.80%
7		Applications for Removal of Title Deed Restrictions Basic Fee	R 758.01	R 801.97	5.80%

**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.

## DEVELOPMENT SERVICES INFORMATION MANAGEMENT

Geographical Information Systems

VOTE 101	SUB 415	ITEM 8515	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
1		Plotting of Digital Data:			
		<u>Paper Size</u>			
		A4	R 29	R 31.06	5.80%
		A3	R 35	R 37.27	5.80%
		A2	R 47	R 49.69	5.80%
		A1	R 59	R 62.12	5.80%
		A0	R 76	R 80.75	5.80%
		<u>Paper Size</u>			
		A4	R 35	R 37.27	5.80%
		A3	R 47	R 49.69	5.80%
		A2	R 76	R 80.75	5.80%
		A1	R 141	R 149.08	5.80%
		A0	R 270	R 285.74	5.80%
2		Supply of Digital Data:			
		(i) Digital Orthphotos			
		per 1:10 000 Cut into 8 blocks of the original	R 29	R 31.06	5.80%
		per 1:5 000 sheets	R 117	R 124.23	5.80%
		per 1:10 000	R 235	R 248.47	5.80%
		(ii) Other digital data (zipped file)			
		Minimum Search fee	R 61	R 64.60	5.80%
		Per half hour thereafter	R 31	R 32.61	5.80%
		Complete data set	R 1,233	R 1,304.46	5.80%
		(iii) Cost of Digital Medium (CD)	R 6	R 6.21	5.80%



**DEVELOPMENT SERVICES  
HOUSING AND HUMAN SETTLEMENT DEVELOPMENT MANAGEMENT**

Valuations

**Miscellaneous Charges**

	VOTE	SUB	ITEM	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
	242	460	8586			
1	Valuation CD			R 613	R 648.28	5.80%
	242	415	8583			
2	Valuation Certificate			R 33	R 35.36	5.80%
3	Deed search fee <b>Must be aligned to Rates Tarriff</b>			R 33	R 35.36	5.80%
	060	885	208			
4	Request ito Section 53 of the Municipal Properties Rates Act for reasons for the decision of the Municipal Valuer in respect of objections			R 78	R 82.51	5.80%

**DEVELOPMENT SERVICES  
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.



# MSUNDUZI ANNUAL BUDGET

## DEVELOPMENT SERVICES 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

#### Willow Gardens

- Batchelor Flat rental
- 1 Bedroom Flat rental
- 2 Bedroom Flat rental
- 3 Bedroom Flat rental

2014/15	2015/16	
Excl. Vat	Excl. Vat	% Incr
R 1,262.86	R 1,452.29	15.00%
R 1,582.09	R 1,819.40	15.00%
R 1,882.33	R 2,164.68	15.00%
R 2,092.98	R 2,406.93	15.00%

DESCRIPTION	VOTE	SUB	ITEM
Rudling Rd. Flats	637	454	8253

#### Erica and Nerina Flats

- 2 Bedroom Flat rental
- 3 Bedroom Flat rental

R 2,672.21	R 3,073.04	15.00%
R 3,117.62	R 3,585.26	15.00%

### 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
- 1 Bedroom Flat
- 2 Bedroom Flat
- 3 Bedroom Flat

R 6,314.29	R 7,261.43	15.00%
R 7,910.44	R 9,097.01	15.00%
R 9,411.64	R 10,823.39	15.00%
R 10,464.91	R 12,034.65	15.00%

#### Erica and Nerina Flats – per month

- 2 Bedroom Flat
- 3 Bedroom Flat

R 13,361.07	R 15,365.23	15.00%
R 15,588.08	R 17,926.29	15.00%

#### Notes:

- 1 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.
- 2 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.

#### INTEREST RATE

1	Interest rate per annum	10.0%	10.0%	0.00%
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**DEVELOPMENT SERVICES  
BUILDING CONTROL & SIGNAGE  
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 547	SUB 415	ITEM 8043	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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 375	R 397.02	5.80%
ii) Each additional 10m <sup>2</sup> exceeding 20 m <sup>2</sup> up to and including 5000 m <sup>2</sup>					
			R 93	R 98.89	5.80%
iii) For each additional 10m <sup>2</sup> over 5000 m <sup>2</sup> up to and including 15000 m <sup>2</sup>					
			R 39	R 41.33	5.80%
iv) For each additional 10m <sup>2</sup> over 15 000 m <sup>2</sup>					
			R 27	R 28.04	5.80%
v) Minimum charge					
			R 375	R 397.02	5.80%
(c) Minor Building Work					
			R 195	R 206.63	5.80%
(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 375	R 397.02	5.80%
(f) Swimming Pools - minimum charge					
			R 195	R 206.63	5.80%
(g) Drainage - minimum charge only					
			R 375	R 397.02	5.80%
(h) Petrol, Diesel & Gas Installations - minimum charge only					
			R 375	R 397.02	5.80%
(i) Temporary Buildings & Structures					
For every 50m <sup>2</sup> (or part thereof)					
			R 158	R 166.78	5.80%
(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 195	R 206.63	5.80%
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	
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 102	R 108.44	5.80%
(k) Application fee for processing of Demolition applications					
			R 172	R 181.54	5.80%
(l) Application fee for the substitution of a plan during the approval process					
			R 158	R 166.78	5.80%



# MSUNDUZI ANNUAL BUDGET

## DEVELOPMENT SERVICES BUILDING CONTROL AND SIGNAGE Building Survey Tariffs

VOTE	SUB	ITEM	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
547	415	8247			
2 Hoarding					
Deposit - Per frontage of 10m (or part thereof)			R 3,634	R 3,844.74	5.80%
Rental - Per frontage of 10m (or part thereof) per week			R 172	R 181.54	5.80%
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 <u>R112.17</u> per 10m <sup>2</sup> or part thereof per year			R 106	R 112.17	5.80%
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 <u>R207.97</u> per 10m <sup>2</sup> or part thereof per year.			R 197	R 207.97	5.80%
iii) For any balcony used for the purpose of a licensed business the charge shall be <u>R536.31</u> per 10m <sup>2</sup> or part thereof per year			R 507	R 536.31	5.80%
(b) Verandahs					
i) For any verandah per year			R 106	R 112.17	5.80%
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 (per year)					
i) Posts or columns at street level			R 106	R 112.17	5.80%
ii) Bay windows per 0,1m <sup>2</sup> of such projection on plan			R 106	R 112.17	5.80%
iii) Pavement lights or openings per 0,5m <sup>2</sup> or part thereof			R 106	R 112.17	5.80%
iv) Showcases per 0,1m <sup>2</sup> on plan			R 106	R 112.17	5.80%
v) Sunblinds each			R 106	R 112.17	5.80%
vi) Cellars under pavements per 0,5m <sup>2</sup>			R 106	R 112.17	5.80%
vii) Any other projection			R 106	R 112.17	5.80%
547	415	8506			
4 Building plans					
(a) Search fees			R 20	R 20.66	5.80%
(b) Copies of documents (per copy)					
i) A4			R 4	R 4.23	5.80%
ii) A3			R 6	R 6.35	5.80%
(c) Copies of building plans (per copy)					
i) A4			R 13	R 14.14	5.80%
ii A3			R 25	R 25.93	5.80%
iii) A2			R 47	R 49.51	5.80%
iv A1			R 57	R 60.11	5.80%
v) AO			R 81	R 85.60	5.80%
vi) Copied to memory stick			R 25	R 25.93	5.80%
vii) Copied to CD			R 47	R 49.51	5.80%
viii) To search for and prepare a record for disclosure, for each hour or part thereof excluding the first half hour.			R 28	R 29.52	5.80%
<b>ALIGN WITH MISC CHARGES PAGE 65</b>					



**DEVELOPMENT SERVICES  
BUILDING CONTROL AND SIGNAGE  
Building Survey Tariffs**

PLAN SUBMISSION FEES FOR MASS HOUSING TOWNSHIPS AND ANY OTHER AREA DECLARED BY THE MSUNDUZI MUNICIPALITY

	VOTE 547	SUB 415	ITEM 8043	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
1			Building Plans			
(a)			Preliminary plans submitted for scrutiny and comment	R 79	R 83.69	5.80%
(b)			20 m <sup>2</sup> - 30 m <sup>2</sup>	R 79	R 83.69	5.80%
(c)			30 m <sup>2</sup> - 40 m <sup>2</sup>	R 102	R 108.44	5.80%
(d)			40 m <sup>2</sup> - 50 m <sup>2</sup>	R 120	R 126.93	5.80%
(e)			50 m <sup>2</sup> - 60 m <sup>2</sup>	R 141	R 149.07	5.80%
(f)			60 m <sup>2</sup> - 70 m <sup>2</sup>	R 195	R 206.63	5.80%
(g)			70 m <sup>2</sup> - 80 m <sup>2</sup>	R 265	R 280.42	5.80%
(h)			for the alteration of any building which does not increase the floor area thereof	R 79	R 83.69	5.80%
(i)			application fee for the erection of a minor building work as defined in the National Building Regulations	R 79	R 83.69	5.80%
(j)			permission for the erection of temporary buildings may be granted upon payment of a charge of <u>R83.69 for each 50 m<sup>2</sup></u> 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 79	R 83.69	5.80%
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	
(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 79	R 83.69	5.80%
3			Building plan search fee	R 20	R 20.66	5.80%



# MSUNDUZI ANNUAL BUDGET

**DEVELOPMENT SERVICES  
BUILDING CONTROL AND SIGNAGE  
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 (whether on privately-owned or Council-owned property).  
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.

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
(a) Council-owned Property			
<b>Area of Sign</b>			
<b>Non Illuminated</b>			
Application fee per sign for sign area up to 2m <sup>2</sup>	R 106	R 111.72	5.80%
Application fee per sign for sign area over 2m <sup>2</sup> up to 35m <sup>2</sup>	R 1,056	R 1,117.25	5.80%
Application fee per sign for sign area over 35m <sup>2</sup>	R 2,112	R 2,234.50	5.80%
<b>Area of Sign</b>			
<b>Illuminated</b>			
Application fee per sign for sign area up to 2m <sup>2</sup>	R 116	R 122.90	5.80%
Application fee per sign for sign area over 2m <sup>2</sup> up to 35m <sup>2</sup>	R 1,162	R 1,228.97	5.80%
Application fee per sign for sign area over 35m <sup>2</sup>	R 2,323	R 2,457.95	5.80%
(b) Privately-owned Property (excluding National/Provincial Government)			
Application fee per sign for sign area up to 2m <sup>2</sup>	R 1,056	R 1,117.25	5.80%
Application fee per sign for sign area over 2m <sup>2</sup> up to 35m <sup>2</sup>	R 5,280	R 5,586.24	5.80%
Application fee per sign for sign area over 35m <sup>2</sup>	R 8,448	R 8,937.98	5.80%
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 <b>R110</b> each	R 105	R 110.69	5.80%
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 211	R 223.45	5.80%
3.2 Per 50 posters or part thereof	R 338	R 357.52	5.80%
3.3 Per 100 posters or part thereof for events taking place within the Msunduzi Municipal area	R 665	R 703.87	5.80%
3.4 Per 100 posters or part thereof for events not taking place within the Msunduzi Municipal area	R 1,642	R 1,737.32	5.80%
3.5 Failure to remove posters after the event (deadline of 3 days) per poster	R 106	R 111.72	5.80%





**DEVELOPMENT SERVICES  
BUILDING CONTROL AND SIGNAGE  
Advertising Signage Tariffs**

<table border="1"> <tr> <th>VOTE</th> <th>SUB</th> <th>ITEM</th> </tr> <tr> <td>546</td> <td>415</td> <td>8478</td> </tr> </table>			VOTE	SUB	ITEM	546	415	8478	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
VOTE	SUB	ITEM									
546	415	8478									
4	Banners—R 222 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.)		R 222	R 234.62	5.80%						
4.1	Advertising on Comrades Gantry (per week)		R 1,095	R 1,158.59	5.80%						
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 1,017	R 1,075.94	5.80%						
5.2	6 to 10 Agents		R 1,968	R 2,082.51	5.80%						
5.3	11 to 20 Agents		R 3,986	R 4,216.67	5.80%						
5.4	21 to 30 Agents		R 5,940	R 6,284.41	5.80%						
5.5	31 to 50 Agents		R 7,815	R 8,268.03	5.80%						
5.6	51 Plus Agents		R 10,004	R 10,583.73	5.80%						
	Plus per week or part thereof, per site advertised		R 84	R 89.38	5.80%						
6	A non-refundable application fee must be tendered with the annual application for Portable Boards (Sandwich Boards) or any other collapsible structure – per annum		R 531	R 562.32	5.80%						
7	A non-refundable application fee must be tendered with each application for Aerial Advertisements; (except where to be mounted on an aircraft). Adequate public liability insurance for the duration of display will also need to be furnished to Council's satisfaction – per annum		R 531	R 562.32	5.80%						
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 844	R 892.92	5.80%						
8.2	Per Trailer per Site – per week		R 156	R 165.30	5.80%						
8.3	Release of impounded vehicles - Items 1, 2 and 3 of the Traffic and Security Tariffs as contained in this document shall apply.										
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.		R 106	R 112.15							
10	Newspaper Headline Posters: A non-refundable application fee per annum or part thereof must be tendered with the annual application fee (from each company):		R 1,563	R 1,653.53	5.80%						
	A Rental fee based on the total number of display frames to be used shall be paid monthly in advance, per display frame:		R 3	R 3.35	5.80%						
<b>B. Rentals for Individual Outdoor Advertising Signs on Council Property</b>											
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:											
	1 Monthly Rental per Sq m per face		R 158	R 167.59	5.80%						
	2 Monthly Rental per Sq m per face - Electronic Advertising Signs, whether on Council or Private property		R 517	R 547.45	5.80%						



# MSUNDUZI ANNUAL BUDGET

## DEVELOPMENT SERVICES INFRASTRUCTURE PLANNING AND SURVEY Wayleaves Tariffs

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
<b>1 Processing Fees</b>			
a. Processing of a Wayleave Application:			
- Basic (up to 1km service installation)	R 400.00	R 400.00	0.00%
- Additional (per extra km or part thereof)	R 400.00	R 400.00	0.00%
- Processing of application to close a road for construction purposes	R 450.00	R 450.00	0.00%
<b>2 Exemption for tariff but not for extension of time:</b>			
All Msunduzi Departments			
All National Departments			
All Provincial Departments			
	As determined by Municipal Traffic Department	As determined by Municipal Traffic Department	
<b>3 Parking meter bays: dis-established</b>			
<b>Note:</b>			
All days/weeks are calendar days/weeks			

## DEVELOPMENT SERVICES

### Licensing

	VOTE 515	SUB 418	ITEM 8193	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
<b>1 Bails &amp; Fines (Admission of Guilt)</b>						
(a) Dogs:						
Failure to license				R 0	R 0	
Failure to control				R 132	R 139.50	5.80%
	VOTE 515	SUB 439	ITEM 8151			
<b>2 Fees</b>						
(a) Dog Licenses						
First two dogs - each				R 0	R 0	
Any dog in excess of two				R 0	R 0	
	VOTE 515	SUB 439	ITEM 8553			
(b) Trade Licenses Application Fee						
Business conducted from fixed premises Item 1 & 2 License				R 416	R 440.24	5.80%
Informal Trade License Application Fee Item 3 License				R 38	R 40.16	5.80%
Informal Trade						
(i) Telephone Operator				R 84	R 88.55	5.80%
(ii) Hair Dressers				R 35	R 36.90	5.80%
(iii) General Traders				R 21	R 22.14	5.80%
Duplicate License Fee				R 27	R 28.22	5.80%
Impoundment of Goods				R 70	R 73.80	5.80%
Release of goods fee				R 35	R 36.90	5.80%
	VOTE 515	SUB 439	ITEM 8151			
<b>3 Tariff of Charges:</b>						
(a) General By-Laws						
Dog Control						
Seizure of Dog				R 44	R 46.99	5.80%
Conveyance to Pound				R 89	R 94.06	5.80%
	VOTE 515	SUB 415	ITEM 8512			
<b>4 Bandstand</b>				R 89	R 94.06	5.80%



**DEVELOPMENT SERVICES  
REGIONAL COMMUNITY SERVICES PROVISION  
Pietermaritzburg Airport**

VOTE	SUB	ITEM
508	415	8394

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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**1 Passenger levy fee**

departing passengers on all scheduled flights  
departing passengers on all non-schedule/charter flights  
departing passengers on general aviation flights

R 66.70	R 73.37	10.00%
R 66.70	R 73.37	10.00%
R 40.11	R 44.12	10.00%

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 44.37	R 48.81	10.00%
501 - 1000	R 65.49	R 72.04	10.00%
1001 - 1500	R 83.92	R 92.31	10.00%
1501 - 2000	R 111.15	R 122.27	10.00%
2001 - 2500	R 119.50	R 131.45	10.00%
2501 - 3000	R 137.55	R 151.31	10.00%
3001 - 4000	R 191.93	R 211.12	10.00%
4001 - 5000	R 245.19	R 269.71	10.00%
5001 - 6000	R 298.46	R 328.30	10.00%
6001 - 7000	R 353.86	R 389.24	10.00%
7001 - 8000	R 404.99	R 445.49	10.00%
8001 - 9000	R 457.88	R 503.67	10.00%
9001 - 10000	R 522.26	R 574.48	10.00%
10001 - 12000	R 591.82	R 651.01	10.00%
12001 - 14000	R 669.63	R 736.59	10.00%
14001 - 16000	R 747.45	R 822.19	10.00%
16001 - 18000	R 825.16	R 907.67	10.00%
18001 - 20000	R 902.98	R 993.27	10.00%
20001 - 22000	R 980.69	R 1,078.75	10.00%

**3 Parking Fee: Fixed Wing Aircraft**

Maximum certified mass in kg of aircraft up to and including

0 - 2000	R 28.53	R 31.39	10.00%
2001 - 3000	R 58.35	R 64.19	10.00%
3001 - 4000	R 82.91	R 91.20	10.00%
4001 - 5000	R 114.03	R 125.43	10.00%
5001 - 10000	R 167.66	R 184.43	10.00%
10001 - 15000	R 220.28	R 242.31	10.00%
15001 - 20000	R 277.71	R 305.48	10.00%
20001 - 25000	R 331.53	R 364.68	10.00%



# MSUNDUZI ANNUAL BUDGET

**DEVELOPMENT SERVICES  
REGIONAL COMMUNITY SERVICES PROVISION  
Pietermaritzburg Airport**

VOTE	SUB	ITEM
508	415	8295

**2014/15  
Excl. Vat**      **2015/16  
Excl. Vat**      **% Incr**

**4 Domestic Landings: Helicopters**

Maximum certified mass in kg of aircraft up to and including

0 - 500	R 8.99	R 9.89	10.00%
501 - 1000	R 13.16	R 14.47	10.00%
1001 - 1500	R 16.95	R 18.64	10.00%
1501 - 2000	R 20.38	R 22.42	10.00%
2001 - 2500	R 23.99	R 26.39	10.00%
2501 - 3000	R 27.51	R 30.26	10.00%
3001 - 4000	R 38.44	R 42.28	10.00%
4001 - 5000	R 49.19	R 54.11	10.00%
5001 - 6000	R 59.75	R 65.72	10.00%
6001 - 7000	R 70.77	R 77.85	10.00%
7001 - 8000	R 81.51	R 89.66	10.00%
8001 - 9000	R 91.70	R 100.87	10.00%
9001 - 10000	R 102.92	R 113.21	10.00%
10001 - 12000	R 118.47	R 130.32	10.00%
12001 - 14000	R 134.04	R 147.44	10.00%
14001 - 16000	R 149.60	R 164.56	10.00%
16001 - 18000	R 165.07	R 181.58	10.00%
18001 - 20000	R 180.63	R 198.69	10.00%

**5 Parking Fee: Helicopter**

Maximum certified mass in kg of aircraft up to and including

0 - 2000	R 5.74	R 6.32	10.00%
2001 - 3000	R 11.86	R 13.04	10.00%
3001 - 4000	R 16.67	R 18.34	10.00%
4001 - 5000	R 22.88	R 25.17	10.00%
5001 - 10000	R 33.62	R 36.99	10.00%
10001 - 15000	R 44.18	R 48.60	10.00%
15001 - 20000	R 55.58	R 61.14	10.00%
20001 - 25000	R 66.51	R 73.16	10.00%

**6 Landing Fee: Experimental Aircraft**

Aircraft certified mass unlimited  
0 - Unlimited

R 58.45      R 64.29      10.00%

**MISCELLANEOUS CHARGES**

VOTE	SUB	ITEM
508	415	8395

**7 Access Control Permits**

Personal permanent access permit

Personal permanent access permit	R 59.56	R 65.51	10.00%
Penalty for 1 <sup>st</sup> lost/stolen permit	R 59.60	R 65.56	10.00%
Penalty for 2 <sup>nd</sup> lost/stolen permit	R 119.12	R 131.03	10.00%
Adhoc personal access permit	R 29.80	R 32.78	10.00%
Penalty for 1 <sup>st</sup> lost/stolen permit	R 29.80	R 32.78	10.00%
Penalty for 2 <sup>nd</sup> lost/stolen permit	R 59.60	R 65.56	10.00%
Permanent vehicle access permit	R 35.76	R 39.33	10.00%
Penalty for 1 <sup>st</sup> lost/stolen permit	R 35.76	R 39.33	10.00%
Penalty for 2 <sup>nd</sup> lost/stolen permit	R 71.51	R 78.66	10.00%
Adhoc vehicle permit	R 11.92	R 13.11	10.00%
Penalty for 1 <sup>st</sup> lost/stolen permit	R 11.92	R 13.11	10.00%
Penalty for 2 <sup>nd</sup> lost/stolen permit	R 23.84	R 26.23	10.00%





**DEVELOPMENT SERVICES  
ECONOMIC DEVELOPMENT**  
Municipal Market

VOTE	SUB	ITEM	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
745	415	8241			
<b>Hiring, Storage and Ripening</b>					
1 Use of Handling Equipment					
		Hiring of light trolley (small) per day or part thereof	1.322	R 1.40	5.80%
		Hiring of heavy trolley (large) per day or part thereof	3.950	R 4.18	5.80%
VOTE	SUB	ITEM			
745	415	8112			
<b>Cold Storage of Fresh Produce or Other Articles</b>					
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 <b>R5.39</b> per pallet per day					
			5.093	R 5.39	5.80%
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)	0.028	R 0.03	5.80%
		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)	0.056	R 0.06	5.80%
		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)	0.082	R 0.09	5.80%
		iv) Per container exceeding 30 000 cm <sup>3</sup> but not exceeding 40 000 cm <sup>3</sup> (economy pack)	0.110	R 0.12	5.80%
		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)	0.139	R 0.15	5.80%
		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)	0.165	R 0.17	5.80%
		vii) Per container exceeding 60 000 cm <sup>3</sup> but not exceeding 70 000 cm <sup>3</sup>	0.191	R 0.20	5.80%
		viii) Tariff for containers exceeding 70 000 cm <sup>3</sup> , per 10 000 cm <sup>3</sup>	0.028	R 0.03	5.80%
2.c. Packed into bags or pockets or similar containers:					
		Per bag with net mass not exceeding 7 kg (½ pocket)	0.046	R 0.05	5.80%
		Per bag with net mass exceeding 7 kg but not exceeding 15 kg (Orange, Potato Pocket)	0.093	R 0.10	5.80%
		Per bag with net mass exceeding 15 kg but not exceeding 35 kg (Sugar pocket)	0.230	R 0.24	5.80%
2.d. Unpacked bunched fresh produce or other articles:					
		Per five bunches	0.056	R 0.06	5.80%
2.e. Unpacked loose units of fresh produce or other articles:					
		Per watermelon or pumpkin	0.056	R 0.06	5.80%
		Per unit of any other fresh produce or other articles.	0.056	R 0.06	5.80%



# MSUNDUZI ANNUAL BUDGET

## DEVELOPMENT SERVICES ECONOMIC DEVELOPMENT

### Municipal Market

VOTE	SUB	ITEM	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
745	415	8112			
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.					
745	415	8035			
3 Tariffs for Bananas					
3.a. Ripening					
Per standard 20 kg banana box					
per week			2.015	R 2.13	5.80%
per day			0.286	R 0.30	5.80%
Per 10 kg banana box					
per week			1.004	R 1.06	5.80%
per day			0.145	R 0.15	5.80%
745	415	8036			
3.b. Storage					
Per banana box per day			0.139	R 0.15	5.80%
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 <u>0.912</u> cents per unit per day or part thereof.			0.912	R 0.97	5.80%
745	415	8022			
5 Salesmen's Permits					
Salesmen's Permits monthly fee			R 5.10	R 5.40	5.80%
745	454	8304			
6 a. Loading Bays – per annum					
			R 383	R 405.14	5.80%
b. Reserved Open Parking Bays for Agents – per annum					
			R 383	R 405.14	5.80%
745	415	8506			
7 Cage Hire – per month					
			R 201	R 212.34	5.80%
8 Digital Prints – Condemned Produce (Cost to Agent) – per print					
			R 10	R 10.06	5.80%
9 Transaction Charge					
			0.279	R 0.29	5.80%
10 <b>First Issue of Card</b>					
2nd Issue			R 10.00	R 10.58	5.80%
3rd Issue			R 21.50	R 22.75	5.80%
			R 43.00	R 45.49	5.80%



**COMMUNITY SERVICES AND SOCIAL EQUITY  
WASTE MANAGEMENT  
Refuse Removal Tariffs**

<b>VOTE</b> 182	<b>SUB</b> 469	<b>ITEM</b> 8439
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**2014/15**      **2015/16**  
**Excl. Vat**      **Excl. Vat**      **% Incr**

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

Refuse Removal Tariffs

1	Domestic				
	Single phase up to 80A		R 78.64	R 83.20	5.80%
	Three phase up to 100A		R 78.64	R 83.20	5.80%
	Prepayment Meter		R 78.63	R 83.19	5.80%
2	Home Business				
	Single phase up to 80A		R 119.21	R 126.12	5.80%
	Three phase up to 100A		R 119.21	R 126.12	5.80%
	Prepayment Meter		R 119.21	R 126.12	5.80%
3	Small Power Users - Business/Commercial				
	Single phase up to 80A		R 225.29	R 238.35	5.80%
	Three phase up to 100A		R 225.29	R 238.35	5.80%
4	Large Power Users – Business/Commercial				
	Supply taken at 400V		R 225.29	R 238.35	5.80%
	Supply taken at 6.6 or 11kV		R 225.29	R 238.35	5.80%
5	Flats/Simplexes		R 66.64	R 70.50	5.80%
6	Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.				
7	Previously PHB Housing and Informal Settlements (MASS HOUSING) - per household per month		R 15.84	R 16.76	5.80%
8	Central Business District		R 299.60	R 316.98	5.80%
	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 Road from 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.

**INTEREST RATE PER ANNUM**

10.0%      10.0%      0.00%



# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY WASTE MANAGEMENT Refuse Removal Tariffs

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr						
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.									
	<table border="1"> <thead> <tr> <th>VOTE</th> <th>SUB</th> <th>ITEM</th> </tr> </thead> <tbody> <tr> <td>182</td> <td>469</td> <td>8439</td> </tr> </tbody> </table>	VOTE	SUB	ITEM	182	469	8439			
VOTE	SUB	ITEM								
182	469	8439								
2.	(a) Removal of additional domestic refuse: <b>Excluding Central Business District</b>									
	Normal days per collection –									
	(i) 3 x 85l bins or part thereof	R 25	R 26	7.48%						
	(ii) 240l wheeled bin or part thereof	R 25	R 26	7.48%						
	(b) Other than normal removal days, per collection –									
	(i) 3 x 85l bins or part thereof	R 151	R 159.62	5.80%						
	(c) Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc). The charge for a 1,75m <sup>3</sup> container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.	R 247	R 260.94	5.80%						
3.	(a) Removal of additional domestic refuse: <b>Central Business District</b>									
	Normal days per collection –									
	(i) 3 x 85l bins or part thereof	R 25	R 26.47	5.80%						
	(ii) 240l wheeled bin or part thereof	R 25	R 26.47	5.80%						
	(b) Other than normal removal days, per collection –									
	(i) 3 x 85l bins or part thereof	R 154	R 162.59	5.80%						
	(c) Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc). The charge for a 1,75m <sup>3</sup> container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.	R 251	R 265.77	5.80%						
4.	(a) Removal of trade refuse [Industrial/Commercial]:									
	Normal days, per collection –									
	(i) 3 x 85l bins or part thereof	R 65	R 68.95	5.80%						
	(ii) 210l drum or part thereof	R 65	R 68.95	5.80%						
	(iii) 240l bin or part thereof	R 65	R 68.95	5.80%						
	(iv) Removal of additional refuse as per 3(a)(i)-(iii)	R 65	R 68.95	5.80%						
	(b) Other than normal removal days, per collection –									
	(i) 3 x 85l bins or part thereof	R 144	R 152.66	5.80%						
	(ii) 210l drum or part thereof	R 144	R 152.66	5.80%						
	(iii) 240l bin or part thereof	R 144	R 152.66	5.80%						





**COMMUNITY SERVICES AND SOCIAL EQUITY  
WASTE MANAGEMENT  
Refuse Removal Tariffs**

			2014/15	2015/16	
			Excl. Vat	Excl. Vat	% Incr
	<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>		
	<b>183</b>	<b>469</b>	<b>8046</b>		
5	Removal of industrial refuse [Industrial/Commercial]:				
(a)	(i)	per load or part thereof loaded by the Executive Manager [maximum 15 m <sup>3</sup> ] removed as a once off clearance.	R 2,478	R 2,621.50	5.80%
	(ii)	bulk refuse containers [15 m <sup>3</sup> ] hire thereof, including a once off clearance.	R 1,865	R 1,973.37	5.80%
	(iii)	bulk refuse containers [maximum 15 m <sup>3</sup> ] hire thereof, including one clearance per week.	R 1,806	R 1,910.88	5.80%
	(iv)	second clearance	R 1,250	R 1,322.85	5.80%
	(v)	each additional clearance	R 1,122	R 1,187.32	5.80%
	<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>		
	<b>182</b>	<b>469</b>	<b>8439</b>		
(b)	small mobile refuse containers [approx. 0,24m <sup>3</sup> ] available in Otto Bin serviced areas only:				
	(i)	hire thereof, including one clearance per week.	R 70	R 74	6.07%
	(ii)	second clearance	R 52	R 55.23	5.80%
	(iii)	each additional clearance	R 48	R 50.52	5.80%
(c)	small mobile refuse containers [approx. 1 m <sup>3</sup> ] available in Otto Bin services areas only:				
	(i)	hire thereof, including one clearance per week.	R 277	R 292.88	5.80%
	(ii)	second clearance	R 204	R 216.07	5.80%
	(iii)	each additional clearance	R 178	R 188.80	5.80%
	<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>		
	<b>182</b>	<b>469</b>	<b>8439</b>		
(d)	small mobile refuse containers [approx. 2 m <sup>3</sup> ]:				
	(i)	hire thereof as a once off clearance	R 450	R 476.22	5.80%
	(ii)	hire per week, including one clearance	R 409	R 432.90	5.80%
	(iii)	second clearance	R 212	R 224.73	5.80%
	(iv)	each additional clearance	R 186	R 196.91	5.80%
(e)	7 m <sup>3</sup> refuse skips available in south-west area only:				
	(i)	hire thereof, including one clearance per week.	R 904	R 956.32	5.80%
	(ii)	second clearance	R 633	R 670.00	5.80%
	(iii)	each additional clearance	R 539	R 570.34	5.80%
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 70	R 74	6.07%
	(ii)	second clearance	R 52	R 55.23	5.80%
	(iii)	each additional clearance	R 48	R 50.62	5.80%
	1 100l				
	(i)	hire thereof, including one clearance per week.	R 265	R 280.16	5.80%
	(ii)	second clearance	R 195	R 206.58	5.80%
	(iii)	each additional clearance	R 166	R 175.62	5.80%



# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY WASTE MANAGEMENT Refuse Removal Tariffs

VOTE	SUB	ITEM
182	469	8439

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
1,75m <sup>3</sup>				
(i)	hire thereof, including once off clearance	R 431	R 455.58	5.80%
(ii)	hire per week, including one clearance per week	R 391	R 414.09	5.80%
(iii)	second clearance	R 203	R 214.97	5.80%
(iv)	each additional clearance	R 178	R 188.42	5.80%

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
7m <sup>3</sup>				
(i)	hire thereof, including one clearance per week	R 865	R 914.65	5.80%
(ii)	Second clearance	R 611	R 646.77	5.80%
(iii)	Each additional clearance	R 516	R 545.64	5.80%

VOTE	SUB	ITEM
183	469	8046

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
15m <sup>3</sup>				
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 2,478	R 2,621.50	5.80%
(ii)	hire thereof, including a once off clearance	R 1,865	R 1,973.37	5.80%
(iii)	hire thereof, including once clearance per week	R 1,806	R 1,910.88	5.80%
(iv)	second clearance	R 1,267	R 1,340.64	5.80%
(v)	each additional clearance	R 1,122	R 1,187.24	5.80%

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
20m <sup>3</sup>				
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 3,304	R 3,495.14	5.80%
(ii)	hire thereof, including a once off clearance	R 2,487	R 2,630.91	5.80%
(iii)	hire thereof, including once clearance per week	R 2,408	R 2,548.04	5.80%
(iv)	second clearance	R 1,689	R 1,787.46	5.80%
(v)	each additional clearance	R 1,496	R 1,582.90	5.80%

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
25m <sup>3</sup>				
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 4,130	R 4,369.04	5.80%
(ii)	hire thereof, including a once off clearance	R 3,109	R 3,288.84	5.80%
(iii)	hire thereof, including once clearance per week	R 3,010	R 3,184.85	5.80%
(iv)	second clearance	R 2,112	R 2,234.16	5.80%
(v)	each additional clearance	R 1,870	R 1,978.81	5.80%

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

7 Removal and clearances from properties outside the refuse removal area:

## COMMUNITY SERVICES AND SOCIAL EQUITY WASTE MANAGEMENT Refuse Removal Tariffs

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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### Services provided by the Executive Manager

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
8 Dead animals [per carcass] during working hours –			
(a) (i) dog or cat	R 425	R 449.49	5.80%
(ii) sheep, goat, calf or pig	R 637	R 674.24	5.80%
(iii) ox, cow, bull, horse, mule or donkey	R 1,374	R 1,453.36	5.80%
(b) outside working hours –			
(i) dog or cat	R 474	R 501.93	5.80%
(ii) sheep, goat, calf or pig	R 1,204	R 1,273.57	5.80%
(iii) ox, cow, bull, horse, mule or donkey	R 2,407	R 2,547.13	5.80%

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

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
9 Euthanased animals [per carcass]:			
(a) Removal of dog and cat carcasses from the premises owned or occupied by registered veterinary practitioners –			
(i) during normal working hours	R 142	R 149.83	5.80%
(ii) after normal working hours	R 510	R 539.39	5.80%
(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.			



**COMMUNITY SERVICES AND SOCIAL EQUITY  
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 1,337	R 1,414.44	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.2 Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council. Charge per 12 hours	R 891	R 942.96	5.80%
Additional time per hour	R 167	R 176.80	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.3 Weddings, receptions, parties, choir performances and the like, Charge per 12 hours	R 1,225	R 1,296.57	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%

**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 223	R 235.74	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.1.2 Religious Activities (Church Services): Charge per hour Monday to Thursday	R 223	R 235.74	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
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 334	R 353.61	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.3 Rehearsals: Rehearsals per hour: Monday to Thursday	R 201	R 212.17	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.4 Pre-Schools Per uninterrupted period not exceeding 6 hours	R 111	R 117.87	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.5 Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%



# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY REGIONAL COMMUNITY SERVICES PROVISION Municipal Halls

Scale B

VOTE	SUB	ITEM
243	454	8574

Truro  
Main Hall

### 1. PRIVATE FUNCTIONS

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
1.1 Profit-making functions, banquets, theatre and the like,			
Charge per 12 hours	R 3,119	R 3,300.35	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.2 Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council.			
Charge per 12 hours	R 2,562	R 2,711.00	5.80%
Additional time per hour	R 223	R 235.74	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.3 Weddings, receptions, parties, choir performances and the like,			
Charge per 12 hours (Hall+Sec 1)	R 3,119	R 3,300.35	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%

### 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 334	R 353.61	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.1.2 Religious Activities (Church Services): Charge per hour			
Monday to Thursday	R 334	R 353.61	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
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 334	R 353.61	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.3 Rehearsals:			
Rehearsals per hour: Monday to Thursday	R 279	R 294.67	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.4 Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%



**COMMUNITY SERVICES AND SOCIAL EQUITY  
REGIONAL COMMUNITY SERVICES PROVISION  
Municipal Halls**

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

2014/15	2015/16	
Excl. Vat	Excl. Vat	% Incr

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 2,451 R 279 R 2,228 R 156	R 2,593.13 R 294.67 R 2,357.39 R 165.02	5.80% 5.80% 5.80% 5.80%
1.2 Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council. Charge per 12 hours (Hall+Annex1) Additional time per hour Deposit Overtime charges per hour on weekends & public holidays	R 2,005 R 167 R 2,228 R 156	R 2,121.65 R 176.80 R 2,357.39 R 165.02	5.80% 5.80% 5.80% 5.80%
1.3 Weddings, receptions, parties, choir performances and the like, Charge per 12 hours (Hall+Annex1) Additional time per hour Deposit Overtime charges per hour on weekends & public holidays	R 2,228 R 279 R 2,228 R 156	R 2,357.39 R 294.67 R 2,357.39 R 165.02	5.80% 5.80% 5.80% 5.80%

**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 Deposit	R 223 R 1,114	R 235.74 R 1,178.70	5.80% 5.80%
2.1.2 Religious Activities (Church Services): Charge per hour Monday to Thursday Deposit Sundays - minimum 3hrs Hire	R 223 R 1,114	R 235.74 R 1,178.70	5.80% 5.80%
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 334 R 1,114	R 353.61 R 1,178.70	5.80% 5.80%
2.3 Rehearsals: Rehearsals per hour: Monday to Thursday Deposit	R 201 R 1,114	R 212.17 R 1,178.70	5.80% 5.80%
2.4 Pre-Schools Per uninterrupted period not exceeding 6 hours Deposit	R 111 R 1,114	R 117.87 R 1,178.70	5.80% 5.80%
2.5 Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%





# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY REGIONAL COMMUNITY SERVICES PROVISION

### Municipal Halls

Scale D

DESCRIPTION	VOTE	SUB	ITEM
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

2014/15	2015/16	
Excl. Vat	Excl. Vat	% Incr

### 1. PRIVATE FUNCTIONS

1.1 Profit-making functions, banquets, theatre and the like, Charge per 12 hours	R 1,783	R 1,885.91	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.2 Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council. Charge per 12 hours	R 1,337	R 1,414.44	5.80%
Additional time per hour	R 167	R 176.80	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.3 Weddings, receptions, parties, choir performances and the like, Charge per 12 hours	R 1,671	R 1,768.04	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,228	R 2,357.39	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%

### 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 223	R 235.74	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.1.2 Religious Activities (Church Services): Charge per hour Monday to Thursday	R 223	R 235.74	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
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 334	R 353.61	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
Sundays - minimum 3hrs Hire			
2.3 Rehearsals: Rehearsals per hour: Monday to Thursday	R 201	R 212.17	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.4 Pre-Schools Per uninterrupted period not exceeding 6 hours	R 111	R 117.87	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.5 Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%



**COMMUNITY SERVICES AND SOCIAL EQUITY  
REGIONAL COMMUNITY SERVICES PROVISION**

Municipal Halls

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

2014/15	2015/16	
Excl. Vat	Excl. Vat	% Incr

**1. PRIVATE FUNCTIONS**

1.1 Profit-making functions, banquets, theatre and the like, Charge per 12 hours	R 1,114	R 1,178.70	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,005	R 2,121.65	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.2 Fund-raising functions by sporting, religious, social & cultural institutions recognized by the Council. Charge per 12 hours	R 1,003	R 1,060.83	5.80%
Additional time per hour	R 167	R 176.80	5.80%
Deposit	R 2,005	R 2,121.65	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%
1.3 Weddings, receptions, parties, choir performances and the like, Charge per 12 hours	R 1,114	R 1,178.70	5.80%
Additional time per hour	R 279	R 294.67	5.80%
Deposit	R 2,005	R 2,121.65	5.80%
Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%

**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 223	R 235.74	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.1.2 Religious Activities (Church Services): Charge per hour Monday to Thursday	R 223	R 235.74	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
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 334	R 353.61	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
Sundays - minimum 3hrs Hire			
2.3 Rehearsals: Rehearsals per hour: Monday to Thursday	R 201	R 212.17	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.4 Pre-Schools Per uninterrupted period not exceeding 6 hours	R 111	R 117.87	5.80%
Deposit	R 1,114	R 1,178.70	5.80%
2.5 Overtime charges per hour on weekends & public holidays	R 156	R 165.02	5.80%



# MSUNDUZI ANNUAL BUDGET

**COMMUNITY SERVICES AND SOCIAL EQUITY  
REGIONAL COMMUNITY SERVICES PROVISION  
Winston Churchill Theatre**

VOTE	SUB	ITEM
234	454	8614

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
Full Theatre			
Per day	R 2,785	R 2,946.74	5.80%
Rehearsals (per hour): Monday to Thursday	R 334	R 353.61	5.80%
Lascelles Room – Per Performance	R 1,671	R 1,768.04	5.80%
Lascelles Room – Rehearsal (per hour): Monday to Thursday	R 223	R 235.74	5.80%
Deposit	R 2,785	R 2,946.74	5.80%
Deposits for Live Shows at the Winston Churchill Theatre	R 3,676	R 3,889.70	5.80%
Overtime labour charges per hour on weekends & public holidays	R 156	R 165.02	5.80%

\*\* 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 334	R 353.61	5.80%
2	Cooking facilities (Including gas, pot, spoons)	R 390	R 412.54	5.80%
3	Extra time after midnight	Double hourly rate	Double hourly rate	
4	SAMRO Performing Rights – per function	R 56	R 58.93	5.80%

**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.

In the event of the Free use of halls on weekends, the hirer is required to pay the overtime for 2 Caretakers X number of hours  
All freeuse bookings: Hirers to provide their own toiletries and pay the required deposit which will be used to offset any damages to Council property  
Excessive cleaning: The Hirer is required to pay for 4 General employees X 5 hours X the applicable rate



**COMMUNITY SERVICES AND SOCIAL EQUITY  
REGIONAL COMMUNITY SERVICES PROVISION**

Cemetery

VOTE 392	SUB 415	ITEM 8055
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2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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**Mountain Rise Cemetery  
Cemetery and Crematoria Tariffs**

**A. Cemetery Tariffs for Residents**

1	Private Graves				
	Reserved Site (including maintenance levy)	R 4,011	R 4,243.31	5.80%	
	Unreserved Site – Adult (including maintenance levy)	R 3,342	R 3,536.09	5.80%	
	Child under 12 years of age (including maintenance levy)	R 1,760	R 1,862.34	5.80%	
	Child under 1 year or stillborn (including maintenance levy)	R 1,125	R 1,190.48	5.80%	
	Ashes	R 156	R 165.02	5.80%	
	Second Internment –				
	Adult	R 613	R 648.28	5.80%	
	Child	R 279	R 294.67	5.80%	
2	Public Grave				
	Adult	R 836	R 884.02	5.80%	
	Child under 12 years of age	R 390	R 412.54	5.80%	
	Child under 1 year or stillborn	R 178	R 188.59	5.80%	
The charge for the burial of newly born child and mother in the same coffin shall be the same as for a single adult.					
3	Miscellaneous				
	Exhumation of body	R 1,760	R 1,862.34	5.80%	
	Permit to erect memorial per grave site	R 334	R 353.61	5.80%	
	Permit to erect kerbs only – (No inscription) per grave site	R 167	R 176.80	5.80%	
	Permit to add inscription	R 167	R 176.80	5.80%	
	Transfer of Grave Site	R 167	R 176.80	5.80%	
	Rental of Storage Material Bins (payable annually in advance) per annum	R 128	R 135.55	5.80%	
	Overtime labour charge additional to normal burial fees for funeral commenced or concluded after 16H00 per funeral, per hour or part thereof	R 178	R 188.59	5.80%	
	Lengthening or widening of Graves	R 490	R 518.63	5.80%	
	Overtime labour charge in addition to the normal burial fee, for burials On Saturday	R 245	R 259.31	5.80%	
	On Sundays an public holidays per burial	R 334	R 353.61	5.80%	
	Late arrival of body for burial (for each quarter of an hour or part thereof)	R 167	R 176.80	5.80%	



# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY 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

2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
R 1,337	R 1,414.44	5.80%

Child 12 years of age and under

R 334	R 353.61	5.80%
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Person certified as indigent

R 312	R 330.04	5.80%
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Overtime labour charge additional to normal

Cremation fees for cremations on Saturdays

Cremation fees for cremations on Sundays and public holidays

per cremation

R 245	R 259.31	5.80%
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R 329	R 347.72	5.80%
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VOTE	SUB	ITEM
394	415	8532

#### 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 384	R 406.65	5.80%
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R 156	R 165.02	5.80%
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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 1,058	R 1,119.76	5.80%
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R 279	R 294.67	5.80%
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#### 4 Safekeeping of ashes for a period exceeding 14 days from day of cremation, per week or part thereof

R 111	R 117.87	5.80%
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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 195	R 206.27	5.80%
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R 128	R 135.55	5.80%
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##### Note:

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





**COMMUNITY SERVICES AND SOCIAL EQUITY  
REGIONAL COMMUNITY SERVICES PROVISION**

Crematoria

VOTE	SUB	ITEM
394	415	8506

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
6	Late arrival of body at Crematorium (For each quarter or part thereof)	R 145	R 153.23	5.80%
7	Permit to erect memorial	R 117	R 123.76	5.80%
8	Use of Chapel	R 0.00	R 0.00	

**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.

VOTE	SUB	ITEM
392	415	8055

Azalea Cemetery Fee

1	Grave Sites – Residents			
	Family Grave	R 145	R 153.23	5.80%
	Single Grave	R 111	R 117.87	5.80%
	Child's Grave (12yrs and younger)	R 106	R 111.98	5.80%
	Grave for stillborn Child	R 89	R 94.30	5.80%
	Exhumation	R 1,253	R 1,326.03	5.80%
	Reburial	R 128	R 135.55	5.80%
	Enlargement of Grave	R 111	R 117.87	5.80%
	Sundays and Public Holidays	R 334	R 353.61	5.80%
2	Grave Sites – Non-Residents			
	Family Grave	R 290	R 306.46	5.80%
	Single Grave	R 223	R 235.74	5.80%
	Child's Grave (12yrs and younger)	R 208	R 220.42	5.80%
	Grave for stillborn Child	R 178	R 188.59	5.80%
	Exhumation	R 1,253	R 1,326.03	5.80%
	Reburial	R 256	R 271.10	5.80%
	Enlargement of Grave	R 657	R 695.43	5.80%

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



# MSUNDUZI ANNUAL BUDGET

**COMMUNITY SERVICES AND SOCIAL EQUITY**  
**COMMUNITY SERVICE DELIVERY: PROVISION AND MANAGEMENT**  
Production and Display

VOTE 398	SUB 415	ITEM 8458	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
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 For functions that are to the benefit of the community and the upliftment of the City.	R 84	R 88.40	5.80%
		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 741	R 783.83	5.80%
		Full Stage	R 7,436	R 7,867.80	5.80%
		Reception Point	R 735	R 777.94	5.80%
		Organ Steps	R 1,476	R 1,561.77	5.80%
		Base of Stage	R 1,855	R 1,962.53	5.80%
		Foliage Division	R 1,855	R 1,962.53	5.80%
		Palms around the Hall	R 1,303	R 1,379.08	5.80%
3	City Hall – Other Decorations				
		Water Feature (5m diam)	R 6,684	R 7,072.18	5.80%
		Fountain (1-1.5m diam)	R 925	R 978.32	5.80%
		Two meter diameter Decoration	R 741	R 783.83	5.80%
4	Sale of Plants				
	4.1 Trees, Shrubs and Ground cover				
		Nursery Bag Size 1 (3l)			
		Wholesale	R 17	R 17.68	5.80%
		Retail	R 22	R 23.57	5.80%
		Nursery Bag (5l)			
		Wholesale	R 39	R 41.25	5.80%
		Retail	R 56	R 58.93	5.80%
		Nursery Bag Size 4 (8l)			
		Wholesale	R 56	R 58.93	5.80%
		Retail	R 84	R 88.40	5.80%
		Nursery Bag Size 6 (20l)			
		Wholesale	R 78	R 82.51	5.80%
		Retail	R 145	R 153.23	5.80%
		Nursery Bag (50l)			
		Wholesale	R 267	R 282.89	5.80%
		Retail	R 557	R 589.35	5.80%
		Nursery Bag (100l)			
		Wholesale	R 357	R 377.18	5.80%
		Retail	R 724	R 766.15	5.80%



**COMMUNITY SERVICES AND SOCIAL EQUITY  
COMMUNITY SERVICE DELIVERY: PROVISION AND MANAGEMENT  
Production and Display**

VOTE	SUB	ITEM
398	415	8458

		2014/15	2015/16	
		Excl. Vat	Excl. Vat	% Incr
4.2	Seedlings			
	Per Seedling			
	Wholesale	R 6	R 5.89	5.80%
	Retail	R 6	R 5.89	5.80%
4.3	Cuttings			
	Depending on size and species, contract grown in trays of 80 or loose:			
	Wholesale	R 6	R 5.89	5.80%
	Retail	R 11	R 11.79	5.80%
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)	R 1,855	R 1,962.53	5.80%
	Use per 15 amp Plug Point	R 67	R 70.72	5.80%
6	Hire of Demo Gardens (Alexandra Park)			
	Functions: Weddings, Wedding receptions, end of the year parties etc. (per day or part thereof)	R 1,855	R 1,962.53	5.80%
	Use for photo sessions (per day or part thereof)	R 84	R 88.40	5.80%

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.



# MSUNDUZI ANNUAL BUDGET

**COMMUNITY SERVICES AND SOCIAL EQUITY  
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

		2014/15	2015/16	
		Excl. Vat	Excl. Vat	% Incr
1	Daily Adults			
	Summer	R 8.99	R 9.04	0.55%
	Winter	R 12.25	R 12.30	0.37%
	Junior (U-16 and Scholars)			
	Summer	R 5.57	R 6.05	8.61%
	Winter	R 8.91	R 9.04	1.43%
	Scholars accompanied by teacher in official groups			
	Summer	R 2.23	R 2.37	6.37%
	Winter	R 4.46	R 4.74	6.37%
	Minimum Charge			
	Summer	R 16.71	R 17.68	5.80%
	Winter	R 24.51	R 25.88	5.59%
2	Monthly Adults			
	Summer	R 77.99	R 78.03	0.06%
	Winter	R 90.24	R 90.24	0.00%
	Junior (U-16 and Scholars)			
	Summer	R 54.59	R 57.76	5.80%
	Winter	R 65.73	R 69.54	5.80%
	Season Tickets Adults			
	Summer	R 288.55	R 305.28	5.80%
	Winter	R 288.55	R 305.28	5.80%
	Juniors			
	Summer	R 155.97	R 165.02	5.80%
	Winter	R 174.91	R 185.06	5.80%



**COMMUNITY SERVICES AND SOCIAL EQUITY  
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

2014/15	2015/16	
Excl. Vat	Excl. Vat	% Incr

- 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 144.83      R 153.23      5.80%
  - 6 Hire of Pool for summer Galas  
per morning or afternoon session R 373.22      R 394.86      5.80%  
per evening session R 511.36      R 541.02      5.80%
  - 7 Hire of pool for bona fide swimming Club Nights  
Summer  
Mondays to Fridays only  
Per half hour or part thereof R 60.16      R 63.65      5.80%  
  
Hire of Buchanan pool (Winter)  
Per half hour or part thereof R 65.73      R 69.54      5.80%
- (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.)
- 8 Use of electronic timing system at Alexandra Pool:  
Per morning or afternoon session R 240.64      R 254.60      5.80%  
Per evening session R 348.71      R 368.93      5.80%
  - 9 Admission tickets other than monthly and season tickets shall be valid only in respect of the particular pool at which they were bought.
- | VOTE | SUB | ITEM |
|------|-----|------|
| 440  | 415 | 8506 |
- 10 Super tube per hour (exclusive use) R 306.37      R 324.14      5.80%  
  
Casual Rides per half hour (exclusively used by groups) R 155.97      R 165.02      5.80%  
  
Casual Rides per half hour (per person) R 17.83      R 18.86      5.80%
  - 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.





# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY COMMUNITY SERVICE DELIVERY: PROVISION AND MANAGEMENT Sport and Recreation Facilities

VOTE	SUB	ITEM
431	415	8487

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
<u>Sport and Recreation Facilities</u>			
1 Fleamarkets: Per day or part thereof			
Maritzburg Oval Arts and Crafts Market Site (Alexandra Park)	R 1,744	R 1,844.88	5.80%
Upmarket Site (Next to Kershaw Park Tennis Courts)	R 1,395	R 1,475.73	5.80%
Public Open spaces or sport facility sites	R 488	R 516.57	5.80%
Electricity per 15 amp plug per day	R 71	R 75.44	5.80%
2 Fee for the hire of grounds excluding floodlight, material and special preparation and cleaning:			
Oval per day or part thereof	R 907	R 959.34	5.80%
Training session – three hours	R 85	R 90.05	5.80%
Fee for the hire of Harry Gwala Stadium			
Excluding floodlights, material, marking and special preparation and cleaning			
Per day or part thereof	R 6,022	R 6,370.86	5.80%
Refundable Deposit	R 6,022	R 6,370.86	5.80%
Use of functions room			
Per day or part thereof	R 2,412	R 2,551.88	5.80%
Use of field for training purposes			
Per hour	R 307	R 324.61	5.80%
Northdale/Imbali Stadium/s			
Between 07:00-12:00	R 402	R 425.51	5.80%
Between 18:00-24:00	R 364	R 384.73	5.80%
All other soccer/rugby/grass hockey/polocrosse and cricket fields			
Between 07:00-12:00	R 98	R 103.31	5.80%
Between 12:00-18:00	R 98	R 103.31	5.80%
Between 18:00-24:00	R 98	R 103.31	5.80%
Full Day	R 167	R 177.11	5.80%
Seasonal Lease by associations, clubs, federations per season	R 1,114	R 1,178.70	5.80%
Astro Hockey Field			
Between 07:00-12:00	R 306	R 324.14	5.80%
Between 12:00-17:00	R 306	R 324.14	5.80%
Between 17:00-24:00	R 306	R 324.14	5.80%
Wadley Stadium			
Between 07:00-12:00	R 306	R 324.14	5.80%
Between 12:00-17:00	R 306	R 324.14	5.80%
Tennis/netball/volleyball/combi court			
with lights per hour	R 36	R 37.72	5.80%
without lights per hour	R 30	R 31.82	5.80%
Squash Courts per hour	R 30	R 31.82	5.80%
3 All Sport Halls			
For use by schools or sport associations per hour	R 60	R 63.65	5.80%
Non sport associations per six hours or part thereof	R 377	R 398.40	5.80%
Deposit (Refundable)	R 362	R 383.08	5.80%
4 Hire of sportsfield for non-sporting events		R 1,957	



**COMMUNITY SERVICES AND SOCIAL EQUITY  
COMMUNITY SERVICE DELIVERY: PROVISION AND MANAGEMENT  
Sport and Recreation Facilities**

<table border="1"> <tr> <th>VOTE</th> <th>SUB</th> <th>ITEM</th> </tr> <tr> <td>430</td> <td>415</td> <td>8487</td> </tr> </table>			VOTE	SUB	ITEM	430	415	8487	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
VOTE	SUB	ITEM									
430	415	8487									
4	Floodlight fees per hour										
	Oval – Level 1	R 402	R 425.51	5.80%							
	- Level 2	R 634	R 670.68	5.80%							
	- Level 3	R 932	R 986.57	5.80%							
	Harry Gwala	R 1,510	R 1,597.13	5.80%							
	Northdale Stadium	R 369	R 390.62	5.80%							
	Protea Center – Ground Number 1	R 112	R 118.07	5.80%							
	Protea Center – Ground Number 2	R 85	R 89.58	5.80%							
	Dales Park Soccer	R 85	R 89.58	5.80%							
	Dales Park Rugby	R 85	R 89.58	5.80%							
	Dare Osborne	R 85	R 89.58	5.80%							
	Qokololo	R 85	R 89.58	5.80%							
	Ashdown	R 85	R 89.58	5.80%							
	Sobantu	R 85	R 89.58	5.80%							
	Wadley Stadium	R 85	R 89.58	5.80%							
	AB Jackson Hockey Field	R 487	R 515.09	5.80%							
	All other fields with Lights	R 85	R 89.58	5.80%							
5	Three phase power – all facilities	<b>R 1,810</b>	<b>R 2,031.25</b>	12.20%							
6	Equipment Hire Charge										
	Refundable Deposit	R 557	R 589.35	5.80%							
	Daily Hire Charge	R 85	R 89.58	5.80%							
<table border="1"> <tr> <th>VOTE</th> <th>SUB</th> <th>ITEM</th> </tr> <tr> <td>400</td> <td>415</td> <td>8050</td> </tr> </table>			VOTE	SUB	ITEM	400	415	8050			
VOTE	SUB	ITEM									
400	415	8050									
7	Hire of Bisley Valley and Ferncliffe Nature Reserves Resource Centres										
	Per Day or part thereof	R 467	R 493.76	5.80%							
	Refundable Deposit	R 314	R 332.08	5.80%							
8	The <b>DMM Community Services and Manager Sports and Recreation</b> 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										



# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY REGIONAL COMMUNITY SERVICES PROVISION

### Municipal Libraries

DESCRIPTION	VOTE	SUB	ITEM
The Msunduzi Municipal Library	513	415	8506

		2014/15	2015/16	
		Excl. Vat	Excl. Vat	% Incr
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 1.06	R 1.12	5.80%
	maximum fine per book or item	R 5.28	R 5.59	5.80%
	maximum fine per adult member	R 52.80	R 55.86	5.80%
	<u>Children &amp; Young Adults</u>			
	10 days grace			
	per book or item per week for 5 weeks	R 1.06	R 1.12	5.80%
	maximum fine per book or item	R 5.28	R 5.59	5.80%
	maximum fine per juvenile or young adult member	R 52.80	R 55.86	5.80%
(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 1.06	R 1.12	5.80%
	maximum fine per item	R 5.28	R 5.59	5.80%
2	Damaged Books			
	Torn pages – per page	R 4.22	R 4.47	5.80%
	Torn or lost book barcode – per barcode	R 12.67	R 13.41	5.80%
	Torn book pockets	R 6.34	R 6.70	5.80%
	Damage to book spine	R 8.45	R 8.94	5.80%
	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 10.56	R 11.17	5.80%
	Replacement pockets - each	R 3.17	R 3.35	5.80%
5	Photocopy Charges			
	For every photocopy of an A4 size page or part thereof	R 0.53	R 0.50	-5.30%
	For every photocopy of an A3 size page or part thereof	R 1.06	R 1.12	5.80%
	<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 10.56	R 11.17	5.80%
	Black & White	R 2.11	R 2.23	5.80%
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 105.60	R 111.72	5.80%
	Boardroom	R 105.60	R 111.72	5.80%



**COMMUNITY SERVICES AND SOCIAL EQUITY  
COMMUNITY SAFETY AND SECURITY  
Fire and Rescue Services**

VOTE	SUB	ITEM
302	415	8506

2014/15 Incl. Vat	2014/15 Incl. Vat	% Incr
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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**

<b>1</b>	For Services Rendered at Incidents Classified as Fire and Rescue: per hour or part thereof			
1.1	Structural	R 1,594	R 1,686.96	5.80%
1.2	Transport	R 1,270	R 1,343.71	5.80%
1.3	Fire – Vegetation, Grass, Bush, Rubbish or Plantation	R 1,036	R 1,096.60	5.80%
1.4	Fire – Hazmat	R 1,594	R 1,686.96	5.80%
1.5	Fire – Other	R 992	R 1,049.37	5.80%
1.6	Special Service – Transport	R 795	R 841.27	5.80%
1.7	Special Service – Structural	R 795	R 841.27	5.80%
1.8	Special Service – Hazmat	R 1,594	R 1,686.96	5.80%
1.9	Special Service – Water	R 795	R 841.27	5.80%
1.10	Special Service – Other	R 795	R 841.27	5.80%
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>			
<b>2</b>	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 795	R 841.27	5.80%
2.2	Water Foam Carrier	R 795	R 841.27	5.80%
2.3	Foam Tanker and / or Foam Service Vehicle	R 795	R 841.27	5.80%
2.4	Mobile Lighting Unit	R 795	R 841.27	5.80%
<b>3</b>	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:			
3.1	the mitigation of any incident <b>Cost incurred plus 15% of applicable charge</b>			
<b>4</b>	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 member			
	First Hour	R 159	R 168.25	5.80%
	Per Hour thereafter	R 85	R 90.03	5.80%
4.2	For scheduled inspections, consultations, inspections of safety exits & appliances in public buildings			
	First Hour	R 159	R 168.25	5.80%
	Per Hour thereafter	R 78	R 82.65	5.80%
4.3	For the monitoring of direct alarm links – per alarm p.m.	R 120	R 126.93	5.80%
4.4	For a certified copy of a fire report - per copy	R 159	R 168.25	5.80%
4.5	For issuing a certificate of Registration - per certificate	R 38	R 39.85	5.80%
4.6	For issuing a certificate of Competence – per certificate	R 398	R 420.63	5.80%
4.7	For a copy of a Fire Investigation Report - per copy	R 591	R 625.78	5.80%
4.8	For the monitoring of non-emergency telephone lines (after hours complaints etc) – per line per annum	R 24,881	R 26,324.28	5.80%



# MSUNDUZI ANNUAL BUDGET

## COMMUNITY SERVICES AND SOCIAL EQUITY COMMUNITY SAFETY AND SECURITY

### Fire and Rescue Services

VOTE 302	SUB 415	ITEM 8506	2014/15 Incl. Vat	2014/15 Incl. Vat	% Incr
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 8,451	R 8,941.05	5.80%
		5.2 Fire Fighter Two	R 2,811	R 2,973.95	5.80%
		5.3 Hazmat 1 <sup>st</sup> Responder (Awareness)	R 1,310	R 1,385.88	5.80%
		5.4 Hazmat 2 <sup>nd</sup> Responder (Operations)	R 3,755	R 3,973.14	5.80%
		5.5 Fire Officer One	R 3,510	R 3,713.38	5.80%
		5.6 Handling of Chlorine Emergencies	R 558	R 590.36	5.80%
		5.7 Elementary Breathing Apparatus	R 558	R 590.36	5.80%
		5.8 Aerial Appliance (HPP)	R 1,126	R 1,191.06	5.80%
		5.9 Vehicle Rescue & Extrication	R 1,878	R 1,986.57	5.80%
		5.10 Elementary Fire fighting, Fire prevention (Disaster Management)	R 184	R 194.82	5.80%
		5.11 Pump Operator/Driver – Basic Course	R 1,127	R 1,192.84	5.80%
		5.12 Pump Operator/Driver – IFSAC Course	R 2,254	R 2,385.07	5.80%
		5.13 Re-Issue of Certificates - per certificate	R 92	R 97.41	5.80%
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 843	R 891.45	5.80%
		6.2 Fire Fighter Two	R 279	R 295.18	5.80%
		6.3 Hazmat (Awareness)	R 130	R 137.26	5.80%
		6.4 Hazmat (Operations)	R 374	R 395.54	5.80%
		6.5 Fire Officer One	R 374	R 395.54	5.80%
		6.6 Instructor One	R 374	R 395.54	5.80%
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 591	R 625.78	5.80%
		7.2 For the attendance of training personnel on training courses out of the area of jurisdiction. per lecture per day	R 398	R 420.63	5.80%
		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 197	R 208.10	5.80%
		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 155	R 163.83	5.80%
		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 311	R 329.13	5.80%
		8.3 Seizing of Couplings to hose – per coupling	R 155	R 163.83	5.80%
		8.4 Repairing of Hose – per length <b>plus materials at cost plus 15%</b>	R 155	R 163.83	5.80%
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 411	R 434.82	5.80%
		9.2 Water Carrier	R 205	R 217.41	5.80%
		9.3 Mobile lighting unit	R 205	R 217.41	5.80%
		9.4 Major pumper	R 411	R 434.82	5.80%
		9.5 Light pumper	R 205	R 217.41	5.80%





**COMMUNITY SERVICES AND SOCIAL EQUITY  
COMMUNITY SAFETY AND SECURITY  
Fire and Rescue Services**

VOTE	SUB	ITEM
302	415	8506

	2014/15 Incl. Vat	2014/15 Incl. Vat	% Incr
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 296	R 312.89	5.80%
10.2 Hire of Extension Ladder	R 296	R 312.89	5.80%
10.3 Gaining Access/Lock-Outs	R 296	R 312.89	5.80%
10.4 Miscellaneous Service – per service	R 296	R 312.89	5.80%
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 7	R 7.82	5.80%
Light duty vehicles	R 4	R 4.70	5.80%

**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.
- 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 liable in 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.



# MSUNDUZI ANNUAL BUDGET

**COMMUNITY SERVICES AND SOCIAL EQUITY  
COMMUNITY SAFETY AND SECURITY  
Traffic and Security**

			2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr						
1	The Removal of Light Motor Vehicles from Public Roads and Public Spaces		Contracted Out	Contracted Out							
		<table border="1"> <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 613	R 648.28	5.80%						
3	Impounding Fees per day		R 67	R 70.72	5.80%						
		<table border="1"> <tr> <td>VOTE</td> <td>SUB</td> <td>ITEM</td> </tr> <tr> <td>327</td> <td>415</td> <td>8506</td> </tr> </table>	VOTE	SUB	ITEM	327	415	8506			
VOTE	SUB	ITEM									
327	415	8506									
4	Escort Fee (per officer per hour)		R 357	R 377.18	5.80%						
5	Traffic Officer for By-Law 23A (Council Resolution)		No Charge	No Charge							
6	Service of Summons:										
	Personal		R 45	R 47.15	5.80%						
	Non-Personal		R 33	R 35.36	5.80%						
7	Events (per officer per hour)		R 156	R 165.02	5.80%						
		<table border="1"> <tr> <td>VOTE</td> <td>SUB</td> <td>ITEM</td> </tr> <tr> <td>327</td> <td>415</td> <td>8535</td> </tr> </table>	VOTE	SUB	ITEM	327	415	8535			
VOTE	SUB	ITEM									
327	415	8535									
8	Taxi Stand Permits		R 223	R 235.74	5.80%						
9	Permit Application		R 72	R 76.62	5.80%						
10	Late Applications for the Renewal of Taxi Stand Permits		R 72	R 76.62	5.80%						
		<table border="1"> <tr> <td>VOTE</td> <td>SUB</td> <td>ITEM</td> </tr> <tr> <td>327</td> <td>415</td> <td>8535</td> </tr> </table>	VOTE	SUB	ITEM	327	415	8535			
VOTE	SUB	ITEM									
327	415	8535									
11	Junior Traffic Centre		R 279	R 294.67	5.80%						



## COMMUNITY SERVICES AND SOCIAL EQUITY HEALTH AND SOCIAL SERVICES

### Health

VOTE			SUB			ITEM			2014/15	2015/16	% Incr
347			418			8232			Excl. Vat	Excl. Vat	
1	Food Inspection								R 95	R 100.19	5.80%
	For Voluntary surrender of foodstuffs for destruction										
VOTE			SUB			ITEM					
347			418			8233					
2	Animal & Bee keeping permits (per permit)								R 43	R 45.97	5.80%
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		
<b>Tariffs relating to Dairymen and Milk Dealers</b>											
VOTE			SUB			ITEM					
347			418			8236					
4	Fees payable in respect of certificates of registration:										
	(a)								R 416	R 439.65	5.80%
	application for a certificate of registration										
	(b)								R 203	R 214.52	5.80%
	annual renewal thereof										
VOTE			SUB			ITEM					
347			418			8237					
5	Fees payable for the testing of milk samples:										
	(a)								R 334	R 353.61	5.80%
	during consideration of an application for a certificate of registration										
	(b)								R 334	R 353.61	5.80%
	upon request										
	(c)								R 223	R 235.74	5.80%
	fee payable for water sampling										
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 BUSINESS UNIT

### City Hall

VOTE			SUB			ITEM			2014/15	2015/16	% Incr
504			415			8238			Excl. Vat	Excl. Vat	
<b>City Hall and Musical Instruments</b>											
1	Main Hall								R 3,170	R 3,354.33	5.80%
	Hire of Main Hall (inclusive of fire protection)										
	After Midnight per hour or part thereof										
	Per hour of Preparations/Rehearsals										
	Deposit Refundable - damage/breakage etc. and overtime for caretakers and cleaners										
2	Hire of Musical Instruments								R 431	R 456.06	5.80%
	Grand Piano (August Forster) Per performance										
	Per hour of Rehearsals										
	Grand Piano (Steinway) Per Performance										
	Per Hour of Rehearsals										
	Organ per Performance										
	Per Hour of Rehearsals										



# MSUNDUZI ANNUAL BUDGET

## MISCELLANEOUS CHARGES ALL DEPARTMENTS

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
1 Duplicate Statement Fee			
First two statements per request			
More than two statements per request per statement	R 3.17	R 3.35	5.80%
2 For every photocopy of an A4 size page or part thereof	R 4.22	R 4.47	5.80%
For every photocopy of an A3 size page or part thereof	R 6.34	R 6.70	5.80%
3 Laminations - A4 size page or part thereof	R 4.22	R 4.47	5.80%
<b>PLUS</b> prevailing Cost of the Lamination Sheet/s			
Laminations - A3 size page or part thereof	R 6.34	R 6.70	5.80%
<b>PLUS</b> prevailing Cost of the Lamination Sheet/s			
4 Fax Charges – A4 size page or part thereof	R 4.22	R 4.47	5.80%
<b>PLUS</b> costs relating to the transmission of the facsimile			
5 To search for and prepare any reconciliation, for each hour, or part of an hour, excluding the first half hour, reasonably required for such search and preparation.	R 84	R 89.38	5.80%
<b>PLUS</b> Administration Fee	R 26	R 27.93	5.80%
(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 21	R 22.36	5.80%
7 Commission Charged in respect of Easy Pay cheque payments which have dishonored, will be payable by the consumer plus <b>R22</b> administration fee.	Commission Charged plus <b>R21</b> Admin. Fee	Commission Charged plus <b>R22</b> Admin. Fee	

## SURCHARGES ALL DEPARTMENTS

1 Interest rate per annum	10.0%	10.0%	0.00%
2 Collection Charge Rate per annum	10.0%	10.0%	0.00%



## 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.

	2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
<u>Fees in Respect of Guide</u>			
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	0.00%
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(c) For a copy in a computer-readable form on-			
(i) stifty disc	R 5	R 5	0.00%
(ii) compact disc	R 40	R 40	0.00%
(d) (i) For a transcription of visual images, for an A4-size page or part thereof	R 22	R 22	0.00%
(ii) For a copy of visual images	R 60	R 60	0.00%
(e) (i) For a transcription of an audio record, for an A4-size page or part thereof	R 12	R 12	0.00%
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(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	0.00%
(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.			





## ASSET MANAGEMENT POLICY

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## DEFINITIONS AND ABBREVIATIONS

ITEM	DESCRIPTION
Carrying Amount	The amount at which an asset is included in the statement or financial position after deducting any accumulated depreciation and any impairment losses thereon
Cost	The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction
Depreciation	This is the systematic allocation of the depreciable amount of an asset over its useful life
Depreciable amount	The cost of an asset, or other amount substituted for cost in the financial statements, less its residual value
Disposal Committee	A committee established in accordance with the provisions of section 4 of Msunduzi Municipality's Supply Chain Management Policy.
Fair Value	The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction
AMS/FAR	Assets Management System/Fixed Assets Register
IIR	Insignificant Items Register
GRAP	Standards of Generally Recognised Accounting Practice
IAS	International Accounting Standards
PPE	Property, Plant & Equipment – These are tangible assets that: <ul style="list-style-type: none"> <li>• are held by an entity for use in the production or supply of goods or services, for rental to others or for administrative purposes</li> <li>• are expected to be used during more than one reporting period</li> </ul>
Recoverable amount	The amount that the entity expects to recover from the future use of an asset, including residual value on disposal
Residual Value	The net amount which the entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal
SCM	Supply Chain Management
DMM	Deputy Municipal Manager
MM	Municipal Manager
CFO	Chief Financial Officer
Useful Life	Useful life is either: <ul style="list-style-type: none"> <li>• the period of time over which an asset is expected to be used by the entity, or</li> <li>• the number of production or similar units expected to be obtained from the asset by the entity</li> </ul>



## SECTION 1 OBJECTIVE OF THE ASSET MANAGEMENT POLICIES AND PROCEDURES

The Asset Management Policy provides direction for the management, accounting and control of Fixed Assets owned or controlled by The Msunduzi Municipality.

## SECTION 2 ROLE OF THE MUNICIPAL MANAGER

As accounting officer of the city, the Municipal Manager shall be the principal custodian of all the city's fixed assets, and shall be responsible for ensuring that the Asset Management Policy is scrupulously applied and adhered to.

The Municipal Manager or his duly delegated representative is responsible to ensure implementation of the approved Asset Management Policy as required in terms of section 63 of the Municipal Finance Management Act (MFMA).

## SECTION 3 ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer shall be the custodian of the assets management system of the City, and shall ensure that a complete, accurate and up-to-date computerised assets management system is maintained. No amendments, deletions or additions to the assets management system shall be made other than by the Chief Financial Officer or by an official acting under the written instruction of the Chief Financial Officer.

### 3.1 The Asset Management Unit

1. Shall ensure that complete records of asset items are kept, verified and balanced regularly.
2. Shall ensure that all movable assets are properly tagged and accounted for (see also 23.1)
3. Shall ensure that a verification report is compiled after every movable asset verification. The report shall –
  - a. Reflect a complete list of all assets found during the verification;
  - b. Reflect whether appropriate records have been maintained indicating what articles should have been found during verification;
  - c. Reflect any discrepancies between the articles found during verification and the record referred to above;
4. Shall ensure that the assets management system is balanced monthly with the general ledger and the financial statements in conjunction with the CFO.
5. Shall ensure adequate bar codes to exercise the function relating to asset control are available at all times.
6. Provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the assets management system.
7. Ensure that all audit queries are resolved in a timely manner.
8. Shall ensure that the relevant information relating to the calculation of depreciation is obtained from the Strategic Business Units and provided to the Strategic Business Unit Finance in the prescribed format.
9. Shall ensure that asset acquisitions are allocated to the correct asset code.



10. Shall ensure that, before accepting an obsolete or damaged asset or asset inventory item, a completed asset disposal form, countersigned by the Asset Management Unit, is presented.
11. Shall ensure that a verifiable record is kept of all obsolete, damaged and unused asset or asset inventory items received from Strategic Business Units.
12. Shall compile a list of the items to be auctioned in accordance with their guidelines in the Supply Chain Management (SCM) Policy.
13. Shall compile and circulate a list of unused movable assets to enable other Strategic Business Units to obtain items that are of use to them.
14. Shall ensure that the Supply Chain Management is notified of any auctioning or disposing of written-off asset or asset inventory items.

## 3.2 Supply Chain Management

1. Shall dispose of assets in accordance with the provisions in the Supply Chain Management (SCM) Policy, MFMA and Municipal Asset Transfer Regulations.
2. The Bid Adjudication / Bid Specification Committee must comply with and be constituted in accordance with the procurement SCM policy.

## SECTION 4

### ROLE OF OTHER STRATEGIC BUSINESS UNITS

#### 4.1 Human Resources Departments of Business Units

The Human Resources Departments:

1. Shall ensure that no monies are paid out on termination of service without receiving the relevant asset resignation form signed off by the relevant Strategic Business Unit. (See also 23.6)
2. Shall ensure that every asset resignation form is counter signed by the Asset Management Unit before processing the termination of service.

#### 4.2 All Strategic Business Units

1. Shall ensure that employees in their Strategic Business Units adhere to the approved Asset Management Policies.
2. Shall ensure that an employee with delegated authority has been nominated to implement and maintain physical control over assets in his / her Strategic Business Unit. The Asset Management Unit must be notified of who the responsible person is. Although authority has been delegated the responsibility to ensure adequate physical control over each asset remains with the DMM.
3. Shall ensure that assets are properly maintained in accordance with their respective asset maintenance policy.
4. Shall ensure that the assets and / or inventory items of the City are not used for private gain.
5. Shall ensure that all their movable assets as reflected on the Fixed Asset Register are bar-coded.





6. Shall ensure that the Asset Management Unit is notified of any changes in the status of the assets under the Strategic Business Unit's control.

**This must be done on the prescribed form and include the following:**

- a) Movements/Disposals which relate to the transfer of assets (inter departmental transfers)
  - b) Changes in the estimated useful lives of assets for depreciation purposes.
  - c) The identification of impairment losses on assets by following the procedures as outlined in Section 18 of this policy document.
7. Shall certify in writing that they have assessed and identified impairment losses on all assets as outlined in Section 18 of this policy document .
  8. Shall ensure that all obsolete and damaged asset items, accompanied by the relevant asset form and attached disposal forms, are handed in to the Asset Management Unit without delay.
  9. Shall be responsible for maintaining and managing their own Strategic Business Unit Inventory Listing (DIL) for items that will not be recorded in the Fixed Asset Register or Insignificant Items Register. These inventory assets are acquired via the operational budget. The information to be recorded in the DIL must include the description, quantity and location of the items.
  10. Shall ensure that the correct cost element and description are being used before authorising any requisitions.
  11. Shall not procure any asset until the asset number is obtained, asset number allocated and will ensure that assets are bar-coded by the Asset Management Unit and insured by Finance (Insurance Department).
  12. The detailed projects as created must be categorized and clearly identified as follows:
    - a) Immovable Assets:**
      - Infrastructure assets
      - Buildings
      - Land
      - Community Assets
      - Recreational Facilities
      - Asset under construction (Only an asset after completion)
      - Town Development
      - Investment Properties
      - Intangible assets
      - Agricultural assets
    - b) Movable Assets:**
      - Office Equipment
      - Furniture and Fittings
      - Bins and Containers
      - Emergency Equipment
      - Motor Vehicles
      - Watercraft
      - Plant and Equipment



## SECTION 5 DEFINITION OF AN ASSET

### 5.1 Definition of an Asset

A fixed asset is an asset, either movable or immovable, owned by or under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year, which cost or fair value can be measured reliably.

**Fixed assets will include Property, Plant and Equipment (as defined in GRAP 17), Intangible Assets (as defined in GRAP 102), Investment Property (as defined in GRAP 16), Heritage Assets (as defined in GRAP 103), as well as Assets held under a finance lease, in accordance with the principles contained in GRAP 13.**

### 5.2 Role of Assets

The role of assets is to support the delivery of a service to the public. Assets should exist to **support programme delivery**.

## SECTION 6 FORMAT OF THE FIXED ASSET REGISTER

### 6.1 Format

The fixed asset register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.

Without in any way detracting from the compliance criteria mentioned in the preceding paragraph, the fixed asset register shall reflect at least the following information:

1. a brief but identifiable description of each asset;
2. the date on which the asset was acquired or commissioned;
3. the location of the asset;
4. the departments or cost centre within which the assets will be utilised;
5. the title deed number, in the case of fixed property;
6. the stand number and physical address, in the case of fixed property;
7. where applicable, the identification number, as determined in compliance with 7.2 below;
8. the original cost or fair value if no costs are available;
9. the (last) revaluation date of the fixed assets subject to revaluation;
10. the re-valued value of such fixed assets;
11. accumulated depreciation to date;
12. the carrying value of the asset;
13. the method and rate of depreciation;
14. impairment losses;
15. impairment recovery;
16. the source of financing;
17. the current insurance arrangements;
18. the date on which the asset is disposed of;
19. the disposal price; and
20. the date on which the asset is retired from use, if not disposed of.



All DMM's of Strategic Business Units under whose control any fixed asset falls shall promptly provide the Chief Financial Officer in writing of any information required to compile the fixed asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed asset register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, whereafter it shall be appropriately capitalised as a fixed asset.

A fixed asset shall remain in the fixed asset register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

## 6.2 Different categories of registers

The following is an outline of the requirements relating to the various types of asset registers that the City will maintain:

- a. The Chief Financial Officer is responsible for ensuring that complete records of asset items are kept, verified and balanced regularly.
- b. The Fixed Asset Register (FAR) for the City will contain the following types of assets categorized as immovable or movable assets:

### Immovable Assets:

- a. Infrastructure assets:
  - i. Electricity assets
  - ii. Water networks and related assets
  - iii. Waste water networks and related assets
  - iv. Roads and Stormwater
- b. Land and Buildings
- c. Investment properties
- d. Community assets
- e. Heritage assets
- f. Intangible assets
- g. Agricultural assets
- h. Other assets

### Movable Assets:

- Office Equipment
- Furniture and Fittings
- Bins and Containers
- Emergency Equipment
- Motor Vehicles
- Aircraft
- Watercraft
- Plant & Equipment

1. The FAR will consist of all the asset master records of assets capitalised each inclusive of non-claimable VAT. These assets, except for group assets must be numbered with the approved barcode labels.
2. **Immovable assets** on the FAR will not be physically numbered with barcode labels but will have a unique asset master record number.
3. **Capital work-in-progress.** Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.



## SECTION 7 CLASSIFICATION AND IDENTIFICATION OF FIXED ASSETS

### 7.1 Classification

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

- a. land (not held as investment assets)
- b. infrastructure assets (assets which are part of a network of similar assets)
- c. community assets (resources contributing to the general well-being of the community)
- d. heritage assets (culturally significant resources)
- e. other assets (ordinary operational resources)
- f. housing (rental stock or housing stock not held for capital gain)
- g. investment properties (resources held for capital or operational gain).

The Chief Financial Officer shall adhere to the classifications indicated in the annexure on fixed asset lives (as per Assets Procedure Manual), and in the case of a fixed asset not appearing in the annexure shall use the classification applicable to the asset most closely comparable to the asset in question.

### PROPERTY, PLANT AND EQUIPMENT

1. **Land** (not held as investment assets);
2. **Buildings** excluding buildings classified as investment assets, buildings classified as Heritage assets and buildings utilised in contributing to the community's well-being (Clinics, libraries etc)
3. **Infrastructure assets** are defined as any asset that is part of a network of similar assets. These assets usually display some or all of the following characteristics:
  - a. They are part of a system or network;
  - b. They are specialised in nature and do not have alternative uses,
  - c. They are immovable; and
  - d. They may be subject to constraints on disposal.

Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks. Infrastructure can be considered as a single asset or more usefully as a collection of different assets. Each individual asset shall be measured at its own cost and own lifespan, which will influence the depreciation of such an asset.

1. **Community Assets** are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.
2. **Heritage assets** are defined as culturally significant resources. Examples are works of art, historical buildings and statues.
3. **Capital Finance Lease** assets are defined as assets financed by a Capital Lease if it transfers substantially all the risks and rewards incident to ownership of the asset from the lessor to the city, in return for a payment or series of payments by the city to the lessor.
4. **Other assets** are defined as assets utilised in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.



## ASSETS HELD FOR SALE

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as Non-current Assets held for Sale, and not included in either property, plant or equipment or investment property in the municipality's balance sheet, at a value equal to the lower of cost and net realisable value, in accordance with GRAP 100. The CFO will do a comparison on balance sheet data, and adjustments to the previous year's recorded value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

Such Non-current assets shall be recorded in the assets management system in the same manner as other fixed assets, but a separate section of the assets management system shall be maintained for this purpose.

Land that was purchased for explicit township development will initially be accounted for in terms of Grap 100 as Non Current Assets held for Sale and as Work in Progress and when the township development has been completed inclusive of all infrastructure then it will be disclosed and accounted of GRAP 12 as Inventory.

## INVESTMENT PROPERTY

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's statement of financial position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the assets management system in the same manner as other fixed assets, but a separate section of the assets management system shall be maintained for this purpose.

Investment assets shall be not depreciated, but shall be annually valued on balance sheet date to determine their fair value as prescribed in GRAP 16. Investment assets shall be recorded in the balance sheet at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned, where it cannot be accounted for against the Revaluation reserve.

A professional valuer shall be engaged by the municipality to undertake the valuations .

If the Council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

### 7.2 Identification

The Municipal Manager shall ensure that the city maintains a fixed asset identification system which shall be operated in conjunction with its computerised fixed asset register.

The identification system shall be determined by the Municipal Manager, acting in consultation with the Chief Financial Officer and other DMM's of Strategic Business Units, and shall comply with any legal prescriptions, as well as any requirements of the Auditor-General, and shall be decided upon within the context of the city's budget. Every DMM of a Strategic Business Unit shall ensure that the asset identification system approved for the city is scrupulously applied in respect of all fixed and movable assets controlled or used by the Strategic Business Unit in question.





## 7.3 Verification

Every Head of Department shall undertake a comprehensive verification of all movable assets controlled or used by the department concerned. A yearly complete electronic verification of all movable assets must be done in the first half of the financial year thereafter within the second half of the same financial year written confirmation must be submitted to the Asset Control Unit that the inventory lists remain unchanged as per the inventory lists produced during the electronic verification. Should the inventory need to be altered these amendments must be reported to the Asset Control Unit immediately as soon as the activity that resulted in the inventory change in order to update the Fixed Asset Register.

### **Activities which will result in changes to inventory:**

1. Movements
2. Disposals
3. Theft or Losses
4. Impairments

The verification must be done in compliance with the relevant written directives issued by the Chief Financial Officer, The directives issued by the Chief Financial Officer shall stipulate the date(s) when such verification shall be undertaken.

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer in the format determined by the Chief Financial Officer, all relevant results of such movable asset verification, and the resultant report shall be submitted to the Chief Financial Officer not later than stipulated date.

## 7.4 Safekeeping

Section 63 of the Municipal Financial Management Act (Act no. 56 of 2003) determines that the accounting officer of a municipality is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of these assets.

Section 78 of the Municipal Financial Management Act (Act no. 56 of 2003) determines each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary. A senior manager or such official must perform the functions subject to the directions of the accounting officer of the municipality.

Every DMM of a Strategic Business Unit shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the Strategic Business Unit in question.

In exercising this responsibility, every DMM of a Strategic Business Unit shall adhere to any written directives issued by the Municipal Manager to the Strategic Business Unit in question, or generally to all Strategic Business Units in regard to the control of or safekeeping of the city's fixed assets.



## SECTION 8 HERITAGE ASSETS

### 8.1 Definition

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

### 8.2 Disclosure of Heritage Assets

Heritage assets shall be carried at its cost less any accumulated impairment losses after recognition as an asset, in accordance with GRAP 103.

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

For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note, with reasons why the value of such heritage assets or class of heritage assets, if any, could not be measured reliably.

### 8.3 Recognition

**A heritage asset shall be recognised as an asset if, and only if:**

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- (b) the cost or fair value of the asset can be measured reliably
- (c) only if the portion not Heritage Asset is insignificant

## SECTION 9 DONATED ASSETS

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the assets management system at such reasonable value as the Chief Financial Officer assigns to the asset in question, and the CFO will be authorised to utilise the services of valuers, if deemed necessary.



## SECTION IO BIOLOGICAL ASSETS

Accounting for biological assets shall take place in accordance with the requirements of GRAP 101.

The Chief Financial Officer, in consultation with the head(s) of department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sales costs. Such valuation shall be undertaken by a recognised valuer in the line of the biological assets concerned.

Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the department or vote concerned as operating revenue. If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the Head of Department concerned in exactly the same manner as though the asset were an ordinary fixed asset.

Records of the details of biological assets shall be kept in a separate section of the fixed assets register or in a separate accounting record, and such details shall reflect the information which the Chief Financial Officer, in consultation with the Head of Department concerned and the internal auditor, deems necessary for accounting and control purposes.

The Chief Financial Officer shall annually insure the municipality's biological assets, in consultation with the head(s) of department concerned, provided the Council of the municipality considers such insurance desirable and affordable.

## SECTION II CAPITALISATION CRITERIA

### 11.1 Capitalisation

All fixed assets that comply with the **definition of an asset** and **role of asset** of this policy must be capitalised in the Fixed Asset Register inclusive of non – claimable vat.

#### Definition of an Asset

A fixed asset is an asset, either movable or immovable, owned by or under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year, which cost or fair value can be measured reliably.

**Fixed assets will include Property, Plant and Equipment (as defined in GRAP 17), Intangible Assets (as defined in GRAP 102), Investment Property (as defined in GRAP 16), Heritage Assets (as defined in GRAP 103), as well as Assets held under a finance lease, in accordance with the principles contained in GRAP 13.**

#### Role of Assets

The role of assets is to support the delivery of a service to the public. Assets should exist to **support programme delivery**.

#### Group Assets

Meters (Water and electricity) and chairs for halls will be classed as a group asset. All group asset purchases inclusive of non-claimable VAT, must be capitalised in the Fixed Asset Register and provided for on the capital budget.



## Providing for asset expenditure in the budget:

It is essential that actual costs are expensed on the correct capital vote in accordance to the asset classification. Below is a guideline on the item code to be used as per asset classification when creating a vote(account) for the acquisition of an asset E.g. dept **655** vote = computers

### Item

601	-	Road Construction
602	-	Storm water Drainage
608	-	Sewers
619	-	Water loss Programme
605	-	Mains and services
606	-	Distribution
621	-	Major overhead lines
623	-	Substations
630	-	Buildings
637	-	Purchase of land
654	-	Plant and equipment
655	-	Computers
656	-	Furniture and fittings
658	-	Vehicles
686	-	internal insurance funded assets

## 11.2 Intangible Assets

Items belonging to the category "**intangible**" do not have a physical form and meets the identification criterion in the definition of an intangible asset when it:

- is separate, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract asset or liability; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations;

### **and can be further classified as:**

- Intangible assets with a finite useful life; and
- Intangible assets with an infinite useful life.

An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

### **Examples of intangible items are:**

1. Mineral exploration rights
2. Computer software (not operational software)
3. Valuation Roll
4. Licensing rights
5. Servitudes



Intangible items are treated in accordance with the provisions of GRAP 102 **and in applying the cost model** are initially recorded at their cost price. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

## Retirements and disposals

An intangible asset shall be de-recognised:

- a. on disposal; or
- b. when no future economic benefits are expected from its use or disposal.

## Review of useful life assessment

The useful life of an intangible asset that is not being amortised shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

## SECTION 12 CALCULATION OF CAPITALISATION COST OF ASSETS

### 12.1 Initial Cost

The initial recording of an asset is dealt with as follows in GRAP 17:

An item of property, plant and equipment that qualifies for recognition as an asset should initially be measured at its cost. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly attributable costs are:

- a. The cost of site preparation,
- b. Initial delivery and handling costs,
- c. Installation costs, and
- d. Professional fees such as for architects and engineers;
- e. The estimated cost of dismantling the asset and restoring the site, to the extent that it is recognised as a provision.
- f. Administrative and other general overhead costs are **only** a component of cost if it can be directly attributed to the acquisition or construction of the asset without which the asset could not have been brought to working condition.

### 12.2 Costs incurred on existing PPE subsequent to the initial recording of the cost price

Assets are often modified during their life. There are two main types of modification:

#### **Enhancement / Rehabilitation:**

This is where work is carried out on the asset that increases its service potential. Enhancements normally increase the service potential of the asset, and or may extend an asset's useful life and result in an increase in value.

These expenses are not part of the life cycle of the asset. These costs normally become necessary during the life of an asset due to a change in use of the asset or technological advances.

Disbursements of this nature relating to an asset, which has already been recognised in the financial





statements, should be added to the carrying amount of that asset. The value of the asset is thus increased when it is probable that future economic benefits or service potential will flow to the entity over the remaining life of the asset.

To be classified as capital spending, the expenditure must lead to at least one of the following economic effects:

- a. Modification of an item or plant to extend its useful life, including an increase in its capacity;
- b. Upgrading machine parts to achieve a substantial improvement in the quality of output;
- c. Adoption of new production enabling a substantial reduction in previously assessed operating costs;
- d. Extensions or modifications to improve functionality such as installing computer cabling or increasing the speed of a lift;
- e. Improve the performance of the asset;
- f. Increase the capacity of the asset;
- g. Prolong the expected working life of the asset;
- h. Increase the size of the asset; or
- i. Change the shape of the asset.

## Maintenance / Refurbishment:

Expenditure related to repairs or maintenance of property plant and equipment are made to restore or maintain the future economic benefits or service potential that an entity can expect from the asset.

Refurbishment of works does not extend functionality or the life of the asset, but are necessary for the planned life to be achieved. In such cases, the value of the asset is not affected, and the costs of the refurbishment are regarded as operating expense in the statement of financial performance.

**Thus if the improved performance or extended life of an asset is not beyond what has originally been estimated for the asset and the expenditure is only to bring performance back to the level that is normally expected for the asset, the expenditure will be considered an operating expense.**



## SECTION B DEPRECIATION OF ASSETS

### 13.1 Definition

Depreciation may be defined as the monetary quantification of the extent to which a fixed asset is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed, from the date that the asset is brought into use.

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

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

### 13.2 Which assets must be depreciated

All fixed assets, except Land, Investment property, Non-current assets held for sale, and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Although typically disclosed together, land and buildings are separable assets and because land normally has unlimited life it is not depreciated whilst buildings are. Heritage assets such as works of art, historical buildings and statues are also not normally depreciated. The reason is that these assets have cultural significance and as such are likely to be preserved for the benefit of future generations. It should therefore be impossible to determine their useful lives.

### 13.3 Determining useful lives of assets

The Chief Financial Officer shall assign a useful operating life to each depreciable asset recorded on the city's Fixed Asset Register. In determining such a useful life, the Chief Financial Officer shall adhere to the useful lives set out in the annexure to this document (refer *Annexure A*) or to the recommendation of the head of the department involved.

In the case of a fixed asset which is not listed in this annexure, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the DMM of the Strategic Business Unit who shall control or use the fixed asset in question, and shall be guided in determining such useful life either by the useful lives assigned in the annexure to the fixed asset most closely comparable to the asset in question or by the likely pattern in which the asset's economic benefits or service potential will be consumed.

The residual value and the useful life of an asset shall be reviewed at least at each reporting date.

The amortisation period of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life, and reviewed at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be amended accordingly.



## 13.4 Depreciation Calculation

### 13.4.1 Tangible assets

The city uses the straight-line depreciation method whereby items of property, plant and equipment are depreciated on a constant or uniform amount over their estimated useful life. For example, if a vehicle is purchased and has an estimated useful life of 5 years, each month  $1/60^{\text{th}}$  of the vehicle will be depreciated. Depreciation is an expense both calculated and debited on a monthly basis against the appropriate line item in the Strategic Business Unit or vote in which the item of property, plant and equipment is used or consumed and should be recognised as such.

Depreciation shall be charged from the calendar month following the month in which an item of property, plant and equipment is brought into commission and will continue until the accumulated depreciation equals the cost or valuation amount of the respective item of property, plant and equipment or the item is disposed or written off. When depreciation is calculated, a corresponding accumulated depreciation account is created. The accumulated depreciation account is a statement of financial position item (it is an asset provision). This account balance reflects the depreciation charge that has been expensed or capitalised since the asset was brought into commission. The balance on the accumulated depreciation account can never exceed the cost or valuation of the specific item of property, plant and equipment to which it relates.

### 13.4.2 Intangible assets

Amortisation period and amortisation method

#### a. Finite useful life

The depreciable amount of an intangible asset with a **finite useful life** shall be allocated on a systematic basis over its useful life. Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised. **The amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used.** The amortisation charge for each period shall be recognised in profit or loss unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

#### b. Infinite useful life

No amortisation will take place

The amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortisation method shall be changed to reflect the changed pattern.

## 13.5 Amendment Of Asset Lives And Diminution In The Value Of Fixed Assets

Only the Chief Financial Officer may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs the Chief Financial Officer shall inform the Council of the municipality of such amendment.



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The Chief Financial Officer shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, based on the reports submitted from departmental heads.

If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the assets management system.

In all the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

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

## 13.6 Alternative Methods Of Depreciation In Specific Instances

The Chief Financial Officer may employ the sum-of-units method of depreciation in the case of fixed assets which are physically wasted in providing economic benefits or delivering services.

The Chief Financial Officer shall only employ this method of depreciation if the Head of Department controlling or using the fixed asset in question gives a written undertaking to the Municipal Manager to provide:

- a. estimates of statistical information required by the Chief Financial Officer to prepare estimates of depreciation expenses for each financial year; and
- b. actual statistical information, for each financial year.

The Head of Department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the Chief Financial Officer.

Where the Chief Financial Officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the Chief Financial Officer shall inform the Council of the municipality of the decision in question.

## 13.7 OFFSET DEPRECIATION

### 13.7.1 Assets financed by Government Grants or Public Contributions

The principle of government grant and public contribution funded assets is that there should be no capital cost included in tariffs from using this source of financing.

Funding from Government grants and Public Contributions, equal to the amount used to finance the asset are directly transferred to the operating account as revenue. This transfer will reflect in the accumulated surplus as offset of depreciation against future depreciation charges on these assets.



## 13.8 Disclosure Requirements

According to GRAP 17 the following information relating to depreciation should be disclosed in the financial statements:

### 1. In the Accounting Policy Notes

the depreciation methods used and the depreciation rates or useful lives.

### 2. On the Statement of Financial Position

The depreciation is part of the Net Property, Plant and Equipment amount.

### 3. On the Statement of Financial Performance

The depreciation charged in arriving at the net surplus or deficit disclosed in the income statement.

### 4. In the notes to the Statements

The gross carrying amount and the accumulated depreciation at the beginning and end of the period in respect of each class of property, plant and equipment, together with all the other movements on the asset accounts.

### 5. In Annexure B and C to the Financial Statements

- a. These Annexures disclose a more detailed analysis of the various classes of assets (Annexure B) as well as a detailed analysis on the allocation of assets (Annexure B) a well as a detailed analysis on the allocation of assets to the various departments and functions (Annexure C). These Annexures must show a reconciliation of the carrying amount at the beginning and end of the period showing:
  - i. Additions
  - ii. Disposals
  - iii. Acquisitions through business combinations
  - iv. Increases or decreases resulting from revaluations
  - v. Reductions in carrying amount (impairment losses)
  - vi. Depreciation
  - vii. Other movements

When property, plant and equipment is disposed of whether by selling or destroyed, the asset values must be offset against the proceeds, if any, resulting in a profit or loss on the particular item of property, plant and equipment. If this item was previously financed from a Government Grant and there is still a balance left regarding this item on the Deferred Income Account: Government Grant, this balance must then be transferred to the Accumulated Surplus / Deficit account.





## SECTION 14 REVALUATION OF FIXED ASSETS

### 14.1 Revaluation Process

All land and buildings utilized for service delivery, recorded in the municipality's assets management system as Property, Plant and Equipment, shall be revalued with the adoption by the municipality of each new valuation roll (or, if the land and buildings concerned fall within the boundary of another municipality, with the adoption by such municipality of each new valuation roll).

The Chief Financial Officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the fixed asset as recorded in the valuation roll.

In accordance with GRAP 17, after recognition as an asset, an item of property, plant and equipment whose fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

### 14.2 Revaluation Reserve

The Chief Financial Officer shall also, where applicable, create a revaluation reserve for fixed assets equal to the difference between the value as recorded in the valuation roll and the carrying value of the fixed asset before the adjustment in question.

### 14.3 Depreciation of re-valued property

- a. The fixed asset concerned shall, in the case of buildings, thereafter be **depreciated** on the basis of its re-valued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the Strategic Business Unit's vote controlling or using the fixed asset in question.
- b. The CFO shall ensure that an amount equal to the difference between the new (enhanced) monthly depreciation expense and the depreciation expenses determined in respect of such fixed asset before the revaluation in question is transferred each month from the revaluation reserve to the operating account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.
- c. If the amount recorded on the valuation roll is less than the carrying value of the fixed asset recorded in the fixed asset register, the Chief Financial Officer shall adjust the carrying value of such asset by increasing the accumulated depreciation of the fixed assets in question by an amount sufficient to adjust the carrying value to the value as recorded in the valuation roll. Such additional depreciation expenses shall form an immediate additional charge against the department or vote controlling or using the asset in question.

### 14.4 Investment Property

Investment properties will be revalued on an annual basis, and any increases or decreases will be recorded against the Revaluation Reserve. Any gains or losses on the disposal shall be accounted for as below, and the carrying value will be written off against the Revaluation Reserve.

The CFO can also utilize the services of a valuer to determine the values of Non-current assets held for sale, where it is expected that the Net Realisable Value, as calculated from the values reflected in the Valuation roll, differ



materially from what can be expected, due to changes in market conditions since the fixed date used for the determination of market values in the valuation roll. Any adjustments made in this regard will be accounted for as gains or losses in the municipality's operating account.

## SECTION 15 DISPOSAL OF ASSETS

### 15.1 Disposal

In compliance with the principles and prescriptions of the Municipal Financial Management Act (*Annexure B*) and Municipal Asset Transfer Regulations, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the city's supply chain management policy.

Every Head of Department shall report in writing to the Chief Financial Officer on a quarterly basis on all fixed assets controlled or used by the department concerned which such Head of Department wishes to dispose by public auction or public tender. The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the Council or the Municipal Manager of the municipality, as the case may be, recommending the process of disposal to be adopted.

Any items declared obsolete or damaged will be handed in to the Asset Management Unit for safekeeping. No items will be received by the Asset Management Unit without a completed asset disposal form counter-signed by the Asset Management Unit, describing the status of the item and the reason for writing-off the item.

Each Strategic Business Unit must take the necessary steps to ensure that all their obsolete or damaged assets are disposed of in the correct and approved manner. It is the responsibility of each Strategic Business Unit to ensure that all such assets to be disposed of are delivered to and received at the Asset Management Unit. The Council shall ensure that the disposal of any fixed asset takes place in compliance with Section 14 of Municipal Financial Management Act of 2004 and the Supply Chain Management Policy.

Every DMM of a Strategic Business Unit shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the Strategic Business Unit in question is promptly reported in writing to the Insurance Section as well as the Asset Management Unit by using the asset disposal form to the internal auditor, and, in cases of suspected theft or malicious damage, also to the South African Police Services. Once the fixed assets are disposed, the Chief Financial Officer shall remove the relevant records from the fixed asset register. The Council shall delegate to the Municipal Manager the authority to approve the alienation of any fixed asset with a carrying value less than R50 000.00 (Fifty Thousand Rand).

### 15.2 Asset Disposal committee

The Asset disposal committee will deliberate on recommendations from Business Units for the disposal and transfer of all movable and immovable assets including land and leases.

The committee will report to the Accounting Officer their recommendations regarding the disposal and transfer of municipal assets. Thereafter the Accounting Officer shall submit considerations and recommendations of the disposal and transfers to the appropriate portfolio committee for their recommendations and final approval.

The Committee comprises of the following officials:

- Process Manager: Asset Management
- Process Manager: Fleet
- Manger Real Estates and Valuations
- Legal Advisor
- Process Manger Area Based Management
- Process Manager ICT



## 15.3 Other write-offs

A fixed asset, even though fully depreciated, shall be written-off only on the recommendation of the DMM of a Strategic Business Unit controlling or using the concerned, and with the final approval of Council.

Every DMM of a Strategic Business Unit shall report to the Chief Financial Officer on any fixed assets which such DMM of the Strategic Business Unit wishes to have written off, stating in full the reason for such recommendation. The Chief Financial Officer shall consolidate all such reports and shall promptly submit a recommendation to the Council on the fixed assets to be written off.

The only reasons for writing off fixed assets, other than the disposal of such fixed assets, shall be the loss, theft, destruction, incorrect capitalisations or material impairment of the fixed asset in question.

## 15.4 Proceeds / Loss on Disposal of Assets

When assets are disposed of whether by disposal or written off the asset values needs to be readjusted and offset against the proceeds. If the proceeds of the disposal are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the cost centre of the Strategic Business Unit concerned. If this asset has an outstanding balance on the government Grants Reserve account or the Revaluation Reserve, this balance must be transferred to the Accumulated Surplus.

All proceeds realised on the disposal of assets shall be appropriated annually to the city's Capital Replacement Reserve and all losses on the disposal of assets shall remain as expenses on the cost centre of the department concerned. If, however, both gains and losses arise in any one financial year in respect of the disposal of assets of any department, only the net gain (if any) on the disposal of such assets shall be appropriated.

## 15.5 Disclosure of Assets Disposed of

The carrying value of the asset disposed of is removed from the records and will not reflect on the **Statement of Financial Position** as part of the balance on Property, Plant and Equipment under **Non-Current** assets. The gain or loss will be reflected in the **Statement of Financial Performance** as a gain under Revenue or as a loss under Expenditure.

## SECTION 16 RECOGNITION OF ASSETS IN THE FINANCIAL STATEMENTS

Recognition is the process of incorporating in the Statement of Financial Position or Statement of Financial Performance, an item that meets the definition and satisfies the criteria for recognition.

Assets are classified into categories as set out in section 7 (Classification of Assets) and the information for each category summarised in a table format is disclosed as:

1. A note to the Financial Statements;
2. With a detailed disclosure as an annexure reflecting the movements for the financial year by category and subcategory;
3. Movements are also reflected on an annexure per Strategic Business Unit;
4. The net value (carrying value at year-end), for all categories is added together and reflected as a single line item in the statement of financial position.

The failure to recognise such items is **not** rectified by disclosure of the accounting policies used, or by notes or explanatory material.



To be able to **assess the utilisation of assets** all assets should be listed once the recognition criteria are met.

An Asset item should be recognised in the Financial Statements if it meets the:

1. Probability criteria (it is probably that any future economic benefits or service potential associated with the asset will flow to the entity);
2. Measurement criteria (the asset has a cost or value that can be measured with reliability).

In many cases, cost or value must be estimated; the use of reasonable estimates is an essential part of the preparation of Financial Statements and does not undermine their reliability. When, however, a reasonable estimate cannot be made, the item is not recognised in the **Statement of Financial Position** or **Statement of Financial Performance**.

An item that possesses the essential characteristics of an asset but fails to meet the criteria for recognition may nonetheless warrant disclosure in the notes, explanatory material or in supplementary schedules. This is appropriate when knowledge of the item is considered to be relevant to the evaluation of the financial position, performance and changes in financial position of the city by the users of Financial Statements.

No asset is recognised in the **Statement of Financial Position** for expenditure incurred where it is *improbable* that economic benefit or service potential will flow to the city *beyond* the current financial year. Where the probability is low, such a transaction will result in the recognition of an expense in the **Statement of Financial Performance**.

Where the expenditure has been incurred in connection with an asset already recognised, consideration should be given to the probability that the expense will result in an extension of the asset's estimated useful life. If the probability is high the expense will be added to the value of the asset in the **Statement of Financial Position** and written off by way of depreciation over the *remaining* life of the asset.

Expenditure incurred on an existing asset that **will not** extend the useful life or the functionality of the asset, will be reflected in the **Statement of Financial Performance** as an expense (maintenance).

Assets may be acquired for safety or environmental reasons. The acquisition of such assets, while not directly increasing the future economic benefits or service potential of any particular existing asset, may be necessary in order of the city to obtain the future economic benefits of service potential from its other assets. When this is the case, such acquisitions of assets qualify for recognition as assets, in that they enable future economic benefits or service potential from related assets to be derived by the city in excess of what it could derive if they had not been acquired. However, **such assets are only recognised to the extent that the resulting carrying amount of such an asset and related assets does not exceed the total economic benefits or service potential that the entity expects to recover from their continued use and ultimate disposal.**





## SECTION 17 FUNDING SOURCES

The main sources of finance utilised to acquire assets are:

1. External Loans
2. Grants, Subsidies and Public Contributions
3. Revenue Contributions
4. Revaluation Reserve

The sources of finance that may be utilised to finance assets are utilised in accordance with the provisions of Section 19 of the Municipal Finance Management Act.

There will be a departure from GRAP 1.144 regarding Capital Reserves, in accordance with GRAP 1.22 and .23, read with GRAP 3.07, as the inclusion of capital receipts applied for the purchase of Property, Plant and Equipment in the Accumulated surplus will lead to a misinterpretation by users, particularly Council and Ratepayers/Consumers. These Reserves will be disclosed in accordance with GRAP 1.86.

### 17.1 External Loans

Major expenditure on PPE, especially Infrastructure and major items of Plant, can be financed from external financing sources, if the municipality complies to the requirements of the MFMA in this regard. Costing of this source of finance must include finance costs and depreciation against the Statement of Financial Performance over the period of financing. The period of financing should ideally be aligned to the estimated lifespan of the assets thus financed, but should never exceed such.

### 17.2 Grants, Subsidies and Public Contributions

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Grants Reserve equal to the Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Reserve to the accumulated surplus/(deficit). The purpose of this procedure is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Grants. Unspent conditional grants are reflected on the Statement of Financial Position under current liabilities as Unspent Conditional Grants. These funds always have to be backed by cash. The following conditions are set for the creation and utilisation of these funds:

- a. The cash which backs up the grant is invested until it is utilised.
- b. Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If the conditions are silent on investment interest it is recognised as interest earned in the Statement of Financial Performance and might be allocated, in part or fully, to the unspent portion of the grant if it is so stated in the accounting policy.
- c. Whenever an asset is acquired from a conditional government grant an amount equal to the cost of the asset is transferred from the Unspent grant creditor to the Statement of Financial Performance as revenue. Thereafter an equal amount is transferred to the Grant Reserve. This account must have equal book value of assets purchased from conditional government grants and is utilised to offset depreciation charged on assets purchased out of conditional government grants.





When an asset, previously financed by a conditional government grant, is disposed off with a balance left on the Grants Reserve account such a balance must be transferred to the Accumulated Surplus account.

## 17.3 Revaluation Reserve

The surplus arising from the revaluation of assets is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the Revaluation reserve to the accumulated surplus/(deficit). On disposal the net Revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

## SECTION 18 IMPAIRMENT LOSSES

### 18.1 Impairment

The carrying amount (book value) of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

All impairments must be done in compliance to :

- a. Impairment of cash-generating assets (Grap 26)
  - i. **Cash-generating asset:** asset held with primary objective of generating commercial return
- b. Impairment of non cash-generating assets (Grap 21)
  - ii. **Non-cash generating assets** are primarily held for service delivery purpose, no commercial return)

**Recoverable amount is the amount that the city expects to recover from the future of an asset, including its residual value on disposal.**

When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation on properties in which case it should be charged to the Revaluation Reserve

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification work is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amounts of the smallest grouping of assets for which it is possible to make an assessment of recoverable amounts.

**The following may be indicators that an asset has become impaired:**

- a. The item has been damaged,
- b. The item has become technologically obsolete.
- c. The item remains idle for a considerable period of either prior to it being put into use or during its useful life.



d. Land is purchased at market value and is to be utilised for subsidized housing developments, where the subsidy is less than the purchase price.

## Example:

An example of where the City has suffered an impairment loss is the purchase of land for an amount of R 5,000,000. The land will be utilised for new subsidised housing developments. If at year-end the expectation is that the City will receive only R 1,000,000 by way of subsidies, an impairment loss of R 4,000,000 needs to be recognised. The recoverable amount (R 1,000,000) is calculated as being the larger of:

- 1. Net Selling Price** of the land which is the amount obtainable from the sale of the market in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.
- 2. Value in use** of the land which is the present value of the estimated future net cash inflows expected from the continuing use of the asset and from its disposal at the end of its useful life.

## 18.3 Disclosure of Impairment Losses

All impairment losses must reflect on the **Statement of Financial Performance**.

The Financial Statements should also disclose, in the **reconciliation of the carrying amount at the beginning and end of the period for each class of property, plant and equipment** recognised in the Financial Statements any impairment losses recognised in the statement of financial performance during the period and impairment losses reversed in the statement of financial performance during the period.

Material impairment losses need to be disclosed in the notes to the income statement as a separately disclosable item.

## 18.4 Reversal of an Impairment Loss

- The same procedures as for the identification of impaired assets are followed as to whether there is an indication that impairment may have decreased. If so, the recoverable amount must be added to the carrying value of the asset.
- The life cycle must be adjusted.
- The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.
- Reversal of an impairment loss is recognised as income in the income statement.
- Depreciation must be adjusted for the remaining life cycle.



## SECTION 19 INVESTMENT PROPERTY

**Investment Property shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's statement of financial position.**

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the assets management system in the same manner as other fixed assets, but a separate section of the assets management system shall be maintained for this purpose.

Investment assets shall be not depreciated, but shall be annually valued on balance sheet date to determine their fair value as prescribed in GRAP 16. Investment assets shall be recorded in the balance sheet at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned, where it can not be accounted for against the Revaluation reserve.

A professional valuer shall be engaged by the municipality to undertake such valuations.

If the Council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – whereafter it shall be reclassified as an investment property.

### 19.1 Definition of Investment Property

Investment Property is defined as:

- a. Property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for:
  - i. Use in the production or supply of goods or services or for administrative purposes; or
  - ii. Sale in the ordinary course of operations.
- b. Investment Property generates cash flows largely independently of the other assets of the city.

**Investment Property is held to earn rentals or for capital appreciation of both**  
**The following are examples of Investment Property**

- a. Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- b. Land held for a currently undetermined future use. (If the city has not determined that it will use the land for short-term sale in the ordinary course of operations, the land is considered to be held for capital appreciation);
- c. A building owned by the city (or held by the city under a finance lease) and leased out under one or more operating leases on a commercial basis; and



d. A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

## The following are examples of items that are not investment property:

a. Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;

b. Property being constructed or developed on behalf of third parties;

c. Own-occupied property, including (among other things) property held for future use as own-occupied property, property held for future development and subsequent use as own-occupied property, property occupied by employees such as housing (whether or not the employees pay rent at market rates) and own-occupied property awaiting disposal;

d. Property that is being constructed or developed for future use as investment property. GRAP 17 applies to such property until construction or development is complete, at which time the property becomes investment property. However, existing investment property that is being redeveloped for continued future use as investment property remains investment property;

e. Property held to provide a social service and which also generates cash inflows. For example, a housing department may hold a large housing stock used to provide housing to low income families at below market rental. In this situation, the property is held to provide housing services rather than for rentals or capital appreciation and rental revenue generated is incidental to the purposes for which the property is held. Such property is not considered an “Investment Property” and would be accounted for in accordance with GRAP 17; and

f. Property held for strategic purpose which would be accounted for in accordance with GRAP 17.

g. Where a property is utilised partly in the ordinary course of operations and partly to generate rentals or for capital appreciation it will only be classified as investment property if a significant portion is utilised to generate investment income.

## 19.2 Initial measurement of Investment Property

a. Investment property is measured initially at its cost (including transaction costs). Where an investment property is acquired at no cost (for example donated assets), or for a nominal cost, its cost is its fair value as at the date of acquisition.

b. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure, such as, professional fees for legal services, property transfer taxes and other transaction costs.

c. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the city applies the GRAP standard on accounting for PPE. At the completion date, the property becomes investment property and the Standard on Investment Property applies.

d. Investment Property is only recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity and the cost or fair value of the investment property can be measured reliably.



## 19.3 Measurement of Investment Property subsequent to Initial Measurement

a. Subsequent expenditure relating to an investment property that has already been recognised should be added to the carrying amount of the investment property when it is probable that future economic benefits or service potential over the total life of the investment property, in excess of the most recently assessed standard of performance of the existing investment property, will flow to the entity. All other subsequent expenditure should be recognised as an expense in the period in which it is incurred.

**For example:** If a city purchases a building as an investment property and will incur renovation costs, the renovation cost may be capitalised if it improves the condition of the asset over its most recently assessed standard of performance. Assume that before the renovation the building can earn R 5,000 per month rental income. In this case the renovation cost will be added to the carrying amount of the investment property.

b. After initial recognition of the investment property the city may choose to reflect the investment property at fair value or at cost less accumulated depreciation.

c. The fair value of investment property is usually its market value. Fair value is measured as the most probable price reasonably obtainable in the market at the reporting date in keeping with the fair value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. After initial recognition, an entity that chooses the fair value model should measure all of its investment property at its fair value at each Statement of Financial Position date. A gain or loss arising from a change in the fair value of investment property should be included in net surplus/deficit for the period in which it arises. No depreciation will be calculated on this property.

**For Example:** The city purchases four houses at a cost of R 200,000 each for purposes of leasing them out to senior manager of the city at market related rates. The legal fees and transport duties relating to the transaction amount to R 16,000. At the end of the financial year the fair value of the houses is determined to be R 900,000. This means that the city will recognise a fair value gain in the Statement of Financial Performance for the year of R 84,000. (R 900,000 – R 816,000).

d. If, after initial recognition, the city chooses the cost model it should measure all of its investment property using the guidelines for normal assets that is, at cost less any accumulated depreciation and accumulated depreciation and accumulated impairment losses.

## 19.4 Transfers and Disposals of Investment Properties

### 19.4.1 Transfers

a. Transfers to, or from, investment property should be made when, and only when, there is a change in use, evidenced by:

i. Commencement of own-occupation, for a transfer from investment property to own-occupied property;

ii. Commencement of development with a view to sale, for a transfer from investment property to inventories;

iii. End of own-occupation, for a transfer from other classified property to investment property;





- iv. Commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property; or
- v. End of construction or development, for a transfer from property in the course of construction or development to investment property.

b. For a transfer from investment property carried at fair value to own-occupied property or inventories, the property's cost for subsequent accounting under the relevant GRAP Standards on PPE or inventories should be its fair value at the date of change in use.

c. If an own-occupied property becomes an investment property that will be carried at fair value, an entity should apply the relevant GRAP standard on PPE up to the date of change in use. The city should treat any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation under the relevant GRAP Standard on PPE by crediting a reserve.

d. For a transfer from inventory to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount should be recognised in net surplus/deficit for the period.

e. When the city completes the construction or development of a self-constructed investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount should be recognised in net surplus/deficit for the period.

## 19.4.2 Disposals

On disposal or permanent withdrawal from use of investment property:

- a. An investment property should be eliminated from the Statement of Financial Position;
- b. Gains or losses arising from the retirement or disposal of investment property should be determined as the difference between the net disposal proceeds and the carrying amount of the asset. For the purposes of display in the Financial Statement, the gain or loss should be included in the Statement of Financial Performance as an item of revenue or expense.

## 19.5 Budget Implications relating to Investment Property

The following amounts will have to be budgeted for in the operating budget relating to investment properties:

- a. Gains on the disposal of investment properties that are intended to be sold during the next financial year.
- b. Fair value gains that are expected to be obtained on investment properties that will be held during the next financial year.
- c. Depreciation on investment properties that are intended to be transferred to own-occupied properties during the next financial year.
- d. The effect of reduced depreciation on own-occupied properties that are intended to be transferred to investment properties during the next financial year.
- e. Revenue through operating lease income; and



f. Fair values gains where the intention to sell a building (inventory) is changed and the inventory is held as an investment property on which rental income and capital appreciation will be earned by the city in the next financial year.

## 19.6 Disclosure

### The disclosure requirements adhered disclosing information on investment property reflected at fair value:

- a. The criteria developed by the city to distinguish investment property from own-occupied property and from property held for sale in the ordinary course of operations;
- b. The methods and significant assumptions applied in determining the fair value was supported by market evidence or was more heavily based on other factors (which the entity should disclose) because of the nature of the property and lack of comparable market data;
- c. The extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact should be disclosed;
- d. The amounts included in the Statement of Financial Performance for:
  - i. Rental revenue from investment property;
  - ii. Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental revenue during the period; and
- e. Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental revenue during the period;
- f. The existence and amounts of restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal;
- g. Material contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements;
- h. A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following:
  - i. Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalised subsequent expenditure;
  - ii. Additions resulting from acquisitions through entity combinations;
  - iii. Disposals;
  - iv. Net gains or losses from fair value adjustments;
  - v. The net exchange differences arising on the translation of the financials statements of a foreign entity;



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vi. Transfers to and from inventories and owner-occupied property; and Other movements.

i. The fair value of the investment property. In the exceptional cases, when the city cannot determine the fair value of the investment property reliably, the entity should disclose:

- i. A description of the investment property;
- ii. An explanation of why fair value cannot be determined reliably; and
- iii. If possible the range of estimates within which fair value is highly likely to lie.



## SECTION 20 REPLACEMENT STRATEGY

The Municipal Manager, in consultation with the Chief Financial Officer and other DMM's of Strategic Business Units shall formulate strategies and standards for the replacement of all operational property, plant and equipment. Such strategies and standards shall be incorporated in a formal policy, which shall be submitted to the Council for approval. This policy shall cover the replacement of infrastructure and operational movable vehicles and equipment.

This strategy should take into consideration:

- a. The nature of the asset
- b. The usage of the asset
- c. Priorities
- d. Available funding
- e. Operational and maintenance costs
- f. Operational skills
- g. Future expected developments
- h. Technology
- i. Outsourcing
- j. Private sector partnerships



## SECTION 21 ASSET RISK MANAGEMENT

### 21.1 Insurance

Strategic Business Units are responsible for managing the risks associated with their activities.

The Municipal Manager shall ensure that all movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve, the Chief Financial Officer shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the heads of departments concerned.

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

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

### 21.2 Other risk reducing methods

Departmental regulations or "operating policies" can also reduce risks. Departments should investigate their operations and set operating policies as to how personnel should operate and use property, plant and equipment to minimize risk. Examples are as follows:

- a. Only authorised personnel should be allowed in areas where expensive equipment is kept;
- b. Only authorised personnel should be allowed to operate plant or vehicles;
- e. The keys for office vehicles should be controlled in a central office during the day, and employees should sign when they take the keys;
- d. Ensure that drivers or operators have the necessary qualifications and licences;
- e. It should be part of service conditions that employees incur personal liability if they drive while under the influence of alcohol, drugs, medication, and so forth; or if they leave the vehicle unattended and unlocked;
- f. Physical access to buildings, or areas within buildings, should be restricted, especially after hours.





## SECTION 22 MAINTENANCE OF ASSETS

### 22.1 Maintenance Plans

Regular maintenance can prevent unplanned and expensive breakdowns. Maintenance plans must therefore be drawn up to ensure minimum maintenance standards and execution to achieve the optimum use of assets as planned.

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000.00 (One Hundred Thousand Rand) or more is promptly prepared and submitted to the Council of the municipality for approval.

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

The DMM of Strategic Business Units controlling or using the infrastructure asset in question, shall budget for the executing of the approved plan and will annually report to Council, not later than 31 March, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance and/or budgetary constraints may have on the useful operating life of the asset concerned.

### 22.2 Deferred Maintenance

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

If no such plans have been formulated or are likely to be implemented, the DMM of a Strategic Business Unit controlling or using such asset shall re-determine the useful operating life of the fixed asset in question, if necessary consultation with the Asset Management Unit, and the Asset Management Unit shall recalculate the annual depreciation expenses accordingly.

### 22.3 General Maintenance

Every DMM of a Strategic Business Unit shall be directly responsible for ensuring that all assets that are in his/her care are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.



## SECTION 23 GENERAL REQUIREMENTS

### 23.1 Tagging

Tagging means to place a control number on a piece of equipment or property. All movable assets must be tagged.

The primary purpose of tagging is to maintain a positive identification of assets. Tagging is important to:

- a. Provide an accurate method of identifying individual assets
- b. Aid in the annual physical inventory
- c. Control the location of all physical assets
- d. Aid in maintenance of fixed assets

Fixed property and plant is not tagged; such as:

- a. Buildings (record legal description in asset record),
- b. Land (record legal description in asset record),
- c. Infrastructural assets.

Consistently place asset tags in the same location on each similar type asset. If possible, the tags shall be accessible for viewing. Place the tag where the number can be seen easily and identified without disturbing the operation of the item, which will aid in taking inventory.

### 23.2 Physical Inventory of all Movable Assets

A physical inventory of movable assets is taken to verify assets recorded in the Asset register. Inventories are taken twice a year and shall be completed prior to the financial reporting due date.

The Asset Management Unit in liaison with all Strategic Business Unit will conduct a physical inventory of movable assets twice a year. They will require the co-operation of departmental personnel in accomplishing the physical inventory task and will attempt to minimize the time demanded of them.

The designated officials in the different Strategic Business Units within the City must execute the functions listed below:

- a. Ensure that the bar code number and location number are reflected on the asset movement form by the relevant official on the receipt of the asset. Where applicable, the serial number or registration number should be included.
- b. Complete the asset movement form when transfers occur and forward the completed original form to Asset Management Unit.
- c. Ensure that a completed asset disposal form is submitted when an asset item is disposed of after the necessary approval has been obtained.



d. Asset Management Unit must be notified by the relevant Strategic Business Unit within 14 days of any of the following possible movements:

- i. Donations
- ii. Additions / Improvements
- iii. Departmentally manufactured items
- iv. Loss or damage
- v. Transfers
- vi. Terminations
- vii. Land Sales

## 23.3 Acquisition

Acquisition – In making the decision to acquire an asset the following fundamental principles should be carefully considered:

- a. The purpose for which the fixed asset is required is in keeping with the objectives of the city and will provide significant, direct and tangible benefit to it.
- b. The fixed asset has been budgeted for.
- c. The purchase is absolutely necessary as there is no alternative city asset that could be upgraded or adapted.
- d. The fixed asset is appropriate to the task or requirement and is cost effective over the life of the asset.
- e. The fixed asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources.
- f. Space and other necessary facilities to accommodate the asset are in place.
- g. The most suitable and appropriate type, brand, and model etc. has been selected.



## 23.4 Asset Management Responsibilities

- a. Utilisation – All assets should be used for the purposes they were acquired.
- b. Asset performance should be regularly reviewed to identify under-utilised and under-performing assets. The reasons for this should be critically examined and appropriate action taken.
- c. Disciplinary action must be taken against individuals if there is misuse of Council's assets.

## 23.5 Additions / Improvements

Depending upon the type of addition or improvement to a specific asset the responsible official in the Strategic Business Unit must notify Asset Management Unit of the change in status. The asset master record will be amended on receipt of the required asset acquisition form from the responsible Strategic Business Unit.

When capital expenditure is incurred for any enhancement / improvement of an asset, the Strategic Business Unit shall complete the necessary asset acquisition form and forward it to the Asset Management Unit.

When any changes to vacant land or land and buildings are effected such as subdivision, transfer to another Strategic Business Unit, extent or holders title, the current owner must complete the relevant asset movement form and forward it to the Asset Management Unit.

## 23.6 Termination of Employee's Service

At the termination of an employee's service, the applicable Strategic Business Unit representative must complete the asset resignation form and forward the original to the Asset Management Unit. This form is a statement that the inventory and assets entrusted to the employee to execute his/her daily duties are in good order and handed in where necessary. A copy of this form is forwarded to the HR Business Unit concerned or its relevant Strategic Business Unit for further investigation in the case of missing assets.

## 23.7 Transfer of Assets

When a Strategic Business Unit transfers an asset or inventory item within the Strategic Business Unit, the asset movement form must be completed and forwarded to the Asset Management Unit. The copy of this form must be forwarded to the party receiving the asset or inventory item.

When a Strategic Business Unit transfers an asset or inventory item of another Strategic Business Unit, the transferring Strategic Business Unit must approve the transfer. After approval has been granted the asset movement form must be completed and forwarded to the Asset Management Unit.

## 23.8 Sale of Land and Buildings

The Manager Real Estates and Valuation must submit the properly completed asset disposal forms together with copies of all relevant approvals, in terms of the Land Disposal policy, for the sale of land and buildings to the Asset Management Unit.



## ANNEXURE A FIXED ASSET LIVES

### INFRASTRUCTURE ASSETS

The following is the list of infrastructure assets, with the estimated useful life in years indicated in the corresponding column in each case.

#### 1. Electricity

High Voltage Overhead lines	50
High voltage substations	10-50
High voltage underground cables	50
Low voltage street lighting	50
Medium voltage ground mounted transformers	50
Medium voltage mini substations	50
Medium voltage overhead line	50
Medium voltage substations	10
Medium voltage underground cables	50
Medium voltage pole mounted transformer	50
Medium voltage ring main unit	45

#### 2. Roads

Overhead Gantry	100
Concrete Roads	30-80
Flexible roads	15-60
Unpaved roads	5-25
Structures	50-100
Signalised intersections	15
Airport runway	40
Other roads	15-40

#### 3. Stormwater

Major culverts	50
Minor culverts	50-120
Kerb inlets	25
Manholes	25
Open channels	50
Reticulation	50
Head and weirs	25





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## 4. Water

Water supply – bulk water pipes	30-100
Water supply – pressure reduce valves	15
Pump stations	15-100
Reservoirs	10-100
Water reticulation	30-100
Water meters	15

## 5. Sewerage

Pump stations	10-50
Sewerage treatment works	10-100
Bulk sewer	30-80
Sewer Reticulation	30-80

## 6. Security

Access control systems	5
Security systems	5
Security fencing	10
Security lighting	10



## COMMUNITY ASSETS

The following is a list of community assets, showing again the assigned or estimated useful lives in years in brackets:

### 7. Buildings and Other Assets

Cemeteries	5-50
Civic Theatres	5-50
Clinics and hospitals	5-50
Community centres	5-50
Fire Stations	5-50
Game Reserves and Rest Camps	5-50
Indoor Sports	5-50
Libraries	5-50
Museums and art galleries	5-50
Parks	5-50
Public Conveniences and Bath houses	5-50
Recreation centres	5-50
Sports and related stadiums	5-50
Zoos	5-50

### 8. Recreational Facilities

Bowling Greens	5-50
Tennis Courts	5-50
Swimming pools	5-50
Golf Courses	5-50
Outdoor sports facilities	5-50
Organs (that is, pipe organs that are fixtures in a municipal hall or other centre)	20
Fountains	5-50
Floodlighting	10



## HERITAGE ASSETS

The following is a list of at least some typical heritage assets encountered in the municipal environment (no asset lives are given, of course, as no ordinary depreciation will be charged against such assets):

- a. Museum Exhibits
- b. Works of Art (which will include paintings and sculptures)
- c. Public statues
- d. Historical sites (for example, an Iron Age kiln, historical battle site or site of a historical settlement)

## INVESTMENT ASSETS

It is not possible to provide an exhaustive list of investment assets, as the actual list will depend very much on the local circumstances of each city. However, the following will be among the most frequently encountered:

Office parks (which have been developed by the city itself or jointly between the city and one or more other parties)	5-50
Shopping centres (again developed along similar lines)	5-50
Housing developments (that is, developments financed and managed by the city itself, with the sole purpose of selling or letting such houses for profit)	5-50

## OTHER ASSETS

The following is a list of other assets, again showing the estimated useful life in years:

### 1. Buildings

Housing Schemes	5-50
Kilns	5-50
Fresh produce and other markets	5-50
Nurseries	5-50
Office buildings	5-50
Old Age homes	5-50
Tip sites	5-50
Training centres	5-50
Transport facilities	5-50
Workshops and depots	5-50



## 2. Office equipment

Computer hardware	3-5
Computer software	3-5
Office machines	3-5
Air conditioners	3-5

## 3. Furniture and Fittings

Chairs	7-10
Tables and desks	7-10
General	7-10
Cabinets and cupboards	7-10

## 4. Bins and containers

Household refuse bins	5
Bulk refuse containers	10

## 5. Emergency Equipment

Fire hoses	5
Other fire-fighting equipment	15
Emergency lights	5

## 6. Motor Vehicles

Ambulances	5-10
Fire engines	20
Tankers	20
Mobile Libraries	15
Buses	15
Trucks and light delivery vehicles	5-7
Ordinary motor vehicles	5-7
Motor cycles	3



## 7. Plant and Equipment

Chlorination Equipment	5
Compactors	5
Electronic Equipment	5
Fire Hoses	5
General	5
Generators	5
Graders	10-15
Horticultural Equipment	5
Mobile Pumps	5
Other Fire Fighting Equipment	5
Pumps	5
Tractors	10-15
Trailers	5
Mechanical horses	10-15
Farm Equipment	5
Lawn mowers	5
Compressors	5
Laboratory equipment	5
Radio Equipment	5
Firearms	5
Telecommunication equipment	5
Irrigation systems	15
Cremators	15
Lathes	15
Conveyors	15
Feeders	15
Tippers	15
Workshop Equipment	5
Pulverising mills	15





## 8. Airports

Aprons	20
Runways	20
Taxiways	20
Airports / Radio beacons	20

## ANNEXURE B PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2004

A city may not dispose of any capital asset required to provide a minimum level of basic municipal services.  
 A city may dispose of any other capital asset, provided that:  
 The Council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services; and  
 The Council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

## BORROWING POLICY

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## I. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and / or other related legislation / regulations, has the same meaning as in that Act.

- **“Accounting Officer”** – means the Municipal Manager and *vice versa*;
- **“Act”** – means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- **“Chief Financial Officer”** – means an officer of the Municipality, designated by the Municipal Manager to be administratively in charge of the financial affairs of the municipality;
- **“Council” or “Municipality”** – means the Municipal Council of uMsunduzi Municipality as referred to in Section 18 of the Municipal Structures Act;
- **“Creditor”** – in relation to a municipality, means any person or service provider to whom money is owing by the Municipality;
- **“Debt”** – means –
  - (a) a monetary liability of obligation created by a financing agreement, note, debenture, bond, overdraft or the issuance of municipal securities; or
  - (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another.
- **“Delegatee”** – means an official / person delegated to perform tasks on behalf of another person;
- **“Financial Statement”** – means statements consisting of at least –
  - I. a balance sheet (statement of financial position);
  - II. an income statement (statement of financial performance);
  - III. a cash-flow statement;
  - IV. any other statements that may be prescribed; and
  - V. any notes to these statements.
- **“Financial year”** – means a year ending 30 June;
- **“Financing Agreement”** means any long-term agreement, lease, installment purchase contract or hire purchase agreement under which the Municipality undertakes to pay the capital cost of property, plant or equipment over a period of time;
- **“Lender”** – in relation to a municipality means a person or service provider who provides debt finance to a municipality;



- **“Long Term Debt”** – means debt which is repayable over a period exceeding 12 months;
- **“Municipal debt instrument”** – means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including virtual or electronic evidence of indebtedness intended to be used in raising debt;
- **“Security”** – means a lien, pledge, mortgage, cession or other form of collateral intended to secure the interest of a creditor;
- **“Short Term Debt”** – means a debt which is repayable over a period not exceeding 12 months;

## 2. INTRODUCTION AND BACKGROUND

The Municipality may only incur debt in terms of the Municipal Finance Management Act, Act No. 56 of 2003. The Municipality may incur two types of debt, namely short-term and long-term debt.

### 2.1 Short Term Debt

The Municipality may incur short-term debt only when necessary to bridge:

- (a) Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistically anticipated income to be received within that financial year; or
- (b) Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The Municipality:

- (a) Must pay off short-term debt within a financial year; and
- (b) May not renew or refinance its short-term debt.

### 2.2 Long Term Debt

The Municipality may incur long-term debt for purposes of financing its long-term **strategic** objectives, as outlined in the Constitution of the Republic of South Africa, Act No. 108 of 1996, and Chapter 7 on Local Government, to:

- (a) Provide democratic and accountable government for local communities;
- (b) Ensure the provision of services to communities in a sustainable manner;
- (c) Promote social and economic development;
- (d) Promote a safe and healthy environment; and
- (e) Encourage the involvement of communities and community organizations in the matters of local government.



## 3. SCOPE AND APPLICATION

This policy governs the taking up of new loans, as well as the maintenance and redemption of existing loans. It specifically applies to:

- (a) Conditions under which municipal debt may be incurred;
- (b) Security;
- (c) Approvals;
- (d) Internal Controls,
- (e) Reporting & Monitoring Procedures; and
- (f) Financial viability.

## 4. OBJECTIVES

The objectives of this policy are to:

- (a) ensure compliance with the relevant legal and statutory requirements relating to municipal borrowing;
- (b) record the circumstances under which the Municipality may incur debt;
- (c) describe the conditions that must be adhered to by the Accounting Officer or his / her delegatee when a loan application is submitted to Council for approval;
- (d) set out the internal control measures applicable to the maintenance and redemption of loans;
- (e) ensure timeous reporting on the loans register as required by the Act and in accordance with Generally Recognised Accounting Practice; and
- (f) record the key performance indicators to ensure access to the money markets.

## 5. CONDITIONS UNDER WHICH MUNICIPAL DEBT MAY BE INCURRED

### 5.1 Statutory Conditions

The Municipality may incur debt, provided that:

- (a) The debt is denominated in Rand and is not indexed to, or affected by fluctuations in the value of the Rand to other currencies (Sect 47(a) of the Act);
- (b) The debt is approved by resolution of Council, signed by the Mayor, and the Accounting Officer has signed the agreement or other document which creates or acknowledges the debt (Sect 46(2) of the Act);
- (c) The Accounting Officer has, at least 21 days prior to the meeting of the Council at which the resolution is to be considered, published a notice in a newspaper of general circulation:



- (i) Stating particulars of the draft resolution, including the amount of the loan, the purpose of the loan to be incurred and the particulars of any security to be provided (Sect 46(3)(a)(i) of the Act); and
- (ii) Inviting the public to submit written representations to the Council in respect of the draft resolution (Sect 46(3)(a)(ii) of the Act).

(d) The Accounting Officer has, prior to the adoption of the resolution, submitted an information statement to the Council setting out the purpose for which the debt is to be incurred, the anticipated total cost of credit over the repayment period, the essential repayment terms and particulars of any security to be provided (Sect 46(3)(b) of the Act);

(e) The relevant resolution was adopted at a meeting of the Council which was open to the public; and

(f) Where security is to be provided, the provisions of section 6 below have been complied with (Sect 47)(b) of the Act).

## 5.2 Administrative Conditions

(a) To obtain Council's approval for a bank overdraft, call bond or short-term loan the Accounting Officer or his / her delegatee must submit:

- (i) A cash-flow statement indicating the anticipated shortfalls and anticipated further income streams that will repay the short-term debt;
- (ii) Monthly cash-flow reports indicating progress towards the repayment of the bank overdraft, call bond or short-term loan.

(b) To obtain Council's approval for a long-term loan the Accounting Officer or his / her delegatee must submit:

- (i) The Bid Committee's recommendation after having obtained and evaluated quotations from at least three financial institutions stating the loan period (repayment period), comparable interest rates and administrative costs;
- (ii) An operating budget reflecting the effect of the anticipated depreciation of the envisaged asset to be financed and / or capital costs on service charges; and
- (iii) Statements from the financial institutions that the proposed instruments are in line with national legislation.





## 6. SECURITY

- (a) The Municipality may, by a resolution of the Council, authorise security to be provided for any of its debt obligations;
- (b) Without contravening the above point, the Municipality when incurring debt, may:
- (i) Undertake to maintain revenues or specific charges, fees, tariffs or funds at a particular level or at a level sufficient to meet its obligations arising from that debt;
  - (ii) Undertake to effect payment directly from monies or sources that may become available and authorise direct access to such sources to ensure payment of those obligations;
  - (iii) Undertake to make provision in its budget for the payment of those obligations, including capital and interest;
  - (iv) Undertake to deposit funds with the lender or a third party as security for the debt;
  - (v) Agree to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders, including payments into special purpose funds / accounts or other payment mechanisms / procedures;
  - (vi) Cede as security any category of revenue or rights to future revenue specified in the financing agreement or information statement contemplated in 5.1(d) above;
  - (vii) Undertake to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;
  - (viii) Agree to restrictions on debt which the Municipality may want to incur in future; and
  - (ix) Agree to such other arrangements as the Municipality may consider necessary and prudent.
- (c) A Council resolution authorizing the giving of security as referred to in 6.(a):
- (i) Must determine whether the asset or right with respect to which the security is given, is necessary for providing a minimum essential municipal service; and
  - (ii) If so, must indicate the manner in which the availability of the asset or right for the provision of that service will be protected.



- (d) If the resolution has determined that the asset or right is necessary for providing a minimum essential service, the lender to whom the municipal security is given, may not, in the event of a default by the Municipality, deal with the asset or right in the manner that would preclude or impede the continuation of the minimum essential municipal service.
- (e) A determination in terms of 6(c) that an asset or right is not necessary for providing a minimum essential municipal service is binding on the Municipality until the secured debt has been paid in full.

## 7. APPROVAL

- (a) Once Council approves the loan, the Accounting Officer has to enter into an agreement with the recommended financial institution on behalf of Council. The Chief Financial Officer must ensure that the terms and conditions are as originally agreed before the Council is committed;
- (b) All municipal loan commitments must be recorded in a Loans Register

### **reflecting at a minimum the:**

- (i) Loan number;
  - (ii) Type of loan;
  - (iii) Financial institution;
  - (iv) Date issued;
  - (v) Purpose of loan;
  - (vi) Loan period;
  - (vii) Interest rate;
  - (viii) Installments (capital and interest);
  - (ix) Due dates (quarterly / half-yearly / yearly);
  - (x) Security (if any);
  - (xi) Final redemption date;
  - (xii) Opening balance at the beginning of the financial year;
  - (xiii) Amounts received during the financial year;
  - (xiv) Capital amounts redeemed during the financial year; and
  - (xv) Closing balance at the end of the financial year.
- (c) Sufficient provision must be made in the budget to depreciate assets linked to the loan;



## 8. INTERNAL CONTROL OVER BORROWINGS

### 8.1 Draw-down claims on loans

Regular claims must be prepared, signed and submitted for processing to the financing institution providing the loan facility. The following supporting documents must be attached to each draw-down claim:

- (a) Signed copy of Certified Statement, signed by an authorised representative of the Municipality;
- (b) Signed copy of Application for Loan Draw-down, signed by an authorised representative of the Municipality; and
- (c) Expenditure summary listing the expenditure being claimed.

### 8.2 Repayments made on loans

Loans are paid at the end of each quarter, being March, June, September and December as norm but subject to conditions of loans by the lender. Payments are made in terms of the amortization schedules or notices from the financing institution for the respective loans due for repayments. The following supporting documents must be attached to each loan repayment:

- (a) Signed copy of cheque requisition; and
- (b) Copy of amortization schedule or notice from financing institution detailing the capital and interest amounts due and payable.

### 8.3 Reconciliations between General Ledger / Loans Register and Financing Institutions

The following reconciliations are performed between the Loans Register, Statements / Amortization schedules of financing institutions and the General Ledger and are examined by a senior official under the direction of the Chief Financial Officer:

- (a) Loans Register to General Ledger on a monthly basis;
- (b) Capital redemptions per the General Ledger to the redemptions schedule on a monthly basis;
- (c) Interest paid per the General Ledger to the interest schedules on a monthly basis; and



## 8.4 Documentation kept on record

The following loan documentation and certificates, at a minimum, must be safeguarded at all times:

- (a) Loan agreements;
- (b) Any applicable security agreements;
- (c) Copy of annual loans register;
- (d) Signed copies of monthly reconciliations;
- (e) Copies of all repayments made;
- (f) Copies of amortization schedules;
- (g) Copies of quarterly National Treasury returns.

## 9. REPORTING AND MONITORING PROCEDURES

Regular reporting mechanisms shall be put in place in order to assess the overall standing of the Municipality's borrowings and to ensure that the current borrowings comply with policy objectives, guidelines, applicable legislation and regulations.

As a minimum, the following reports shall be prepared:

### 9.1 For Internal Treasury management

- (a) A monthly schedule of loans detailing each loan; and
- (b) A monthly reconciliation of all interest / capital repaid and capital received.

### 9.2 For the Mayor and Council

A monthly report, within 10 working days of each month, on the borrowing portfolio to the Mayor and thereafter to the Finance Portfolio Committee for information, detailing:

- (a) Date issued;
- (b) Interest rate;
- (c) Loan number;
- (d) Reference number;
- (e) Redemption date;
- (f) Institution funding source;
- (g) Opening balance at the beginning of the financial year;
- (h) Amounts received during the financial year;
- (i) Capital amounts redeemed during the financial year; and
- (j) Closing balance at the end of the financial year.



## 9.3 For External parties

- (a) A schedule of the Municipality's borrowings must be published as part of the annual financial statements;
- (b) Any information to be submitted to the financing institutions and or security providers / guarantors as and when required.

## 10. FINANCIAL VIABILITY

- (a) The Accounting Officer or his / her delegatee must ensure that the Municipality is financially viable and will be able to access the capital market. A report in this regard must be submitted to Council after the completion of the financial statements at the end of every financial year;
- (b) The Chief Financial Officer must complete a financial analysis of at least the following ratios and the achievement of the following targets / norms must be included in the report:

- (i) Percentage of Total Debt to Assets:

$A = B / C \times 100$ ; were

- A = Percentage Debt in relation to Assets,
- B = ( Long-term Liabilities + Current Portion of Long-term Liabilities ),
- C = Total Assets
- Target = Less than 10% (Note: End March 2025 = 3,8%)

- (ii) Percentage of Debt to Revenue:

$A = B / C \times 100$ ; were

- A = Percentage Debt in relation to Revenue,
- B = ( Long-term Liabilities + Current Portion of Long-term Liabilities ),
- C = ( Total Income for the year – Operating Government Grants )
- Target = Less than 35% of Revenue (Note: End March 2025 = 25%)

- (iii) Percentage of Capital Charges to Operating Expenditure:

$A = B / C \times 100$ ; were

- A = Percentage Capital Charges in relation to Operating Expenditure,
- B = Capital Charges,
- C = Operating Expenditure
- Target = Less than 16% (Note: End March 2025 = 14%)

- (iv) Percentage of Interest Paid to Operating Expenditure:





$A = B / C \times 100$ ; were

- A = Percentage Interest Paid in relation to Operating Expenditure,
- B = Interest Paid,
- C = Operating Expenditure
- *Target = Less than 5% (Note: End March 2025 = 2,15%)*

(v) Percentage of Total Debt to Equity:

$A = B / C \times 100$ ; were

- A = Percentage Debt in relation to Equity,
- B = ( Long-term Liabilities + Current Portion of Long-term Liabilities ),
- C = Funds & Reserves
- *Target = Less than 10% (Note: End March 2025 = 4,32%)*

(vi) Gearing:

$A = B / C$ ; were

- A = Ratio of Equity in relation to Long-term Debt,
- B = Funds & Reserves,
- C = ( Long-term Liabilities + Current Portion of Long-term Liabilities )
- *Target = Less than 25% (Note: End March 2025 = 23%)*

(vii) Current Ratio:

$A = B / C$ ; were

- A = Ratio of Current Assets in relation to Current Liabilities,
- B = Current Assets,
- C = Current Liabilities
- *Norm = Better than 2 : 1 (Note: End March 2025 = 1,47 : 1)*

(viii) Liquid Ratio:

$A = B / C$ ; were

- A = Ratio of Cash Assets in relation to Current Liabilities,
- B = Cash Assets (e.g. Call Deposits, Cash, Bank),
- C = Current Liabilities
- *Norm = At least 1.5 : 1 (Note: End March 2025 = 0,96 : 1)*

(ix) Percentage of Outstanding Debtors to Revenue:

$A = B / C \times 100$ ; were

- A = Percentage Outstanding Debtors in relation to Revenue,
- B = ( Consumer Debtor + Other Debtors – Current Portion of Long-term Receivables ),
- C = Total Income for the year
- *Target = Less than 18% (Note: End March 2025 = 15,2%)*



(x) Percentage of Personnel Cost to Operating Income:

$A = B / C \times 100$ ; were

- A = Percentage of Personnel Cost in relation to Operating Income,
  - B = Personnel Cost,
  - C = Operating Income
- Norm = less than 30% of Operating Income (Note: End March 2025 = 28,33%)

(c) The Accounting Officer must indicate the steps to be taken in order to address deviations from the set targets and / or any other actions required to ensure access to the capital market on a continuous basis.

## II. ANNUAL REVIEW OF POLICY

This policy will be reviewed regularly or when so required by changes to legislation. Any changes to this policy must be adopted by Council and be consistent with the Act and any National Treasury regulations.

## 12. EFFECTIVE DATE

The effective date of this policy shall be 01 July 2015



## BUDGET POLICY

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## I. 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, analyzed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an 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:

2.1 The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,

2.2 The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget.

2.3 To establish and maintain procedures to ensure adherence to The Msunduzi Municipality's Integrated Development Plan 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 historical and current 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 The 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.

4.8 The Council shall establish a 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:

4.81 Inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;

4.8.2 Further amounts appropriated as contributions in each annual or adjustments budget.

4.9 Each annual and adjustments budget shall reflect a realistic surplus, 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'

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 up to maximum of 48 days 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 all non cash items expenses, shall be cash-funded.

4.15 All capital repayments of external loans shall be paid from the municipality bank account and must have sufficient provision in the calculation of tariffs to recover such expenses.

4.16. 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 policy and the accounting policy. At least 7% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.





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## 5. Commencement

The budget policy is applicable to the Msunduzi Municipality.  
The policy and amendments shall be effective as from **1 July 2015**.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

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## 1. Introduction

This policy applies to The Msunduzi Municipality, its municipal entities and its investment managers acting on behalf of or assisting it or a municipal entity in making or managing investments (S 2: GN 308: 2005)

## 2. Objectives of the policy

This investment policy is therefore aimed at gaining the highest possible return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

## 3. Cash Management

- 3.1 To collect all monies as soon as possible after they become payable and deposit them into a bank account
- 3.2 Effective control over expenditure and proper planning of payments.
- 3.3 Administer effectively and control available cash through the proper management of one or more bank accounts.

## 4. Cash Management Principles

The Chief Financial Officer shall monitor cash flows on a daily basis to ensure that Council is able to meet its financial commitments and that the operating bank account does not carry unduly high balances. Any surplus funds shall be transferred on a daily basis to a call account attracting the highest possible interest provided that those funds can be retrieved at short notice.

## 5. Investment Principles

### 5.1 Standard of Care

Investments made by The Msunduzi Municipality and its municipal entities must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that persons own affairs and in accordance with the standard of care set out in regulation 5; GN 308:2005 to ensure that it placed its investments with credit-worthy institutions.

All investments must be genuine investments that are, not made for speculation.

Investments must in the first instance be made with the primary regard being to the probable safety of the investments. In the second instance, to the liquidity needs of the municipality and lastly to the probable income derived from the investment.



A municipality or municipal entity must regularly monitor its investment portfolio; and when appropriate, liquidate an investment that no longer has the minimum acceptable credit rating as specified in this policy,

A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

## 5.2 Limiting Exposure

The municipality must take all reasonable and prudent steps, consistent with its Investment Policy and according to the standard of care in section mentioned in 5.1 above:-

In terms of GN 308; 2005 S 4 (c) (ii) (bb) the policy must have due regard for the need for investment diversification. In terms regulation 10 (GN 308:2005) this investment may include the placing of investment portfolio across institutions, types of investments and investment maturities in order to limit the risk exposure of the municipality.

The municipality shall further ensure that investments are spread across more than one investment category or type, for example call, money market and fixed deposits and that the investment maturities are not all the same.

## 5.3 Risk and Return

Subject to section 4 (c) (ii) of the Municipal Cash Management and Investment Regulations, the Chief Financial Officer in making investments on behalf of the municipality shall always strive to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved.

## 6. Commencement

This policy and amendments shall be affective as from **1 July 2015**.



## DRAFT CREDIT CONTROL AND DEBT COLLECTION POLICY

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## 1 DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

- 1.1 “Account”** Any invoice rendered by the Municipality;
- 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.
- 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 80 (2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) or any person duly authorized to act on behalf of such person;
- 1.11 “Consolidated account”** refers to one combined account for all municipal services, housing rents and instalments, rates and basic charges payable, and “consolidated bill” has a corresponding meaning;
- 1.12 “Collection Charges”**
- 1.13 “C D U”** shall mean the central distribution unit that distributes electricity from a central point to households;
- 1.14 “Consumption”** means the ordinary use of municipal services, including water, sanitation, refuse removal, and electricity services for all categories of consumers;



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- 1.15** “**Electricity and Water meters**” means electricity and/or water meters,( including prepaid meters) , which are used to determine the supply of electricity and water and which are normally read on a monthly or other fixed interval basis;
- 1.16** “**Council**” refers to The Msunduzi Municipality and its successors in law and includes the Council of that municipality 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 who has delegated any powers and duties with regard to this policy;
- 1.17** “**Councillor**” refers to any member of a Municipal Council
- 1.18** “**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;
- 1.19** “**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;
- 1.20** “**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.
- 1.21** “**Estimated consumption**” arises when no actual reading can be taken and is equivalent to the existing average consumption providing that this is done in accordance with the relevant provisions of the water and electricity bylaws.
- 1.22** “**Financial year**” refers to the period starting from 1 July in a year to 30 June the next year;
- 1.23** “**Interest**” is a charge levied and calculated at a rate determined by law.
- 1.24** “**MCB**” means Mini Circuit Breaker
- 1.25** “**Meter audits**” refers to a verification by the municipality of the correctness of the consumption and supply of electricity and water;
- 1.26** “**Municipality**” Means: An organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act, 1998.
- 1.27** “**Municipal Manager**” is the head of administration and also the accounting officer of the municipality.
- 1.28** “**Municipal services**” means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether:
- (a) Such a service is provided, or to be provided, by the municipality through an internal mechanism contemplated in section 76 of the MSA or by engaging an external mechanism contemplated in section 76 of the MSA. Such a service is provided, or to be provided by the municipality.
- 1.29** “**Official**”, in relation to a municipality or municipal entity, means,



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

**1.30** “**Occupier**” in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property,

**1.31** “**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
- 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;
  - ix. Legal occupiers of State Trust Land.



## 1.30 “Property” means-

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;

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;

**1.31 “Rate”** means a municipal rate on property envisaged in section 229 (1)(a) of the Constitution;

**1.32 “Service agreement”** refers to a written agreement for the consumption of electricity and/or water and other services.

**1.33 “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;

**1.34 “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;

**1.35 “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.

**1.36 “Municipal Pay-Point”** shall mean all Municipal Cash Offices and third party vendors who are authorized to collect monies on behalf of Municipality”.

## 2. INTRODUCTION

2.1 The Municipality must develop, maintain and implement a credit control and debt collection policy that is consistent and complies with the relevant legislation.

2.2 This policy is to be read in conjunction with or other relevant legislation, policies and bylaws, (including the Register of Tariffs and Charges).



## 3. OBJECTIVES

The objectives of the Credit Control and Debt Collection Policy are:

- 3.1 To define a framework which enables the municipality to bill for 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 complies with Section 97 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

## 4. APPLICATION FOR SERVICES AND SERVICE AGREEMENTS

- 4.1 Only the owner or pending rate payer shall enter into a service agreement for the provision of services. However, 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 or the tenant may sign surety for the debt pending the finalisation of the P.O.A or the winding up of the Estate.
- 4.2 Directors of companies, members of Close Corporation and Trustees of Trust shall sign personal surety ships with the Municipality when opening services accounts.
- 4.3 A new Service Agreement will only be entered into in respect of a property, once all amounts due including the current account due in respect of the property are settled in full.
- 4.4 Where the owner has failed to enter into an agreement for the provision of services; the owner responsible for the payment of rates on the property will be billed for the consumption of all municipal service charges applicable to the property.
- 4.5 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.
- 4.6 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.
- 4.7 Occupier who illegally consumes services without a valid service agreement will be subject to disconnection and/or removal of the service and may be prosecuted.
- 4.8 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.
- 4.9 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.





4.10 Council may consolidate any separate accounts of persons liable for payments to the Municipality in terms of Chapter 9 of the Municipal Systems Act.

## 5. DEPOSITS AND GUARANTEES

5.1 Deposit are payable on application for the provision of municipal services, before the municipality renders any service to the property.

5.2 No interest payable to any debtor will accrue on any deposit.

5.3 Council reserves the right to review deposits as and when required.

## 6. ACCESS TO PROPERTY TO READ METERS

6.1 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.

6.2 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.

6.3 Readings provided by consumers are subject to the following:

6.3.1 Readings will be permitted provided the municipality obtains any final reading should the consumer move to another supply address.

6.3.2 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.

6.3.3 An audit reading during the normal reading cycles may 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.

6.3.4 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.



## 7. ACCOUNTS, BILLING AND PAYMENT

7.1 The Council shall provide the account holder with a monthly bill for rates, services or any other charges.

7.2 The Municipality shall furnish the account to the account holder's address, in South Africa, as supplied by each account holder. However, non-receipt of an account does not negate the responsibility of the account holder 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.

7.3 The account holder shall notify the Municipality in writing of any change of address, including an e-mail address, and contact details.

7.4 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 the capital arrears will accrue after final date if the account remains unpaid.

7.5 Only Bank guaranteed and attorney trust cheques will be accepted at the Municipal Offices and no 3rd party agencies can accept cheques

## 8. INTEREST ON ARREARS AND OTHER PENALTY CHARGES

8.1 Interest shall be charged on all arrear capital amounts for a full month, irrespective of when payment is made.

8.2 The Municipality will be entitled to raise the following charges in addition to the interest charge contemplated in clause 8.1

8.2.1 In the case of arrear rates, a collection charge equal to 10% will be raised sixty (60) days after the date of final instalment on the capital amount in arrears.

8.2.2. Charges for disconnection or reconnection of electrical services

8.2.3. Charges for restriction or removal of water services

8.2.4. Charges for reconnection or reinstatement of water services

8.2.5. Charges for notices of default and other correspondence

8.2.6. Surcharge penalty charges for illegal reconnections

8.2.7. Penalty charges for dishonoured cheques

8.3 Interest on Indigent Customers

8.3.1 Interest relating to Indigent Consumers will be waived on all arrear service debt provided they honour their monthly arrangements



## 9. AGREEMENTS AND ARRANGEMENTS FOR PAYMENT OF ARREAR ACCOUNTS

9.1 The Municipality 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.

9.2. 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 instalments over a maximum period of six months. Upon written application by an account holder the maximum repayment period may be extended and the minimum amount due reviewed at the discretion of the Municipal Council 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. 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.

9.3. Where a customer in arrears is a domestic consumer, a minimum of 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 instalments over a maximum period of twelve months. Upon written application by an account holder the repayment period may be extended to a maximum of thirty six (36) months and a percentage lower than the above 10% may be permitted at the discretion of the Municipal Council, subject to the supply of three months bank statements and any other documentation deemed relevant.

Any application with a repayment period greater than thirty six (36) months will be referred to the Municipal Council.

9.4 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.

9.5 A customer 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 his services terminated, however a customer who brings his credit arrangement up to date by an immediate payment shall have his services reconnected as soon as is practically possible.

9.6 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.

9.7 Only debtors with positive proof of identity or an authorized agent with a Power of Attorney shall be permitted to enter into an Acknowledgment of Debt agreement with the Council.

9.8 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 authorized to sign such acknowledgment on behalf of all members and/or directors of the close corporation, trust, or the company.

9.9 Any account holder who makes an arrangement in terms of 9.2 or 9.3 shall ensure that the owner completes a waiver in terms of section 118 (i) of the Systems Act (Act 32 of 2000).

9.10 Where consumers using prepaid meters have arrear amounts in respect of any Municipal Debt rendered by the municipality the Council shall allocate a proportionate amount as determined by the Municipal Council, of any future prepaid purchases to arrear amounts until such time as the arrears have been brought up to date or a payment arrangement is entered into and being maintained.



## IO. ALLOCATION OF PAYMENTS

10.1 Any payment made shall be allocated in the following order:

- 10.1.1 to any unpaid property rates;
- 10.1.2 to any unpaid interest raised on the account;
- 10.1.3 to any other sundry debtors (miscellaneous);
- 10.1.4 to housing rents and instalments;
- 10.1.5 to any unpaid refuse collection charges;
- 10.1.6 to any unpaid sewerage charges;
- 10.1.7 to any unpaid water charges;
- 10.1.8 To any other unpaid charges and
- 10.1.9 to any other unpaid electricity charges

## II. QUERIES IN RESPECT OF ACCOUNTS

11.1 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 account holder 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.

11.2 When an enquiry has been investigated and responded to, the entire amount becomes payable.

## 12. DISCONNECTIONS/RESTRICTIONS OF SERVICES

12.1 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.

12.2 The account, if in arrears for 30 days or more, shall reflect a warning message.

12.3 In the event that full payment of the 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 Relevant authority

12.4 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 relevant authority. .

12.5. 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,

12.6. 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 12 of this policy, if such action is deemed by the Chief Financial Officer to be in the best interests of the Council.

12.7. Should the termination of services, in respect of an arrear account result in the endangerment of the life of any person, the Municipal Council may appropriately restrict rather than terminate the services in question.

## 13. RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

13.1 Services which have been terminated or restricted shall only 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 11, has been resolved and arrangements for payment as approved by the Municipal Council have been concluded;
- (b) A revised service agreement has been entered into or an existing one reinstated with the municipality, as contemplated in Section 4 of this policy; and
- (c) A deposit, as determined by the Municipal Council in terms of Section 5, has been paid to the municipality.

## 14. PERIOD FOR RECONNECTION OR REINSTATEMENT

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 13 of this policy have been met, unless unable to do so because of circumstances beyond the control of the municipality.

## 15. PROCEDURE FOR DEBT COLLECTION

Where consumer accounts are in arrears, the Municipal Council is authorised to institute any action available in law for the purposes of recovering such debt, including making application to a competent court of law for the issuing of garnishee/ emoluments orders.

15.1 The Municipal Council shall issue a final demand for all amounts in arrears.

15.2 The Municipal Council shall withhold payment to suppliers whose accounts are in arrears in terms of the Supply Chain Management policy.

15.3 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.

15.4 Arrear rates, service charges and other charges may be recovered from tenants/occupiers and or agents by attaching the rentals as set out in Sections 28 and 29 of the Municipal Property Rates Act no 6 of 2004 and in terms of Section 104 (f)(iii) of the Municipal Systems Act 32 Of 2000.

15.5 Where consumers using prepaid meters have arrear amounts in respect of 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 arrears.

15.6 The Municipal Council may publish the names of account holders, persons or entities with outstanding debt.

## 16. RECOVERY OF OVERDUE RATES

16.1 The municipality may publish a list of all rates defaulters who have failed to pay within 60 days after the final installment of the rates assessment calling on the ratepayer to settle the arrears within a specified time frame, failing which an application will be made to a court of competent jurisdiction for an order for the sale by public auction

16.2 If the rates remain unpaid in terms of 19.4 above, the municipality shall make application to a court of competent jurisdiction showing the amount of rates, penalties and surcharges then in arrear, and that all notices have been given and requesting the court to order any such rateable property 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.

16.3 If before the sale of any rateable property in terms of an order made under subsection (19.5) 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.

16.4 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.

## 17. TAMPERING WITH AND/OR THEFT OF SERVICES

17.1 With regard to electricity and water services, if tampering of any nature or theft of such services are 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.

17.2 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.

17.3 If the restricted water supply is tampered with the water supply will be discontinued or removed.

17.4 All required outstanding amounts shall be paid in full, or a payment arrangement is entered into; before any reconnection however the tampering fee is payable up front and in full.



17.5 Where a tampered supply is un-metered, Council reserves the right to calculate back charges in respect of the meter/s that have been tampered with

17.6 Back charges will be raised in respect of meters that have been tampered with for the following reasons:

17.6.1 Broken seals in order to tamper with the bridge screw

17.6.2 Bridge wire illegally connected

17.6.3 Illegal bypassing of meter and of MCB

17.6.4 Direct connection to main supply including CDU

17.6.5 Direct connection to another consumer

17.6.6 Meter tampered with or MCB rating has been scratched off

17.6.7 Any other illegal activity not covered above amount that will be levied against the account for the period under review. The calculated amount is payable before services are reinstated.

## 18. AUDIT OF SERVICES ON PROPERTIES

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:

18.1 Council reserves the right to audit meters from time to time.

18.2 If the MCB size of the meter on the property differs from the MCB size being billed on the account then:

The difference in AMPS (MCB Size) to be debited or credited, may be backdated 36 months or from the date of application (maximum 36 months)

18.3 Where readings are provided by a consumer, Council may conduct an Audit during the normal reading cycle at least once every six (6) months. An audit reading during the normal reading cycles must be obtained at least once every 6 months.



## **FUNDING AND RESERVES POLICY**

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1. INTRODUCTION
2. OBJECTIVE OF THE POLICY
3. APPLICATION AND SCOPE



# MSUNDUZI ANNUAL BUDGET

## 1. Introduction

This policy deals with funding the budget, realising surplus in the operations and building reserves in order for the municipality to expand the capital programs as prioritised on the Integrated Development Plan (IDP).

## 2. Objective of the policy

- 2.1 To have a funded budget
- 2.2 To realise surpluses
- 2.3 To create and grow the reserves.

## 3 Application and Scope

The Funding and Reserves Policy is applicable to the Msunduzi Municipality.  
The policy *as amended* will be effective as from **1 July 2014**.



## CONDITIONAL GRANTS MANAGEMENT POLICY

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## 1.1. INTRODUCTION

Section 216 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual Division of Revenue Act (DoRA) to assist them in exercising their powers and performing their functions. These allocations are announced annually in the national budget. Transfers to municipalities from national government are supplemented with transfers from provincial government. Further, transfers are also made between district municipalities and local municipalities.

## 2. PROCEDURES

### 2.1 Conditional transfers to municipalities

It is important that all these transfers are made transparently, and properly captured in Msunduzi Local Municipality's budget. In this regard, regulation 10 of the Municipal Budget and Reporting Regulations provides guidance on when Msunduzi Local Municipality should reflect a transfer or donation on their budgets. Note that promises of funds that do not meet the requirements set out in regulation 10 must not be included in the Msunduzi Local Municipality's budget.

In support of regulation 10, the Division of Revenue Bill provides that –

- In terms of section 15, National Treasury is required to publish in the Government Gazette the allocations or indicative allocations for all national grants to municipalities;
- In terms of section 29, each provincial treasury is required to publish in the Government Gazette the indicative allocation per municipality for every allocation to be made by the province to municipalities from the province's own funds; and
- In terms of section 28, each category C municipality must indicate in its budget all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction.

The Government Gazette reflecting the allocations and indicative allocations for all national grants to municipalities will be available at:

<http://www.treasury.gov.za>

In addition, National Treasury publishes a payment schedule that sets out exactly when equitable share and national conditional grant funds are to be transferred to municipalities:

<http://www.treasury.gov.za>

The payment schedules that provincial treasuries are required to submit to National Treasury in terms of section 29(5) of the Division of Revenue Bill will be published on National Treasury's website, along with the national payment schedule.

### 2.2 Timing of municipal conditional grant transfers

In order to facilitate synchronisation of the national / provincial financial year (01 April 20xx to 31 March 20xx) with the municipal financial year (01 July 20xx to 30 June 20xx), the Division of Revenue Bill requires that all conditional allocations to Msunduzi Local Municipality be transferred to municipalities within the period 01 July 20xx to 31 March 20xx.



## 2.3 Accounting treatment of conditional grants

Conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by spending it in accordance with the conditions of the grant.

## 2.4 Payment schedule

National Treasury has instituted an automated payment system of transfers to Msunduzi Local Municipality during the current financial year in order to ensure appropriate safety checks are put in place.

Section 22 of the Division of Revenue Bill requires transfers to Msunduzi Local Municipality be made as per the approved payment schedule published by National Treasury. Through this system, any transfers not in line with the payment schedule will be rejected. In addition if the payment details of the municipality are not up-to-date the transfers will also be rejected.

Consequently, Msunduzi Local Municipality must ensure that all its payment details (the municipality's primary banking account and payee details) are submitted to the National Treasury in terms of section 8 of Municipal Finance Management Act (Act No. 56 of 2003, MFMA) and section 10 of the Division of Revenue Bill for approval and verification by National Treasury.

## 3. RESPONSIBILITIES OF TRANSFERRING AND RECEIVING AUTHORITIES

The legal obligations placed on transferring and receiving officers in terms of the Division of Revenue Bill are very similar to previous requirements. National Treasury intends ensuring strict compliance in order to improve spending levels, and the quality of information relating to the management of conditional grants.

Msunduzi Local Municipality will comply with the annual Division of Revenue Act. It is the responsibility of the municipal manager as the "receiving officer" to ensure compliance.

The municipal manager is responsible for, among other things, the tabling of monthly reports in council on whether or not the municipality is complying with the Division of Revenue Act. He/she is also responsible for reporting on any delays in the transfer or the withholding of funds as failure to do so may have financial implications for the municipality and may lead to loss of revenue when funds are stopped and reallocated.

Where the Msunduzi Local Municipality is unable to comply, or requires an extension, the Municipal Manager will apply to the National Treasury and provide comprehensive motivation for the non-compliance.

## 4. UNSPENT CONDITIONAL GRANT FUNDS

To bring legal certainty to the process of managing unspent conditional grant funds, the Division of Revenue Bill contains the following provisions:

### Unspent conditional allocations Section 21.

(1) Despite the provisions of the Public Finance Management Act or the Municipal Finance Management Act relating to roll-overs, any conditional allocation that is, in the case of a province, not spent at the end of a financial year or, in the case of a municipality, at the end of a municipal financial year, reverts to the National Revenue Fund, unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

(2) The National Treasury, and a provincial treasury in the case of a provincially funded allocation, may, at the request of a transferring national officer, provincial



# MSUNDUZI ANNUAL BUDGET

treasury or municipality, approve—

- (a) a roll-over from a conditional allocation to the next financial year; and
- (b) spending of a portion of a conditional allocation on activities related to the purpose of that allocation, where the province or municipality projects significant unforeseeable and unavoidable over-spending on its budget.

(3)

- (a) Any funds which must revert to the National Revenue Fund in terms of subsection (1), and which have not been approved by the National Treasury to be retained in terms of subsection (2), must be repaid to the National Revenue Fund.
- (b) A receiving officer must ensure that all funds referred to in paragraph (a) are repaid to the National Revenue Fund.

(4) The National treasury, in accordance with subsection (5), may offset any funds which must be repaid to the National revenue Fund in terms of subsection (1) and (3), but which have not been repaid—

- (a) in the case of a province, against future advances for conditional allocations to that province; and
- (b) in the case of a municipality, against future advances for the equitable share or conditional allocations to that municipality.

(5) Prior to the National Treasury offsetting any amounts against allocations to a province or municipality in terms of subsection (4), the National Treasury must give the relevant transferring national officer, province or municipality—

- (a) written notice of the intention to offset amounts against upcoming advances for allocations; and
- (b) an opportunity, within 14 days of receipt of the notice referred to in paragraph (a), to—
  - (i) submit written representations and other documentary proof that the unspent allocation was either spent in accordance with the relevant framework, or is committed to identifiable projects; Msunduzi Local Municipality Grant Policy
  - (ii) propose alternative means acceptable to the National Treasury by which the unspent allocations can be repaid to the National Revenue Fund; and
  - (iii) propose an alternative payment schedule in terms of which the unspent allocations will be repaid to the National Revenue Fund.

(6) A notice contemplated in subsection (5) must include the intended amount to be offset against allocations, and the reasons for offsetting the amounts.

(7) The retention of funds which should revert to the National Revenue Fund in terms of subsections (1) and (3), and which have not been approved by the National Treasury to be retained in terms of subsection (2), constitutes financial misconduct by the receiving officer in terms of section 34

## **The following practical arrangements will apply –**

- When preparing the annual financial statements, Msunduzi Local Municipality must determine what portion of each national conditional allocation it received remained unspent as at financial year end.
- National Treasury will initiate the process outlined in section 21(4) and (5) of the Division of Revenue Act based on the conditional grant expenditure reports. If the receiving officer wants to motivate in terms of section 21(5)(b) that the funds have been spent or are committed to identifiable projects or wants to propose an alternative payment method or schedule the required information must be submitted to National Treasury by 31 August 20xx.
- National Treasury will confirm in writing whether or not Msunduzi Local Municipality may retain as a rollover any of the unspent funds because they are committed to identifiable projects or whether it has agreed to any



alternative payment methods or schedules by 30 September 20xx.

- Msunduzi Local Municipality must return the remaining unspent conditional grant funds that are not subject of a specific repayment agreement with National Treasury to the National Revenue Fund . Failure to return these unspent funds will constitute financial misconduct in terms of section 21(7) of the Division of Revenue Act.
- Any unspent conditional grant funds that should have been repaid to the National Revenue Fund will be offset against the Msunduzi Local Municipality's November equitable share allocation.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 21(2) of the Division of Revenue Act, Msunduzi Local Municipality will supply National Treasury with the following information –

1. Details of each of the projects to which funds are committed;
2. A progress report on the state of implementation of each of the projects;
3. The amount of funds committed to each project, and the conditional allocation from which the funds come from; and
4. An indication of the time-period within which the funds are to be spent. Msunduzi Local Municipality Grant Policy

All the calculations of the amounts to be surrendered to the National Revenue Fund (NRF) will be subject to scrutiny by the Office of the Auditor-General and will therefore be audited.

## 5. REPORTING AND ACCOUNTING FOR MUNICIPAL APPROVED CONDITIONAL GRANT ROLL-OVERS

Section 21 of the Division of Revenue Act requires that any conditional allocations, excluding the Expanded Public Works Programme Incentive Grant, which is not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds will be rolled over (refer to MFMA Circular 51 for more information in this regard).

In terms of the allocations that have already been transferred to Msunduzi Local Municipality, and are not spent by the end of the financial year, reporting of these funds must be done separately but concurrently with the reporting for the current year's conditional allocations. National Treasury will for purposes of DoRA reporting, provide a reporting template to facilitate monitoring of these conditional grant roll-overs.

## 6. CONDITIONAL GRANT ISSUES DEALT WITH IN PREVIOUS MFMA CIRCULARS

Msunduzi Local Municipality will refer to MFMA Circulars 48, 51,84 and 54 with regards to the following issues:

1. *Accounting treatment of conditional grants* – Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. *VAT on conditional grants*: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – *VAT 419 Guide for Municipalities*. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://www.treasury.gov.za/legislation/mfma/guidelines/default.aspx>.
3. *Interest received and reclaimed VAT in respect of conditional grants*: Municipalities are reminded that in



# MSUNDUZI ANNUAL BUDGET

MFMA Circular 48, National Treasury determined that:

- Interest received on conditional grant funds must be treated as 275own revenue and its use by the municipality is not subject to any special conditions; and
- 275Reclaimed VAT in respect of conditional grant expenditures must be treated as own revenue and its use by the municipality is not subject to any special conditions.

Msunduzi Local Municipality Grant Policy

4. *Appropriation of conditional grants that are rolled over* – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).

5. *Pledging of conditional grants* – Applications by municipalities to pledge conditional grants allocated to municipalities in the Division of Revenue Bill must be in accordance with the requirements set out in MFMA Circular 51 MFMA. The only difference is that the timeframe for the pledges will extend as provided for in the Bill.

## 6. POLICY ADOPTION

This policy has been considered and approved by the Council of **Msunduzi Local Municipality** on this day 31 of December 2014.





## INDIGENT POLICY

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# MSUNDUZI ANNUAL BUDGET

## DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

<b>“authorised representative”</b>	The person or instance legally appointed by the Council to act or to fulfill a duty on its behalf.
<b>Life Line Service</b>	The amount or level of any municipal service that is necessary to ensure human dignity and a reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this Policy are restricted to electricity, refuse, sewerage and water services. It is also to be understood that the national norms will be used as guidelines for the determination of the amount/level of the services.
<b>“Chief Financial Officer”</b>	refers to the person so designated in terms of Section 80 (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;
<b>“Council” or “municipal council”</b>	A municipal council referred to in section 18 of the Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Msunduzi
<b>“customer”</b>	Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
<b>“defaulter”</b>	A person who owes money to in respect of a municipal account after the due date for payment has expired.
<b>“Child Headed Household”</b>	This includes all persons who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter. A household where both parents are deceased and where all occupants of property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the



State. Child headed households are automatically considered indigent unless proven otherwise.	
<b>“Indigent”</b>	Lacking the necessities of life such as sufficient water, basic sanitation, refuse removal, environmental health, basic energy, health care, housing, food and clothing. This is a household which, due to a number of factors as set out in par. 4, is not financially capable of paying for the delivery of Basic Services – including poor households.
<b>“interest”</b>	A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.
<b>“municipal account” or</b>	
<b>“billing”</b>	The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to.
<b>“Municipality”</b>	The institution that is responsible for the collection of funds and the provision of services to the customers of the council.
<b>“the Act”</b>	The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.



## I. INTRODUCTION

Council receives Equitable Share to subsidise those who cannot afford to pay for the minimum needs in life. The objective in calculating the amount to be subsidised, must be to prevent an increasing balance on the account of an indigent as it will be difficult to recover the debt in a humanly way. According to the Municipal Systems Act 2000, Section 74(3) and 75(2) stipulates, "A tariff policy may differentiate between different categories of users/debtors."

## 2. CRITERIA FOR THE APPROVAL AS INDIGENT ARE AS FOLLOWS:

- That the gross household income for qualification as a registered Indigent be determined each year by Council in terms of the tariff register.
- That the property values not exceed the approved limits.
- That the prescribed application forms be completed annually.

## 3. OBJECTIVES OF POLICY

The objectives of this Policy are to:-

- 3.1 The objective of this policy is to close the gap between indigent and non-indigent citizens of Msunduzi Municipality, through the targeted assistance with free allocations of electricity, water and other services, together with broader based access to housing, community services, employment initiatives and basic healthcare.
- 3.2 Provide a framework within which the Municipality to implement a lifeline service to indigent households in respect of their municipal account;
- 3.3 Determine the criteria for qualification of indigent households;
- 3.4 Ensure that the criteria is applied correctly and fairly to all applicants;
- 3.5 Allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;
- 3.6 Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.



## 4. QUALIFYING CRITERIA

### 4.1 Criteria for Automatic Indigent Status

To qualify for “Automatic Indigent status”, a household must comply with all the following criteria:-

- 4.1.1 The total property value must be less than or equal to R100 000.
- 4.1.2 The total household income must not exceed the amount approved by council from time to time.
- 4.1.3 The applicant must be a South African citizen;
- 4.1.4 The applicant must not be the registered owner of more than one property.
- 4.1.5 The householder must be a resident of, and have a registered account with the Municipality, except that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered, nor in rural areas where no accounts are rendered.
- 4.1.6 Recognised refugees must be South African citizens (with ID card) or have recognised refugee status (proof of status needed).

### 4.2 Criteria for Applied Indigent Status

To qualify for “Applied Indigent Status”, a household must comply with all the following criteria:-

- 4.2.1 The total property value must not exceed R500 000.
- 4.2.2 The total household income must not exceed the amount approved by council from time to time
- 4.2.3 The applicant must be a South African citizen;
- 4.2.4 The applicant must not be the registered owner of more than one property.
- 4.2.5 The householder must be a resident of, and have a registered account with the Municipality, except that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered, nor in rural areas where no accounts are rendered.
- 4.2.6 Recognised refugees must be South African citizens (with ID card) or have recognised refugee status (proof of status needed).
- 4.2.7A tenant or occupier as described in Council’s Credit Control Policy can apply for the benefits in respect of the charges as billed for while the landlord remains liable for all ownership related charges such as rates.

## 5. SUBSIDY

The subsidies below will be funded from the “equitable share” contribution received from National Treasury, plus an amount from the Municipality’s own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above mentioned funds are available for allocation.

Where the municipal account exists, the subsidy amount allocated will be calculated and rounded off to the nearest lower R1, and will be credited into the consumer’s municipal account every month and be indicated as such on the account.





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## Service levels:

- 5.1 100% of the basic charge and MCB Charge for electricity for one service point per month;
- 5.2 In order to qualify for the indigent subsidy the applicant must have a maximum of 20 amps; in the event that the supply is in excess of 20 amps Council shall down grade the amperage to the maximum of 20 amps.
- 5.3 100% of the basic charge for water for one service point per month ;
- 5.4 100% of Scale 2 domestic charge for sewerage per month for one service point;
- 5.5 100% of the domestic refuse removal tariff for one service point per month;
- 5.6 70 kWh of electricity;
- 5.7 6kl of free water to all registered indigent households.

## 6. PROPERTY RATES

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget as approved by Council and in line with The Msunduzi Municipality's Rates Policy.

## 7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES / ORPHANAGES / DISABILITY CENTRES

Indigent consumers living in retirement centres / orphanages / and disability centers shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:

The onus will be upon the board of trustees / managing agent / chairperson of the retirement centre to apply to the municipality for indigent status to be granted in respect of water consumption on behalf of the owners of those units who meet the criteria and conditions for qualification.

The onus will be upon the unit owner to apply to the municipality for indigent status to be granted in respect of property rates and service charges. The representative of the retirement centre will submit applications to the Municipality.



## 8. PROCESS MANAGEMENT

### 8.1 Validity period

The validity period for assistance will be for a maximum period of 12 months.

### 8.2 Death of registered applicant

In the event that the approved applicant passes away, the heirs of the property must re-apply for indigent support provided that the stipulated criteria are met.

### 8.3. Termination of indigent support

Indigent support will be terminated under the following circumstances:

8.3.1 Death of the account holder.

8.3.2 Upon change of ownership of the property in respect of which support is granted.

8.3.3 When circumstances in the indigent household have improved in terms of gross income threshold as prescribed by Council.

8.3.4 If the applicant is found to have furnished false information about his/her personal circumstances or regarding the declaration in respect of the indigent status, the following will apply:

8.3.4.1 All arrears will become payable immediately

8.3.4.2 Credit control measures will apply and

8.3.4.3 The applicant will not be eligible to apply for indigent support for a period of Two (2) years.

8.3.5 If the rates category changes to anything other than residential.

## 9. APPEALS

Any aggrieved person who was not successful in the application to be regarded as an indigent, may lodge an appeal to the Municipality within a period of 14 days from the date on which the aforesaid decision was communicated to the applicant.



## 10. ASSISTANCE PROCEDURES APPLICABLE TO THIS POLICY

### 10.1 Communication

The municipality will develop a communications strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy.

### 10.2 Communities

Members of the community should monitor responsible use and prevent misuse, e.g. illegal connections and help to distribute information to their neighbours.

### 10.3 Application / Registration

A person applying for assistance must complete a formal indigent support application form approved by the Municipality and must meet the qualification criteria as stipulated in this policy.

### 10.4 Approved applications

All applications that meet the prescribed qualification criteria are then processed on the financial system. A copy of the approved application is sent to the credit control section for the applicant to be flagged as Indigent in the prepayment system. This ensures that the applicant gets his/her monthly free issue and receive indigent benefits the total monthly subsidy applicable on service charges will be reflected on the monthly statement of account after approval.

## II. PUBLICATION OF NAMES OF QUALIFYING APPLICANTS

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this policy and be submitted to credit authorities

Any person may inspect or scrutinize the list at a Customer Care Office and inform/notify the Municipality of any person who, according to their true circumstances, should not be in receipt of a subsidy as envisaged in this policy.

## 12. CURRENT AMOUNTS IN ARREARS

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy will be treated in terms of the provisions of credit and debt collection policy of the council regarding their status as indigent,

## 13. REGISTER

The Municipality shall keep a register of approved indigent households.

**2015/16 to 2017/18**



## **GENERAL INSURANCE POLICY**

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## I. PREAMBLE

Subject to the terms, exceptions, conditions (precedent or otherwise) and in consideration of and conditional upon the prior payment of the premium by or on behalf of the Insured and receipt thereof by or on behalf of the Insurers.

The Insurer agrees to indemnify or compensate the Insured by payment or, at the option of the Insurer, by replacement, reinstatement or repair, in respect of the Insured Events occurring during the period of insurance up to the sums insured, limits of indemnity, compensation and other amounts specified.

Specific exceptions, conditions and provisions shall override general exceptions, conditions and provisions.

## 2. DEFINITIONS

For the purpose of this policy unless the context otherwise requires:

1. "Insurer" means the General Insurance Fund of the Msunduzi Municipality, which is administered by the Chief Financial Officer's Department. Established by the Msunduzi Municipality in order to implement its scheme of self insurance as adopted by it on 4 June 1962 and as subsequently amended, under the powers conferred on it by Section 63 of the Local Government Municipal Finance Management Act No. 56 of 2003, by providing cover in respect of the Msunduzi Municipality's several insurable interests and risks and in respect of certain other parties for whom the Msunduzi Municipality may legally provide insurance cover, the administration of which Insurer is controlled by the Strategic Chief Financial Officer or his/her successor in title in terms of the authority conferred on him/her by the aforesaid resolution as amended from time to time.
2. "Insured" means The Msunduzi Municipality and any party (various departments) who is insured under any section of this policy.
3. "Premium" means the amount as determined by the Chief Financial Officer or his/her successor in title which is payable to the Insurer by any Service of the Msunduzi Municipality or by or on behalf of any Other Insured, for insurance cover under any Section of this policy in respect of each year of insurance.
4. The phrases and terminology that have been adapted in this document to fall in line with the generally accepted phrases in the short term insurance industry.





## GENERAL EXCEPTIONS, CONDITIONS, PROVISOS AND EXTENSIONS APPLICABLE TO ALL SECTIONS OF THIS POLICY (Except where otherwise stated in each Section)

### A : GENERAL EXCEPTIONS

#### I. War, riot and terrorism

(A) This policy does not cover loss of or damage to property related to or caused by:

- (i) Civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing;
- (ii) War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
- (iii) (a) Mutiny, military rising, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or state of siege;  
  
(b) Insurrection, rebellion or revolution;
- (iv) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any provincial, local or tribal authority with force or by means of fear, terrorism or violence;
- (v) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or Government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public or any section thereof;
- (vi) Any attempt to perform any act referred to in clause (iv) or (v) above;
- (vii) The act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause (A) (i), (ii), (iii), (iv), (v) or (vi) above.

If the Insurer alleges that, by reason of clause (A) (i), (ii), (iii), (iv), (v), (vi), or (vii) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.



- (B) This policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (no. 85 of 1976) or any similar Act operative in any of the territories to which this policy applies.
- (C) Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exception, this policy does not cover loss of or damage to property or expense of whatsoever nature directly or indirectly caused by, arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purpose of this General exception 1(C) an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf of or in connection with any organization or government or any person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof.

If the Insurer alleges that, by reason of clause 1(C) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

## 2. Nuclear

Except as regards the Fidelity, Stated Benefits and Group Personal Accident sections

(i) This policy does not cover

- (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising there from or any consequential loss
- (b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

For the purpose of this exception only, combustion shall include any self-sustaining process of nuclear fission.

- (ii) the indemnity provided by this policy shall not apply to nor include any loss destruction, damage or legal liability directly or indirectly, caused by, or contributed to by, or arising from nuclear weapons material.



## 3. Computer losses

General exception applicable to all sections of this policy insuring damage to property or the consequences of damage to property or any liability.

Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein, which would otherwise override a general exception, this policy does not cover:

- (a) loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising there from;
- (b) any legal liability of whatsoever nature;
- (c) any consequential loss;

Directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all

- (i) To treat any date as the correct date or true calendar date or correctly or appropriately to recognise, manipulate, interpret, process, store, receive or to respond to any data or information, or to carry out any command or instruction, in regard to or in connection with any such date, or
- (ii) To capture, save, retain or to process any information or code as a result of the operation of any command which causes the loss of data or the inability to capture, save, retain or correctly to process such data in regard to or in connection with any such date, or
- (iii) To capture, save retain or to process any information or code due to program errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programmes, or
- (iv) To capture, save, retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code or instruction including any trojan horse, time or logic bomb or worm or any other destructive or disruptive code, media or program or interference.

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

### Special extension to General exception 3

(A) Loss or destruction of or damage to the insured property by fire, explosion, lightning, earthquake or by special perils referred to below or indemnified by the Glass, Employer's Liability, Stated Benefits, Group Personal Accident or Motor section is not excluded by this General exception.

The special perils that are not excluded for the purpose of this special extension are damage caused by:



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## I. Storm, wind, water, hail, snow excluding damage to property

- (a) arising from its undergoing any process necessarily involving the use or application of water;
- (b) caused by tidal wave originating from earthquake or volcanic eruption;
- (c) in the underground workings of any mine;
- (d) in the open (other than buildings, structures and plant designed to exist or operate in the open);
  - ) Unless so
  - ) described and
- (e) or in any structure not completely roofed;
  - ) specifically
  - ) insured as a
- (f) being retaining walls;
  - ) separate item

## 2. aircraft and other aerial devices or articles dropped there from;

## 3. impact by animals, trees, aerials, satellite dishes or vehicles excluding damage to such animals, trees, aerials, satellite dishes or vehicles or property in or on such vehicles.

These special perils do not cover wear and tear or gradual deterioration.

(B) General exception 3 also does not apply to consequential loss as insured by any Business Interruption indemnity provided by this policy to the extent that such consequential loss results from damage to insured property by the perils referred to in Special extension A above.

(C) This Special extension will not insure any loss, destruction, damage or consequential loss if it would not have been insured in the absence of this Computer Losses General exception and this Special extension.

(D) This Special extension shall not apply to any Public Liability indemnity.

## B : GENERAL CONDITIONS

### I. MISREPRESENTATION, MISDESCRIPTION AND NON-DISCLOSURE

Misrepresentation, misdescription, or non-disclosure of any material particulars shall render voidable the particular item or section of the policy, as the case may be, affected by such misrepresentation, misdescription or non-disclosure.



## 2. OTHER INSURANCE, WARRANTIES & GUARANTEES

If at the time of any event giving rise to a claim under this policy any insurance, warranties and guarantees exists, negotiated by or on behalf of the Insured, covering any event insured under this policy, the Insurers shall only be liable to pay or contribute a rateable proportion of the amount payable to the Insured in respect of such event. If any such other insurance, warranties and guarantees are subject to any condition of average, this policy, if not already subject to any condition of average, shall be subject to average in like manner.

## 3. CANCELLATION

This insurance may be cancelled at any time by the Insurers giving 30 days' notice in writing or by the Insured giving immediate notice. On cancellation the Insured shall be entitled to claim a pro rata portion of the premium for the remainder of the period of insurance from the date of cancellation.

Cancellation will only be effective if there is sufficient proof of alternate insurance cover or proof of disposal.

In the event of this insurance being cancelled by the Insurers any annual aggregate deductible shall be reduced to an amount in the proportion that the actual period of insurance bears to an annual period of insurance. If the deductibles borne by the Insured in respect of losses occurring during the actual period of insurance exceed the proportionate aggregate deductible for the same period, then the difference shall be payable by the Insurers to the Insured.

## 4. PREMIUM ADJUSTMENT

Where the premium or any section or item of this policy has been calculated on estimated figures, the Insured shall, after the expiry of each period of insurance, furnish such particulars and information as the Insurers may require for the purpose of recalculating the premium for that period. Any difference shall be paid by or to the Insured, as the case may be.

## 5. PREVENTION OF LOSS

The Insured shall take all reasonable steps and precautions to prevent accidents or losses.





## 6. CLAIMS

The Insured shall on the happening of any event that may give rise to a claim under this policy, at his own expense -

- (i) Inform the Insurers thereof within 30 days and furnish particulars of any other insurance covering such events as are insured hereunder;
- (ii) within 24 hours after the event notify the police of any claim involving theft or (if required by the Insurers) loss of property and take all practicable steps to discover the guilty party and to recover the property stolen or lost;
- (iii) within 30 days after the event, submit to the Insurers in writing full details of any claim;
- (iv) furnish the Insurers with such proofs, information and sworn declarations as the Insurers may require, and immediately deliver to the Insurers any notice of claim or communication whatsoever, writ, summons or other legal process issued or commenced against the Insured in connection with the event giving rise to the claim.

This General Condition shall be deemed to have been complied with if the information required in terms thereof is given within the time required to a loss adjuster appointed by or on behalf of the Insurers.

No claim (other than a claim under the Fidelity Sections or the Personal Accident Assault extension to the Money Section) shall be payable after the expiry of 24 months (or such further period as the Insurers may allow) after the happening of the event unless such claim is the subject of pending legal action or is a claim in respect of the Insured's legal liability to a third party.

If after the payment of a claim in terms of this policy in respect of lost or stolen property, the property (the subject matter of the claim) or any part thereof is located the Insured shall render all assistance in the identification and physical recovery of such property if called on to do so by the Insurers provided that the Insured's reasonable expenses in rendering such assistance shall be reimbursed by the Insurers. Should the Insured fail to render assistance in terms of this condition when called on to do so the Insured shall immediately become liable to repay to the Insurers all amounts paid in respect of the claim.



## 7. INSURERS' RIGHTS AFTER AN EVENT

(a) On the happening of any event in respect of which a claim is or may be made under this policy the Insurers and every person authorised by them may without thereby incurring any liability and without diminishing the right of the Insurers to rely upon any conditions of this policy

(i) take, enter or keep possession of any damaged property and deal with it in any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Insurers to do so. The Insured shall not be entitled to abandon any property to the Insurers whether taken possession of by the Insurers or not;

(ii) take over and conduct in the name of the Insured the defence or settlement of any claim and prosecute in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim. No admission, statement, offer, promise, payment or indemnity shall be made by the Insured without the written consent of the Insurers.

(b) The Insured, shall, at the expense of the Insurers, do and permit to be done all such things as may be necessary or reasonably required by the Insurers for the purpose of enforcing any rights to which the Insurers shall be or would become subrogated upon indemnification of the Insured whether such things shall be required before or after such indemnification.

(c) In respect of any section of this policy under which an indemnity is provided for liability to third parties the Insurers may in the case of any event pay to the Insured the limit of indemnity provided in respect of such event or any lesser sum for which the claim or claims arising from such event can be settled and the Insurers shall thereafter not be under further liability in respect of such event.

## 8. FRAUD

If any claim under this policy be in any respect fraudulent or if any fraudulent means or devices are used by the Insured or anyone acting on their behalf or with his knowledge or consent to obtain any benefit under this policy or if any event be occasioned by the wilful act or with the connivance of the Insured, the benefit afforded under this policy in respect of such claim shall be forfeited.

## 9. BREACH OF CONDITIONS

The condition of this policy and sections thereof shall apply individually to each of the risks insured and not collectively to them so that any breach shall void the section only in respect of the risk to which the breach applies.

## 10. GENERAL BURDEN OF PROOF

If the Insurer alleges that a loss or damage is not covered by the policy, the burden of proving to the contrary shall rest on the Insured.



## C: GENERAL PROVISOS

### I. CLAIMS PREPARATION COSTS

The insurance by each section of this policy is extended to include costs reasonably incurred by the Insured in producing and certifying any particulars or details required by Insurers in terms of General Condition 6 or to substantiate the amount of any claim, provided that the liability of the Insurers for such costs in respect of any one claim shall not exceed the amount stated in the specification.

### 2. REASONABLE PRECAUTION COSTS

The insurance by sections of this policy where stated is extended to include all reasonable costs and expenses in effecting such temporary repairs and in taking such temporary measures as may be reasonably necessary after loss or damage giving rise to a claim under that section, provided that the Insurers' liability shall not exceed the amount stated in the Specification.

### 3. RECOVERY OF LOSS

In the case of recovery on account of any loss covered under this policy the amount recovered, after deducting the actual cost of obtaining or making such recovery but excluding the Insured's own labour and/or establishment costs, shall be applied in the following order.

(1) To reimburse the Insured in full for the part, if any, of such loss which exceeds the amount of coverage provided by this policy (disregarding the amount of any first amount payable/deductible applicable.

(i) The balance, or the entire net recovery if no part of such loss exceeds the sums insured provided by this policy, or if payment shall have been made, to the reimbursement of the Insurers.

(ii) Finally to that part of such loss sustained by the Insured by reason of any deductible clause as specified in the specification and/or to that part of such loss covered by any policy(ies) of insurance of which this policy is excess.

### 4. FIRST AMOUNT PAYABLE / DEDUCTIBLE

In respect of each and every occurrence giving rise to a claim under any section of this policy, the Insured shall be responsible for the first amounts payable (deductible) stated in the Specification of each section of any expenditure (or any less expenditure which may be incurred) for which provision is made under such section (including any payment in respect of costs, expenses and fees) and of any expenditure by the Insurers in the exercise of such discretion it may have under any such section. If the expenditure incurred by the Insurers shall include any first amount payable (deductible) for which the Insured is responsible, such amount shall be paid by the Insurers forthwith.



## 5. NEGLIGENCE/ACCOUNTABILITY

On the happening of any event in respect of which a claim is or may be made under this policy, the Insurer has the right to recover, in terms of the Msunduzi Municipality's Disciplinary Code, from any employee that is in contravention of the Code. The Deputy Municipal Manager: Corporate Services shall conduct the Disciplinary Inquiry in terms of the Disciplinary Code.

## 6. VALUE ADDED TAX

Sums insured, first loss amounts, indemnity limits or insured values, by whatever name such are referred to in this policy (henceforth "policy limits") are expressed on a VAT inclusive basis.

### LIMIT OF INDEMNITY

The sections of the policy are subject to the following limits of indemnity:-

Sections	Limits of Indemnity Sum Insured
Combined	R5 000 000
Business Interruption	R6 000 000
Office Contents	R5 000 000
Business All Risks	R2 000 000
Theft	R5 000 000
Glass	R100 000
Money	R1 000 000
Fidelity Guarantee	R1 000 000
Motor Own Damage	R2 000 000
Transit	R2 000 000
Electronic Equipment	R500 000



# MSUNDUZI ANNUAL BUDGET

## DEDUCTIBLE EXCESS PER CLAIM

Sections	Amount R
Combined	R5 000
Business Interruption	R1 000
Office Contents	R2 500
Business All Risks	R1 500
Theft	R2 000
Glass	Nil
Money	R1 000
Fidelity Guarantee	Nil
Motor Own Damage	R3 000
Transit	R1 000
Electronic Equipment	R500

## COMBINED SECTION

### CONTINGENCIES

DESTRUCTION, LOSS OR DAMAGE (hereinafter referred to in this Section as damage) TO PROPERTY INSURED, DESCRIBED IN THE SPECIFICATION BY OR THROUGH ANY OF THE PERILS DESCRIBED IN CONTINGENCIES A, B OR C OR THE CONSEQUENCES THEREOF DESCRIBED IN CONTINGENCY D.

#### A. INSURED PERILS

1. Fire, lightning, thunderbolt, subterranean fire, explosion.
2. Malicious Damage as per Extension 10.
3. Storm, wind, hail, snow, water, excluding destruction or damage by subsidence and landslip.
4. Earthquake, excluding destruction or damage to property in the underground workings of any mine.
5. Aircraft and other aerial devices or articles dropped therefrom.
6. Bursting or overflowing of or leakage from tanks, apparatus or pipes of water, oil, chemicals, fluids and/or fumes including loss or damage caused thereto insofar as not otherwise insured.
7. Impact by any vehicle or animal or by falling trees or by boulders, stones, aerials and satellite dishes.
8. Theft or any attempt thereof of buildings, structures and erections including land-lords' fixtures and fittings following forcible and violent entry into or exit therefrom.





## B. ACCIDENTAL DAMAGE TO PUBLIC SUPPLY OR MAINS CONNECTIONS

Accidental damage to water, sewerage, gas, electricity, data, and communication connections, the property of the Insured or for which he is legally responsible, between the property insured and the public supply or mains.

## C. SANITARY WARE

Accidental damage to fixed washbasins, pedestals, sinks, lavatory pans, splash backs and cisterns (but excluding chipping, scratching and disfiguration) forming part of the building(s) mentioned in the Specification.

## D. RENT

Loss of rent in respect of the buildings mentioned in the Specification if so damaged by any peril as to be rendered untenable (including partially untenable) but only for the period necessary for reinstatement and for an amount not exceeding 25% of the value of the affected building. The basis of calculation will be the annual rental payable immediately preceding the damage or its equivalent in rental value.

## SPECIAL CONDITION

(Applicable only to the perils specified in Contingencies A.1 to 5 and 7)

## AVERAGE

If the property insured is at the commencement of any damage to such property by any peril insured against collectively of greater value than the sum insured thereon, the Insured shall be considered as being his own Insurer for the difference and shall bear a rateable proportion of the loss accordingly. Every item, if more than one, shall be separately subject to this condition.

## I. SUBSIDENCE AND LANDSLIP

Damage caused by subsidence or landslip

provided that the Insured shall bear the first portion of each and every claim as stated in the Specification.

This extension does not cover

1. Damage to drains, water courses, boundary walls, garden walls, retaining walls, gates, posts or fences unless specifically insured.

2. Damage caused by or attributable to

- (a) faulty design or construction of or the removal or weakening of support to any building situated at the Insured premises;
- (b) workmen engaged in making any structural alterations, additions or repairs to any building situ-



ated at the Insured premises;

(c) excavation on or under land other than excavation in the course of mining operations.

3. Consequential loss of any kind whatsoever except loss of rent when specifically insured under this section.

In any action suit or other proceeding where the Insurers allege that by reason of the provisions of these exceptions any damage is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

## 2. MOTOR VEHICLES WHILST PARKED

This insurance covers the difference between the new replacement value and the market value of motor vehicles which are damaged as a result of contingencies A.1. to A.6. whilst parked at any premises occupied by the Insured.

Provided that the cover granted by this extension shall apply only where ten or more vehicles are damaged by a single contingency. The limitation of a minimum of ten vehicles shall not apply to special type vehicles (as defined).

Provided further that the Insurers liability in connection with any one source or original cause shall not exceed the limit stated in the Specification.

### Definition

Special vehicles shall mean:

- Fire Engines
- Ambulances
- Road - Making and Construction vehicles/machinery
- Refuse Removal vehicles
- Emergency vehicles/buses

## 1. DESIGNATION OF PROPERTY

For the purpose of determining where necessary the item under which any property is insured, the Insurers agree to accept the designation under which such property has been entered in the Insured's books.

## 2. ARCHITECTS' AND OTHER PROFESSIONAL FEES

The insurance under this section includes professional fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of the Insured property arising from damage by or through any peril hereby insured against, but in no case exceeding 15% of the amount payable in respect of such damage. The amount payable in respect of such fees shall not include expenses incurred in connection with the preparation of the Insured's claim.



## 3. CAPITAL ADDITIONS (only applicable if Day One Average omitted)

The insurance under this section shall cover additions, alterations and improvements to the property (other than stock) for an amount not exceeding 15% of the sum insured in respect thereof, it being understood that the Insured undertakes to advise the Insurers each quarter of such alterations, additions and improvements and to pay the appropriate additional premium thereon.

## 4. CLEARANCE COSTS

The insurance under this section includes costs necessarily incurred by the Insured in respect of the demolition of buildings and machinery and/or the removal of debris and in providing, erecting and maintaining any hoarding required during demolition, site clearing and/or building operations following damage to the property by any peril hereby insured against, provided that the total amount recoverable shall not exceed the sum insured in respect of the property affected.

## 5. FIRE BRIGADE CHARGES

Where any Organisation is empowered to charge a fee for fire extinguishing, water or other services rendered in connection with any peril being the subject of indemnity under this section, the said expenses shall be considered as constituting a claim under this policy and shall be payable in addition to any other payment for which the Insurers may be liable in terms of this section.

## 6. TEMPORARY REMOVAL

Except insofar as otherwise insured, the property insured (other than motor vehicles and motor parts) is covered whilst temporarily removed elsewhere on the same premises as stated in the Specification or to any other premises and in transit thereto and therefrom anywhere in South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi

### **provided that:**

the amount recoverable under this clause shall not exceed the amount which would have been recoverable had the damage occurred on that part of the premises from which the property has been removed.

## 7. TENANTS

The Insurers' liability to the Insured shall not be affected by any act or omission on the part of any tenant (other than the Insured) without the Insured's knowledge. The Insured shall, however, inform the Insurers as soon as any such act or omission which is a contravention of any of the terms, exceptions or conditions of this section comes to their knowledge and will be responsible for any additional premium payable from the date any increased hazard shall be assumed by the Insurers.

## 8. PIPELINE AND STORAGE SUBROGATION

It is hereby declared and agreed that notwithstanding anything to the contrary contained in this policy, the insurance under this section shall not be invalidated because of the fact that the Insured has granted an undertaking of indemnity to any supplier of fuel or pipeline authority.



## 9. LIMITATIONS (MONEY, STAMPS AND DOCUMENTS)

The Insurers' liability in respect of property described in the Specification shall be limited in respect of:

- (a) money, stamps and securities to a maximum amount of R5 000;
- (b) documents, manuscripts, business books, plans, computer systems, records and media, designs, patterns, models, moulds and castings to the value of materials and sums expended in labour.

## 10. MALICIOUS DAMAGE

Subject otherwise to the terms, conditions and exclusions, exceptions and warranties contained herein this insurance is extended to cover loss or damage directly occasioned by or through or in consequence of the deliberate or wilful or wanton act of any person committed with the intention of causing such loss or damage but excluding loss or damage to property insured which is :

- i) stolen
- ii) damaged in an attempt to remove it from any premises owned or occupied by the Insured
- iii) damaged by thieves whilst breaking into or out of or attempting to break into or out of any property

### **Provided that this extension does not cover :**

- (a) loss or damage related to or caused by fire or explosion;
- (b) consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- (c) loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- (d) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- (e) loss or damage related to or caused by any occurrence referred to in Standard SAIA Exceptions 1 (A) (i), (ii), (iii), (iv), (v) or (vi) of this policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of provisos (a), (b), (c), (d) or (e) loss or damage is not covered by this insurance, the burden of proving the contrary shall rest on the Insured.



## II. ALL OTHER CONTENTS

The expression "All Contents" referred to in the description of property in the Specification shall include but is not restricted to personal effects (excluding money in any form whatsoever), tools and pedal cycles, being the property of the Insured or Msunduzi Municipality's or employees of the Insured insofar as such property is not otherwise insured.

### 12. REPLACEMENT (OR REINSTATEMENT) VALUE CONDITIONS

In the event of damage to the property the basis upon which the amount payable is to be calculated, shall be the cost of replacement or reinstating on the same site property of the same kind or type but not superior to or more extensive than the property when new.

**provided that:**

- (i) the work of replacing or reinstatement (which may be carried out on another site and in any manner suitable to the requirements of the Insured, subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable despatch otherwise no payment beyond the amount which would have been payable if these replacement (or reinstatement) value conditions had not been incorporated herein, shall be made;
- (ii) until expenditure has been incurred by the Insured with regard to replacing or reinstating the property, the Insurers shall not be liable for any payment in excess of the amount which would have been payable if these conditions had not been incorporated herein;
- (iii) if at the time of replacement or reinstatement the sum representing the cost which would have been incurred in replacement or reinstatement, if the whole of the property insured had been damaged, exceeds the sum insured thereon at the commencement of the damage to such property by any peril insured against, then the Insured shall be considered as being his own Insurer for the difference and he shall bear a rateable proportion of the loss accordingly. Each item of this section (if more than one) to which these conditions apply, shall be separately subject to this provision;
- (iv) these conditions shall be of no force or effect if:
  - (a) the Insured fails to intimate to the Insurers within six months from the date of damage, or such further time as the Insurers may in writing allow, his intention to replace or reinstate the property damaged;
  - (b) the Insured is unable or unwilling to replace or reinstate the property destroyed or damaged on the same or another site.

### 13. LOAD ON VEHICLE CLAUSE

Damage to any load, being the property of the Insured or for which they are responsible, shall be covered while the same is on any railway or road vehicle in, at or on any premises at which damage shall have been caused by any peril insured against.





## 14. ALTERATIONS AND MISDESCRIPTION CLAUSE

The insurance under this section shall not be prejudiced by any alteration or misdescription of occupancy whether due to the transfer of processes or machinery or by virtue of acquisition of additional premises, structural alterations or repairs to buildings, machinery or plant, provided that notice is given to the Insurers as soon as practicable after such event and the Insured agree to pay additional premium if required.

## 15. DISPOSAL OF SALVAGE

Without diminishing the rights of the Insurers to rely on the provisions of the general conditions in the event of a loss the Insurers agrees that it will not sell or otherwise dispose of any property which is the subject of a claim hereunder without the consent of the Insured provided that the Insured can establish to the satisfaction of the Insurers that to do so will prejudice their interests in which event the Insurers agrees to give the Insured first option to repurchase such property at its fair intrinsic value or market value whichever is the greater.

The Insured will not be entitled under the provisions of this clause to abandon any property whether taken possession of by the Insurers or not.

## 15. INACTIVE BUILDINGS

Loss and/or damage as a result of theft of or malicious damage to inactive buildings are excluded, unless otherwise stated in the Specification.



## OFFICE CONTENTS SECTION

### CONTINGENCIES

- A. Loss of or damage to the property insured described in the Specification by or through any of the perils described in Sub-Section A.
- B. Loss of rent as referred to in Sub-Section B.
- C. Loss of or damage to documents as referred to in Sub-Section C.
- D. Legal liability relative to documents as referred to in Sub-Section D.
- E. Increase in cost of working as referred to in Sub-Section E.

### SUB-SECTION A : INSURED PERILS

1. Fire, lightning, thunderbolt, subterranean fire, explosion.
2. Malicious damage as per Extension 8.
3. Storm, wind, water, hail, snow, flood.
4. Earthquake.
5. Aircraft and other aerial devices or articles dropped therefrom.
6. Bursting or overflowing of or leakage from tanks, apparatus, or pipes, (including loss or damage thereto) of water, oil, chemicals, fluids and/or fumes.
7. Impact by vehicles or animals or by falling trees, boulders/stones.
8. Theft or any attempt thereat other than by any Msunduzi Municipality or Employee of the Insured.
9. Accidental breakage of mirror glass, plate glass tops to furniture or fixed glass forming part of any article of furniture.

### SPECIAL CONDITIONS APPLICABLE TO SUB-SECTION A

#### **AVERAGE** (Applicable to paragraphs A.1 to 7 only)

If the total value of the property insured is at the time of the happening of any loss, destruction or damage by any peril insured against, collectively of greater value insured thereon, the Insured shall be considered as being their own Insurer for the difference and shall bear a rateable share of the loss or damage. Each item of the Specification covering such property shall be separately subject to this condition.



## SPECIAL EXCEPTION APPLICABLE TO SUB-SECTION A

This section does not cover debentures, moneys, cheques, securities for money, stamps, medals, coins, jewellery, precious stones, bicycles, motor vehicles and accessories thereon, livestock, stock in trade, samples and property otherwise insured.

## SUB-SECTION B : RENT

Loss of rent actually incurred by the Insured in consequence of the office premises or portion thereof being so damaged by any of the perils specified in Sub-Section A as to be rendered untenable but only in respect of the period necessary for reinstatement. The indemnity under this Sub-Section shall not exceed 25% of the sum insured or value (whichever is lower) of all contents of the office premises affected).

For the purpose of this Sub-Section the term "office premises" shall be deemed to extend to any premises or portion thereof in the vicinity of the office premises, damage to which prevents or limits access to the office premises.

## SUB-SECTION C : LOSS OF DOCUMENTS

Costs, charges and expenses incurred by the Insured in replacing or restoring any documents arising from loss or damage

### **provided that**

- (a) the Insured shall properly look or cause to be looked for them;
- (b) this sub-section does not cover loss, destruction or damage caused by the dishonesty of any official or director who is also an employee of the Insured and whom the Insured have the right at all times to govern, control and direct in the performance of his work in the service of the Insured.

### **DEFINITION**

The term document shall mean

films, tapes, addressograph plates, books, records, maps, plans, drawings, abstracts, deeds, wills, mortgages, agreements, manuscripts, letters, certificates, documents and similar written printed or otherwise inscribed papers and documents used by the Insured in the business owned by them or for which they are responsible excluding money, current postage or revenue stamps, cancelled and uncanceled coupons, securities, bearer bonds and cheques.

## SUB SECTION D : LEGAL LIABILITY (DOCUMENTS)

Legal liability as a direct consequence of loss of or damage to documents as defined in Sub-Section C and in respect of which payment, reinstatement or repair has been made or liability therefor admitted by the Insurers under Sub-Section C unless such payment reinstatement repair or liability has not been made or admitted solely because the insured is required to bear the first portion of the loss.



## SUB-SECTION E : INCREASE IN COST OF WORKING

Any additional expenditure not otherwise provided for in this section reasonably incurred by the Insured for the purposes of maintaining the normal operation of the business in consequence of loss or damage in respect of which payment, reinstatement or repair has been made or liability therefor admitted by the Insurers under Sub-Sections A or C.

The indemnity under this Sub-Section shall not exceed 25% of the sum insured on all contents of the office premises affected.

## SUBSIDENCE AND LANDSLIP

Damage caused by subsidence or landslip

provided that the Insured shall bear the first portion of each and every claim as stated in the Specification.

This extension does not cover

1. Damage to drains, water courses, boundary walls, garden walls, retaining walls, gates, posts or fences unless specifically insured.
2. Damage caused by or attributable to
  - (a) faulty design or construction of or the removal or weakening of support to any building situated at the Insured premises;
  - (b) workmen engaged in making any structural alterations, additions or repairs to any building situated at the Insured premises;
  - (c) excavation on or under land other than excavation in the course of mining operations.
3. Consequential loss of any kind whatsoever except loss of rent when specifically insured under this section.

In any action suit or other proceeding where the Insurers allege that by reason of the provisions of these exceptions any damage is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

## CLAUSES AND EXTENSIONS

### I. TEMPORARY REMOVAL

Except insofar as otherwise insured, the property insured (other than property of any Msunduzi Municipality or employee of the Insured) is covered whilst temporarily removed elsewhere on the same premises as stated in the Specification or to any other premises and in transit thereto and therefrom anywhere within South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi.



## 2. CAPITAL ADDITIONS

The insurance under this section covers alterations, additions and improvements (but not appreciation in value in excess of the sum(s) insured) to the property for an amount not exceeding 15% of the sum insured thereon it being understood that the Insured undertakes to advise the Insurers each quarter of such alterations, additions and improvements and to pay the appropriate additional premium thereon.

## 3. FIRE BRIGADE CHARGES

If any public authority empowered to do so shall charge the Insured with any costs relating to the extinguishing or fighting of fire, such costs shall be deemed to be damage to the Insured property and shall be payable in addition to any other payment for which the Insurers may be liable in terms of this section.

## 4. REMOVAL OF DEBRIS

The insurance under this section is extended to include such reasonable costs and expenses as may be necessarily incurred by the Insured in respect of the removal of debris following loss of or damage to the Insured property by any peril hereby insured against, provided that the liability of the Insurers for such loss or damage and costs and expenses shall not exceed in the aggregate the sum expressed in the Specification to be insured on the property affected.

## 5. TENANTS

The Insurers' liability to the Insured shall not be affected by any act or omission on the part of any tenant or owner of a building (other than the Insured) without the Insured's knowledge. The Insured shall, however, inform the Insurers as soon as any such act or omission which is a contravention of any of the terms, exceptions or conditions of this policy comes to their knowledge and will be responsible for any additional premium payable from the date any increased hazard shall be assumed by the Insurers.

## 6. REPLACEMENT VALUE CONDITIONS

The basis upon which the amount payable for a claim in respect of contents is calculated shall be either the replacement of the contents by similar property in a condition equal to but not better or more extensive than its condition when new

or

the repair of the contents to a condition substantially the same as but not better than its condition when new

provided that if at the time of replacement or repair, the sum representing the cost which would have been lost, destroyed or damaged beyond repair exceeds the sum insured thereon at the time of the loss or damage, then the Insured shall be considered as being their own Insurers for the difference and shall bear a rateable proportion of the loss accordingly.





## 7. MALICIOUS DAMAGE

Subject otherwise to the terms, conditions and exclusions, exceptions and warranties contained herein this insurance is extended to cover loss or damage directly occasioned by or through or in consequence of the deliberate or wilful or wanton act of any person committed with the intention of causing such loss or damage but excluding loss or damage to property insured which is :

- i) stolen
- ii) damaged in an attempt to remove it from any premises owned or occupied by the Insured
- iii) damaged by thieves whilst breaking into or out of or attempting to break into or out of any property

**Provided that this extension does not cover :**

- (a) loss or damage related to or caused by fire or explosion;
- (b) consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- (c) loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- (d) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- (e) loss or damage related to or caused by any occurrence referred to in Standard SAIA Exceptions 1 (A) (i) , (ii), (iii), (iv), (v) or (vi) of this policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of provisos (a), (b), (c), (d) or (e) loss or damage is not covered by this insurance, the burden of proving the contrary shall rest on the Insured.

## 8. LOCKS AND KEYS

In addition to the limit of indemnity, the Insurers will indemnify the Insured in respect of the cost of replacing locks and keys to any office premises following upon the disappearance of any key to such premises or following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key

**provided that**

- (i) the Insurers' liability shall not exceed the amount stated in the Specification.
- (ii) the Insurers shall not be liable for the first amount stated in the Specification.



## 9. NEW AND ADDITIONAL PREMISES

If the Insured shall occupy offices or consulting rooms other than those situated as stated in the Specification in South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi, the insurance by this section shall apply as though such offices or consulting rooms were office premises within the meaning of this section

**provided that**

- (i) the Insured shall within a reasonable time of taking occupation advise the Insurers thereof and pay additional premium calculated pro rata from the time of taking occupation until the end of the then current period of insurance.
- (ii) this clause shall not apply to any loss if and so far as the same is otherwise insured.

## 10. ALTERATIONS AND MISDESCRIPTION CLAUSE

The insurance under this section shall not be prejudiced by any alteration or misdescription of occupancy whether due to the transfer of processes or machinery or by virtue of structural alterations, repairs to buildings, machinery or plant, provided that notice is given to the Insurers as soon as practicable after such event and the Insured agree to pay additional premium if required.



## BUSINESS ALL RISKS SECTION

### CONTINGENCIES

Loss of or damage to the property insured described in the Specification from any cause whatsoever not otherwise excluded.

### SPECIFIC EXCEPTIONS

The Insurers shall not be liable for:

1. Loss or damage resulting from or caused by
  - (a) its undergoing a process of cleaning, repairing, dyeing, bleaching, altering or restoring any article;
  - (b) detention, confiscation or requisition by customs or other officials or authorities;
  - (c) inherent vice or defect, rust, damp, mildew, vermin or insects;
  - (d) the dishonesty of any Msunduzi Municipality or employee of the Insured whether acting alone or in collusion with others.
2. Wear and tear or gradual deterioration (including the gradual action of light or climatic or atmospheric conditions) unless following an accident or misfortune not otherwise excluded.
3. Mechanical or electrical breakdown, cracking, scratching, denting, failure or breakage or derangement unless caused by an accident or misfortune not otherwise excluded.
4. Loss or damage to insured property occasioned by theft and/or attempted theft unless accompanied by forcible and violent entry into or exit from any building, structure or any portion thereof.
5. Loss or damage to insured property occasioned by theft and/or attempted theft from a motor vehicle must be accompanied by forcible and violent entry into the motor vehicle.
6. Any loss or damage or disappearance of any of the property from an unattended motor vehicle unless the property is contained in a completely closed and securely locked vehicle or portion of the vehicle and such loss damage or disappearance is caused by violent and forcible entry into the vehicle or portion of the vehicle.
7. Loss or damage to cash, bank and currency notes, coins, bonds, coupons, stamps, negotiable instruments, title deeds, manuscripts or securities of any kind.
8. Loss or damage to goods consigned under a bill of lading.
9. Over-winding denting or internal damage to clocks.



## CLAUSES AND EXTENSIONS

### 1. AUTOMATIC ADDITIONS

This section extends to include any additional items of similar nature to those specified in the Specification provided that the Insured notifies the Insurers within 90 days of such additions and agrees to pay such additional premium as required.

### 2. KEYS AND LOCKS

The Insurers shall pay to the Insured the cost of replacement or alteration of keys and/or locks in the event of a loss of or damage to keys. Provided always that the Insurers' liability in respect hereof shall be limited to the amount stated in the Specification.

### 3. INCREASE IN COST OF WORKING (If stated in the Specification to be included)

The insurance under this extension is limited to expenditure not otherwise recoverable under this section, necessarily and reasonably incurred as a result of loss of or damage to property for which payment is made or liability therefor is admitted under this section, for the purpose of maintaining the normal operation of the business provided always that the Insurers' liability in respect hereof shall be limited to the amount stated in the Specification.

### 4. REPLACEMENT VALUE CONDITIONS

The basis upon which the amount payable for a claim in respect of property is calculated shall be either the replacement of the property by similar property in a condition equal to but not better or more extensive than its condition when new

**Or**

the repair of the property to a condition substantially the same as but not better than its condition when new provided that if at the time of replacement or repair, the sum representing the cost which would have been incurred in replacement if the whole of the Insured property had been lost, destroyed or damaged beyond repair exceeds the sum insured thereon at the time of the loss or damage, then the Insured shall be considered as being their own Insurer for the difference and shall bear a rateable proportion of the loss accordingly.



## MEMORANDUM ONE - EMPLOYEES TOOLS AND IMPLEMENTS

1. Cover is restricted to theft and fire damage only.
2. No compensation will be paid if the loss is not reported in writing within three days to the immediate Supervisor from the date Of the discovery of the loss.
3. When not in use tools must be kept in a locked toolbox or locker provided by the Municipality.
4. Employee must take advantage of nearby Municipal premises such as but not restricted to sub-stations, official dwellings to ensure additional security.
5. The employee shall, immediately upon discovery of any loss or damage, giving rise to a claim shall:
  - 5.1 Within three days give notice in writing to the Municipality; and
  - 5.2 Submit a detailed statement giving full description of the loss.
6. The amount of the compensation is limited to 75% of the replacement value and not more than the amount stated in the specification.

## MEMORANDUM TWO - PROPERTY DAMAGE

1. Property damage shall mean underground and overhead service lines; street light-poles; robots and robot controllers including cabling other than on or within 50 meters from the robot; road railings; signposts; man-hole and drain covers; central distribution units being the property of the Municipality.
2. This item also includes the cost to clearing debris following spillage in road accidents;
3. This item does not cover parking meters.

## MEMORANDUM THREE - WORKS OF ART AT TATHAM ART GALLERY

1. The Works of Art being the property of the Municipality or for which they are responsible whilst contained at the Tatham Art Gallery.
2. The cover is restricted to accidental damage and theft consequent upon non-forcible entry and or exit from the premises.





## THEFT SECTION

### CONTINGENCIES

Loss of or damage to the property insured described in the Specification as a result of theft accompanied by forcible and violent entry into or exit from any building, structure or any portion thereof or any attempt thereat or as a result of theft or attempt thereat following violence or threat of violence.

1. **FULL THEFT COVER** (Only applicable if stated in Specification as being included)  
It is hereby stated and agreed that the words “accompanied by forcible and violent entry into or exit from any building, structure or any portion thereof” as they appear under the heading CONTINGENCIES of this section are cancelled.
2. **PROPERTY IN THE OPEN**  
Cover provided by this section is extended to include loss of or damage to property in the open within a fenced-off area as a result of theft accompanied by forcible and violent entry into or exit from such fenced-off area provided that Insurers’ liability in respect of each and every loss shall be limited to the amount stated in the Specification.

### SPECIAL EXCEPTIONS

The Insurers shall not be liable for:

1. Loss or damage which can be insured under a fire policy except in the case of explosion caused in an attempt to gain entry or malicious damage by thieves.
2. Damage insurable under a glass insurance policy.
3. Property more specifically insured or unless specified in the Specification, cash, bank or currency notes, cheques, postal orders, money orders, current negotiable stamps and documents or certificates of a negotiable nature.
4. Loss or damage where any member of the Insured’s employees is concerned as principal or accessory.

### CLAUSES AND EXTENSIONS

1. The insurance under this section extends to cover loss of or damage to the property insured
  - (a) caused or accompanied by
    - (i) a thief or thieves being concealed upon the Insured premises before close of business;
    - (ii) entry to and/or exit from the premises being effected by use of a skeleton or other key provided that the Insured shall establish to the satisfaction of Insurers that a skeleton or other key has been used;



- (b) in any place where the Insured may from time to time have an interest provided that
- (i) such new premises are advised to the Insurers within 30 days from the time the risk attached to the Insurers;
  - (ii) an additional premium, if any, is paid.

2. In addition to the limit of indemnity stated in the Specification (except in the case of explosion)

- (i) the insurance under this section extends to include damage to the premises (including landlord's fixtures and fittings) in the course of theft or any attempt thereat;
- (ii) the Insurers will indemnify the Insured in respect of the cost of replacing locks and keys to any insured premises following upon the disappearance of any key to such premises or following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key provided that the Insurers' liability shall not exceed the amount stated in the Specification;

3. Subject to the specific exceptions and conditions, the following Contingency is added:

"Damage to buildings at the premises described in the Specification (including landlord's fixtures and fittings) and all contents (whilst in such buildings), the property of the Insured or for which they are responsible caused by the deliberate or wilful or wanton act of any person during the course of any theft or attempted theft accompanied by forcible and violent entry into or exit from such buildings."

The liability of the Insurers under this extension for any one event shall not exceed the amount shown in the Specification for this extension.

4. The term "All Contents" includes personal effects, tools and pedal cycles, the property of the Insured or any Msunduzi Municipality or employee of the Insured insofar as such property is not otherwise insured up to the amount stated in the Specification.

5. The basis upon which the amount payable for a claim in respect of property is calculated shall be either the replacement of the property by similar property in a condition equal to but not better or more extensive than its condition when new or the repair of the property to a condition substantially the same as but not better than its condition when new.



## GLASS SECTION

### CONTINGENCIES

Loss of or damage to the property insured at the premises all as described in the Specification.

Following loss of or damage to glass the Insurers will also indemnify the Insured for

1. the cost of such boarding up as may be reasonably necessary;
2. damage to skirting, shop fronts, frames, window displays (including fixtures and fittings), burglar alarm strips, wires and vibrators as a direct result of such loss or damage;
3. the cost of removal and reinstallation of fixtures and fittings necessary for the replacement of the glass;
4. the cost of employment of a watchman service prior to replacement of glass or boarding up or the repair of the burglar alarm system, unless payable under any other insurance arranged by the Insured; provided that the liability of the Insurers shall not exceed
  - (i) for the replacement of glass, signwriting and treatment - the sum insured applicable to the premises at which breakage occurs;
  - (ii) for all other costs and expenses provided for by this section and resulting from one occurrence or series of occurrences attributable to one source or original cause - in the aggregate the sum of R2 000.

### SPECIFIC EXCEPTIONS

The Insurers shall not be liable for:

1. loss or damage which is insured by or would but for the existence of this section be insured by any fire insurance except in respect of any excess beyond the amount which would have been payable under such fire insurance had the insurance under this section not been effected but this Specific Exception shall not apply to loss or damage for which the Insured is responsible as tenant and not as owner;
2. glass forming part of stock in trade;
3. glass which at inception of this insurance is cracked or broken unless cover has been agreed by the Insurers.



## CLAUSES AND EXTENSIONS

### SPECIAL REINSTATEMENT

If following loss or damage insured hereunder, the Insured is obliged in terms of the National Building Regulations or similar legislation to replace the damaged glass with glass of a superior quality, then the Insurers shall be liable for the increased cost of such replacement including (but not limited to) frames therefor, provided that if the cost of so replacing the whole of the Insured property (inclusive of other items insured) is greater than the sum insured thereon at the time of the loss or damage, then the Insured shall be considered as being their own Insurer for the difference and shall bear a rateable proportion of the loss accordingly.

### MONEY SECTION

#### CONTINGENCIES

Loss of or damage to the property insured described in the Specification occurring in South Africa except as otherwise stated in the Specification.

#### SPECIFIC EXCEPTIONS

The Insurers shall not be liable for loss or damage arising from:

1. dishonesty of any Msunduzi Municipality, person or persons in the employ of the Insured not discovered within 14 working days of the occurrence thereof;
2. shortage due to error or omission;
3. in an unlocked safe or strongroom whilst the portion of the premises containing such safe or strongroom is unattended;
4. not contained in a locked safe or strongroom whilst the portion of the premises containing such money is unattended;

Specific exceptions (3) and (4) do not apply up to the amount stated in the Specification.

#### MEMORANDA

1. Loss of or damage to money arising from dishonesty of any Msunduzi Municipality or employee of the Insured as insured under this section shall be subject to the compulsory first amount payable as stated in the Specification.  
This amount shall be borne in full by the Insured.
2. The Insurers shall not be liable under this section of the policy in respect of loss or damage arising from any event in respect of which a claim is payable or would be payable but for any first amount payable or Co-Insurance clause under the Fidelity Section of the policy or any other fidelity insurance.



# MSUNDUZI ANNUAL BUDGET

## DEFINITIONS

### MONEY

Shall mean cash, bank and currency notes, cheques, postal orders, money orders, current negotiable postage revenue and holiday stamps, franking machine cards, cell phone sim cards, public phone cards, credit card vouchers and documents, tickets, certificates or other instruments of a negotiable nature the property of the Insured or for which they hold themselves responsible.

### RECEPTACLE

Shall mean any safe, strongroom, strongbox, till, cash register, cash box or other receptacle for money or any franking machine.

### CLOTHING

Shall mean clothing and personal effects not otherwise insured belonging to the Insured or to any Msunduzi Municipality or employee of the Insured.

Working hours - Shall include such periods as authorised employees, Msunduzi Municipalitys/directors, principals handle or keep money outside the normal working or office hours, on the premises of the Insured.

## CLAUSES AND EXTENSIONS

1. In addition to any payment in respect of a contingency the Insurers will indemnify the Insured in respect of
  - 1.1 receptacles and clothing (as defined) and firearms (not the property of the Insured) lost or damaged as a result of theft of money or any attempt thereat;
  - 1.2 the cost of replacing locks and keys to any receptacle at any of the Insured's premises following upon the disappearance of any key to such receptacle at any of the Insured's premises following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key.

Provided that the Insurer's liability in respect of 1.1 and 1.2 above does not exceed the limits stated in the schedule.

## FIDELITY SECTION

### CONTINGENCIES

1. Loss of money and/or other property, belonging to the Insured or for which they are responsible, stolen by an employee during the currency of this section;
2. Direct financial loss sustained by the Insured as a result of fraud or dishonesty of an insured employee, all





of which occurs during the currency of this section, which results in dishonest personal financial gain for the employee concerned;

**provided that**

1. (a) the Insurers are not liable for all losses which occurred more than twenty four months prior to discovery;
- (b) all losses are discovered not later than twelve months after the termination of:
  - (i) this section, or
  - (ii) this section in respect of any employee concerned in a loss or
  - (iii) the employment of the employee or the last of the Insured employees concerned in a loss

**whichever occurs first.**

2. (a) (Where the Blanket Basis of cover applies per the Specification)

the liability of the Insurers for all losses shall not exceed the sum insured stated in the Specification whether involving any one employee or any number of employees acting in collusion or independently of each other;
- (b) (Where the Named/Position Basis of cover applies as per the Specification)

the liability of the Insurers for all losses involving any employee, shall not exceed the sum insured set opposite his name in the Specification or, if he is unnamed in the Specification, the sum insured set opposite the position held by him in the business as stated in the Specification;
3. renewal of this insurance from period to period or any extension of any period of insurance shall not have the effect of accumulating or increasing the liability of the Insurers beyond the sum insured stated in the Specification, if the period of insurance is less than twelve months the Insurers' liability is limited to the sum stated in the Specification during any twelve month period of insurance calculated from inception or renewal.
4. the "term" dishonest personal financial gain shall not include gain by an employee in the form of salary, salary increases, fees, commissions, bonuses, promotions or other emoluments.



## DEFINITION

### EMPLOYEE

#### Shall mean

- (a) any person while employed under a contract of employment with or apprenticeship to the Insured;
- (b) any person while hired or seconded from any other party into the service of the Insured;

who the Insured has the right at all times to govern, control and direct in the performance of his work in the course of the business of the Insured and who if this section is on a Named and/or Position basis is described in the Specification by name and/or position held by him in the business.

#### SPECIFIC EXCEPTIONS

1. The Insurers shall not be liable for
  - (a) loss resulting from or contributed to by any defined event specified in the Contingencies by
    - (i) any partner in or of the Insured or any director or member of the Insured unless such director or member is also an employee;
    - (ii) any employee from the time the Insured shall become aware that such employee has committed any fraud or dishonesty;
  - (b) any consequential losses of any kind following losses referred to under Contingencies.
2. This section does not cover any company or other legal entity acquired during the period of insurance.
3. The Insurers shall not be liable for any defined event if it results from the dishonest
  - (i) manipulation of
  - (ii) input into
  - (iii) suppression of input to
  - (iv) destruction of
  - (v) alteration of

any computer programme, system data or software by any insured employee who is employed in the Insured's electronic data processing department or area.

This exception does not apply to insured employees who are employed in the electronic data processing department/area of any non-networked micro/personal computer.



## SPECIFIC CONDITIONS

1. The Insured shall institute and/or maintain and continue to employ in every material manner all such systems of check and control, accounting and clerical procedures and methods of conducting their business as has been represented to the Insurers by the Insured but the Insured may:
  - (a) change the remuneration and conditions of service of any employee;
  - (b) in respect of any employee who is described in the Specification by name, change his duties and position;
  - (c) in respect of any employee who is described in the Specification only by the position held by him, remove such employee and place in his position any other person who falls within the definition of employee;
  - (d) make such other changes as are approved beforehand in writing by the Insured's auditors.
  
2. If the Insured shall sustain any loss to which this section applies which exceeds the amount payable hereunder in respect of such loss, the Insured shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security or indemnity taken or effected by the Insurers or for the amount of any deductible) by whomsoever made on account of such loss until fully reimbursed, less the actual cost of effecting the same, and any remainder shall be applied to the reimbursement of the Insurers.

## COSTS OF RECOVERY

If the Insured shall sustain any loss to which this section applies which exceeds the sum insured hereunder, the Insurers will, in addition to the sum insured, pay to the Insured costs and expenses not exceeding the amount stated in the Specification necessarily incurred with the consent of the Insurers (which consent shall not be unreasonably withheld) for the recovery or attempted recovery from the employee(s) in regard to whom the claim is made, of that part of the loss which exceeds the sum insured hereunder. All amounts recovered by the Insured in excess of the said part of the loss shall be for the benefit of the Insurers.

## CLAUSES AND EXTENSIONS

### ACCOUNTANTS

Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurers under this section for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's auditors or professional accountants and their certificate shall be prima facie evidence of the particulars and details to which it relates.

### EXTENDED COVER FOR PAST EMPLOYEES

Any person who ceases to be an employee shall for the purposes of this section be considered as being an employee for a period of 30 days after he in fact ceased to be an employee.



## OTHER INSURANCES

It is a condition of this section that other than

- (a) a money policy;
- (b) that declared to Insurers;
- (c) this policy;

no other policy is in force or will be effected during the currency of this policy to insure against the risks insured hereunder.

## ENDORSEMENTS, ADDITIONAL TERMS AND CONDITIONS

### 1. **COMPULSORY FIRST AMOUNT PAYABLE**

The amount payable under this section in respect of any event specified in the Contingencies involving one employee or any number of employees acting in collusion shall be reduced by the amounts stated in the Specification.

This amount shall be borne in full by the Insured and remain uninsured.

### 2. **VOLUNTARY FIRST AMOUNT PAYABLE**

In addition to the amount payable by the Insured under the Compulsory First Amount Payable Clause, the Insured shall be responsible for the difference between such amount and the amount stated in the Specification as the voluntary first amount payable provided such voluntary amount exceeds the compulsory amount. This amount will remain uninsured.

## MOTOR : OWN DAMAGE SECTION

### SUB-SECTION A : LOSS OR DAMAGE

#### CONTINGENCIES

Loss of or damage to any vehicle described in the Specification and its accessories and spare parts while thereon. In addition, if such vehicle is disabled by reason of any loss or damage insured hereby the Insurers will pay the reasonable cost of protection and removal to the nearest repairers and the Insured may give instructions for repairs to be executed without the previous consent of the Insurers to the extent of but not exceeding R2 000, provided that a detailed estimate is first obtained and immediately forwarded to the Insurers. The Insurers will also pay the reasonable cost of delivery to the Insured after repair of such loss or damage not exceeding the reasonable cost of transport to the permanent address of the Insured in South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi.



## Provided that

1. The limit of indemnity stated for each type of vehicle in the Specification shall be the maximum amount payable by the Insurers in respect of such loss or damage but shall not exceed the reasonable market value of the vehicle and its accessories and spare parts at the time of such loss or damage;
2. The Insurers may at their own option repair, reinstate or replace such vehicle or any part thereof and/or its accessories and spare parts or may pay in cash the amount of the loss or damage not exceeding the reasonable market value of such vehicle and/or its accessories and/or spare parts at the time of such loss or damage;
3. If any vehicle insured under this Sub-Section is irreparably damaged or stolen (and not recovered within a reasonable period) and the reasonable market value on the date of such damage or theft is less than the amount owing by the Insured under a valid suspensive sale or similar agreement, the Insurers will, subject to the Limit of Indemnity stated in the Specification not being exceeded, make good the difference to the Insured, less
  - (a) any payments and/or any interest in arrears on the date of the damage or theft and
  - (b) any discount in respect of finance charges and/or interest for the unexpired term of such suspensive sale or similar agreement on a date not exceeding 30 days after the day of the damage or theft and
  - (c) any payment which on the date of the damage or theft has not been made solely because such payment in terms of the conditions of the particular agreement has not actually become due;
4. If to the knowledge of the Insurers the vehicle is the subject of a suspensive sale or similar agreement such payment shall be made to the owner described therein whose receipt shall be a full and final discharge to the Insurers in respect of such loss or damage;
5. In respect of each and every occurrence giving rise to a claim (except a claim resulting from fire, lightning, or explosion) under this Sub-Section, the Insured shall be responsible for the first amounts payable stated in the Specification (according to the type of vehicle) of any expenditure (or any less expenditure which may be incurred) for which provision is made under this Sub-Section (including any payment in respect of costs, expenses and fees) and of any expenditure by the Insurers in the exercise of any discretion it may have under this insurance it being understood that should two or more of the Insured vehicles be involved in the same occurrence only one first amount shall be payable. If the expenditure incurred by the Insurers shall include the first amount payable for which the Insured is responsible, such amount shall be paid by the Insured to the Insurers forthwith.

## EXCEPTIONS TO SUB-SECTION A

The Insurers shall not be liable to pay for

- (a) consequential loss as a result of any cause whatsoever, depreciation, wear and tear, mechanical or electrical breakdowns, failures or breakages;
- (b) damage to tyres by application of brakes or by road punctures, cuts or bursts;
- (c) damage to springs due to inequalities of the road or other surface or to the impact with such inequalities.





## DEFINITIONS

### OCCURRENCE

Shall mean an occurrence or series of occurrences arising from any one cause in connection with any one vehicle (which shall be deemed to include any attached trailer) in respect of which indemnity is provided by this insurance.

### VEHICLE

#### Shall mean

- (a) private type motor cars (including station wagons, safari vans, estate cars and the like or similar vehicles designed to seat not more than 16 persons including the driver);
- (b) commercial vehicles;
- (c) agricultural type tractors;
- (d) motor cycles (including motor scooters and 3-wheeled vehicles);
- (e) buses (including any vehicle used for business purposes and designed to seat more than 16 persons, including the driver);
- (f) trailers and semi-trailers i.e. any vehicle without means of self-propulsion designed to be drawn by a self-propelled vehicle, but excluding any parts or accessories not permanently fitted thereto;
- (g) special types i.e. road-making and construction machinery/vehicles, refuse removal vehicles, street sweepers, etc.

any such vehicle being owned, hired, leased or used by the Insured but excluding vehicles more specifically insured.

## SUB-SECTION B: LIABILITY TO THIRD PARTIES

Refer to separate Liabilities Policy.

## SUB-SECTION C: MEDICAL EXPENSES

If any occupant of any private type motor car or the carrying compartment of a commercial vehicle with a carry capacity not exceeding 1 500 kg insured hereunder shall in direct connection with such motor car sustain bodily injury by violent, accidental, external and visible means, the Insurers will pay to the Insured the medical expenses in connection with such injury up to the sum as stated in the Specification in respect of each person injured after deduction of any amount recoverable in terms of the Workmen's Compensation Act. The term Medical Expenses is deemed to include any costs incurred in connection with such occupant being freed from such vehicle and/or brought to a place where medical treatment can be given.



## I. CONVEYANCE OF EXPLOSIVES

Notwithstanding anything contained to the contrary in Memorandum 3 (Description of Use clause), the Insurers will indemnify the Insured in terms of Sub-Sections A, and C in respect of the conveyance of explosives in any vehicle described in the Specification up to but not exceeding the limit stated in the Specification to apply to this extension.

## 2. LOSS OF KEYS

The Insurers will indemnify the Insured in respect of the cost of replacing locks and keys, including the remote alarm controller and, if necessary, the reprogramming of any coded alarm system of any insured vehicle following upon the disappearance of any key or alarm controller of such vehicle or following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key or alarm controller, provided that

- (i) the Insurers' liability shall not exceed, in respect of any one event, the amount stated in the Specification;
- (ii) such amount shall be reduced by the first amount payable stated in the Specification.

## SPECIFIC EXCEPTIONS

1. The Insurers shall not be liable for any accident, injury, loss, damage or liability
  - (a) while the vehicle is being used otherwise than in accordance with the Description of Use clause;
  - (b) incurred outside South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi, but the Insurers will indemnify the Insured against loss of or damage to any vehicle while in transit by sea between any ports in these territories including loading and unloading incidental to such transit;
  - (c) incurred while any vehicle is being driven by
    - (i) the Insured while under the influence of intoxicating liquor or drugs (unless administered by or prescribed by and taken in accordance with the instructions of a member of the medical profession other than himself) or while not licensed to drive such vehicle;
    - (ii) any other person with the general consent of the Insured who to the Insured's knowledge is under the influence of intoxicating liquor or drugs (unless administered by or prescribed by and taken in accordance with the instructions of a member of the medical profession other than himself) or is not licensed to drive such vehicle; provided that any driver shall be deemed to be licensed to drive the vehicle if he is complying with the licensing laws relating to any of the territories referred to under Specific Exception (b) or if non-compliance with any licensing law is solely because of failure to renew any licence subject to periodic renewal or if a licence is not required by law or while such driver is learning to drive and is complying with the laws relating to learners.



## SPECIFIC CONDITIONS

1. If during the currency of this section any driver's licence in favour of the Insured or their authorised driver is endorsed, suspended or cancelled or if he or they shall be charged or convicted of neglect, reckless or improper driving, notification shall be sent in writing to the Insurers immediately the Insured have knowledge of such fact.
2. Nothing contained herein shall give any rights against the Insurers to any person other than the Insured. The extension of the Insurers' liability in respect of any person other than the Insured shall give no right of claim hereunder to such person, the intention being that the Insured shall in all cases claim for and on behalf of such person and the receipt of the Insured in any case shall absolutely discharge the Insurers' liability hereunder.

## CLAUSES AND EXTENSIONS

### I. WINDSCREEN

The provision of this policy relating to first amount payable shall not apply to any payment for damage to windscreen glass, side or rear glass and front lights forming part of any vehicle.

### 2. VEHICLES IN THE INSURED'S CUSTODY

The indemnity under Sub-section A extends to indemnify the Insured in respect of an accident caused by or through or in connection with any vehicle, not owned, hired or leased by the Insured, whilst:

- a) being driven, towed or transported by or otherwise in the care, custody or control of any partner, director, Msunduzi Municipality, office bearer, official or employee of the Insured for the purpose of examination, licensing, testing, removing, impounding or similar purposes in the course of the Business of the Insured and/or
- b) parked at any vehicle pound, parking or storage facilities provided or used by the Insured

the intention being that Damage to the Vehicle (and its contents, accessories and load) in the care, custody or control of the Insured is also insured in terms of this Specific Extension.

### 3. WAIVER OF SUBROGATION RIGHTS

For the purposes of this section, the Insurers waive all rights of subrogation or action which they may have or acquire against any other person to whom the indemnity hereunder applies and each such person shall observe, fulfil and be subject to the terms, exceptions and conditions (both General and Specific) of this section of the policy insofar as they can apply.



## MEMORANDA

### 2. DESCRIPTION OF USE

Use for social, domestic and pleasure purposes and use for the business or occupation of the Insured

#### **Excluding**

hiring, carriage of passengers for hire or carriage of fare-paying passengers, racing, speed or other contests, rallies, trials, carriage of explosives or carriage of any load or passengers exceeding the capacity for which the vehicle is constituted or licensed to carry or use for any purpose in connection with the motor trade, the indemnity to the Insured in connection with any vehicle shall operate while such vehicle is in the custody or control of a member of the motor trade, or any vehicle maintenance unit of the Insured, for the purpose of its mechanical upkeep or repair.

## TRANSIT SECTION

### CONTINGENCIES

Loss of or damage to the whole or part of the property described in the Specification, owned by the Insured or for which they are responsible, in the course of transit by the means of conveyance or other means incidental thereto and caused by any accident or misfortune not otherwise excluded

#### **provided that:**

- (i) the Insured shall be responsible for the first amount payable stated in the Specification in respect of each and every event other than a claim arising from fire, lightning or explosion;
- (ii) the liability of the Insurers for all loss or damage arising from any one event shall not exceed the limit of indemnity stated in the Specification.

## MEMORANDA

1. Transit shall be deemed to commence from the time of moving the property described in the Specification at the consignor's premises (including carrying to any conveyance and loading thereon), continue with transportation to the consignee (including temporary storage not exceeding 96 hours in the course of the journey) and end when off-loaded and delivered at any building at the consignee's premises.
2. If any consignee shall refuse to accept property consigned by the Insured, then transit shall be deemed to continue and the insurance in respect of such property shall continue in force until the property is delivered at the premises of the Insured by any means of conveyance, provided that the Insured shall take all reasonable steps to ensure that the property is returned as soon as is reasonably possible.
3. Where the means of conveyance is by specified vehicle(s), the insurance under this section shall apply to property on any vehicle temporarily used in place thereof while a specified vehicle is undergoing repair or servicing, which replacement vehicle is not the property of the Insured or leased or hired by them under a lease or hire purchase agreement.



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4. In the event of a breakdown of the means of conveyance during transit or if for any reason beyond the Insured's control the property is endangered, nothing contained herein shall debar the utilisation of any other form of transport to assist completion of the transit and the insurance afforded shall not be affected thereby.

## SPECIFIC EXCEPTIONS

The Insurers shall not be liable for:

1. loss or damage resulting from or caused by
  - (a) theft from any unattended vehicle in the custody or control of the Insured or any Msunduzi Municipality or employee of the Insured unless the property is contained in a completely closed and securely locked vehicle or the vehicle itself is housed in a securely locked building;
  - (b) wear and tear or gradual deterioration (including the gradual action of light or climatic or atmospheric conditions) unless following an accident or misfortune not otherwise excluded;
  - (c) inherent vice or defect, rust, damp, mildew, vermin or insects;
  - (d) the dishonesty of any Msunduzi Municipality or employee of the Insured whether acting alone or in collusion with others;
  - (e) detention, confiscation or requisition by customs or other officials or authorities;
  - (f) or arising whilst in transit by sea or inland transit incidental thereto;
  - (g) breakdown of refrigeration equipment.
2. mechanical or electrical breakdown, failure or breakage or derangement unless caused by an accident or misfortune not otherwise excluded;
3. loss of or damage to
  - (a) cash, bank and currency notes, coins, bonds, coupons, stamps, negotiable instruments, title deeds, manuscripts or securities of any kind;
  - (b) property consigned to or from any place outside South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi;
  - (c) property otherwise insured or which would, but for the existence of this insurance be insured by any other insurance except in respect of any excess beyond the amount which would otherwise have been payable under such other insurance;
4. consequential loss of any kind, delay, loss of market or depreciation.





## CLAUSES AND EXTENSIONS

### DEBRIS REMOVAL

The insurance under this section includes costs, necessarily incurred by the Insured in respect of the clearing up and removal of debris following damage to the means of conveyance or the property thereon, subject to the limit stated in the Specification, in respect of any one event.

#### RESTRICTED COVER

(OPTIONAL: Applicable only if stated in the Specification to be included)

Fire, explosion, collision and overturning limitation.

The insurance under this section is limited to loss or damage resulting from fire or explosion or collision or the overturning of the means of conveyance described in the Specification.

## ELECTRONIC EQUIPMENT SECTION

### MATERIAL DAMAGE

### THE INDEMNITY CLAUSE

The Insurers will indemnify the Insured in respect of physical loss of or damage to the property insured described in the Specification from any cause whilst:-

- (a) in transit including loading and unloading or whilst temporarily stored at any premises en route.
- (b) situated at the Insured's premises.
- (c) temporarily removed from the Insured's premises to any other location within the territorial limits.

### EXCEPTIONS

The Insurers shall not be liable to indemnify the Insured irrespective of the original cause in respect of:-

1. the amount specified in the Specification as the excess in respect of each and every occurrence.
2. wastage of material or the like or wearing out of any part of the property insured caused by or naturally resulting from ordinary usage or working or other gradual deterioration development of poor contacts scratching of painted or polished surfaces, unless caused by an Insured Event but resultant damage is not hereby excluded.



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3. parts having a short life such as (but not limited to) X-ray tubes, cathode ray tubes, thermionic emission tubes, fuses and sacrificial buffer circuits. If such parts are damaged as a result of an accident as provided for by the section the Insurers shall indemnify the Insured for the residual value of such parts.
4. the cost of reproducing data whether stored or recorded on cards, tapes, discs or otherwise unless specifically provided herein.
5. the cost of alterations, additions, improvements and overhauls carried out at the time of repair.
6. consequential loss of any description.
7. loss by theft or disappearance of the insured equipment unless accompanied by forcible and violent entry or exit to or from that part of the building occupied by the Insured at the premises.
8. theft from any unattended vehicle unless the property is contained in a completely closed and securely locked vehicle or the vehicle itself is housed in a securely locked building and entry to such locked vehicle or building is accompanied by forcible and violent entry or exit.
9. loss of use of the property insured or other consequential loss damage or liability of any nature whatsoever other than losses specifically provided for herein.
10. goods held in trust or on commission, money securities, stamps, documents, manuscripts, business books, records, pattern models, moulds, plans or designs unless expressly stated in this section.

## BASIS OF INDEMNIFICATION

The Insurers reserve the option to repair, replace, reinstate any loss or damage indemnifiable by this section or pay cash in lieu thereof.

The indemnity by this section subject always to the limits of indemnity defined in the Specification or any specific limit of liability contained in the specification shall be the:-

1. Repair, replacement or reinstatement costs
  - (a) In cases where the damage can be repaired:-  
cost of restoring the property insured to working order.
  - (b) In cases where the property insured or part thereof is totally lost or destroyed:-  
The amount payable shall be the cost of reinstatement of property insured or destroyed to its condition when new provided that
    - (i) reinstatement shall mean replacement of any item lost, destroyed or damaged beyond repair by new property of equal performance and/or capacity or if such be impossible its replacement by new property having the nearest higher performance and/or capacity to the item lost or damaged including any freight and erection costs, dues and customs duties and the cost of removing (if applicable) the destroyed equipment less the value of any salvage.



- (ii) reinstatement shall be carried out without delay and in the most economical manner.
- (iii) where any property insured is damaged or lost in part only the Insurers' liability shall not exceed the cost of reinstatement had it been wholly lost.
- (iv) no payment shall be made until reinstatement has been carried out.
- (v) the sum insured shall be the installed new replacement value of the property insured.
- (vi) if reinstatement is not carried out the amount payable shall be the cost of indemnifying the Insured provided such cost does not exceed the cost of reinstatement.

(c) Dismantling, re-erection and transportation costs including importation duties and general sales tax if incurred. all necessarily and reasonably incurred.

## 2. **Average provision**

If at the time of indemnifiable loss or damage the sum representing the installed new replacement value of the property insured exceeds the sum insured by the policy then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly.

## 3. **Escalation during the period of reinstatement**

In the event of the installed new replacement value of the property insured during any period of reinstatement of indemnifiable loss or damage exceeding the policy sum insured (being the installed new replacement value at the time of the loss or damage) the said sum insured shall be deemed to be increased by an amount not exceeding 15 percent of the sum insured subject always to the Insured paying the appropriate additional premium.

## 4. **Additional costs**

Subject always to the limit of indemnity in respect of the property insured which has been the subject of the claim:-

- (a) **Demolition and removal of debris costs**  
Cost incurred by the Insured in respect of dismantling, demolition clearance or removal of debris or wreck of the property insured and the providing erecting and maintaining hoarding and other similar structures.
- (b) **Expediting costs**  
Cost of express delivery (including airfreight charges), overtime work, night work or work on public holidays subject always to a limit of 50% (fifty percent) of the amount which the repair, replacement or reinstatement would have cost had such additional expenses not been incurred;
- (c) **Fire fighting costs**  
Fire brigade charges and the cost of restoring fire extinguishing equipment incurred as a direct result of extinguishing or fighting of fire in respect of the property insured;
- (d) **Professional fees**  
Engineers and other professional consultants fees incurred for the reinstatement of loss or damage but excluding fees incurred in the preparation of any claim;
- (e) **Plans scrutiny fees**  
The indemnity by this policy shall include plans scrutiny fees as may be levied by the responsible public authority incurred directly in the repair, replacement or reinstatement of the property insured; all necessary and reasonably incurred.



5. **Partial losses**

Where the loss or damage is restricted to a part or parts of the property insured the Insurers shall in no event be liable for an amount greater than the value of such part or parts.

6. **Additions, alterations, improvements**

Costs of additions, alterations, improvements and overhauls carried out on the occasion of a repair are payable by the Insured.

7. **Temporary repairs**

If a temporary repair is carried out without the consent of the Insurers the cost thereof and all consequences arising therefrom are to be borne by the Insured unless such temporary repairs constitute a part of the final repairs to be carried out and do not increase the total repair cost.

## MEMORANDA

### **Memo 1 - Capital additions and currency fluctuations**

The indemnity by this policy shall include:-

- (i) Additional property of a like nature to that specified in the Specification as the property insured installed at the Insured's premises, provided always that cover in respect of additional property installed shall not attach until commissioning of such property has been satisfactorily completed at the Insured's premises.
- (ii) Provision for devaluation or revaluation of the South African currency against the currency of the country of origin of the property insured and other inflationary trends which may result in the escalation of the sum insured (representing the installed new replacement value) of the property insured.

### **Memo 2 - Tenants clause**

The indemnity provided by this section shall not be invalidated by any act or negligence on the part of the tenant (where the Insured owns the premises) or another tenant or the owner of the premises (where the Insured is a tenant) provided the Insured shall notify the Insurers as soon as such act or neglect shall come to the Insured's knowledge.

### **Memo 3 - Hire purchase and other suspensive sale agreements - Financial Houses**

The interest of hire purchase and/or other financial houses are automatically noted in terms of this Section.

### **Memo 4 - Manuals and Dongles**

The indemnity provided by this section extends to include the purchase price of software packages where such purchases are obligatory due to the loss or destruction of manuals and/or dongles from an indemnifiable event.



## CONSEQUENTIAL LOSS

### THE INDEMNITY CLAUSE

The indemnity by this section shall include:-

#### Item I - Increased cost of working

The insurance under this item is limited to the additional expenditure necessarily and reasonably incurred by the Insured during the indemnity period in consequence of the an indemnifiable event as defined in the Material Damage sub-section of this section for the sole purpose of avoiding or diminishing the interruption of or interference with the normal business of the Insured less any sum saved during the indemnity period in respect of such of the charges and expenses of the business as may cease or be reduced in consequence of the accident.

The indemnity by this item shall not apply directly or indirectly to: -

- (a) The cover provided for in Item II or III of this section of the policy.
- (b) The intrinsic value (including reinstatement value) of the property insured by the Material Damage sub-section of this section.

#### Item II - Reconstitution of data

All costs and expenses which the Insured shall necessarily and reasonably incur in the reconstitution or recompilation of data and/or programmes recorded on or stored in data carrying media which is lost as a direct result of an indemnifiable event as defined in the Material Damage sub-section of this section.

**provided always that:-**

- (a) the indemnity shall not extend to nor include such costs incurred due to programme errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programmes (this exception shall not apply to nor include any deliberate or wilful or wanton act of any person with the intention of causing the cancellation or corruption of data and/or programmes. If the Insured alleges any such act the burden of proving such act rests upon the Insured).
- (b) in respect of each and every occurrence or series of occurrence arising out of or in connection with any one event indemnifiable by this item the Insured shall bear the amount detailed in the Specification as the deductible.





## Item III - Claims preparation costs and expenses

All costs and expenses which the Insured shall incur in producing and certifying any particulars and details required by the Insurers under the terms and conditions of this policy.

### Definitions

#### Indemnity period

The period during which the results of the business shall be affected in consequence of the accident beginning the number of hours/days detailed in the Specification as the time exclusion after the occurrence of the accident and ending not later than the expiry of the period detailed in the Specification as the indemnity period after such occurrence.

#### Accident

Physical loss or damage to the property insured or other equipment described in the Specification from any cause as provided under The Material Damage sub-section of this section liability under which section shall except for the provisions of exceptions 1 to 10 of the Material Damage sub-section be a condition precedent to liability hereunder.

#### The limit of liability

the liability of the Insurers shall not exceed the amounts specified in the Specification in respect of any one accident or series of accidents arising out of or in connection with any one event.

In the event of the payment by the Insurers of any sum or sums in discharge of the Insurers liability in terms of this policy the sums insured shall automatically be reinstated for the remainder of the current period of insurance.

The Insured shall pay to the Insurers the additional premium required by the Insurers calculated pro rata from the day of the accident to the end of the period of insurance.

## EXTENSIONS

### Prevention of access (if stated in the Specification to be included)

If during the indemnity period the business at the premises be interrupted or interfered with in consequence of the Insured being prevented from having access to the Insured property situated at the premises caused by damage to premises near or adjacent to those occupied by the Insured as described in the Specification by fire, lightning, explosion, storm, tempest, flood, water inundation, earthquake, impact by vehicles the Insurers shall indemnify the Insured for loss resulting from such interruption or interference in accordance with the provisions contained herein

### Provided always that

- (i) The Insured is not entitled to indemnity as provided for in this extension under any other policy or section.
- (ii) This section shall not be brought into contribution with any other policy or section bearing a like extension.



## **Telkom access lines (if stated in the Specification to be included)**

Subject to the limits specified in the Specification consequential loss as provided for item 1 and item II arising from accidental failure of the Telkom land and radio access lines is included provided always that the insurance under this extension shall be subject to the special conditions below:

## **Failure of electricity supply (if stated in the Specification to be included)**

Subject to the limits specified in the Specification consequential loss as provided for under item I and item II arising from accidental failure of the public supply of electricity at the terminal ends of the supply authorities service feeders at the premises is included provided always that the insurance under this extension shall be subject to the special conditions below:

## **Special conditions applicable to Telkom access lines and Failure of electricity supply**

- (a) The liability of the Insurers shall not exceed the sum insured by this sub-section.
- (b) The indemnity period shall commence 24 hours after the failure and end not later than 14 days after such failure.
- (c) The insurance provided in Telkom access lines and Failure of electricity supply does not cover
  - (i) In the case of Telkom access lines loss occasioned by the deliberate act of any Telkom authority nor by the exercise of such Telkom authority of its power to withhold or restrict access to its lines in the case of Failure of electricity supply loss occasioned by the deliberate act of any electrical supply authority nor by the exercise of any electrical supply authority of its power to restrict supply.
  - (ii) in the case of Failure of electricity supply loss occasioned by drought or shortage of fuel at any power station.
  - (iii) in any event described in general exceptions 1 and 2 loss occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority.

## **MACHINERY BREAKDOWN SECTION CONTINGENCIES**

### **This insurance covers**

Unforeseen and sudden physical damage to the machinery described in the Specification from any cause

- a) whilst it is at work or at rest
- b) whilst being dismantled for the purpose of cleaning inspection and overhaul or removal to other position or in course of these operations themselves or subsequent re-erection .

(Hereinafter called "Damage") anywhere within the Territorial Limits including whilst in transit.

Transit shall mean

Conveyance other than by sea or international flight within the territorial limits including loading and unloading and stoppage or deviations en route.



## BASIS OF INDEMNIFICATION

1. The reasonable cost of repair, reinstatement or replacement of the damaged Insured Property, the amount payable as indemnity being calculated as follows:
  - 1.1 where such cost falls below 75% of the New Replacement Value of the affected item(s), the actual costs of repairs as may be required to restore the Insured Property to its former working order including the installation of new parts of similar kind and quality.
  - 1.2 in the case of Insured Property being 5 years or less of age where such cost equals or exceeds 75% of the new replacement value of the affected item(s), the actual cost of replacement of the Insured Property by property of similar kind, quality and capacity - as new, but not in quality superior to or more extensive than the Insured Property itself.
  - 1.3 in the case of Insured Property of older than 5 years the market value of the affected item subject to a minimum of 20% of the current new replacement value.
2. In addition to (1) above, the indemnity extends to include all costs necessarily and reasonably incurred following damage to Insured Property in respect of:
  - 2.1 the additional cost of express delivery (including airfreight), customs dues and charges, overtime work, night work or work on public holidays incurred subject to the limits as stated in the Specification (to a maximum of 50% of the total repair or replacement costs).
  - 2.2 Dismantling and re-erection costs, sales tax and customs dues if any.
3. SPECIAL PROVISIONS APPLICABLE TO BASIS OF INDEMNIFICATION 1 ABOVE
  - 3.1 The work of repair or replacement must be commenced and carried out with reasonable despatch failing which, the following basis of indemnification in replacement of 1 above will apply: "At the option of the Insurers, the reasonable cost of repair, reinstatement or replacement of the damaged Insured Property the amount payable as indemnity being calculated as follows:
    - 3.1.1 Where such cost falls below the market value of the Insured Property, the actual cost of repairs as may be required to restore, the Insured Property to its former working order, including, where applicable, the installation of new parts of similar kind and quality. Where such cost equals or exceeds the market value of the Insured Property, the indemnity hereunder shall be such market value, immediately prior to the occurrence of the damage."

## DEFINITION OF MARKET VALUE

The current day purchase price of a second-hand/used item of alike nature and identical in every respect to the item of Insured Property damaged and substantially of similar condition, where no similar item is available Market Values shall be calculated by deducting reasonable equitable depreciation from the current installed new replacement value of the item of Insured Property.

- 3.2 Until expenditure has been incurred by the Insured in repairing or replacing the lost or damaged Insured Property the Insurers shall not be liable for any payment in excess of the amount which would have been payable under that basis of indemnification in Special Provision 3.1 above.



- 3.3 This basis of indemnification contained in Special Provision 3.1 above shall apply where:
- i) The Insured fails to advise Insurers within 6 months from the date of damage (or such further time as Insurers may allow) of his intention to repair or replace the affected Insured Property.
  - ii) The Insured is unable or unwilling to repair or replace the damaged Insured Property.
4. Costs of alterations, additions, improvements and overhauls carried out on the occasion of a repair or replacement are payable by the Insured.
5. If a temporary repair is carried out without the consent of the Insurers the cost thereof and all consequences arising therefrom are to be borne by the Insured unless such repairs constitute part of the final repairs to be carried out and do not increase the total repair cost such action minimises any indemnifiable damage under this Policy.

## EXCEPTIONS

The Insurers shall not be liable to indemnify the Insured irrespective of the original cause in respect of

1. the amount specified in Specification as the Deductible in respect of each and every occurrence
2. Damage due to
  - a) Fire extinguishing of a fire direct lightning strikes explosion
  - b) Theft collapse of buildings impact by animals or vehicles aircraft other aerial devices or objects dropped therefrom sonic shock waves.
  - c) Water, which escapes from water-containing apparatus including leakage or discharge from any sprinkler or drenching system
  - d) Subsidence landslip storm flood inundation hail snow earthquake volcanic eruption or other convulsion of nature or any subsequent dismantling
3. damage resulting from experiments or overloads or tests requiring the imposition of abnormal conditions; damage due to misapplication of tools.
4. Wastage of material or the like or wearing away out of any part of the machinery caused by or naturally resulting from ordinary usage or working or other gradual deterioration, but this exclusion shall not apply to gradual deterioration due to a Defined Event and resultant damage is not hereby excluded.
5. Refractories, expendable parts and tools such as (but not limited to) bits cutters knives saw blades dies patterns on rollers sieves chains belts ropes conveyor bands jointing and packing material. If such parts or tools are damaged as a result of an accident as provided for by the policy to parts of the machinery insured the Insurer shall indemnify the Insured for the residual value of such parts or tools
6. Additions, alterations or improvements undertaken on the occasion of repair or damage.
7. Faults, defects existing and known to the Insured and not disclosed to Insurers.
8. Consequential loss due to delay or interruption to the business or liability of any nature whatsoever other than as specifically provided for in this section.



## MEMORANDUM

### 1. Average

- a) The sum insured for each item of machinery specified in Specification must be equal to the installed new replacement value at all times
- b) If at the time of the damage the sum insured be lower than the amount fixed as above indemnity shall only be provided by the Insurer in the proportion which the sum insured bears to the installed new replacement value.

## EXTENSIONS TO THE POLICY IF SO STATED IN THE SPECIFICATION OR BY ENDORSEMENT

### 1. Damage to surrounding property

This section is extended to indemnify the Insured against accidental damage to surrounding property owned by or in the care custody or control of the Insured directly arising from an indemnifiable occurrence to the Plant and Machinery described in the Specification but not exceeding the limit of liability specified in the Specification.

### 2. Automatic Additions

This section is extended to provide indemnity at the Insured's premises for newly purchased plant and machinery of a similar nature to that specified in the Specification provided that:

- a) Successful installation commissioning and normally accepting operating standards have been achieved
- b) The total sum insured of such plant machinery does not exceed 25% of the total sum insured on the Specification.

subject otherwise to all terms, exclusions and conditions of the section.

### 3. Explosion of boilers or pressure vessels

The section extends to indemnify the Insured against accidental damage to the boilers and/or pressure vessels specified in the Plant Inventory directly caused by explosion which shall mean the sudden and violent rending thereof by force or internal pressure or ignited flue gasses causing violent bodily displacement of any part together with forcible ejection of the contents of the insured item.

The Limit of Liability under this extension shall not exceed the amount stated in the Plant Inventory (less the excess set against each item included hereby).





## **CLAUSES AND EXTENSIONS**

### **REFRIGERANT**

The sum insured on refrigeration plant includes provision for the renewal of refrigerant necessitated by an Insured Event.

### **TRANSFORMER / SWITCHGEAR OIL**

The sum insured on transformers and/or switchgear includes provision for the renewal of oil necessitated by an Insured Event.

### **TEMPORARY REMOVAL**

The insurance by this Section is extended to cover the insured machinery whilst temporarily removed from the Insured's premises for the purpose of cleaning overhaul repair or other similar purposes to any other premises in the Republic of South Africa and in transit by road or rail including loading and off-loading thereof.

## **PLANTATION SECTION**

### **CONTINGENCIES**

Loss of or damage to property insured in the specification by or through any of the periods described in sub section A.

### **SUB SECTION A: INSURED PERILS**

1. Fire
2. Lightning
3. Explosion

### **SPECIAL EXCEPTIONS**

For the purpose of this section only General Exception I includes the following additional sub- sections:

- a) Earthquake whether arising from mining operations or otherwise volcanic eruption or other convulsion of nature.
- b) The act lawfully constituted authority.

### **SPECIAL CONDITIONS**

#### **I. CLAIMS PROCEDURES**

Subject otherwise to the Claims Procedure set out in General Condition 6 the Insured shall within 72 hours after any destruction or damage advise the Insurer thereof and within 15 days thereafter or such further time as the Insurer in writing allow submit to the Insurer full particulars in writing of any such destruction or damage.



## 2. MORTGAGE

This insurance as to the interest of any Mortgage shall not be invalidated by any act or negligence of the Mortgagor or owner of the property Insured, nor by any misrepresentation or non-disclosure by such Mortgagor or owner nor by the alienation of the property in, or by the occupation thereof or purposes more hazardous than any permitted by this Policy.

Provided that such act neglect misrepresentation non-disclosure alienation or occupation shall have been effected without the knowledge of the Mortgagee and that the Mortgagee shall notify the Insurer of the happening or existence of such act neglect misrepresentation non-disclosure alienation or occupation as soon as the same shall come to the Mortgagee's knowledge and the Insured shall pay any additional premium due.

## 3. REINSTATEMENT {Applicable to First Loss policies only}

It is hereby agreed to reinstate the sum insured following a loss up to the First Loss percentage of the remaining total value (calculated on the same basis as the annual premium) from the time of the occurrence of such loss until expiry of this policy at a pro rata additional premium on the amount of such reinstatement. Only one reinstatement will be permitted automatically during anyone period of insurance.

## 4. FIRE FIGHTING COS'IS AND EXPENSES

The insurance by this policy shall extend to include fire fighting costs and expenses directly incurred by the Insured in fighting any fire in the plantations insured hereunder for an amount not exceeding R1, 000 in any one period of insurance.

### Provided that:

- a) All exceptions and conditions of the policy shall apply as if they had been incorporated herein;
- b) The Insurers shall not be liable under this insurance for any destruction damage loss costs or expenses insurable under any other policy of insurance and this insurance shall not be brought into contribution with any such policy;
- c) This insurance shall not cover mechanical or electrical breakdown, wear and tear of vehicles or equipment used to fight any fire.

## SPECIAL WARRANTIES

It is warranted that:

1. All timber is clear by not less than 90 metres from any railway lines;
2. The plantation(s) be under the direct supervision of either the Insured or an overseer.
3. The plantation(s) shall on all sides be kept free and clear from any grassland trash or undergrowth by fire-breaks of not less than 9 metres in width. For the purpose of this warranty evergreen natural bush shall be regarded as a firebreak.



4. All firebreaks be thoroughly cleaned and maintained during the dry season but no burning of firebreaks grasslands or waste of any kind shall be carried out:
  - a) During the months from October to April in the Winter Rainfall Area.
  - b) During any “dry” period in the Constant Rainfall Area.
  - c) From the 31<sup>st</sup> July until the end of October or the close of the declared fire season.  
That at all times burning shall be done only when the Insured or the overseer is in attendance and there must be at least two approved hand pumps or other equivalent approved hand operated pumps with water at the site of the burn.
  
1. No operation other than felling and cross cutting of trees and hand stripping of bark shall be carried on within the confines of the said plantation(s) and that all ground shall be kept clear of undergrowth and trees for a distance of 30 metres from any permanent mill or building in which timber is sawn on or adjoining the plantation(s).
  
2. The Insured in the event of a fire or claim arising shall produce reasonable proof as to the condition and value of the insured plantation(s).
  
3. Where at the commencement of the insurance approved fire-fighting equipment has been installed the said equipment shall be efficiently maintained and in the event of it being dispensed with immediate notice must be given to the Insurer.

## GROWING TIMBER WARRANTY

### It is warranted that:

1. During the currency of this insurance a Watch Tower on “World’s View” is fitted with a telephone and it is manned day and night during the dry season.
2. All Fire Fighting Pumps shall be maintained in good order for the purpose of fire fighting in the prescribed plantation.
3. The Municipal Fire Brigade vehicles are fitted with 2-wave radio telephones.
4. All areas re-established after the commencement of the insurance shall be divided into blocks by firebreaks on the following scale:

MAXIMUM AREAR OF BLOCK	MINIMUM WIDTH OF OPEN FIRE BREAKS
40 Hectares	9 metres
80 Hectares	15 metres
200 Hectares	30 metres
400 Hectares	45 metres

Internal gum belts may be used in Pine Plantations where blocks are 200 hectares or more, subject to the following:



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- a). That a minimum of 6 rows of gum 2,5 metres apart be planted on either sides of an open break of minimum width of 9 metres. Gum breaks and opens breaks to be cleaned at the commencement of the dry season.
- b). All gum in such breaks must be left standing until pine blocks are felled.
- c). When pine blocks are felled and re-established, gum breaks must be simultaneously re-established.
- d). That all new areas be divided into blocks by firebreaks or not less than 9 metres in width, no such block exceeds 40 hectares.

**2015/16 to 2017/18**



**MSUNDUZI MUNICIPALITY  
ASSET MANAGEMENT IMPLEMENTATION GUIDE  
MARCH 2015**





# MSUNDUZI ANNUAL BUDGET

## Glossary

<b>AFS</b>	Annual Financial statements
<b>AP</b>	Accounting Procedure. This is a procedure which is executed to ensure that reliable information is recorded in the annual financial statements.
<b>AR</b>	Asset Register
<b>ASB</b>	Accounting Standards Board
<b>ASB</b>	Accounting Standards Board.
<b>BUIL</b>	Business Unit Inventory Listing
<b>CDF</b>	Capital Development Fund
<b>CFO</b>	Chief Financial Officer
<b>CFO</b>	Chief Financial Officer
<b>CLF</b>	Consolidated Loans Fund
<b>COA</b>	Chart of accounts
<b>COID</b>	Compensation for Occupational Injuries and Diseases
<b>CR</b>	Capitalisation Reserve
<b>CRC</b>	Current Replacement Cost
<b>CRR</b>	Capital replacement reserve
<b>DMM</b>	Deputy Municipal Manager
<b>DRC</b>	Depreciated Replacement Cost
<b>EFF</b>	External Financing Fund
<b>EUL</b>	Expected Useful Life
<b>FAR</b>	Fixed Asset Register
<b>FCP</b>	Financial Control Procedure. This is a procedure that is executed to ensure that financial control takes place within the municipality
<b>FMBPR</b>	Financial Management Best Practice Requirement. This is the accounting standard, finance legislation or accounting control best practice requirement that the municipality is expected to comply with
<b>FSOP</b>	Finance Standard Operating Procedure
<b>FSOP Type</b>	Type of Finance Standard Operating Procedure
<b>FSOPM</b>	Finance Standard Operating Procedures Manual
<b>GAAP</b>	Generally Accepted Accounting Practice. SA GAAP is the set of accounting standards that is followed by private sector entities in SA for the preparation of AFS
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GL</b>	General Ledger
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>IAS</b>	International Accounting Standards. These standards are the guidelines that are followed by private sector entities for the preparation of AFS.
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards.
<b>IIR</b>	Insignificant Items Register
<b>IPSAS</b>	International Public Sector Accounting Standards. The IPSAS are the public sector equivalent of the IAS and are regarded as being internationally accepted accounting best practice for public sector entities.



<b>LCP</b>	Legislation compliance procedure. This is a procedure that is executed to ensure that the municipality adheres to all legislation relevant to municipalities.
<b>MFMA</b>	Municipal Finance Management Act
<b>MM</b>	Municipal Manager
<b>MM</b>	Municipal Manager
<b>MSA</b>	Municipal Systems Act
<b>NT</b>	National Treasury
<b>PPE</b>	Property, plant and equipment
<b>RUL</b>	Remaining Useful Life
<b>SCM</b>	Supply Chain Management
<b>WIP</b>	Work in Progress

## Definitions

ITEM	DESCRIPTION
Asset	An asset is a resource, tangible or intangible, controlled by the municipality/entity which is expected to last more for than twelve months and from which future economic benefits or service potential will flow.
Asset management	Management of the assets of the municipality as required by municipal legislation which inter alia includes the compilation of a fixed asset register
Accounting Standards Board (ASB)	Accounting Standards Board was established by the Public Finance Management Act to set standards of Generally Recognized Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa.
Carrying Amount	The amount at which an asset is included in the statement or financial position after deducting any accumulated depreciation and any impairment losses thereon
Cash-generating assets	Assets held with the primary objective of generating a commercial return.
Cash-generating unit	The smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.
Chief Financial Officer (CFO)	Chief Financial Officer or the official acting in that capacity
Commencement of the lease term (Msunduzi as the lessee)	The date from which the municipality is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease.
Cost	The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction
Depreciation	This is the systematic allocation of the depreciable amount of an asset over its useful life
Depreciable amount	The cost of an asset, or other amount substituted for cost in the financial statements, less its residual value
Disposal Committee	A committee established in accordance with the provisions of section 4 of Msunduzi Municipality's Supply Chain Management Policy.
Fair Value	The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction



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ITEM	DESCRIPTION
Fair Value less costs to sell	The amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
FAR	Fixed Assets Register preferably in computerized format and maintained strictly in accordance with this document, which shall reflect all the assets of the municipality.
Finance Lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.
Impairment	An asset is impaired when the carrying amount exceeds its recoverable amount
Lease	An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.
Lease Term	The non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset with or without any further payments, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.
Non-Cash-generating assets	Assets other than cash-generating assets.
PPE	Property, Plant & Equipment – These are tangible assets that: <ul style="list-style-type: none"> <li>• are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and</li> <li>• are expected to be used during more than one reporting period</li> </ul>
Recoverable amount	The estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
Residual Value	The estimated amount which the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.
Recoverable service amount	The higher of a non-cash-generating asset's fair value less costs to sell and its value in use.
Useful Life	Useful life is either: <ul style="list-style-type: none"> <li>• the period over which an asset is expected to be available for use by the municipality, or</li> <li>• the number of production or similar units expected to be obtained from the asset by the municipality.</li> </ul>
Recognition	Recognition is the process by which expenditure is included in the Financial Asset Register as an asset or attractive item.
Replacement Value	Replacement Value is the amount which is needed in current terms to replace an asset.
Value in use	Is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.
Value in use of a non-cash-generating asset	The present value of the asset's remaining service potential.



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## TARIFF POLICY

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## I. DEFINITIONS

1.1 “**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);

1.2 “**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;

1.3 “**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.

## 2. INTRODUCTION

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.



## 3. OBJECTIVES

The objective of the tariff policy is to ensure that:

- 3.1 The rates and tariffs of the Municipality comply with the legislation prevailing at the time of implementation;
- 3.2 Municipal services are financially sustainable, affordable and equitable;
- 3.3 There is consistency in how the rates and tariffs are applied throughout the municipality;
- 3.4 The needs of the indigent are taken into account; and
- 3.5 The policy is in line with the principles outlined in Municipal Systems Act, 2000 (Act No. 32 of 2000).

## 4. 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:

- 4.1 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.
- 4.2 Consumers should pay in proportion to the amount of services consumed, as far as practically possible.
- 4.3 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.
- 4.4 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.
- 4.5 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 4.3 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.
- 4.6 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.
- 4.7 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.



- 4.8 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.
- 4.9 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.
- 4.10 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.
- 4.11 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.
- 4.12 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.
- 4.13 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.
- 4.14 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.

## 5. CALCULATION OF TARIFFS FOR MAJOR SERVICES

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.



# MSUNDUZI ANNUAL BUDGET

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:

- 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.

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.

## 6. LEVYING OF RATES

- 6.1 Rates is a tax levied in terms of the Constitution and the Municipal Property Act (Act 6 Of 2004) and any amendments thereto.
- 6.2 The levying of rates is included in the Rates Policy

## 7. ELECTRICITY TARIFFS

- 7.1 Adjustments to tariffs shall be effective from 1 July each year or as soon as possible thereafter.
- 7.2 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 the benefits as set out in the Indigent Policy.
  - 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.



## 8. WATER TARIFFS

Adjustments to tariffs shall be effective from 1 July each year or as soon as possible thereafter. Categories of consumption and charges shall be:

- 8.1 All domestic consumers shall be charged for actual water consumption at a tariff per kilolitre as determined by the Council from time to time.
- 8.2 Indigent consumers who qualify in terms of the Indigent Policy will receive the benefits as set out in the Indigent Policy.
- 8.3 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.
- 8.4 The municipality's consumption of water shall be charged at the relevant tariff as determined by Council.

## 9. REFUSE REMOVAL TARIFFS

- 9.1 Adjustments to tariffs shall be effective from 1 July each year or as soon as possible thereafter.
- 9.2 Refuse removal charges shall be charged monthly to the consumer according to the category applicable, based on the frequency of the service rendered.
- 9.3 Indigent consumers who qualify in terms of the Indigent Policy will receive the benefits as set out in the Indigent Policy.
- 9.4 The municipality's use of the refuse removal service shall be charged at the relevant tariff applicable to business consumers.

## 10. SEWERAGE TARIFFS

- 10.1 Adjustments in tariffs are effective from 1 July each year or as soon as possible thereafter.
- 10.2 Categories of usage and charges shall be:
  - A fixed monthly charge shall be levied for sewerage for domestic users.
  - Indigent consumers who qualify in terms of the Indigent Policy will receive the benefits as set out in the Indigent Policy.
  - 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.
  -
- 10.3 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.





## II. OTHER TARIFFS

- 11.1 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.
- 11.2 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.
- 11.3 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.
- 11.4 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.
- 11.5 Certain other charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget.
- 11.6 With regard to the leasing of municipal properties to the public, market-related rentals shall be levied unless special circumstances apply.



## ADOPTED IN TERMS OF SECTION 111 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO.56 OF 2003 AND THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS

### 6<sup>TH</sup> REVIEW NOVEMBER 2013

#### MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 Date of adoption:

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) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

**“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;

**“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;



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**“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 34350 of 2011;

**“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.





## CHAPTER I IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

### 1 Supply chain management policy

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.



## 2. Amendment of the supply chain management policy

- (1) The accounting officer must –
  - (a) at least annually review the implementation of this Policy; and
  - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council
- (2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
  - (a) ensure that such proposed amendments comply with the Regulations; and
  - (b) report any deviation from the model policy to the National Treasury and the relevant Provincial Treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4) 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:  
Prepare a report setting out the arrangements for the project  
Show the impact on supply chain management

## 3. Delegation of supply chain management powers and duties

- (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
  - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
    - (i) Chapter 8 or 10 of the Act; and
    - (ii) this Policy;
  - (b) to maximise administrative and operational efficiency in the implementation of this Policy;
  - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
  - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of 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.



## 4. Sub delegations

- (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.
- (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.



## 5. Oversight role of council

- (1) The council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must –
  - (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or 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.

## 6. Supply chain management unit

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

## 7. Training of supply chain management officials

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

## CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM

### Format of supply chain management system

#### 8. 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

#### 9. System of demand management

- (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the 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

### 10. System of acquisition management

- (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) that goods and services are procured by the 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;
  - (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.

### 11. Range of procurement processes

- (1) Goods and services may only be procured by way of –
- (a) petty cash purchases, up to a transaction value of R500 (VAT included);
  - (b) written or verbal quotations for procurements of a transaction value over R500 up to R2 000 (VAT included);
  - (c) Written price quotations for procurements of a transaction value over R10 000 up to R30 000 (VAT included);
  - (d) Formal written price quotations for procurement of a transaction value over R30 000 to R200 000.00 (VAT included)
  - (e) a competitive bidding process for–
    - (i) procurements above a transaction value of R200 000 (VAT included); and
    - (ii) the procurement of long term contracts.





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- (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) written price quotations be obtained for any specific procurement of a transaction value lower than R30 000;
    - (iii) formal written price quotation (7 day quotation) process to be followed for any specific procurement transaction value lower than R200 000, or
    - (iv) a competitive bidding process be followed for any specific procurement of a transaction value over R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- (4) Publications in the Media  
In respect of any contract relating to the publication of official and legal notices and advertisements in the media by or on behalf of the City, there is no requirement for a competitive bidding process to be followed

## 12. General preconditions for consideration of written quotations or bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has furnished that provider's –
  - (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.



## 13. Lists of accredited prospective providers

- (1) The accounting officer must –
  - (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
  - (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) the listing criteria for accredited prospective providers are
    - (i) Name of supplier/ service provider;
    - (ii) Street address;
    - (iii) Postal address;
    - (iv) Contact Person;
    - (v) Telephone number;
    - (vi) Fax number;
    - (vii) Cellular number
    - (ix) Email address
    - (x) Vat registration Yes/No
    - (xi) Vat registration number
    - (xii) Bank details
    - (xiii) Type of industry
    - (xiv) Valid certification for specialized industry
    - (xv) Valid tax clearance certificate
    - (xvi) CIDB registration if applicable
    - Valid certification in terms of Exempted Micro Enterprises or B-BBEE status level of contributor
  - (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.

## 14. Petty cash purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1)

(a) of this Policy, are as follows –

- (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) (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 Head of Supply Chain Management 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; and
  - (ii) receipts and appropriate documents for each purchase.
- (e) the accounting officer must review the monthly petty cash reconciliation regularly

## 15. Written or verbal quotations

The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, 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) (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 to the Head Supply Chain Management 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.
- (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.

## 16. Formal written price quotations

- (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:
  - (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
  - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1) (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 Head: Supply Chain Management or an official designated by the chief financial officer, and
  - (d) 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



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

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

- (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;
- (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 (PPPPFA 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

## 18. Competitive bids

- (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.

## 19. Process for competitive bidding

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

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
- (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.



## 20. Bid documentation for competitive bids

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) may only be awarded to the preferred bidder after the Chief Financial Officer has verified in writing that the budgetary provision exists for the acquisition of the goods, infrastructure projects and or services and that is consistent with the integrated Development Plan, the bidders are required to furnish–
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
    - (aa) for the past three years; or
    - (bb) since their establishment if established during the past three years;
  - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
  - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
  - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (f) 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;
  - (iv) 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;
  - (v) any of the directors committed a corrupt or fraudulent act in competing for a particular contract or in the execution of a contract;
  - (vi) 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;
  - (vii) 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;
  - (ix) 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;
  - (x) the entity or any of its directors has misrepresented facts or information in the tender document submitted;
  - (xi) 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;
  - (xii) any persons whose tax matters have not been declared as being in order by the South African Revenue Services for awards in excess of R30 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
  - (xiv) the accounting officer or designated committee must ensure that the municipal rates and taxes or municipal charges owed by the preferred bidder or any of its directors to the municipality or municipal entity are not in arrears for more than three months.
- (g) The Msunduzi Municipality may give preference to local suppliers and/or service providers
- (h) 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.

## 21. Public invitation for competitive bids

- (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
  - (b) the information contained in a public advertisement, must include –



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

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

(3) Bids submitted must be sealed.

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

## **22. Procedure for handling, opening and recording of bids**

The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
  - (i) must be opened only in public;
  - (ii) must be opened at the same time and as soon as possible after the period for the (i) 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 in terms of section 75 of the MFMA, the reference number of the bid, the description of the goods, services or infrastructure projects, names of all bidders, the B-BBEE status level of contribution of all bidders, the aforementioned information should be published in 10 working days after closure of the bid.



## 23. Negotiations with preferred bidders

- (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
  - (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.

## 24 Two-stage bidding process

- (1) A two-stage bidding process is allowed for –
  - (a) large complex projects;
  - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - (c) long term projects with a duration period exceeding three years;
  - (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.



## 25. Committee system for competitive bids

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
  - (a) a bid specification committee;
  - (b) a bid evaluation committee; and
  - (c) a bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
  - (a) paragraph 27, 28 and 29 of this Policy; and
  - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

## 26. Bid specification committees

- (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.

## 27. Bid evaluation committees

- (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;
  - (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.

## 28. Bid adjudication committees

- (1) A bid adjudication committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
  - (b) either –
    - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
    - (ii) 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.





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- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
  - (ii) notify the accounting officer.
- (b) The accounting officer may –
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
  - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days

## 29. Procurement of banking services

- (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).

## 30. Procurement of IT related goods or services

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).



- (4) If SITA comments on the submission and the municipality 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.

### **31. Procurement of goods and services under contracts secured by other organs of state**

- (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) there is no reason to believe that such contract was not validly procured;
  - (c) there are demonstrable discounts or benefits to do so; and
  - (d) that other organ of state and the provider have consented to such procurement in writing.
- (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.

### **32. Procurement of goods necessitating special safety arrangements**

- (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

### **33. Proudly SA Campaign**

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.

### **34. Appointment of consultants**

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

## **35. Deviation from, and ratification of minor breaches of, procurement processes**

- (1) The accounting officer may –
  - (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
    - (i) in an emergency;
    - (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.

## **35. Unsolicited bids**

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
  - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) the person who made the bid is the sole provider of the product or service; and
  - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.



- (3) If the accounting officer decides to consider an unsolicited bid that complies with 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.

## **37. Combating of abuse of supply chain management system**

- (1) The accounting officer must–
  - (a) take all reasonable steps to prevent abuse of the supply chain management system;
  - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
    - (i) take appropriate steps against such official or other role player; or
    - (ii) report any alleged criminal conduct to the South African Police Service;
  - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - (d) reject any 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



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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.

Part 3: Logistics, Disposal, Risk and Performance Management

## 38. Logistics management

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.





## 39. Disposal management

- (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 asset
  - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - (iii) selling the asset; or
  - (iv) destroying the asset.
- (3) The accounting officer must ensure that –
  - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
  - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
  - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
  - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
  - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
  - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

## 40. Risk management

- (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



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- (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;
- (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:

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 Head: 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. 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.
- (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.
  - (iv) The standard approach is that the bidder must arrange for forward cover.
  - (v) An award made during tender validity period expiring, the price will remain fixed and firm
- (r)
  - (i) extra works or variations and extensions to a contract shall be authorized in writing by the appropriate Senior manager or duly authorized official
  - (ii) any variation and extension of contract 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.
  - (iv) contracts may be extended, varied or expanded by not more than 20% (including all appli-



- cable taxes) for construction related goods, works and/or services and 15% (including all applicable taxes) for all other goods, works and/or services of the original value of the contract.
- (v) Furthermore, anything beyond the abovementioned thresholds must be reported to Council, any expansion, extension or variation in excess of these thresholds must be dealt with in terms of the provisions of the section 116(3) of the MFMA which will be regarded as an amendment to the contract.
- (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 no acceptable bids were received
- (t) The Msunduzi Municipality may reject all bids if and when deemed necessary.

## 41. Performance management

- (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
  - (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

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

- (1) No award above R30 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.

### 43. Prohibition on awards to persons in the service of the state

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.

### 44. Awards to close family members of persons in the service of the state

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.

### 45. Ethical standards

- (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.





## (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
- 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.

## **(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
  - (i) 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.

## **(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.

## **46. Inducements, rewards, gifts and favours to municipalities, officials and other role players**

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
  - (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
  - (b) any reward, gift, favour or hospitality to –
    - (i) any official; or
    - (ii) any other role player involved in the implementation of this Policy.



- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

## **47. Sponsorships**

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

## **48. Objections and complaints**

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system may, within 14 days of the decision or action –

- (a) if the objection or complaint is against the procurement process, submit a written objection or complaint against the decision or action to the accounting officer of the municipality who shall, in turn, within 24 hours refer the written objection or complaint to the independent and impartial person referred to in paragraph 50 for resolution; or
- (b) if such complaint or objection is against the award of a bid, lodge a written appeal with the Municipal Bid Appeals Tribunal in accordance with the provisions of paragraph 50A.

## **49. Resolution of disputes, objections, complaints and queries**

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding –
  - (a) the implementation of the procurement process in terms of the supply chain management system; or
  - (b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.
- (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 objections or complaints received; and
  - (b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.



- (4) If the independent and impartial person referred to in paragraph 50.1, is of the view that a matter which should be dealt with in terms of paragraph 50A, he or she shall forthwith refer the matter to the Municipal Bid Appeals Tribunal and that Tribunal shall then hear and determine the matter in accordance with the provisions of paragraph 50A.
- (5) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:
  - (a) the objection or complaint is not resolved within 60 days; or
  - (b) no response is forthcoming within 60 days.
- (6) If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

#### **49A. MUNICIPAL BID APPEALS TRIBUNAL**

- (1) The council shall establish a Municipal Bid Appeals Tribunal for its area of jurisdiction to hear and determine an appeal against the award of a bid.
- (2) The accounting officer of the municipality, in consultation with the Provincial Treasury, shall appoint the Chairperson, Deputy Chairperson and Members of the Municipal Bid Appeals Tribunal.
- (3) The powers, duties and functions of the Municipal Bid Appeals Tribunal, and matters incidental thereto, are set out in the Rules which are appended to this Supply Chain Management Policy and marked Appendix A.
- (4) The administrative and secretarial work involved in the performance of the duties and functions of the Municipal Bid Appeals Tribunal shall be performed by officers of the Provincial Treasury as set out in the Rules referred to in paragraph 50A.3.
- (5) There shall be no further appeal against a decision of the Municipal Bid Appeals Tribunal.”.

#### **50. Contracts providing for compensation based on turnover**

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.





## Part 5 – Preferential Procurement

### 51. CALCULATION OF THE PREFERENT POINTS SYSTEM

Preference point system

- (a) The 80/20 preference point system is applicable to bids with a rand value equal to, or above R30 000 and up to a rand value of R1 million( all applicable taxes included).
- (b) The 90/10 preference point system is applicable to bids with a Rand value above R1 million (all applicable taxes included)

#### Calculation of points for price

The PPPFA prescribes that the lowest acceptable bid will score 80 or 90 points for price. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.

The formulae to be utilized in calculating points scored for price are as follows: 80/20 Preference point system (for acquisition of services, works or goods up to a Rand value of R1 million) (all applicable taxes included)

$$Ps = 80(1 - \frac{Pt - Pmin}{Pmin})$$

#### Where

Ps = Points scored for comparative price of bid or offer under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

*Preference point system (for acquisition of services, works or goods with a Rand value above R1million) (all applicable taxes included)*

$$Ps = 90(1 - \frac{Pt - Pmin}{Pmin})$$

#### Where

Ps = Points scored for comparative price of bid or offer under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

Points scored must be rounded off to the nearest 2 decimal places.



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## Calculation of points for B- BBEE status level contributor

Points must be awarded to a bidder for attaining the B- BBEE status level of contribution in accordance with the below:

B- BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

or, in respect of Exempted Micro Enterprises (EMEs)

Black Ownership of EME	Deemed B-BBEE Status Level of Contributor	Number of Points for Preference (80/20 System)	Number of Points for Preference (90/10 System)
100%	1	20	10
At least 51%	2	18	9
>50%	3	16	8
>50%	4	12	5

A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B- BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of the maximum 10 or 20 points respectively for B- BBEE.

## Calculation of total points scored for the price and B-BBEE status level of contribution

The points scored for the price must be added to the points scored for the B- BBEE status level of contribution to obtain the bidder's total points scored out of 100.



## **C. B-BBEE Status Level Certificates**

In order to qualify for the above preference points, Exempted Micro Enterprises (EME) must have submitted, to Msunduzi Municipality, a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No. 69 of 1984)) or an accredited verification agency confirming their status as such.

In order for an EME to qualify as a Level 1 or Level 2 BEE Contributor, EME must submit a sworn affidavit on an annual basis, confirming Annual Total Revenue of R10 Million or less, and Level of Black Ownership (Ownership (as contemplated in paragraph 4 of Government Gazette No. 36928).

In order for a Qualifying Small Enterprise(QSE) to qualify as a Level 1 or Level 2 BEE Contributor, QSE must submit to Msunduzi Municipality a sworn affidavit on an annual basis, confirming Annual Total Revenue of R50 Million or less, and Level of Black Ownership (as contemplated in paragraph 5 of Government Gazette No. 36928).

Any misrepresentation in terms of the above constitutes a criminal offence as set out in the B-BBEE Act as amended. Bidders other than Exempted Micro Enterprises or Qualifying Small Enterprise must submit, to Msunduzi Municipality, their original and valid B-BBEE status level verification certificate, or a certified copy thereof, substantiating their B-BBEE status level of contributor.

The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

Bidders who fail to submit the required certificates, or certified copies thereof, will be deemed to be non-compliant contributors.

Where specific sector charters have been gazetted in terms of the B-BBEE Act, bid documentation for procurement from within such sectors, must specify that only persons verified in terms of the particular sector charter (or Code of Good Practice), or Exempted Micro Enterprises, will qualify for a preference. A status level of contributor in respect of generic Codes of Good Practice will not, in such circumstances, qualify for any preference.

Where no specific sector charter has been gazetted, persons other than Exempted Micro Enterprises or Qualifying Small Enterprise must be verified in terms of the gazetted generic Codes of Good Practice in order to qualify for a preference.

For the purposes of transparency, bidders shall, in respect of all quotations (above R30 000) and competitive bids (over R200 000), be required to claim, in their bid submission, a preference in accordance with their B-BBEE status.

Notwithstanding what is contained in the bid submission, preference points will be allocated during the bid evaluation process in accordance with the verified B-BBEE status level (or deemed status level) of contributor.

## **D. Evaluation of bids that scored equal points**

In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B- BBEE.

If two or more bids have equal points, including equal preference points for BBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.

In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.



## **E. Conditions Relating to the Granting of Preferences**

Bidders must, in the manner stipulated in the bid documentation, declare that:

- (i) the information provided is true and correct;
- (ii) the signatory to the bid document is duly authorised; and
- (iii) documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the City.

Only bidders who have completed and signed the necessary declarations may be considered.

The Bid Evaluation Committee must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.

A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.

A trust or joint venture will qualify for preference points for their B-BBEE status level as a legal entity, provided that the entity has submitted its verified B-BBEE status level certificate (or certified copy thereof) to the City.

A trust or joint venture will qualify for preference points for their B-BBEE status level as an unincorporated entity, provided that the entity has submitted its consolidated B-BBEE scorecard as if it is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid. The consolidated B-BBEE scorecard must be submitted in the form of a certificate issued by an accredited verification agency (or a certified copy thereof).

A bidder may not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that the bidder qualifies for, unless the intended subcontractor is an

Exempted Micro Enterprise that has the capability and ability to execute the sub-contract.

A bidder that has been awarded a contract may not sub-contract more than 25% of the value of the contract to enterprises that do not have an equal or higher B-BBEE status level than the bidder concerned, unless the subcontractors are Exempted Micro Enterprises that have the capability and ability to execute the sub-contract. Compliance with this particular requirement must be monitored by the Responsible Agent during the execution of the contract.

If a service is required that can only be provided by tertiary institutions, such services must be procured through a bidding process from the identified tertiary institutions.

The tertiary institutions referred to in above clause, must submit their B-BEE status in terms of the specialized scorecard contained in the BBBEE Codes of Good Practice.

If a service is required that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a service provider/contractor must be done by means of a competitive bidding process.

Public entities must submit their B-BBEE status in terms of the specialized scorecard contained in the gazetted B-BBEE Codes of Good Practice.



## 53. Local Production and Content

The National Department of Trade and Industry is empowered to designate industry sectors, in line with national development and industrial policies for local production, where only locally produced goods, services or construction works, or locally manufactured goods that meet a stipulated minimum threshold for local production and content, may be used.

In the case of designated sectors, where in the award of bids, local production and content is of critical importance, such bids must be advertised with a specific condition of bidding, that only locally produced goods, services or construction works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

Any instructions, circulars and guidelines issued by National Treasury in the above regard must be complied with.

Where there is no designated sector, bids may include, as a specific condition of bidding, that only locally produced goods, services or construction works, or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.

Every bid issued in terms of clause 53 must be measurable and audited.

Where necessary, for bids referred to in clause 53 to a two-stage bidding process may be followed, where the first stage involves functionality and minimum threshold for local production and content, and the second stage price and B-BBEE level of contribution, with the possibility of price negotiations only with the short listed bidder/s.

A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

## 54. Other Specific Goals

### Unbundling Strategies

In order to encourage increased participation and the sustainable growth of the small business sector, the unbundling of larger projects into smaller, more manageable, contracts is encouraged.

Unbundling must however be considered in the context of:

- economies of scale being lost;
- abortive work becoming necessary;
- additional demands (not only financial) being placed on the City's resources; and
- the risk of later phases not being completed as a result of budget cuts becoming necessary in the future.

Unbundling, and all of its associated implications, must therefore be carefully considered at the planning stage of any project and the budgets for, and design thereof, should be structured accordingly.

It is important to note that while it is the City's policy to procure goods, services or construction works in the smallest practicable quantities, the practice of parceling such procurement in order to avoid complying with the requirements of the different range of procurement processes described in this policy is not permitted.





## 55. Increasing Employment Opportunities

One of the City's key socio-economic objectives is to facilitate the creation of employment for the people of Pietermaritzburg.

Increasing employment opportunities through procurement may be achieved by specifying labour intensive technologies and/or methods of construction in the bid documents.

It is up to Responsible Agents to thoroughly investigate the options available in the above regard, to evaluate the positive versus negative impact of any proposals, and to specify labour intensive technologies and/or methods where appropriate.

All labour earning less than a threshold wage, determined in accordance with National Guidelines, that is employed for the provision of services or construction works for the City, shall be reported in the prescribed format, on a monthly basis, to Project Management Unit.

## 56. Targeted Labour and/or Targeted Enterprises

The targeting of labour and/or enterprises from specific areas within the boundaries of the Msunduzi Municipal area may be achieved, where appropriate, by specifying in the bid documents, a minimum level of participation (a contract participation goal) that must be achieved in respect of targeted labour and/or targeted enterprises in the performance of the contract.

Specified contract participation goals must be measurable and achievable, and the performance in respect of which must be monitored by the Responsible Agents during the execution of the contract.

Where a minimum contract participation goal has been specified in respect of targeted labour and/or enterprises, the contractor is obliged to meet that goal, and must be penalised if he or she does not.

Contract participation goals in respect of targeted labour and/or enterprises may not be introduced into the preference point system used for the evaluation of bids.

## 57. Provisional Sums and Prime Cost or Sub-contract Allowances

57.1 Where monetary allowances in excess of R200 000 in respect of provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, then one of the following processes, as determined by the Bid Specification Committee, shall be followed in respect of these allowances:

57.2 An **open competitive bidding process** in which bid documents are prepared by the Responsible Agent in consultation with and to the approval of the contractor, invitations to bid are advertised in the media, and whereby the selected **sub-contractor/supplier** is chosen by the Responsible Agent together with the contractor from the responses received. The contractor must satisfy him/herself that the selected sub-contractor/supplier can meet the requirements of the sub-contract/supply agreement, and assumes the risk for the performance of the sub-contractor/supplier. The contractor may, on reasonable grounds, elect not to employ a particular sub-contractor/supplier.



- 57.3 A **two-stage selection process**, whereby the Responsible Agent will advertise (in the media) for expressions of interest from suitably qualified sub-contractors/suppliers. From the responses received, the Responsible Agent and the contractor, in conjunction, shall compile a list of at least three (unless less than three responses were received) suitable sub-contractors/suppliers who will then be asked to submit prices for the works/items required. The contractor will assume the risk for the performance of the **selected sub-contractor/supplier** identified through this process.
- 57.4 A **nominated process**, whereby the City instructs the contractor to appoint a particular (typically specialist) sub-contractor/supplier. In this process the sub-contractor/supplier is a nominated **sub-contractor/supplier**, and the risk is transferred from the contractor to the City. The use of this process must therefore be motivated to, and approved by, the Head: Supply Chain Management prior to its implementation.
- 57.5 A preference points as described in this policy must be applied in respect of the processes described in clauses above. When monetary allowances of less than R200 000 have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, the contractor must be required to obtain a minimum of three written quotations for the approval of the Responsible Agent.

## 58. **Award of contracts**

- a) A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point systems.
- b) In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in the court of law.

## 59. **COMMENCEMENT**

This Policy takes effect on the date of adoption by Full Council.



## 2015/2016 RATES POLICY

### APPROVED BY FULL COUNCIL:

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## 1. DEFINITIONS

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

- 1.1 **“agricultural property”** means a property that is used for financial gain for the purpose of the cultivation of soils for purposes of planting and gathering of crops, forestry in the context of the planting or growing of trees in a managed and structured fashion the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game hospitality of guests for gain, and in respect of property on which game is reared , traded or hunted, it excludes any portion that is used for the hospitality of guests for gain.
- 1.2 **“business” or “commercial property”** means – property used for the buying, selling or trading in commodities, goods or services and includes any office accommodation or facility on the same property, the use of which is incidental to such activity.
- 1.3 **“category”** –
  - 1.3.1 in relation to property, means a category of properties determined in terms of section 8 of the Act; and
  - 1.3.2 in relation to owners of properties, means a category of owners determined in terms of section 15(2) of the Act;
- 1.4 **“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;
- 1.5 **“collection charges”** means a penalty raised as provided for in Section 75A 1 (b) of the Local Government: Municipal Systems Act 2000 (Act No. 6 of 2000)
- 1.6 **“developer”** means an owner who purchases raw land and installs the necessary infrastructure for the purposes of providing services for development of the land for residential, industrial or commercial purposes;
- 1.7 **“dwelling, shops, flats” (DSF)** means any property where a commercial component exists on the ground floor and a block of residential units exists on all the subsequent floors provided that two thirds or more of the floor area is used for residential purposes;
- 1.8 **“effective date”**-
  - 1.8.1 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
  - 1.8.2 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;
- 1.9 **“financial year”** means the period starting from 1 July in a year to 30 June the next year;
- 1.10 **“impermissible rates category”** means all properties contained in the valuation roll that are not permitted to be rated in terms of Section 17 (e), (g) and (i) of the Act and comprises places of worship, land beneficiaries and protected areas as declared by the Department of Environmental Affairs;



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- 1.11 **“industrial property”** means property used for the trading in ,the manufacturing and production of good and products or the assembly or processing of finished products from raw materials or fabricated parts in respect of which capital and labour are utilised, and includes any office or other facility on the same property, the use of which is incidental to such activity;
- 1.12 **“land reform beneficiary”**, in relation to a property, means a person who-
- 1.12.1 acquired the property through-
    - 1.12.1.1 the Provision of Land and Assistance Act, 1993 (Act NO.126 of 1993); or
    - 1.12.1.2 the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)
  - 1.12.2 holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or
  - 1.12.3 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;
- 1.13 **“land tenure right”** means a land tenure right as defined in section 1 of Upgrading of Land Tenure Rights Act 1991 (Act 112 of 1991);
- 1.14 **“market value”** in relation to a property, means the value of the property determined in accordance with section 46 of the Act;
- 1.15 **“mining”** means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002);
- 1.16 **“Minister”** means the Cabinet member responsible for local government;
- 1.17 **“multiple purposes”** means a property used for more than one purpose.
- 1.18 **“municipal property”** means a property registered in the name of and occupied by the Msunduzi Municipality.
- 1.19 **“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-
- 1.19.1 a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
  - 1.19.2 a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 1.20 **“mining property”** means a property used for mining operations as defined in the Minerals and Petroleum Resources Development Act, 2002 ( Act No. 28 of 2002)
- 1.21 **“occupier”** means any person who occupies any property or part thereof, without regard to the title under which he/she occupies the property.
- 1.22 **“office bearer”** in relation to places of public worship, means the primary person who officiates at services at that place of worship;
- 1.23 **“official residence”** in relation to places of public worship, means-





- 1.23.1 a portion of the property used for residential purposes: or
- 1.23.2 one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;”
- 1.24 **“other property”** means all properties that are not allocated as yet to the rates property categories in respect of section 16.1 – 16.15 of the Msunduzi Rates Policy
- 1.25 **“owner”-**
- 1.25.1 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;
- 1.25.2 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;
- (i) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;
- (ii) *in relation to a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980); (Added by s1 of Act 29 of 2014)*
- (iii) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit; and*(Added by s1 of Act 29 of 2014)*
- 1.25.3 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
- 1.25.4 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:
- 1.25.4.1 A trustee, in the case of a property in a trust excluding state trust land;
- 1.25.4.2 an executor or administrator, in the case of a property in a deceased estate;
- 1.25.4.3 a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- 1.25.4.4 a judicial manager, in the case of a property in the estate of a person under judicial management;
- 1.25.4.5 a curator, in the case of a property in the estate of a person under curatorship;



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- 1.25.4.6 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;
- 1.25.4.7 a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- 1.25.4.8 (a) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
- 1.25.4.9 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;
- 1.26 **“pending ratepayer”** means a purchaser of a property whose conveyancer has applied for a revenue clearance certificate, and who will become the registered owner of the property as per 1.21 above within 60 days of the issue of that certificate;
- 1.27 **“permitted use”** in relation to a property, means the limited purposes for which the property may be used in terms of –
- 1.27.1 any restrictions imposed by-
- 1.27.1.1 a condition of title
- 1.27.1.2 a provision of a town planning or land use scheme; or
- 1.27.1.3 any legislation applicable to any specific property or properties; or
- 1.27.2 any alleviation of any such restrictions; “person” includes an organ of state;
- 1.28 **“places of worship”** means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is-
- 1.28.1 registered in the name of a religious community;
- 1.28.2 registered in the name of a trust established for the sole benefit of a religious community; or
- 1.28.3 subject to a land tenure right;
- 1.29 **“property”** means-
- 1.29.1 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;
- 1.29.2 a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;



- 1.29.3 a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- 1.29.4 public service infrastructure;
- 1.30 **“protected area”** means an area that is or has to be listed in the register referred to in 10 of the National Environmental Management; Protected Areas Act, 2003.
- 1.31 **“public benefit organisation property”** means any property owned by a .public benefit organisation and used for any specified public benefit activity listed in part 1 of the ninth Schedule to the Income Tax Act excluding Items 3 and 5 being land and housing, and places of worship 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.
- 1.32 **“public service infrastructure”** means publicly controlled infrastructure of the following kinds:
- 1.32.1 national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- 1.32.2 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;
- 1.32.3 power stations, power substations or power lines forming part of an electricity scheme serving the public;
- 1.32.4 gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- 1.32.5 railway lines forming part of a national railway system;
- 1.32.6 communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- 1.32.7 runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes;
- 1.32.8 any other publicly controlled infrastructure as may be prescribed; or
- 1.32.9 a right registered against immovable property in connection with infrastructure mentioned in paragraphs 1.22.1 to 1.22.8;
- 1.33 **“rate randage”** means the cents in the rand that is set as the tariff for each category for the levying of rates
- 1.34 **“ratio”** means in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;



- 1.35 **“residential property”** means a property included in the valuation roll as residential
- 1.36 **“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.
- 1.37 **“sectional title garages”** means any garage within a residential sectional title scheme that has been registered as a separate sectional title unit.
- 1.38 **“small home business”** – means a property previously categorized as residential being utilised for financial gain to conduct business in terms of an approved Town Planning consent, provided that such use of the property is in accordance with conditions imposed under such consent: where any consent has been obtained in terms of the Town Planning Scheme to run this business on the premises. All conditions in respect of the Special Consent will apply.
- 1.39 **“the Act”** means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), and any amendments thereto.
- 1.40 **“unauthorized use property”**– means any property or part thereof used in conflict with the permitted use of such property as provided for in any applicable Town Planning Scheme or other relevant legislation and any property or part thereof developed or improved contrary to the provisions of National Building Regulations and Building Standards Act 103 of 1977, the Planning and Development Act (Kwazulu Natal) 6 of 2008 or any other relevant legislation;
- 1.41 **“vacant land”** means any undeveloped property as listed in the valuation roll

## **2. ADOPTION AND CONTENTS OF RATES POLICY**

- 2.1 The Municipality shall adopt a rates policy in terms of which all rateable properties within its area of jurisdiction are rated.
- 2.2 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).



## 2.3 A rates policy must -

2.3.1 treat persons liable for rates equitably;

2.3.2 determine the criteria to be applied by the municipality if it-

- (i) levies different rates for different categories of properties determined in terms of section 8 of the Act;
- (ii) exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
- (iii) grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or
- (iv) increases or decreases rates;

2.3.3 determine, or provide criteria for the determination of -

- (i) categories of properties for the purpose of levying different rates as contemplated in paragraph (2.3.2)(i); and
- (ii) categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions as contemplated in paragraph (2.3.2)(ii) or (iii) above;

2.3.4 determine how the municipality's powers in terms of section 9(1) of the Act must be exercised in relation to properties used for multiple purposes;

2.3.5 identify and provide reasons for

- (i) exemptions
- (ii) rebates; and
- (iii) reductions;

2.3.6 take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;

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

2.3.8 take into account the effect of rates on public service infrastructure;

2.3.9 allow the municipality to promote local, social and economic development; and

2.3.10 identify, on a basis as may be prescribed, all rateable properties in the municipality that are not rated in terms of section 7(2)(a).

2.3.11 in respect of agricultural property, give effect to the regulations promulgated in terms of section 19(1)(b)





- 2.4 Any exemptions, rebates or reductions referred to in subsection (3) and provided for in a rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organised local government.
- 2.5 No municipality may grant relief in respect of the payment of a rate-
- 2.5.1 to a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, a rebate or a reduction provided for in its rates policy and granted in terms of section 15; or
- 2.5.2 to the owners of properties on an individual basis.

### **3. COMMUNITY PARTICIPATION**

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.”

### **4. ANNUAL REVIEW OF RATES POLICY**

- 4.1 A municipal council must annually review, and if necessary, amend its rates policy. Any amendments to a rates policy must accompany the municipality’s annual budget when it is tabled in the council in terms of section 16 (2) of the Municipal Finance Management Act.
- 4.2 Section 3(3) to (6) of the Act, read with the necessary changes as the context may require, apply to any amendment of a rates policy. Community participation in amendments to a rates policy must be effected through the municipality’s annual budget process in terms of sections 22 and 23 of the Municipal Finance Management Act.

### **5. BY-LAWS TO GIVE EFFECT TO RATES POLICY**

- 5.1 A municipality must adopt and publish by-laws, in terms of section 12 and 13 of the Municipal Systems Act, to give effect to the implementation of its rates policy.
- 5.2 By-laws in terms of subsection (1) may differentiate between-
- 5.2.1 (i) different categories of properties; and
- 5.2.1(ii) different categories of owners of properties liable for the payment of rates.



## **6. LEVYING OF RATES**

- 6.1 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.
- 6.2 In levying rates on property the Municipality is not obliged to levy rates on
- 6.2.1 (i) properties of which it is the owner;  
(ii) public service infrastructure, or  
(iii) 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.
- 6.2.2 prevent a municipality from granting in terms of section 15 of the Act exemptions from, rebates on or reductions in rates levied in terms of subsection (1).
- 6.3 A municipality must exercise its power to levy a rate on property subject to-
- 6.3.1 section 229 and any other applicable provisions of the Constitution;  
6.3.2 the provisions of this Act; and  
6.3.3 the rates policy it must adopt in terms of section 3 of the Act.

## **7. DIFFERENTIAL RATES**

The Municipality shall be entitled to levy different rates for different categories of rateable property, which may include categories determined according to the

- 7.1 use of the property,  
7.2 the permitted use of the property  
7.3 a combination of (7.1) and (7.2).

## **8. IMPERMISSIBLE DIFFERENTIATION**

The Municipality may not levy -

- 8.1 different rates on residential properties, except as provided for in sections 11(2) (uniform fixed amount for rates), 21 (phasing in of rates) and 89A (use of existing valuation roll/supplementary roll) of the Act: Provided that this paragraph does not apply to residential property which is vacant;
- 8.2 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;
- 8.3 rates which unreasonably discriminate between categories of non-residential properties;
- 8.4 additional rates except as provided for in section 22 (special rating areas) of the Act.
- 8.5 The ratio referred to in subsection 6.2 may be subject to prescribed norms and standards, and may only be prescribed with the concurrence of the Minister of Finance.



## **9. PROPERTIES USED FOR MULTIPLE PURPOSES**

9.1 A property used for multiple purposes and where there is not a separate rating category in terms of Section 8 of the Act, shall, for rates purposes, be assigned to a category determined by the Municipality and used for:

9.1.1 a purpose corresponding with the permitted use of the property;

9.1.2 a purpose corresponding with the dominant use of the property; or

9.1.3 multiple purposes in terms of section 8 (2) (i) of the Act.

9.2 A rate levied on a property assigned in terms of subsection (9.1.3) to a category of properties used for multiple purposes must be determined by-

9.2.1 apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and

9.2.2 applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

## **10. 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.

10.2 Unregistered units shall form part of the Developers rights or the holder of such rights;

10.2.1 the Municipality may value real rights of extension, the owner of which shall be the holder of such right and shall be rated in accordance with the vacant land rate;

10.2.2 where a developer pursues a phased development, the bulk land shall be valued in accordance with 10.2.1 above;

10.2.3 where rights are being traded, the rights may be included in the valuation roll.

## **11. 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.

11.2 The Municipality acknowledges that the Minister may from time to time increase the monetary threshold referred to in section 17 (i) h of the Act, to reflect inflation.

## **12. 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.

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

12.3 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, (Act No. 56 of 2003).



## **13. COMMENCEMENT OF RATES**

Rates levied by the Municipality shall become due and payable as from the start of the financial year.

## **14. PROMULGATION OF RESOLUTIONS LEVYING RATES**

14.1 A rate is levied by a municipality by resolution passed by the municipal council with a supporting vote of a majority of its members.

14.2 A resolution levying rates in a municipality must be annually promulgated within 60 days from the date of the resolution, by publishing the resolution in the Provincial Gazette.

14.2.2 The resolution must-

- (i) contain the date on which the resolution levying rates was passed;
- (ii) differentiate between categories of properties; and
- (iii) reflect the cent amount in the Rand rate for each category of property.

14.3 Whenever a municipality passes a resolution in terms of subsection (14.1), the municipal manager must, without delay-

14.3.1 conspicuously display the resolution for a period of at least 30 days-

- (i) at the municipality's head and satellite offices and libraries; and
- (ii) if the municipality has an official website or a website available to it as envisaged in section 21B of the Municipal Systems Act, on that website; and

14.3.2 advertise in the media a notice stating that-

- (i) a resolution levying a rate on property has been passed by the council; and
- (ii) the resolution is available at the municipality's head and satellite offices and libraries for public inspection during office hours and, if the municipality has an official website or a website available to it, that the resolution is also available on that website.

## **15. 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.

15.2 The municipal manager must annually table in the council of the municipality a-

- 15.2.1 list of all exemptions, rebates and reductions granted by the municipality in terms of subsection during the previous financial year; and



15.2.2 statement reflecting the income for the municipality foregone during the previous financial year by way of-

- (I) such exemptions, rebates and reductions;
- (II) exclusions referred to in section 17(1)(a), (e), (g), (h) and (i) of the Act; and the phasing-in discount granted in terms of section 21 of the Act.

15.3 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.

## **16. CATEGORIES OF PROPERTIES**

The Council may, by resolution, grant exemptions, reductions and rebates on the following categories of properties –

- 16.1 agricultural properties;
- 16.2 commercial properties;
- 16.3 DSF properties;
- 16.4 impermissible rates properties;
- 16.5 industrial properties;
- 16.6 mining properties;
- 16.7 public benefit organisation properties;
- 16.8 public service infrastructure;
- 16.9 residential properties;
- 16.10 rural communal properties;
- 16.11 sectional title garages (separately registered);
- 16.12 small home business properties;
- 16.13 unauthorised use properties;
- 16.14 vacant land; and
- 16.15 other properties.

Council reserves the right to request a written application either annually or per general valuation cycle to qualify for rebates, reductions or exemptions in any category of property

## **17. CONSTITUTIONALLY IMPERMISSIBLE RATES**

17.1 In terms of section 229(2) (a) of the Constitution, a municipality may not exercise its power to levy rates on property in a way that would materially and unreasonably prejudice-

17.1.1 national economic policies:

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

17.2.1 If a rate on a specific category of properties, or a rate on a specific category of properties above a specific amount in the Rand, is materially and unreasonably prejudicing any of the matters listed in subsection (1), the Minister, (after notifying) with the concurrence of the Minister of Finance, must, by notice in the Gazette, give notice to the relevant municipality or municipalities that the rate must be limited to an amount in the Rand specified in the notice.





17.2.2 A municipality affected by a notice referred to in paragraph (17.2.1) must give effect to the notice and, if necessary, adjust its budget for the next financial year accordingly, the effective date of which must be from the date determined by the Minister in the notice.

17.3.1 Any sector of the economy, after consulting the relevant municipality or municipalities, and organised local government, may, through its organised structures, request the Minister to evaluate evidence to the effect that a rate on any specific category of properties, or a rate on any specific category of properties above a specific amount in the Rand, is materially and unreasonably prejudicing any of the matters listed in subsection (17.1).

17.3.2 If the Minister is convinced by the evidence referred to in paragraph (a) that a rate on any specific category of properties, or a rate on any specific category of properties above a specific amount in the Rand, is materially and unreasonably prejudicing any of the matters listed in subsection (17.1), the Minister must act in terms of subsection (17.2).

17.4 A notice issued in terms of subsection (17.2) must give the reasons why a rate on the relevant category of properties, or a rate on the relevant category of properties above the amount specified in the notice, is materially and unreasonably prejudicing a matter listed in subsection (1).

17.5 The Minister, after consultation with the Minister of Finance, may by notice in the Gazette issue guidelines to assist municipalities in the exercise of their power to levy rates consistent with subsection (17.1).

## **18. OTHER IMPERMISSIBLE RATES**

18.1 A municipality may not levy a rate-

18.1.1 subject to paragraph (18.1A) on the first 30% of the market value of public service infrastructure;

18.1 (A) on any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure"

18.1.2 on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004), which are not developed or used for commercial, business, agricultural or residential purposes;

18.1.3 on mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), excluding any building, other immovable structures and infrastructure above the surface of the mining property required for purposes of mining;

18.1.4 on a property belonging to a land reform beneficiary or his or her heirs, dependents or spouse provided that this exclusion lapses-

(i) 10 years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds; or

(ii) upon alienation of the property by the land reform beneficiary or his or her heirs, dependents or spouse;

18.1.5 on the first R 15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-



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(i) for residential properties; or

(ii) for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; or

18.1.6 on 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;

18.2.1 The exclusion from rates of a property referred to in subsection (18.1.2) lapses if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection.

18.2.2 (i) If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection (18.1.2), would have been payable on the property, notwithstanding section 78 of the Act, during the period commencing from the effective date of the current valuation roll of the municipality.

(ii) If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property.

18.2.3 The amount for which an owner becomes liable in terms of paragraph (18.2.1) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

18.2.4 Paragraphs (18.2.2) and (18.2.3) apply only if the declaration of the property was withdrawn because of-

(i) a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or

(ii) a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner.

18.3 The Minister, acting with the concurrence of the Minister of Finance, may from time to time by notice in the Gazette, increase the monetary threshold referred to in subsection 18.1.5 to reflect inflation.

18.4 The Minister may, by notice in the Gazette, lower the percentage referred to in subsection 18.1.1, but only after consultation with-

(i) relevant Cabinet members responsible for the various aspects of public service infrastructure;

(ii) organised local government; and

(iii) relevant public service infrastructure entities.

18.5.1 The exclusion from rates of a property referred to in subsection (18.1.6) lapses if the property-

(i) is disposed of by the religious community owning it; or

(ii) is no longer used primarily as a place of public worship by a religious community or, in the case of an official residence contemplated in that subsection, is no longer used as such an official residence.



18.5.2 If the exclusion from rates of a property used as such an official residence lapses, the religious community owning the property becomes liable to the municipality concerned for any rates that, had it not been for subsection (18.1.6), would have been payable on the property, notwithstanding section 78 of the Act, during the period of one year preceding the date on which the exclusion lapsed.

18.5.3 The amount for which the religious community becomes liable in terms of paragraph (18.5.2) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

## **19. EXEMPTION OF MUNICIPALITIES FOR PROVISIONS OF SECTION 18**

19.1 A municipality may apply, in writing, to the Minister to be exempted from paragraph (a), (e), (g) or (h) of section 17.1 of the Act if it can demonstrate that an exclusion in terms of the relevant paragraph is compromising or impeding its ability or right to exercise its powers or to perform its functions within the meaning of section 151(4) of the Constitution.

19.2 Any exemption granted by the Minister in terms of subsection (1)-

19.2.1 must be in writing; and

19.1.2 is subject to such limitations and conditions as the Minister may determine.

## **20. PRIMARY REBATES PER CATEGORY OF PROPERTY**

**The Municipality may by resolution grant a rebate on the rate payable on the following categories of rateable properties -**

20.1 agricultural properties;

20.2 commercial properties;

20.3 dwelling, shops and flats (DSF) properties;

20.4 industrial properties;

20.5 mining properties;

20.6 public benefit organisation properties;

20.7 public service infrastructure;

20.8 residential properties;

20.9 rural communal properties;

20.10 sectional title garages (separately registered);

20.11 small home business properties; and

20.12 other property.



## **21. LIMITS ON ANNUAL INCREASES RATES**

- 21.1 The Minister may, with the concurrence of the Minister of Finance and by notice in the Gazette, set an upper limit on the percentage by which-
- 21.1.1 rates on property categories or a rate on a specific category of properties may be increased; or
- 21.1.2 the total revenue derived from rates on all property categories or a rate on a specific category of properties may be increased.
- 21.2 Different limits may be set in terms of subsection (21.1) for-
- 21.2.1 different kinds of municipalities which may, for the purposes of this section, be defined in the notice either in relation to categories, types, or budgetary size of municipalities or in any other way; or
- 21.1.2 different categories of properties, subject to section 19 of the Act.
- 21.1.2 (A) The Minister may, with the concurrence of the Minister of Finance, and by the notice referred to in subsection (21.1), delay the implementation of a limit, for a period determined in that notice and in respect of the different kinds of municipalities defined in terms of subsection (21.2.1).
- 21.3 The Minister may, on written application by a municipality, and on good cause, exempt a municipality from a limit set in terms of subsection 21.1.
- 21.4 This section must be read with section 43 of the Municipal Finance Management Act.

## **22. REBATES PER CATEGORY OF OWNER**

- 22.1 The Municipality may grant a rebate on a property owned and occupied by the Msunduzi Municipality.
- 22.2 The Municipality may grant a rebate on a property whose owner is in receipt of an old age pension or disability grant, provided that the applicant satisfies all the criteria for such rebate.
- 22.3 The Municipality may grant a rebate to a minor(s) who owns property or is the sole heir of a property where all owners and occupants are under the age of 18 and where all other criteria for the rebate are met.
- 22.4 The Municipality may grant a rebate on a rateable property which has been listed in terms of Section 7.2 of the Municipality's Town Planning Scheme of Pietermaritzburg and Plessislaer and which is considered to be of historic and/or architectural merit and/or interest, sufficient to justify the preservation thereof, provided that the owner of such property qualifies in terms of the criteria for this rebate.
- 22.5 The Municipality may grant a rebate to developers who own property and install the necessary infrastructure for the development of the raw land and which results in an enhanced market value of the land, provided that the owner of such property satisfies the criteria for such rebate.
- 22.6 A rebate granted on the rate payable on any property referred to in sections 22.2 – 22.5, 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.



22.7 No rebate will be granted to any developer as envisaged in 22.5 above, who has previously received a business concession or development incentive from the municipality for any part of the development.

## **23. ADDITIONAL RATES FOR SPECIAL RATING AREAS**

23.1 The Municipal Council may by resolution of its council –

- 23.1.1 determine an area within the Municipality as a special rating area;
- 23.1.2 levy an additional rate on the property in that area for the purpose of raising funds for improving or upgrading that area; and
- 23.1.3 differentiate between categories of properties when levying an additional rate referred to in paragraph 20.1.2

23.2 Before determining a special rating area the Municipality must -

- 23.2.1 consult the affected community on the proposed boundaries on the following matters
  - 23.2.1.1 the proposed boundaries of the area; and
  - 23.2.1.2 the proposed improvement or upgrading of the area; and
- 23.2.2 obtain the consent of the majority of the members of the affected community in the proposed special rating area who will be liable for paying the additional rate.

23.3 When a municipality determines a special rating area, the Municipality –

- 23.3.1 must determine the boundaries of the area;
- 23.3.2 must indicate how the area is to be improved or upgraded by funds derived from the additional rate;
- 23.3.3 must establish separate accounting and other record-keeping systems regarding –
  - 23.3.3.1 the revenue generated by the additional rate; and
  - 23.3.3.2 the improvement and upgrading of the area; and
- 23.3.4 may establish a committee composed of persons representing the community in the area to act as consultative and advisory forum for the municipality on the improvement and upgrading of the area, provided representivity, including gender representivity, is taken into account when such a committee is established. Such a committee must be a subcommittee of the ward committee or committees in the area, if the municipality has a ward committee or committees in the area.

23.4 This section may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's integrated development plan

23.5 This section must be read with section 85 of the Municipal Systems Act if this section is applied to provide funding for an internal municipal services district established in terms of that section of the Municipal Systems Act.

23.6 The municipality may enact By-Laws to further regulate special rating areas.





## **24. REGISTER OF PROPERTIES**

- 24.1 A municipality must draw up and maintain a register in respect of properties situated within that municipality, consisting of a Part A and a Part B.
- 23.2 Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls of the municipality prepared in terms of section 78.
- 23.3 Part B of the register must specify which properties on the valuation roll or any supplementary valuation rolls are subject to-
- 24.3.1 an exemption from the rate in terms of section 15 of the Act;
  - 24.3.2 a rebate on or a reduction in the rate in terms of section 15 of the Act;
  - 24.3.3 a phasing-in of the rate in terms of section 21 of the Act; or
  - 24.3.4 an exclusion referred to in section 17(1) (a), (e), (g), (h) and (i) of the Act.
- 24.4 The register must be open for inspection by the public during office hours. If the municipality has an official website or another website available to it, the register must be displayed on that website.
- 24.5 A municipality must at regular intervals, but at least annually, update Part B of the register. Part A of the register must be updated in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

## **25. PROPERTY RATES PAYABLE BY OWNERS**

- 25.1 A rate levied on a property shall be paid by the owner of that property.
- 25.2 Where a property is owned jointly the owners shall be jointly and severally liable for the payment of the rates on such property.
- 25.3 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
- 25.4.1 Properties owned by the Municipality and occupied by persons other than the Municipality shall be shown separately in the valuation roll and valued at market value.
  - 25.4.2 In respect of a Municipal property where multiple tenancies occur, the entire building shall be valued at market value, and the rates will be based on a pro rata portion of the market value, calculated by lettable area and the rates levied shall be included in the rentals.
  - 25.4.3 Alternatively where 25.4.2 is not possible, the lettable areas will be valued as units of the building calculated by the lettable area, and shown separately in the roll and rated separately in addition to the rentals.



## **26. PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES**

- 26.1 A rate levied by a municipality on a sectional title unit is payable by the owner of the unit or the holder of a right contemplated in section 25 or 27 of the Sectional Titles Act.
- 26.2 Where a sectional title scheme is in the course of development, the underdeveloped portion of the property of a scheme under construction shall be rated in accordance with the value assigned in terms of S46 (2)(a) of the Act and the rates on such undeveloped portion shall be paid by the developer. This value will reduce to zero on completion of the full approved scheme with the exception of any additional rights to extend.
- 26.3 A municipality may not recover the rate on a sectional title unit, or on a right contemplated in section 25 or 27 of the Sectional Titles Act registered against the sectional title unit, or any part of such rate, from the body corporate controlling a sectional title scheme, except when the body corporate is the owner of any specific sectional title unit, or the holder of such right.
- 26.4 A body corporate controlling a sectional title scheme may not apportion and collect rates from the owners of the sectional title units in the scheme.
- 26.5 The common property in a sectional title scheme shall not be valued or rated.

## **27. METHOD AND TIME OF PAYMENT**

- 27.1 The Municipality shall recover rates on a monthly basis.
- 27.2 Rates shall be paid in each month on or before a date determined by the Municipality.
- 27.3 Rates due in respect of a supplementary valuation and which the effective date is more than 6 months of the date on the rendering of the account must be paid within 90 days of the account where after, normal interest and penalties will apply.
- 27.3.1 The final date for the payment of rates, as determined by the Municipality in terms of subsection (27.2) 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.
- 27.3.2 If an adjustment in the valuation of a property in respect of Section 55 of the Act, affects the amount due for rates payable on that property, the municipal manager must-
- 27.3.2.1 calculate-
- (i) the amount actually paid on the property since the effective date; and
  - (ii) the amount payable in terms of the adjustment on the property since the effective date; and
- 27.3.2.2 either-
- (i) recover from the person liable for the payment of the rate the difference determined in terms of paragraph (a) without adding interest on the amount due for rates; or
  - (ii) repay to the person who made the payment the difference determined in terms of paragraph (27.3.2.1) plus interest at the prescribed rate;



## **28. ACCOUNTS TO BE FURNISHED**

28.1 The Municipality shall furnish each person liable for payment of a rate with a written account which shall contain the following information –

- 28.1.1 the amount due for rates payable;
- 28.1.2 the date on or before which the amount is payable;
- 28.1.3 how the amount was calculated;
- 28.1.4 the market value of the property;
- 28.1.5 if the property is subject to any compulsory phasing-in discount in terms of section 21 of the Act, the amount of the discount;
- 28.1.6 if the property is subject to any additional rate in terms of section 22 of the Act, the amount due for additional rates.

28.2 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.

28.3 Any notice which the municipality is required to give in terms of section 28.1 of this policy shall be deemed to have been properly given –

- 28.3.1 if it has been sent by pre-paid post –
  - 28.3.1.1 to an address notified in terms of subsection 28.2 of this policy;
  - 28.3.1.2 if subparagraph 28.3.1.1 does not apply and the property is not vacant land, to the address of the property shown in the valuation roll; or
  - 28.3.1.3 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 28.3.1.1 and 28.3.1.2 of this policy do not apply or if any notice posted in terms of the said subparagraphs has been returned as undelivered;

28.3.2 if it has in fact come to the notice of the person to whom it is required to be given;

28.3.3 if paragraphs 28.3.1 and 28.3.2 of this policy 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;

28.4 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 28.3.

28.5 28.5.1 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 30 of this policy;



- 28.5.2 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.
- 28.5.3 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;
- 28.5.4 A change of address referred to in 28.5.3 above shall take effect on receipt thereof by the Municipality;
- 28.5.5 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 be required to pay the amount owing by due date.

## **29. RECOVERY OF ARREAR RATES**

- 29.1 In terms of the Municipal Finance Management Act the municipality shall take all necessary measures to recover all rates due and payable to the municipality.
- 29.2 A letter of demand shall be sent to the owner if the account is 60 days or more in arrears.
- 29.3 The municipality shall terminate the services to the property if the owner fails to respond to the letter of demand, regardless of whether the owner is the occupier on the property.
- 29.4 The municipality may publish a list of all rates defaulters, who have failed to pay within 60 days after the final instalment of the rates assessment, calling on the ratepayer to settle the arrears within a specified time frame, failing which, Council's credit control and debt collection procedures will be followed and an application will be made to a court of competent jurisdiction for an order for the sale of the property by public auction.
- 29.5 If the rates remain unpaid in terms of 29.4 above, the municipality shall make application to a court of competent jurisdiction showing the amount of rates, penalties and surcharges then in arrear, and that all notices have been given and requesting the court to order any such rateable property 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.
- 29.6 If before the sale of any rateable property in terms of an order made under subsection 29.5 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.
- 29.7 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.



## **30. INTEREST AND COLLECTION CHARGES**

- 30.1 Interest will be charged on all rates arrears in terms Section 64 (g) of the Municipal Finance Management Act and the Municipal Systems Act.
- 30.2 In addition to interest charged in respect of any property, collection charges shall accrue as follows:
- 30.2.1 As from the last working day referred to in section 29.4 of this policy, an amount representing ten per cent (10%) of the capital amount of the rates then in arrear in terms of Section 75A 1(b) of the Municipal Systems Act;
- 30.2.2 On the grant of a court order in terms of section 29.5 of this policy, a further amount representing ten per cent (10%) of the capital amount of the rates then in arrear in terms of Section 75A 1(b) of the Municipal Systems Act.
- 30.3 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.

## **31. RESTRAINT ON THE TRANSFER OF PROPERTY AND REVENUE CLEARANCE CERTIFICATES**

- 31.1 Section 118 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) 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.
- 1) A prescribed certificate issued by a municipality in terms of subsection (1) is valid for a period of 60 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.
- (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.”

- 31.2 The provisions of section 118 of the Systems Act shall be strictly adhered to at all times.
- 31.3 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.
- 31.4 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, all amounts in excess of the 2 year requirement will be endorsed on the clearance certificate and the conveyancer shall notify the purchaser of the property in writing that he/she may be liable for the outstanding account(s) on transfer. A copy of the notification must be sent to the municipality on transfer.
- 31.5 Section 118(1A) (b) shall not apply where the owner or occupant of the property has signed a waiver of this section for the purposes of payments arrangements in terms of the Msunduzi Municipality Debt Collection and Credit Control Policy and the full arrears relating to the property shall be paid.
- 31.6 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.
- 31.7 Where a conveyancer is able to demonstrate that exceptional circumstances exist, the Chief Financial Officer or the delegated authority may accept a letter of undertaking, or a guarantee, for the payment of the full amounts required, provided that the full amounts are paid on the date of registration of transfer of the property.
- 31.8 Where any amendments to the value or use on the property are awaiting adjustments in an open supplementary roll any rates must be paid in terms of the effective dates prescribed in Section 78 of the Act, and the current rates will be charged at the enhanced value and/or category amendment.

## **32. DATE OF VALUATION**

- 32.1 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.
- 32.2 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.



## **33. SUPPLEMENTARY VALUATIONS AND INTERIM RATES ADJUSTMENTS**

In terms of Section 78 of the Municipal Property Rates Act:

- (1) A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property-
  - (a) incorrectly omitted from the valuation roll;
  - (b) included in a municipality after the last general valuation;
  - (c) subdivided or consolidated after the last general valuation;
  - (d) of which the market value has substantially increased or decreased for any reason after the last general valuation;
  - (e) substantially incorrectly valued during the last general valuation;
  - (f) that must be revalued for any other exceptional reason;
  - (g) of which the category has changed (.);
  - (h) the value of which was incorrectly recorded in the valuation roll as a result of a clerical or typing error.
- (2) For the purposes of subsection (1), the provisions of Part 2 of Chapter 4 and, Chapters 5, 6 , 7, read with the necessary changes as the context may require, are applicable, except that-
  - (a) a municipal valuer who prepared the valuation roll may be designated for the preparation and completion of the supplementary valuation roll; and
  - (b) the supplementary valuation (roll takes effect on the first day of the month following the completion of the public inspection period required for the supplementary valuation roll in terms of section 49 (as read with this section), and) remains valid for the duration of the municipality's current valuation roll.
- (3) Supplementary valuations must reflect the market value of properties determined in accordance with-
  - (a) market conditions that applied as at the date of valuation determined for purposes of the municipality's last general valuation; and
  - (b) any other applicable provisions of this Act.
- (4) Rates on a property based on the valuation of that property in a supplementary valuation (roll) become payable with effect from –
  - (a) the first day of the month following the posting of the notice contemplated in subsection (5) (the effective date of the supplementary roll,) in the case of a property referred to in subsection (1) (a),( e) or (f);
  - (b) the first day of the month following the posting of the notice contemplated in subsection (5) in the case of property referred to in subsection 1 (a), (e), (f) or (h): Provided that in the case of a decrease in value in respect of a property referred to in subsection 1(e), the rates become payable on the date the property was incorrectly valued or the clerical or typing error was made;



- (c) the date on which the property was included in the municipality, in the case of a property referred to in subsection (1) (b);
  - (d) the date on which the subdivision or consolidation of the property was registered in the Deeds Office, in the case of a property referred to in subsection (1) (c);
  - (e) the date on which the event referred to in subsection (1) (d) has occurred;
  - (f) the date on which the change of category referred to in subsection (1) (g) occurred.
- (5)
- (a) A municipal valuer must on completion of the supplementary valuation contemplated in subsection (1) (a) to (g), and following a correction contemplated in subsection 1(h), serve the results of the supplementary valuations or corrections contemplated in subsections (1)(g) and (h), by ordinary mail, or if appropriate, in accordance with section 115 of the Municipal Systems Act, on every owner of property who has been affected by a supplementary valuation contemplated in subsection (1)(a) to (g) and a correction contemplated in subsection (1)(h), a notice reflecting the supplementary valuation or correction of the property, as well as the particulars listed in section 48(2);
  - (b) The notice referred to in paragraph (a) must inform the property owner that he or she may lodge a request for review with the municipal manager in writing, within 30 days after the posting of the notice in respect of any matter reflected in the supplementary valuation;
  - (c) The municipal valuer may adjust the valuation on consideration of the request for review contemplated in paragraph (b).
- (6) The municipality must, at least once a year, compile and publish a supplementary valuation roll of all properties on which a supplementary valuation, as contemplated in subsection (1) was made, including review decisions referred to in subsection (5)(b), and make it public and available for inspection in the manner provided for in section 49.”

## **34. BY-LAWS TO BE ADOPTED**

34.1 By-laws shall be adopted to give effect to the Council's Rates Policy.

34.2 By laws in terms of 34.1 above may differentiate between

34.2.1 different categories of properties; and

34.2.2 different categories of owners of properties liable for the payment of rates

34.3 The by-laws are to comply with the requirements of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Municipal Property Rates Act (Act No. 6 of 2004) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), and any amendments thereto.

34.4 The Municipality shall, with effect from 1 July 2015 comply with and apply the provisions of the Municipal Property Rates Amendment Act, 29 of 2014, which, among others, include the provisions referred to in bylaws 27.3 – bylaw 27.6.



## **35. ENFORCEMENT OF OTHER LEGISLATION**

- 35.1 In addition to the 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 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.
- 35.2 In the event of an inconsistency between the provisions of this Policy and any other Policy, the provisions of this Policy shall prevail to the extent that the inconsistency can be established.
- 35.3 This Policy must be read in parallel with the Municipal Property Rates Act, The Municipal Finance Management Act and any other relevant legislation, and any amendments thereto



## VIREMENT POLICY

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## 1. Introduction

In compliance with the Municipal Finance Management Act, the policy seeks to give flexibility in terms of undertaking Virement in an event of changes that may take place in line with service delivery and budget implementation plan (SDBIP) of the municipality.

## 2. Definition

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.

## 3. Types of Virements

### 3.1 Line item Virement

Line item virement is the process of funds re-allocation between line items within a vote (department).

### 3.2 Vote Virement

Vote Virement is the process of funds re-allocation between the votes (department), undertaken during the mid-year budget process.

To the extent that it is practical to do so, transfers within the first five(5) months and the last two(2) months of the financial year should be avoided.

## 4. Provision for Virement outside the adjustment budget process

Unforeseen and unavoidable expenditure will be dealt with in terms of the Municipal Finance Management Act (MFMA).

Exceptional circumstances

The Virement will only take place subject to conditions of authorization as contained in the Virement procedure manual.

## 5. General

The Municipal Manager shall be responsible for the implementation and administration of this Policy. The policy *as amended* will be effective as from 1 July 2015.



CITY OF CHOICE



PIETERMARITZBURG  
MSUNDUZI

*"City of Choice, Second to None"*

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